

CONSTITUTION, EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE

20th Meeting, 2022, Session 6

22 June 2022

Pre-Budget Scrutiny: Funding for Culture

1. The Committee agreed to focus primarily on the culture spending portfolio in its pre-budget scrutiny throughout Session 6, in line with the emphasis in the [guidance](#) from the Finance and Public Administration Committee “on developing an understanding of the impact of budgetary decisions over a number of years including budgetary trends.”
2. Ahead of Budget 2023-24, the Committee sought views on the impact of budgetary decisions, including the Resource Spending Review, on the culture sector in Scotland. Taking a cumulative approach to scrutiny, this builds upon the Committee’s [pre-budget scrutiny for Budget 2022-23](#) and scrutiny of the Scottish Government’s [Resource Spending Review](#).
3. At this meeting, the Committee will begin to hear from stakeholders, taking evidence in a roundtable format from—
 - Jim Hollington, Chief Executive, Dance Base
 - David Avery, Negotiation Officer, Prospect
 - Kirsty Cumming, Chief Executive, Community Leisure UK
 - Julia Amour, Director, Festivals Edinburgh
 - Janet Archer, Chief Executive, Edinburgh Printmakers (on behalf of Scotland’s Workshops)
4. The following papers are attached—
 - **Annexe A:** Briefing from SPICe
 - **Annexe B:** Summary of the submissions to the call for views
 - **Annexe C:** Written submissions from Dance Base, Prospect, Community Leisure UK, Festivals Edinburgh, and Scotland’s Workshops

**CEEAC Committee Clerks
September 2022**

SPICe

The Information Centre
An t-Ionad Fiosrachaidh

Constitution, Europe, External Affairs and Culture Committee

22 September 2022

Pre-budget scrutiny 2023-24

Introduction

The focus of the Committee's prebudget scrutiny will be again focusing on the culture and historic environment aspects of the Committee's remit. This follows on from the work the Committee [undertook on the budget for 2022-23](#) and the resource spending review published on 31 May 2022.

This paper is to brief the Committee on the first session of the Committee's work on the 2023-24 budget. The Committee will be taking evidence from a number of stakeholders, broadly in the creative arts sector in this meeting. Next week, the Committee will take evidence from the stakeholders from the galleries, museums and historic environment sectors. Finally on 6 October, the Committee is expected to take evidence from COSLA, Creative Scotland and the Cabinet Secretary.

The Spending Review set out indicative spending plans to the end of the 2026-27 financial year. These plans are indicative, however. The Committee's Call for Views for the current work reflected some of the findings of its submission to the Resource Spending Review. A separate paper provides a summary of the responses.

This paper will set the scene and recap the Committee's work on this area so far this session and the context of the Resource Spending Review. It will then highlight themes of the Committee's work and reference views of respondents to the Committee's call for views.

Pre-budget scrutiny

The [Finance and Public Administration Committee issued guidance](#) to subject committees on this year's budget process in June. This guidance stated—

“The budget process, as recommended by the Budget Process Review Group (BPRG) in its 2017 report, is centred around four core objectives:

- to have greater influence on the formulation of the Scottish Government's budget proposals,
- to improve transparency and raise public understanding and awareness of the budget,
- to respond effectively to new fiscal and wider policy challenges, and
- to lead to better outputs and outcomes as measured against benchmarks and stated objectives.”

High-level outcomes

The Scottish Government states that the National Performance Framework (NPF), “describes our ambitions, providing a vision for national wellbeing across a range of economic, social and environmental factors”. It sets out the “strategic outcomes which collectively describe the kind of Scotland in which people would like to live and guides the decisions and actions of national and local government”. There are 11 national outcomes, which are measured for progress against 81 national indicators.

One of the national outcomes covers Culture. This says:

“We are creative and our vibrant and diverse cultures are expressed and enjoyed widely”

There are four indicators under this outcome. These are:

- Attendance at cultural events or places of culture
- Participation in a cultural activity
- Growth in the cultural economy
- People working in arts and culture

Annexe A of this paper sets out the latest data under these indicators.

The National Outcomes and indicators are necessarily high-level. There are a variety of strategic documents across policy areas with more detailed strategic aims and outcomes. [A Culture Strategy for Scotland](#) was published by the Scottish Government in February 2020. The strategy foregrounds the intrinsic value of culture. It stated—

“Culture must be valued first and foremost in and of itself. It is central to who we are and who we seek to be.”

It also notes the value of culture to society in helping individuals and communities thrive, supporting wellbeing and its economic contribution. The Culture Strategy has three strands, or ‘ambitions’ which are listed below along with a short description.

- *Strengthening Culture*
Supporting the creation of culture.
- *Transforming Through Culture*
Realising the benefits of cultural activity across society (and government structures) to support “wellbeing and cultural, social, economic and environmental prosperity”.
- *Empowering Through Culture*
Celebrating culture more broadly “as part of every community; essential to our lives and wellbeing”

[Our Place in Time](#) is the Historic Environment Strategy for Scotland. It seeks to situate the historic environment as part of the everyday life of individuals and communities. It aims to “ensure that the cultural, social, environmental and economic value of our heritage continues to make a major contribution to the nation’s wellbeing.”

The Committee has had a focus on how culture can contribute to wider outcomes including health and wellbeing. The health outcome in the NