

EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE

Wednesday 9 September 2009

Session 3

£5.00

© Parliamentary copyright. Scottish Parliamentary Corporate Body 2009.

Applications for reproduction should be made in writing to the Information Policy Team, Office of the Queen's Printer for Scotland, Admail ADM4058, Edinburgh, EH1 1NG, or by email to:
licensing@oqps.gov.uk.

OQPS administers the copyright on behalf of the Scottish Parliamentary Corporate Body.

Printed and published in Scotland on behalf of the Scottish Parliamentary Corporate Body by
RR Donnelley.

CONTENTS

Wednesday 9 September 2009

Col.

PUBLIC SERVICES REFORM (SCOTLAND) BILL: STAGE 1	2659
--	-------------

EDUCATION, LIFELONG LEARNING AND CULTURE COMMITTEE **23rd Meeting 2009, Session 3**

CONVENER

*Karen Whitefield (Airdrie and Shotts) (Lab)

DEPUTY CONVENER

*Kenneth Gibson (Cunninghame North) (SNP)

COMMITTEE MEMBERS

*Claire Baker (Mid Scotland and Fife) (Lab)
*Aileen Campbell (South of Scotland) (SNP)
*Ken Macintosh (Eastwood) (Lab)
*Christina McKelvie (Central Scotland) (SNP)
*Elizabeth Smith (Mid Scotland and Fife) (Con)
*Margaret Smith (Edinburgh West) (LD)

COMMITTEE SUBSTITUTES

Ted Brocklebank (Mid Scotland and Fife) (Con)
Hugh O'Donnell (Central Scotland) (LD)
Cathy Peattie (Falkirk East) (Lab)
Andrew Welsh (Angus) (SNP)

*attended

THE FOLLOWING GAVE EVIDENCE:

Terry Anderson (Scottish Artists Union)
Lorne Boswell (Equity)
Ewan Brown (Creative Scotland)
Nikki Brown (Scottish Government Culture, External Affairs and Tourism Directorate)
Iain Hamilton (Highlands and Islands Enterprise)
David Hartley (Scottish Enterprise)
Ken Hay (Scottish Screen)
Sheena Macdonald (Musicians Union)
Jon Morgan (Federation of Scottish Theatre)
Hilary Pearce (Scottish Government Culture, External Affairs and Tourism Directorate)
Deborah Smith (Scottish Government Culture, External Affairs and Tourism Directorate)
Dr Donald Smith (Scottish Storytelling Centre)
Jim Tough (Scottish Arts Council)

CLERK TO THE COMMITTEE

Eugene Windsor

SENIOR ASSISTANT CLERK

Nick Hawthorne

ASSISTANT CLERK

Emma Berry

LOCATION

Committee Room 2

Scottish Parliament

Education, Lifelong Learning and Culture Committee

Wednesday 9 September 2009

[THE CONVENER *opened the meeting at 09:32*]

Public Services Reform (Scotland) Bill: Stage 1

The Convener (Karen Whitefield): I open the 23rd meeting of the Education, Lifelong Learning and Culture Committee in 2009, and remind all those present that mobile phones and BlackBerrys should be switched off for the duration of the meeting.

The first item on the agenda is the committee's consideration of the Public Services Reform (Scotland) Bill. Margaret Smith intends to join us this morning, but has been delayed. I understand that Ted Brocklebank, who has a long-standing interest in the arts and culture, will also join us, although he is not a member of the committee.

The committee is continuing its scrutiny of the bill at stage 1 as a secondary committee. Today we will focus on the aspects of the bill that relate to creative Scotland. I welcome from the Scottish Government Deborah Smith, acting director of culture, external affairs and tourism; Nikki Brown, deputy director of the Government's creative Scotland division; Hilary Pearce, from the creative Scotland division; Lorna Malcolm, human resources professional adviser in the public sector simplification team; Greig Walker, solicitor in the transport, culture and procurement division of the legal directorate; Colin Miller, head of the public bodies policy team; and John St Clair, divisional solicitor in the constitutional and civil law division. Colin Miller and John St Clair are here to answer specific questions from members on part 2 of the bill.

I am unsure whether any member of the panel wishes to make an opening statement to the committee.

Deborah Smith (Scottish Government Culture, External Affairs and Tourism Directorate): I will make an opening statement.

Thank you for the invitation to be here today to talk about part 3 of the Public Services Reform (Scotland) Bill, which, as you are aware, sets out provisions establishing creative Scotland as a single national development body for the arts and culture in Scotland. The new body is intended to replace the existing bodies Scottish Screen and

the Scottish Arts Council. The Government believes that a single body is essential to meet fully the needs of artists and creative practitioners of all kinds in the 21st century.

Artistic and creative practice has changed very rapidly during recent years and continues to do so, with increasing levels of cross-sectoral collaboration. As the boundaries between different art forms become blurred, that new way of creating offers unrivalled opportunity, but also requires strong, intelligent and innovative support for artists, who will be at the heart of creative Scotland. To bring that to life, I will give an example of a project to create a short film that would be accessed through the internet. Such a project would involve not only screenwriters, actors and light and sound engineers, but creators of digital images and specialists in online spin-offs such as computer games. In seeking support, those creators would no longer have to decide whether it was a visual arts project or a film project—they could go directly to creative Scotland.

Ministers believe that a single statutory body with a wider remit and greater influence will be better placed to deliver an improved service to artists, creative practitioners and the wider public in the future. More generally, the provisions on the establishment of creative Scotland are fully in line with the Government's ambitions for a simplified and improved public sector landscape: they fit very well with, and are an intrinsic part of, the Public Services Reform (Scotland) Bill.

Since the fall of the Creative Scotland Bill last year, the Government has taken very seriously the opportunity to address the various criticisms of that bill that the Education, Lifelong Learning and Culture Committee made in its stage 1 report last summer. Ministers are proposing a clearer and more coherent remit for the body, with six general functions. The day-to-day exercise of artistic judgment in delivering those functions will rightly be a matter entirely for creative Scotland, which will be set at arm's length from the Government.

Ministers have also set out fully reworked details of all the expected transition costs in the financial memorandum to the Public Services Reform (Scotland) Bill. On 2 April this year, the Minister for Culture, External Affairs and the Constitution made a statement to Parliament, and a summary of the costs was published.

Finally, in addition to encouraging art for art's sake, creative Scotland is intended specifically to support the creative industries, and that is now stated as one of its six functions. The groundwork to deliver that has already been laid through extensive consultation with the sector and the recent publication of the creative industries partnership report, which makes clear how

Government expects creative Scotland to deliver. Ministers intend that creative Scotland, as the single statutory body, will build on the strength and success of its predecessors and use its increased influence and remit to support the vibrant arts and creative sectors in Scotland in a dynamic and responsive way.

We understand, as the convener indicated, that some disappointment was expressed last week that no one was available to answer questions on the order-making powers in part 2 of the bill, so we have ensured that two officials are here today to answer any questions from members on that.

Thank you for the opportunity to make an opening statement. Nikki Brown, the deputy director responsible for creative Scotland, and the rest of the team will be happy to answer any questions from the committee.

The Convener: Thank you for your opening statement, Ms Smith, and for responding to the committee's concerns and ensuring that there are officials present to answer questions on part 2 of the bill. I know that you sent a letter to the committee, which has been circulated to members. Your prompt response to our concerns is welcome.

As you might imagine, the establishment of creative Scotland is a major piece of policy, and the committee has only one day in which to scrutinise it. Given that we spent weeks scrutinising the previous creative Scotland proposals, we have a lot of ground to cover, and there are quite a few of you on the panel. We will try to keep our questions short and concise—you can decide who will answer each one, and I ask you to try to keep your answers to the point.

I will start by asking about the general functions of creative Scotland. Section 27 outlines the six general functions that creative Scotland will have. What consultation did the Government carry out on the functions, and how did organisations respond? Do you believe that those six functions cover the hopes and aspirations that people have for the new body?

Nikki Brown (Creative Scotland): The functions that are set out in the Public Services Reform (Scotland) Bill resemble closely those that were included in the Creative Scotland Bill, but one or two modifications have been made.

First, the Public Services Reform (Scotland) Bill promotes the function of

“identifying, supporting and developing quality and excellence”

among artists. The minister has in mind support for artists. Because he sees it as crucial that artists should be at the centre of creative Scotland, the function now appears first on the list, to add

emphasis to it. Secondly, the function that relates to support for the creative industries has been redrafted in response to concerns that the Creative Scotland Bill was not clear about the function of creative Scotland. Thirdly, further detail has been given on the function of realising the value and benefits of culture, beyond its intrinsic value. There is now an explicit reference to

“the national and international value and benefits”

of culture.

The minister has had a number of open meetings with a broad range of stakeholders and has met about 80 groups individually to give them an opportunity to feed back on the functions. The responses that we have received indicate that people find the enhanced clarity useful and that they are comfortable with the functions as they are now set out.

The Convener: Financial support for organisations is often a vexed question. Many people who work in the voluntary arts sector, in particular, have concerns about who will have lead responsibility for supporting them. Is the issue covered by one of the six functions that are set out in the bill?

Nikki Brown: Yes. The functions give creative Scotland the ability to offer financial support to artists through grants, loans or other mechanisms. When drafting the bill, we were keen to ensure that creative Scotland had as much room for manoeuvre as possible, to enable it to offer different sorts of support. We recognise that things are moving on, that times are tight and that we in the sector need to be a bit more innovative about how support is offered. I reassure you that it is the intention that grant support will still be available. However, we did not want the way in which the bill was drafted to constrain creative Scotland's room for manoeuvre.

The Convener: Your comments are welcome. I understand the need for there to be room for manoeuvre and that you want the organisation to be able to respond to change. However, some people need to have certainty about their future and about how the new agency may impact on them when it comes to funding.

I have a final question about the functions. Does the Government intend that the new body should be the lead development agency in relation to the creative industries and the arts and culture in Scotland?

Nikki Brown: Creative Scotland will have a lead co-ordinating role in supporting the creative industries. Which organisation has the lead role in delivering support will depend on what sort of support is being provided. For example, the business gateway, operating through local

authorities, will have the lead role in providing start-up advice for businesses. Advice to a business that is a little more developed and which falls within the remit of Scottish Enterprise's account management responsibilities will be provided by Scottish Enterprise. However, we thought that it was important that one body should be clearly identified as having a lead co-ordinating role, to bring together the other delivery agents and to make clear which are responsible for offering particular sorts of support. That process has already started; we can talk about it more, if the committee would find that helpful.

It may be helpful if I add at this point that the Government and its partners intend that the process should be seamless for users. It should not be incumbent on a user to know which organisation it needs to approach first. Wherever an organisation or individual creator comes into the system, the system will allow them to be directed to the body that is responsible for giving them the particular support that they need.

09:45

The Convener: I am sure that you are aware of submissions from Scottish local authorities, which see themselves as having a lead role in the delivery of some public services, and the tensions that they express particularly in relation to participation in and access to the arts and culture. What is the Government doing to address those understandable concerns of the Convention of Scottish Local Authorities and local authorities about the role that they will have in the delivery of services?

Nikki Brown: The Government is aware of the good work that local authorities are doing on cultural provision and promoting access to and participation in culture. It is not the intention that creative Scotland should duplicate that work or take anything away from local authorities' responsibility for it.

Local authorities and creative Scotland will make their various contributions by developing the single outcome agreements. Local authorities have clear responsibility for delivering those single outcome agreements and creative Scotland will have an advisory role. For example, creative Scotland might want to build on the Government's work in the document "Culture delivers", which sets out information that local authorities might want to draw on—if it suits them to do so—about how culture might deliver other outcomes that are not immediately apparent. Although local authorities' role in delivering cultural provision is clear, they might not have thought of introducing cultural provision to support outcomes around health or community safety. In that respect, creative Scotland will have an advisory role.

Ken Macintosh (Eastwood) (Lab): To develop that theme, may I check which body has the key strategic role for developing the creative industries in Scotland?

Nikki Brown: The Government has the key strategic role. When it comes to the delivery of services, creative Scotland will have the lead co-ordinating role, but the strategy comes from the Government.

Ken Macintosh: To what extent is the new body being asked to develop the commercial as opposed to the cultural benefits of creative work?

Nikki Brown: The commercial benefits that flow from supported commercial activity are for the enterprise companies and business gateway to develop, given their enterprise development themes. Creative Scotland will have a focus on ensuring that the right support is there, but it will have responsibility for developing the creative aspects.

Ken Macintosh: So any commercial benefits to the individual organisation or the country as a whole are the responsibility of agencies other than creative Scotland.

Nikki Brown: At the point of delivery, yes, but it is for creative Scotland to ensure that there is some service.

Ken Macintosh: Will that be reflected in the distribution of public funds through creative Scotland being directed solely at the artistic development of individuals and groups rather than at their commercial exploitation?

Nikki Brown: It will be for creative Scotland to decide how it directs its funds to particular functions, but it will not duplicate work by other agencies. For example, the funding that Scottish Enterprise currently directs towards the creative industries will continue to be available by that route. Creative Scotland will have an opportunity to look at any other routes that require further development.

Ken Macintosh: I take it that there is to be no further transfer of funds from Scottish Enterprise or Highlands and Islands Enterprise to creative Scotland.

Nikki Brown: Nothing further is planned beyond specific funds for the delivery of the cultural enterprise office of around £100,000. That transfer is in progress.

Elizabeth Smith (Mid Scotland and Fife) (Con): The bill's policy memorandum contains a specific definition of the creative industries—it names the 13 industries concerned—but the bill has been criticised for using terms such as "arts", "culture" and "creativity" extensively without

defining them. Would you care to comment on that?

Nikki Brown: It might be helpful to explain that the definition of the creative industries in the policy memorandum is intended to be illustrative. It is not intended to constrain creative Scotland's view of what constitutes a creative industry. There are several definitions that creative Scotland might want to draw on. The Department for Culture, Media and Sport's definition is one of those, and we have included it for illustrative purposes, but it will not constrain creative Scotland.

Elizabeth Smith: Does the Government consider it unnecessary to define terms such as "the arts" and "culture" because that would be too restrictive?

Nikki Brown: Absolutely.

Kenneth Gibson (Cunninghame North) (SNP): An addition to the bill is the support that it will provide for creative endeavours that contribute to an understanding of Scotland's national culture. Although "Scotland's national culture" is not defined in the bill, the policy memorandum defines it, along with the general functions, as

"any form of creativity which adds to our collective understanding of our distinctive national culture in its broadest sense—as a way of life. Artistic and creative output necessarily represents, describes, explores, responds to and sometimes challenges Scotland's culture. In doing this it also in itself adds to and is part of that culture."

However, there is some controversy about that. The Royal Society of Edinburgh cautions against the assumption that national culture comprises a single form. It has suggested that the phrase "Scotland's national culture" be replaced by "cultures of Scotland". What are your views on that proposed amendment?

Nikki Brown: The Government found the RSE's suggestion helpful. We have considered it, but it remains the Government's view that the bill's present wording, which uses the sense of culture as a way of life and a way of thinking about the world, is broader than the RSE's proposed amendment seems to be. We think that the way to encompass the broadest possible definition is to retain the present wording.

Aileen Campbell (South of Scotland) (SNP): Some of the submissions to the committee expressed concern about a perceived lack of clarity around how creative Scotland will relate to the wider policy environment, partner organisations and the national performing companies. Indeed, Equity said in its submission that it was sceptical about the Scottish Government taking responsibility for the national performing companies and suggested that that should be reviewed in the light of the creation of

creative Scotland. Should the bill contain any provisions on interaction between creative Scotland and the partner organisations? Will you outline what the funding position of the national performing companies will be?

Nikki Brown: Yes. The minister believes that the current arrangements, under which the national performing companies are funded directly by Government, have worked very well and have been widely welcomed by the national performing companies, so he sees no reason to reconsider them at the moment. Of course, things might change in the future—that is always the case—but he has no plans to review those arrangements at present.

Creative Scotland will need to take account of activity right across the cultural and creative spectrum, including activity that is undertaken by the national performing companies. Section 27(3) of the bill contains a provision that will enable creative Scotland to work in partnership with a wide range of organisations. The nature of such relationships will, of course, be for creative Scotland to determine once it comes into being, but the Government expects it to have an extremely close working relationship with the national companies, local authorities, the voluntary sector and everyone else who is active in the field.

Aileen Campbell: Will you say a bit more about how creative Scotland will interact with Highlands and Islands Enterprise and Scottish Enterprise?

Nikki Brown: Absolutely. In the field of the creative industries, which is where the closest contact will be, under the terms of the Scottish creative industries partnership that was agreed at the end of May, creative Scotland will be responsible for convening a co-ordination group, the membership of which will include Scottish Enterprise and HIE, as well as other delivery agents. That co-ordination group will meet regularly to ensure that the various partners are tied in properly and that their efforts are all in line. The first meeting of the group will take place this afternoon.

Aileen Campbell: Is there any way to give stakeholders a better understanding of the relationship between creative Scotland and other partner organisations? The stakeholders seem to feel that there is a persistent lack of clarity. Can more be done to help them in the process towards creative Scotland?

Nikki Brown: Yes. The Government has been conscious of that sense of a lack of clarity and feels that progress has been made already through the creative industries framework agreement, which at the beginning of the year set out the respective roles, and through the creative industries partnership, which puts some meat on

the bones of that framework and explains in more detail what the various roles are. That partnership exists already. The feedback from those who have seen it suggests that people have found it helpful.

Ken Macintosh: Moving on to funding, a number of submissions to the consultation have suggested that creative Scotland will have a broader remit but less funding. How do you square that disparity?

Nikki Brown: The Government distinguishes between what creative Scotland will do and what will be delivered through other bodies. For example, as has already been discussed, a lot of the work on access to and participation in the arts and culture will be delivered through local authorities. The Government does not consider it necessary that every element of the delivery of the arts and culture needs to be funded through creative Scotland.

Ken Macintosh: So what will creative Scotland's role be? Is it to encourage or cajole others to deliver funding?

Nikki Brown: It is to encourage them to make use of the funding streams that already exist.

Ken Macintosh: Has there been any increase in funding for organisations? [*Interruption.*] That is a nice musical interlude.

The Convener: Sorry. I tell everyone else to switch their phones off.

Ken Macintosh: Creative Scotland is not being funded to deliver its expanded remit, so will additional funds be given to the bodies that are supposed to deliver on that expanded remit?

Nikki Brown: The expanded remit is largely about ensuring greater co-ordination. It is not the view of the Government that funding is required for that; nor is it the view of the Government that other partners need increased funding to deliver what they are doing already or to align their efforts better.

Ken Macintosh: So we can expect more from all of those bodies without any extra funding.

Deborah Smith: It might be helpful to remind the committee that we anticipate that replacing two organisations with a single unified body will in itself release savings, in back-office functions for example, and that those savings will be at the disposal of creative Scotland to direct where it wishes.

Ken Macintosh: How much will those savings amount to?

Nikki Brown: When the body has been restructured, it is expected that they might be of the order of £1.2 million a year, recurring.

Ken Macintosh: Over what period will that happen? Two years? Three years?

Nikki Brown: We expect that the restructuring will take place before then. I expect it to be within the first few months after creative Scotland comes into being, if the bill is passed.

Ken Macintosh: Will that money be available to support artists, for example in the form of grants?

Nikki Brown: The expectation is that it will be available for creative Scotland to direct in the way that it sees fit. Of course, until the budget bill is passed, the Government is not in a position to offer any certainty about the levels of available funding, but that is the current expectation.

Ken Macintosh: I have a couple of more specific questions. There are concerns about the financial implications of the Scottish Arts Council's loss of charitable status when it becomes creative Scotland. How much will the loss of charitable status cost? How do you intend to address that?

10:00

Nikki Brown: Estimates are that it might rise to about £300,000 a year. There might be ways to recoup that money. For example, increased involvement in central procurement offers savings that are of a similar order to those that the Scottish Arts Council might have secured through charitable discounts. However, the Government has said that it will make the necessary finances available if there is a shortfall to be made up.

It is not clear at the moment whether creative Scotland will have charitable status or not. It will be for creative Scotland, when it comes into being, to apply to the Office of the Scottish Charity Regulator.

Ken Macintosh: Does the Government wish it to have charitable status? Will the Government pursue that as an objective?

Nikki Brown: It is for creative Scotland to decide whether it wishes to apply. It might take the view that charities law imposes certain limitations that it does not need. However, it is the minister's view that the way should be open for it to apply if it wishes to do so.

Ken Macintosh: Okay. That might be a question for the minister rather than for you, but the matter is of interest.

There is concern about the SAC's pension and other deficits. Can you offer any assurances on how they will be addressed?

Nikki Brown: Yes. There are already deficits in the pension schemes: that would be the case whether or not creative Scotland was coming into being. The formation of creative Scotland might

require a certain contribution to be made to address a deficit earlier than would otherwise have been the case. In either case, the Government has made it clear that any costs that arise in the transition period will be picked up by the Government from extra resources. There will be no call on front-line resources for artists.

Ken Macintosh: There has also been concern about the existing commitments that Scottish Screen and the Scottish Arts Council have made to artists. Will they be honoured by the new body?

Nikki Brown: Absolutely. The bill provides that any existing commitments will be carried forward to creative Scotland.

Ken Macintosh: I have a technical question. I believe that creative Scotland will not be able to give support to unincorporated bodies. Is that correct? Is that a matter of concern?

Nikki Brown: That is a reflection of the law on incorporated bodies. The Government believes that the law is not entirely helpful in the area and welcomes the Scottish Law Commission's view that it should be reconsidered. However, in so far as creative Scotland will be bound by that law, it will be bound by the same terms that govern the Scottish Arts Council at the moment.

Ken Macintosh: Just to summarise on the funding streams, you suggest that back-room savings will be available to the new body and that the money will be available for it to spend in whatever way it sees fit. You also think that the cost of losing charitable status could be recouped through procurement savings, which are additional to the back-room savings. On top of those savings, will efficiency savings be expected of the new organisation?

Nikki Brown: Hilary Pearce is better placed than I am to talk about efficiency savings, so I ask her to address that.

Hilary Pearce (Scottish Government Culture, External Affairs and Tourism Directorate): The efficiency savings that are estimated in the financial memorandum would come from three sources: first, recurrent savings from the reduction in the new body's payroll bill as a result of a reduction in staff numbers; secondly, the streamlining of business processes that will happen when, for example, a single information technology system is put in place; and thirdly, the initial, one-off savings that will arise when the two existing organisations form one new body, such as the saving from having a single telephony system.

Ken Macintosh: I am not sure that I see the difference between those savings from efficiencies and the changes in the back-room operations to which Nikki Brown referred a few minutes ago. Are they not the same thing?

Hilary Pearce: The estimated £1.2 million of recurrent savings are the savings that would be expected from the reduction in staff numbers. That is based on an average staff cost and assumes a reduction of up to 30 people in the total staff of the new body. The savings that we anticipate from the running costs of business systems, such as the IT system and the human resources function, would be additional. We have not estimated those savings in the financial memorandum, but we believe that they will be inevitable, given that there are duplicate functions at present.

Ken Macintosh: I want to try to quantify all this, because I am slightly concerned that we are double counting, or perhaps even triple counting. What is your target for efficiency savings? Are you going for 2 or 3 per cent efficiency savings?

Hilary Pearce: Assuming that creative Scotland comes into existence in 2010-11, it will inherit the efficiency targets of the previous two bodies, because that will be the third year of the current efficiency programme. It will also inherit the recurrent savings that have already been made by those two bodies. It will have whatever margin is left to meet the target.

Ken Macintosh: What are the expectations? Will it be expected to making efficiency savings of 2 per cent per year or 4 per cent per year? What is the target for the new body?

Hilary Pearce: In the first year that it comes into existence, it will inherit the targets of the two existing organisations, because that year will be the third year of the current efficiency programme. That will therefore be 6 per cent of the 2007-08 baseline for the two existing organisations. The new body will also inherit whatever recurrent savings have been made in years 1 and 2 of that programme.

Ken Macintosh: What will the target be in the following year? Will it be 6 per cent again?

Hilary Pearce: No decisions have been made about the next efficiency programme.

Ken Macintosh: How much of the 6 per cent does the £1.2 million that we are talking about account for? I just want a rough figure.

Hilary Pearce: It is about a third.

Ken Macintosh: Okay. In the first year, the £1.2 million is part of the efficiency savings. Only after then can we really count on it being available, or potentially available, to the new organisation. If it currently amounts to the 2 per cent efficiency savings, it is not available to the organisation; it is already accounted for.

Hilary Pearce: Those efficiency savings can be used by the organisation within the year. That is the expectation for the first year, too.

Ken Macintosh: So the efficiency savings can be reused.

Hilary Pearce: Yes.

Ken Macintosh: In that case, you can count them twice. You are counting them twice.

Deborah Smith: We are using a number of terms interchangeably. Perhaps I can clarify that, without getting into the specifics of the numbers, which Hilary Pearce can talk about. We have been talking generically about the back-room savings and the savings that the organisation will make, which will be efficiencies and therefore will be available to the organisation. Creative Scotland will be able to make those savings because of the merger of the two existing organisations, but, at the same time, as Hilary Pearce said, it will be subject to the same Government efficiency savings demands as its predecessor organisations. At the moment, those are equivalent to 6 per cent.

Efficiencies are always available to be recycled within the organisation; they do not need to be given back to the Scottish Government. It is not a question of counting them twice. We are simply saying that the efficiency savings will be the efficiency savings, and many of them will arise through the merger of the two organisations. The new organisation will continue to consider how it can be more efficient, in the context of a wider Scottish Government programme of delivering efficiency savings and targets therein.

I do not know whether that helps. If not, we would be happy to write to you to set it out clearly.

Ken Macintosh: It matters because on the one hand you are saying that any efficiency savings that the organisation makes—and a reduction of 30 jobs is of fairly major import not just to the individuals concerned but to the functions that they carry out—will belong to it and will not have to go elsewhere, while on the other you are saying that even though the organisation will be asked to do more things, it is okay, because the efficiency savings can be used. I do not understand how that will work. As far as I can see, you are counting that money twice under the same heading. After all, creative Scotland will be expected to carry out more duties, but without getting any more money to do so.

Deborah Smith: I am still not clear why you think that we are counting that money twice. We are saying that the efficiency savings will be available to the organisation to deploy as it sees fit.

Ken Macintosh: Yes, and that would be the case whether or not the functions were increased. No matter whether creative Scotland has more or fewer functions, it will still have to make 6 per cent

efficiency savings, which it will be able to spend as it sees fit. That money is a given. On top of that, however, creative Scotland is being given extra functions, which you have suggested can be carried out using the efficiency savings that you have already counted.

Deborah Smith: I ask Hilary Pearce to tell us the amount of money that efficiency savings of 6 per cent a year equate to.

Hilary Pearce: They equate to 6 per cent of the 2007-08 baseline budgets of the existing organisations, which over the three years of the current efficiency programme have to make savings of 2, 4 and 6 per cent. However, given that one would expect that, by the third year, 4 per cent savings will already have been generated, the third year target will in effect be only an additional 2 per cent.

Ken Macintosh: But I assume that the organisation will work on the basis that money is available to it from the efficiency savings that have to be made every year. No matter whether it has an expanded remit, more functions or more duties, it is still expected to make the savings and to reap the benefit of them by spending them elsewhere in the organisation.

Hilary Pearce: All parts of the public sector are under the same expectation with regard to efficiency savings—

Ken Macintosh: Absolutely.

Hilary Pearce: I think that ministers would say that the functions are part of a broader remit but that, with the right structures, it will be possible for the organisation to carry out those functions with the greater influence that it will have as a single body.

Ken Macintosh: Creative Scotland will certainly have to manage those things. I suppose that it is another question for the minister, but I am concerned that the savings that have already been included in your calculations will be used to cover the broader remit and increased functions of the organisation. I believe that the convener has more questions on staffing.

The Convener: We already touched on the money that will be saved by reducing staff. It is envisaged that the new body will have approximately 19 per cent fewer staff than the two current bodies, but its remit will be much broader. Are you confident that there will be enough people with sufficient and appropriate expertise of the sector to perform their new roles?

Nikki Brown: The projections in the financial memorandum are based on the assumption that about 19 per cent of posts can be saved by combining back-office functions. However, that is not to say that we necessarily expect a reduction

in staff. The level of staffing that creative Scotland can sustain will depend on the grant in aid that is available to it, and it is expected that some of the staff who carry out functions that will, as a result of the removal of duplication, no longer be needed will be available to take on other tasks.

The Convener: What discussions has the Government had with the trade unions on this matter? I would have thought that the unions have considerable concerns about the effect of the changes on their members.

Nikki Brown: The minister met the trade unions directly on 2 April, on the same day as he made his statement to Parliament on costs. A large amount of contact has taken place between Creative Scotland 2009 Ltd and the existing employers, who have the responsibility for making the changes. They are in regular contact with the unions and that will continue.

10:15

The Convener: That is welcome, but what reassurance can you give that the staff who will be lost will be those whom the organisation can cope with losing, and that the staff who transfer to the new organisation will have the right skills mix to allow creative Scotland to function appropriately and to continue with the same level of understanding and expertise that the Scottish Arts Council and Scottish Screen have in their sectors?

Nikki Brown: Creative Scotland 2009 Ltd is well aware of the need to ensure that creative Scotland is staffed by people with the right skills and experience. It is aware that much of the good work that the Scottish Arts Council and Scottish Screen do depends on personal contacts that have been built up and that there is a need to sustain those. In establishing the arrangements for staffing the new organisation once an organisational structure is agreed, the need to keep the necessary skills will be taken into account. A training budget has been set aside to help any further skills development that is required among the staff.

Christina McKelvie (Central Scotland) (SNP): I want to change the direction of the discussion and move on to ministerial direction and guidance, which are covered in section 30. The committee previously heard a lot of evidence about the arm's-length principle. Will section 30(2) sufficiently protect that principle?

Nikki Brown: The Government's view is that section 30(2) will prevent ministers from making any direction that impacts on creative Scotland's artistic judgment. For example, it would not be possible for ministers to tell creative Scotland to give grants to a particular individual or organisation. That will be a matter for creative

Scotland, and the Government is confident that the provisions will ensure that that is the case.

Christina McKelvie: Will the creative aspect be allowed to evolve rather than be directed? We heard previously about artists' concerns that ministers might control their work and creativity. Will the bill protect that evolution sufficiently?

Nikki Brown: Absolutely. The Government is confident that the provisions will keep ministers well away from how artists go about their work.

Claire Baker (Mid Scotland and Fife) (Lab): I have questions about governance. We have received evidence from COSLA and local authorities that the board should contain elected members. We have also had suggestions about the balance of membership on the board. Has the Government reflected on those submissions? Can you give a view on governance and the intended make-up of the board?

Nikki Brown: The Government was interested to read the submissions. We have reflected on that and the minister has considered the issue further. However, he remains of the view that the way in which to ensure that the board has a sufficiently broad skills mix to direct creative Scotland is to recruit through open and fair competition, in accordance with the principles of the Office of the Commissioner for Public Appointments in Scotland code. The minister does not believe that it would be helpful for the sector or the organisation to reserve places on the board for representatives of particular sectors.

Ken Macintosh: To follow that up, does the bill establish a formal relationship with local government to address those concerns?

Nikki Brown: The shape of the relationship with local government will be given in the same way as it is for any other public body. The Government has given advice and guidance to all public bodies that they should work closely with local government to align the direction of their work with the direction that local government is taking through the single outcome agreement process. The Government's view is that legislation is not the place in which to have a formal structure for that.

Ken Macintosh: So there is no duty on either creative Scotland or local government.

Nikki Brown: There is a provision that empowers and encourages creative Scotland to work in partnership with whomever it needs to work in partnership with.

Ken Macintosh: I have a small question on an issue that has been raised by the National Trust for Scotland, about dealing in cultural objects. The issue was raised two years ago, but it has not

been addressed in the bill. Is that still an outstanding issue?

Nikki Brown: Yes, it is. The Government believes that the bill is not the place in which to address that concern, but it recognises that the concern exists and is considering how it might best be dealt with by another route.

The Convener: That concludes the committee's questions. Thank you for attending.

I suspend the meeting until 10.30, to allow a changeover of witnesses.

10:21

Meeting suspended.

10:31

On resuming—

The Convener: We continue with agenda item 1, which is further consideration of the provisions in the Public Services Reform (Scotland) Bill relating to the establishment of creative Scotland.

I am pleased to welcome our second panel of witnesses: Ewan Brown, who is the chair of creative Scotland; Lorne Boswell, who is Scottish secretary of Equity—although I understand that she has not arrived yet, as she has been a little delayed; Jim Tough, who is chief executive of the Scottish Arts Council; Ken Hay, who is chief executive of Scottish Screen; Dr Donald Smith, who is director of the Scottish Storytelling Centre; David Hartley, who is senior manager for digital markets at Scottish Enterprise; Terry Anderson, who is president of the Scottish Artists Union; Iain Hamilton, who is development manager of creative industries at Highlands and Islands Enterprise; and Jon Morgan, who is director of the Federation of Scottish Theatre. Sheena Macdonald, who is the regional organiser of the Scottish Musicians Union, will join us but has also been delayed.

We will go straight to questions, as there are quite a number of witnesses and we have a lot to cover. Will the six general functions that are provided for in section 27(1) ensure that the new body realises the aspirations and hopes that the artistic community in Scotland has for it?

Jon Morgan (Federation of Scottish Theatre): On behalf of the FST, let me say that we are totally satisfied with paragraphs (a), (b) and (c), but we are not so sure about certain aspects of paragraphs (d), (e) and (f).

In paragraph (d), we would like to see a broader definition of what "international value" means. We are worried that only an export model is being considered rather than a model that is about international collaboration, which might include

work coming into Scotland as well as presenting work by Scottish artists outside Scotland.

On paragraph (e), we would probably prefer not to see that at all in the list of functions of creative Scotland. Our feeling is that—notwithstanding whether the reference should be to "Scotland's national culture" or "national cultures of Scotland"—the paragraph might to some extent undermine the arm's length principle. It might lead to decisions that prefer work that represents some aspects of national culture over work that is made in Scotland by artists who are based in Scotland, which is our definition of national culture. The example that is given in the explanatory notes talks about a performance or film about the problem of alcoholism in Scotland. That is an important issue, but we would be concerned if that particular part of the general functions led to a narrow definition of what art should be about.

Paragraph (f) gives us the most concern. It links into the earlier questions about exactly what the broader remit will be. Our concern is that, although the Government's intention is that it will not fund broader creative industries beyond those that are currently funded by the Scottish Arts Council and Scottish Screen, the bill does not specifically exclude that possibility. The next director of creative Scotland might well go ahead with good intentions in that respect, but who knows what might happen in the future if the bill allows for the possibility of some mission creep?

Currently, the Scottish Arts Council and Scottish Screen cover about six of the 13 creative industries that are listed by the Department for Culture, Media and Sport, so we are concerned about how a small organisation will be able to cover those other seven creative industries in a sensible way. Assurances notwithstanding, we are also concerned about the fact that the bill does not exclude the possibility of funding having to be provided for those other areas as well.

The Convener: For the benefit of Sheena Macdonald and Lorne Boswell, who have just joined us, I advise that we have just started our evidence-taking session and we are covering issues relating to the general functions of the new body.

Mr Morgan has made a strong case for removing three of the general functions. Is that position shared by other members of the panel?

Dr Donald Smith (Scottish Storytelling Centre): No. I think that the definition of general functions in the bill is a huge improvement on the definition in the first draft. Account has been taken of the many representations on the matter. Clearly, it is not possible for the legislation to spell out exactly how things will develop in terms of balance of work, areas of funding and so on, but

the improved definition with regard to national culture is helpful in so far as it states that cultural importance is critical. That was not absolutely clear in the first draft. In addition, the narrowing of paragraph (f) with regard to the definition of commercial activity, the primary focus of which is the application of creative skills, is a huge improvement.

It might be impossible to achieve perfection, but the definition of the general functions in the bill as it stands is a fairly balanced ticket.

Jim Tough (Scottish Arts Council): From the point of view of the SAC, I would say that a lot of the good work that the antecedent bodies do can be comfortably accommodated within the functions.

If you look at the history of investment by the Scottish Arts Council, you can see that, in the early days, the SAC did not invest in what was defined as particular art forms. The bill will allow that wider scope and flexibility to continue. For example, the traditional arts in Scotland—the range of culturally diverse activity that we support—are different from what the original Scottish Arts Council supported. It is a moveable feast, in that sense. The permissive nature of the legislation will allow that to continue.

Iain Hamilton (Highlands and Islands Enterprise): We were concerned about what would happen with the relationship between our functions and creative Scotland's functions regarding support for the creative industries. We have had a long track record of working with the SAC and Scottish Screen, and we are happy to find that we have got clear guidance on how our roles will fit together.

Highlands and Islands Enterprise has a dual role with regard to cultural and community development as well as the development of the creative industries, so what is set out in the bill is an exciting and positive step, as it removes some of the need to worry about whether something fits into the commercial sphere or the community sphere. That gives us scope to cover a lot more ground.

The Convener: The Government's officials expressed a view that, on some occasions, creative Scotland would be the lead development agency. Do you support that? How do you see that lead development role working with regard to COSLA?

Ewan Brown (Creative Scotland): Creative Scotland will have very much a lead co-ordination role, not a lead development role. As Nikki Brown said, the first meeting of the co-ordination group—which I will chair and at which the minister will be present—will take place this afternoon and will set the scene.

I have seen a transformational change in the way in which Highlands and Islands Enterprise, Scottish Enterprise and COSLA are engaging on areas of common interest. Indeed, this afternoon's meeting will include Skills Development Scotland and Mark Batho from the Scottish Further and Higher Education Funding Council. Their response has also been positive.

For the first time, people are prepared to look at an industry in a totally different way, which I find extremely positive. In terms of trying to set the scene for the structuring of the new body, it is a great starting point. Again, however, I stress that we are not the lead development agency. We will co-ordinate the agencies.

I felt strongly that we could not rely on people working together through a team Scotland approach and that somebody would have to co-ordinate the function. That will be the role of creative Scotland. However, it is the way in which the agencies come together that will make the approach work.

Jon Morgan: That co-ordinating role is important. My only concern in that regard is that to date the attention has been entirely on the creative industries aspect of that co-ordination. The creative industries partnership document, which is an excellent piece of work that sets out how creative Scotland, local authorities and Highlands and Islands Enterprise can work together, does not address things such as the provision of cultural activity in various regions of the country, diversity of audiences and supporting artists and emerging artists. One would like to see a similar agreement between those bodies around that area of creative Scotland's work.

Ewan Brown: Our present reaction is that that is probably not needed. All the work that is being done very well by the antecedent organisations will go seamlessly into the framework. I agree that, in the past couple of months, the attention has probably been on the creative industries, as there had to be a high degree of co-ordination in that regard. We have a sound base on the arts and culture side, and I feel that Jon Morgan's fears are misplaced. The work will continue and will be strengthened in a larger body rather than being weakened.

The Convener: Do you understand and accept that it is perfectly reasonable for organisations to have fears and concerns and that creative Scotland must allay those fears and engage with stakeholders so that their fears can be addressed?

Ewan Brown: Absolutely. Indeed, at an early stage, I had three meetings with the cultural alliance, which represented about 100 people. Those meetings helped people to get a better idea of where we were coming from. I have engaged

with people in the traditional arts across the sector. Our communication will have to strengthen as we indicate how the new organisation will be formed. That is part of the value of the open forums, another of which is arranged for 5 October in Perth. That forum will take a slightly different form from the one that was held at the Lyceum in Edinburgh in June, and will have even more engagement by practitioners.

We are moving to set up reference groups that will cover the sectors. When we indicate what they are, it will be clear to Jon Morgan that we are addressing the arts and culture side head on.

I can see how the perception might have been that the creative industries were getting all the attention, but that is simply because those areas needed to be brought together. However, a large amount of the board's attention has been on ensuring that we take into the new body a strong position on what we would call the traditional Scottish Arts Council functions.

10:45

The Convener: That is where there might continue to be concerns on the part of some stakeholders, because some organisations have had difficult relationships with the Scottish Arts Council from time to time.

If all the council's functions are going to be transferred so that things get done in exactly the same way as they have always been done, some people might feel a little bit let down by the new organisation. I think that you need to address some of those concerns, particularly in relation to some of the work that goes on in the voluntary sector—and especially in the traditional arts.

Ewan Brown: I met the traditional arts people two nights ago, and I am meeting David McLellan, representing the voluntary sector, very shortly. I can assure you that we have those concerns very much in mind.

Jim Tough: We are used to having difficult conversations—it is the nature of the sector, given the passion and enthusiasm that people show for Scotland's culture and arts. In the traditional arts activity, we initiated some conversations about the need to address such concerns across the country. That has now translated into the working group that the minister has announced.

We are sensitive about the sense of uncertainty that there has been, and we have been careful to offer reassurance and allow business continuity where at all possible. One example of working with and for the voluntary sector is the continuing support for Fèisean nan Gàidheal, which is one of our foundation organisations. Such arrangements are in place, and we are absolutely open to

continuing such conversations, which are about improving relationships.

Dr Donald Smith: It is important to realise that there is a change agenda here. It is not yet sufficiently clear to the different sectors, including voluntary arts, traditional arts, literature, theatre or whoever else, just how the new organisation will be staffed and how it will relate to those sectors in practical ways. At some of the helpful briefings to which Ewan Brown has referred, it has been said that creative Scotland will take a more strategic view, and that there will be fewer staff. I make the observation that there will be implications for and changes to the way in which cultural sectors are organised to deal with creative Scotland.

I am not sure that it is terribly helpful to say that it will all be business as usual, because there is a change agenda. However, everybody has to accept that it is a collective change agenda. There is still a lack of clarity about how things will work. Although I accept that we are not seeking some sort of legislative commitment to say that music or literature, for instance, will continue to be supported, a sense of uncertainty will remain until it is clear how the arrangements will work.

Ken Macintosh: One of the issues that caused great uncertainty when we were considering the Creative Scotland Bill was the responsibility for the creative industries, and particularly the relationship between the enterprise agencies and creative Scotland. Some work appears to have been done to address that concern. I recall that you highlighted the lack of clarity during scrutiny of the bill. Are the boundaries around who has responsibility now clear, particularly on the question whether the key role of creative Scotland is one of cultural enrichment, as opposed to economic development?

Dr Donald Smith: As I have already reflected, the balance of general functions in section 27 is now a good one. When we consider that together with the back-up of the creative industries framework, we can see that the flesh is now on the bones regarding how things will operate. That is very welcome to everybody.

However, I repeat that there also needs to be flesh on the bones in relation to cultural enrichment and the voluntary sector. I accept that it is all a process, but the creative industries framework lays out responsibilities with good clarity and balance. A similar exercise for the relationships between the voluntary sector, local authorities and the cultural sector is now needed in order to get the overall balance right.

Ken Macintosh: The Government officials on the previous panel suggested that the Government is the lead body for developing the creative industries strategy, but I am sure that previous

witnesses suggested that Scottish Enterprise has the lead role.

David Hartley (Scottish Enterprise): There are two critical elements to the success of the creative industries: how they perform economically and their cultural parts. The creative industries will be successful if both elements are drawn together. The games industry provides an illustration. Companies need to be technically successful to be able to develop games, but the game's success will depend on how it is written—on the storytelling and the art involved. Bringing both elements together in creative Scotland will be helpful. Creative Scotland will have a co-ordinating role in pulling those elements together to help the overall industry to succeed. That dynamic is fairly consistent across all the elements of the creative industries.

Ken Macintosh: One of the most disturbing issues to do with the Creative Scotland Bill was that on which it foundered in the end: the then minister's inability to clarify roles, particularly with respect to the transfer of funds. Is the funding situation for Scottish Enterprise, Highlands and Islands Enterprise and creative Scotland now absolutely clear?

David Hartley: I think that it is crystal clear.

Iain Hamilton: I agree. I see no reason for making any other changes.

Ken Macintosh: No one is after your money at the moment.

Iain Hamilton: Everybody is always after our money, but we are not aware of any other issues to do with the transfer of funding.

Kenneth Gibson: Should words such as "art", "culture" and "creativity" be defined in the bill or guidance? Would such definitions provide a clearer remit for creative Scotland or stakeholders?

Terry Anderson (Scottish Artists Union): I am not aware that anybody is asking for such definitions. Perhaps there has been a misunderstanding of some objections that have been made. Everybody who works in the sector understands that definitions are, by their nature, often inadequate, and that even trying to provide them may be a fool's errand.

The matter was raised in my organisation's submission because it has been said that the principal reason why the word "artist" has not been used is that using that word would result in an obligation to define it. However, as we have already heard, the Government is satisfied that it does not need to define words such as "art", "culture" or "creativity". That is welcome; we believe that, too. Equally, we believe that the word "artist" does not need to be defined but that it

needs to be used in the bill if artists are to be at the heart of what creative Scotland will do—the minister has taken great pains of late to say that they will be there. If artists are to be at the heart of what creative Scotland does, their absence from the bill seems a little bit strange.

Kenneth Gibson: Art means different things to different people. Last week, for example, the critic Brian Sewell said that the words "art" and "graffiti" should never be used in the same sentence, although I am not sure that everyone would necessarily agree with that.

What is meant by "Scotland's national culture" is defined in the policy memorandum but not in the bill. That has caused controversy. The Royal Society of Edinburgh does not believe that national culture comprises a single form; rather, it believes that the phrase "Scotland's national culture" should be replaced by "cultures of Scotland". What are your views on that? If you do not have a strong view one way or the other, that is fair enough.

Dr Donald Smith: I think that the term "national culture" is quite an important form of words and definition. A national culture is rarely understood as being monolithic, particularly in Scotland. There is always diversity. There are all sorts of obligations through the United Nations Educational, Scientific and Cultural Organization and international frameworks that relate to a nation's responsibility to its culture or cultures, but the national bit is quite important. I think that the phrase brings Scottish cultural policy more into line with some of the international frameworks than would a phrase such as "cultures of Scotland", which seems to me to be pretty woolly.

Aileen Campbell: I asked the previous panel about evidence that the committee has received regarding the perceived lack of clarity about how creative Scotland will relate to the wider policy environment, partner organisations and national performing companies. I note that Equity's submission comments on that issue, so this might be a good opportunity for Lorne Boswell to contribute. Should there be greater provision in the bill to clarify that interaction?

Lorne Boswell (Equity): Our fundamental concern is what creative Scotland will be. The bill adequately describes how the new body is to be established, but the ultimate test will be what the new body does rather than how it is created. That is our concern about the legislation. Given the general economic situation and forthcoming budgetary settlements, we are concerned that the sector might be moving into a period not of betterment but of financial constraint and constriction. Ultimately, our members will judge creative Scotland on whether it leads to greater employment opportunities. Many of our members

are fairly peripatetic and will move to wherever the work is. At the moment, we have a sense that folk are moving down to London. That might be primarily due to broadcasting, which is an important facet because there are more broadcasting jobs in London than there are up here. My hope is that creative Scotland will ensure that creative personnel can live and work in Scotland. I hope that it will lead to an increase in opportunity. That is our overriding concern. However, I do not think that that can be defined in the terms of the legislation that establishes the new body.

Aileen Campbell: We can be content with the wording of the bill, but we need to be mindful of that wider situation.

Lorne Boswell: Yes. Creative Scotland will be a big change. However, we predominantly—although not exclusively—represent actors, who do not usually have a direct relationship with the funding body. Actors have a relationship with the theatre, film or broadcasting company that employs them. For actors, the concern about what impact creative Scotland will have on them is that they are so far down the food chain they will end up suffering. That is the overriding concern from our members.

Aileen Campbell: Does anyone else have an opinion on whether more clarity on that issue is warranted in the bill?

Jim Tough: An indicator of the current health of the sector is provided by the made in Scotland programme that profiled a number of Scottish theatre companies in the festivals recently. That was hugely successful and will now involve those companies travelling internationally. We have a responsibility to build on such foundations, so I hope that a lot of folk will take those successes forward. I appreciate that anxiety exists, but I think that it is a good time for artistic qualities in Scotland at the moment. Made in Scotland provides some good examples of that.

Jon Morgan: Just returning to the question about creative Scotland's relationship with local authorities, I feel that the bill should provide some kind of mandate for creative Scotland and local authorities to work together, given that they are such critical parts of the provision of arts and culture. Interestingly, in her response to a question earlier this morning, Nikki Brown said that creative Scotland will have a co-ordinating role in involving local authorities and Scottish Enterprise in the creative industries agreement but an advisory role in liaising with local authorities on broader artistic provision. I would like that to be a co-ordinating role rather than an advisory role. For me, that side of the bill needs to be strengthened.

Ken Macintosh: I want to move on to the question of funding, so perhaps the organisations representing artists can answer this question. Is there a concern that the new organisation will have more functions and a wider remit but less funding?

11:00

Sheena Macdonald (Musicians Union): I apologise to the committee on behalf of Lorne Boswell and myself for arriving late today—we had a meeting with the minister this morning. In all our submissions from way back in the mists of time, we have expressed concern about funding for culture—full stop. Our position remains the same as the conclusions that were reached by the Cultural Commission: if we are to have a vibrant, successful national culture or cultures, more money needs to be levered into that. In our submission, we make the point that it would be a start for 1 per cent of expenditure across the board to be on culture.

In our submission, we raise specific concerns about funding for artists and the models to which creative Scotland will look. We are particularly concerned about the section in the bill relating to grants and loans. Our concerns may become greater in the fullness of time, when we see what proposals for funding models creative Scotland develops. Our position is not that there cannot be different types of models. On the music side, a development loan might allow someone to take forward something that has the potential to be successful commercially, and some of the profit from that could go back.

We have concerns because we want to ensure that the balance is right in relation to decision making about funding issues. I understand that colleagues have expressed concern about the emphasis that is being placed on the creative industries today. We do not want creative Scotland always to think about matters in a commercial sense when it makes decisions—we think that there is a broad spectrum. There will be things at the commercial end, but there will also be things that will be art for art's sake, for want of a better phrase. We must ensure that decisions are made in a balanced way, taking account of both sides of the spectrum.

As one of my colleagues indicated earlier, we are concerned by the fact that the explanatory notes to the bill indicate clearly that the number of staff in creative Scotland will be reduced from the number employed by the two predecessor organisations. We take on board the fact that there is a culture of change and that change can be positive, but we are concerned that some of the skills, experience and expertise of staff in the current organisations could be lost. That may be

problematic, given that creative Scotland will cover a much wider remit of art forms.

Terry Anderson: Even if we assume that the best and brightest are retained, they will have to acquire new skills, because they will be asked to do things that no one at Scottish Screen or the Scottish Arts Council is currently required to do. Presumably, there will be a period in which they will be finding their feet in the new areas—they may need to be trained and so on. Even if efficiency savings are made and money is redirected, people will have to do more in terms of time and motion. If they are doing more, presumably less time and energy will be directed towards the art forms that, unlike many clear-cut creative industries, will not have other agencies to go to. As we have already heard, a creative industrial endeavour may be referred to places other than creative Scotland, depending on the stage of its life cycle that it has reached, even if creative Scotland is taking a lead or co-ordinating role. A traditional art form does not have that option—there is only one agency to which it can go.

In previous submissions, we have described that situation as involving a duty of care. We have to remember that certain art forms do not have other options and creative Scotland will be the one agency to which they can go. There has been a great deal of emphasis on the creative industries in the past few months, whether it was needed or not, and some people from the art forms that I mentioned, albeit mistakenly, have taken that as a description of creative Scotland in its entirety and what it will do across the board. We cannot really blame them for that, but there is now an urgent need to redress the balance as soon as possible.

As we state in our written submission, there is a sense that, regardless of the success of the bill, creative Scotland will happen. That sentiment has been expressed several times in public by the minister and others. I do not intend to play devil's advocate, but if it can happen without a bill, why is it in a bill? Much of the panic has occurred precisely because we have been confronted with a bill that might become law. That is why many of the discussions about whether a definition is required for this, that or the other happened in the first place. Inevitably, the publication of the bill has raised a lot of anxieties for people.

What will creative Scotland be if, for whatever reason, the provision in the bill does not become law? Will it, in turn, confuse matters? Will it compete with the Scottish Arts Council? What will happen next? Will that be a model of efficiency, which is what the bill is all about? We need to consider those things as well.

Jon Morgan: To follow on from Terry Anderson's comment, the concern about the new

organisation's smaller team and broader remit is partly about loss of expertise but it is also about advocacy for particular areas of work. The performing arts, for example, will be one of 13 areas covered by creative Scotland, but within the performing arts we have dance, music and theatre. To give a tangible example of how important the organisation's advocacy role will be for different art forms, I note that the Scottish Arts Council did not have a dance officer until 2001. Before that, dance was covered within theatre. At that time, five dance companies were supported by the Scottish Arts Council. In the past eight years, SAC funding for dance has quadrupled, many more companies have been supported and the dance sector has been much healthier as a result. The concern is that we will lose such advocates' voices within creative Scotland.

Dr Donald Smith: On a related but much more specific and practical point, if artists are at the centre of creative Scotland, which was the opening statement of the Government's presentation this morning, who in creative Scotland will deal with the artists? That relates to Terry Anderson's point. One thing that is successfully run at the moment is the system of bursaries and professional development grants, which allow individual artists and creators to get elements of support, but it is time consuming to address the needs of the large and, we hope, growing number of people who are involved in creative activity. I have a wee, nagging practical question. If artists are at the centre, who will deal with all the artists? There are quite a lot of them.

Ken Macintosh: I have a question for Mr Hay. I take it that the current funding for Scottish Screen will not be ring fenced in the new organisation. Is that funding likely to be squeezed as a result of Scottish Screen being part of a bigger organisation?

Ken Hay (Scottish Screen): Creative Scotland will inherit Scottish Screen's functions, responsibilities and resource. In many ways, the key part of the opportunity for creative Scotland is to move away from worrying too much about the finance that Scottish Screen has had, which has been too low for too many years to make the desired impact, and to concentrate on influencing the broader sector.

To pick up a point that Lorne Boswell made earlier about broadcasting, there has been a significant dip in the amount of television drama production that has come out of Scotland over the past few years. That has been addressed through the Scottish Broadcasting Commission and subsequent work. The BBC has committed itself to an increase in the amount of network production that comes out of Scotland, but it has been a slow process to get that money physically spent in the

country. Part of creative Scotland's role is to influence the BBC and other network commissioners to ensure that they step up to the mark and commission production out of Scotland at the right level. If the BBC meets its commitment to increase network commissioning to 9 per cent over the next few years, an additional £50 million will go into Scotland's television production sector. That compares with a couple of million pounds of lottery funds that Scottish Screen currently has at its disposal—it is on a completely different scale. The amount of money that the new body will have from that side is less important than the influence that it will have in other areas—that is the key thing.

Ken Macintosh: I have a question for Mr Brown, which may be a technical question, on the structure that the new organisation will adopt. I do not know whether you know this yet, but will you provide grants directly to artists or will you do so through local authorities? Is your relationship with local authorities such that money will be distributed regionally? Does creative Scotland have a regional or a grouping structure?

Ewan Brown: That is something that we hope to bring to the minister at the end of the month. Our main function in our second quarter is both to agree the structure of the new organisation and to address the questions that you have raised. We feel that, in principle, there is a strong argument for pushing things down. If we can get confidence and trust through regional delivery, that should be considered seriously. However, we have not concluded work on that yet and it is really a matter to be decided in the next few weeks. We have had helpful feedback from organisations throughout the artistic field and we are taking all of that into account. I cannot be more specific at the moment.

Ken Macintosh: On the issue of loans versus grants, can you give us any comments on how you support loans to artists as opposed to grants to artists?

Ewan Brown: That will be for the new body to decide. We are trying to put structures in place that will allow the new chief executive and board to function as well as possible. People who need grants will continue to get grants. Our philosophy is to ensure that arts and culture are developed in the best way for Scotland. Loans suggest a commercial purpose. The board will have to distinguish between the provision of money to artists for their development and the provision of commercial money in a more efficient way.

To widen it out slightly, I would not like “more for less” to become a phrase that is used in that context. I genuinely hope that it will be more for more. We must be much more imaginative in the sources of funding that creative Scotland, as a new strategic body, can generate. I am thinking of

money from Europe and from greater engagement with the British Council and the National Endowment for Science, Technology and the Arts. We are currently engaging with the Scottish funding council. I am confident—I will not deliver this, but I can see the framework going forward—that, provided that we can lever money into the creative industries, we will be able to release money back out again for the things that Jon Morgan is worrying about. I believe that there can be a genuine win-win situation. If we can raise the whole profile and ensure that money is brought into Scotland for either international or national work—there is huge scope to do that—some of the pump-priming money that, in the past, has come from the traditional sources will come from elsewhere and will release money back into the arts and culture part of the pot that Jon Morgan is addressing.

11:15

Ken Macintosh: I wish you well. I do not wish to be sceptical, but you will appreciate that committee members have heard people talk before about other people's money—as opposed to creative Scotland's money—coming into the system. My concern is about the funds that are available to creative Scotland and the limitations on them. Much as I wish creative Scotland well in leveraging in—

Ewan Brown: But that is a key part of change.

Ken Macintosh: Yes, indeed.

The first time that we looked at creative Scotland, there was a strong concern—I do not know whether it is such a strong concern now—about turning artists into entrepreneurs, as it were. Can you give us any assurance that you will be conscious of that?

Ewan Brown: I have never heard that phrase. By engaging with the skills agenda, schools and higher and further education, we are equipping people. What they decide to do with the skills and the background help that they get is up to them. I do not think that creative Scotland has an agenda to turn artists into entrepreneurs.

Ken Macintosh: It is a fear that we have heard expressed. However, to be fair, it was a fear that was around when we considered the Creative Scotland Bill last year, rather than one that is being echoed just now.

Mr Boswell, do you have any comments on the issue of funding and the context in which the new body will operate?

Lorne Boswell: If I were being cynical, and if creative Scotland were successful in attracting funds from elsewhere, I would wonder whether its core grant from the Government would stay the

same, or whether a Government of any persuasion would see that as an opportunity. Is it not in the nature of Governments to get what they can for the best price? If there is lots of money out there, will the core grant from the Government to creative Scotland stay the same? If creative Scotland is successful in pulling in that money, will the grant be frozen or even reduced?

Ken Macintosh: The other worry is that if creative Scotland has to account for the creative needs, as it were, of advertising, architecture or other areas that it has not dealt with before, what will that mean for actors or musicians?

Dr Donald Smith: It is important to remember that cultural and artistic organisations are not living in an idealistic balloon where everything should be paid for by subsidy. Most of us have been quite cunning and enterprising in devising different streams of income from commercial activity, sponsorship, trusts and some of the bodies that Ewan Brown mentioned. The two important points are, first, providing clarity about which stream of money is applied to which purpose and, secondly, ensuring that the balance is retained.

A lot of the discussion about creative Scotland has to include the key strategic organisations. Creative Scotland will not be a creative organisation; it will not produce any culture—the front-line organisations and artists will do that. There is a huge sense that we have a big collective challenge ahead of us. We will have to be very creative in our use of different sources of income. We must support artistic development, but that is not totally removed from our being enterprising in generating income from a variety of sources. The model is there and we can build and improve on it. However, that will not be achieved solely by creative Scotland.

Christina McKelvie: You might have heard me asking questions earlier about section 30(2) of the bill, on directions and guidance. Do you think that the provisions in the bill sufficiently protect the arm's-length principle? Anybody can chuck in an answer.

Dr Donald Smith: I have a slightly indirect response, which relates to section 28, on the advisory functions of creative Scotland. Although section 30 lays down a clear line about artistic judgment, it is still unclear who will take the lead in devising national cultural policy for Scotland. Numerous other key national cultural bodies, including local authorities, have a huge influence over the national picture. However, is the Government in charge of national cultural policy?

There are many ways in which the overall cultural policy of Scotland is directed or influenced by what is almost an emergent ministry of culture model that is creeping up on us gradually. That is

not referred to or defined in section 30, which relates to creative Scotland's functions, but if you go back to section 28, you will find that no particular defining role is described for creative Scotland in forming partnerships with local government or national bodies such as the Scottish Library and Information Council, the national performing companies, National Museums Scotland or the National Library of Scotland. There is a host of other cultural agencies. The picture is more complex than the definition in section 30 suggests.

Christina McKelvie: What would remedy that situation? Should we take any legislative action?

Dr Donald Smith: This has been mentioned already, but I wonder whether there ought to be somewhere in subsections (3) and (5) of section 28 a requirement on creative Scotland to engage in consultation with other key partners in the development of a national cultural strategy. I am not sure what the appropriate phrasing should be, but the current wording is weak. Although it says that creative Scotland "must" advise ministers, it "may" advise others. The question of where that leaves those others that have a national cultural role is reflected in submissions such as the one from SLIC. The wording is indefinite. Under community planning requirements, a local authority would be required to consult the other key stakeholders in the development of provision of local services, but there is currently no requirement on creative Scotland to consult anyone other than the Government.

Claire Baker: Earlier this morning I asked questions about governance. What are your views on the proposed governance arrangements for creative Scotland? Perhaps your answers will reflect the earlier discussion about advocacy in the new organisation. As regards the make-up of the board, should there be reserved places on it to reflect sectoral interests, or are people content with the approach proposed by the Government?

Jon Morgan: I was referring specifically to advocacy in the management team of creative Scotland. I am not sure that defined positions would be appropriate, but one would like to see a broad spread of representation on the board. Perhaps as important, there should be broad engagement with the sector in the decision-making process, which might happen through standing committees. That might be even more important than representation on the board.

Claire Baker: Do people attach any importance to the location of the new organisation's headquarters, which is to be approved by Scottish ministers? As there is no response, it seems that people are relaxed about that.

Ken Macintosh: Does anybody have a view on whether the body should have charitable status?

Ewan Brown: The answer that you got from Nikki Brown earlier probably confirms my position—it is for creative Scotland to make any approach in that regard. There are benefits and disbenefits of being under the OSCR regime; there are other ways of getting such tax status by dealing with Her Majesty's Revenue and Customs. That might be just as efficient a route.

Ken Macintosh: I ask because I worry that we have been in this position before. The situation could be dealt with through establishing the structure of creative Scotland in legislation.

Ewan Brown: As I understand it, that takes us back to the purposes of creative Scotland—the question of charitable status makes things more difficult where commercial purposes are involved. I doubt whether changing the legislation would have the desired effect.

Ken Macintosh: Would not the links with Government also have an effect?

Ewan Brown: I think that those are two considerations, but the commercial purposes aspect makes charitable status intrinsically difficult to obtain anyway. However, it will be for creative Scotland to set out its stall.

The Convener: That concludes the committee's questions. Thank you for your attendance. The next meeting will be on Wednesday 16 September at 10 am.

Meeting closed at 11:26.

---Members who would like a printed copy of the *Official Report* to be forwarded to them should give notice at the Document Supply Centre.

Members who wish to suggest corrections for the archive edition should mark them clearly in the report or send it to the Official Report, Scottish Parliament, Edinburgh EH99 1SP.

The deadline for corrections to this edition is:

Monday 21 September 2009

PRICES AND SUBSCRIPTION RATES

OFFICIAL REPORT daily editions

Single copies: £5.00

Meetings of the Parliament annual subscriptions: £350.00

WRITTEN ANSWERS TO PARLIAMENTARY QUESTIONS weekly compilation

Single copies: £3.75

Annual subscriptions: £150.00

Published in Edinburgh by RR Donnelley and available from:

Blackwell's Bookshop

**53 South Bridge
Edinburgh EH1 1YS
0131 622 8222**

Blackwell's Bookshops:

243-244 High Holborn
London WC1 7DZ
Tel 020 7831 9501

All trade orders for Scottish Parliament documents should be placed through Blackwell's Edinburgh.

And through other good booksellers

Blackwell's Scottish Parliament Documentation

Helpline may be able to assist with additional information on publications of or about the Scottish Parliament, their availability and cost:

Telephone orders and inquiries

**0131 622 8283 or
0131 622 8258**

Fax orders

0131 557 8149

E-mail orders, Subscriptions and standing orders

business.edinburgh@blackwell.co.uk

Scottish Parliament

**All documents are available on the
Scottish Parliament website at:**

www.scottish.parliament.co.uk

For more information on the Parliament, or if you have an inquiry about information in languages other than English or in alternative formats (for example, Braille; large print or audio), please contact:

Public Information Service

The Scottish Parliament
Edinburgh EH99 1SP

Telephone: 0131 348 5000

Fòn: 0131 348 5395 (Gàidhlig)

Textphone users may contact us on
0800 092 7100

We also welcome calls using the RNID
Typetalk service.

Fax: 0131 348 5601

E-mail: sp.info@scottish.parliament.uk

We welcome written correspondence in any language.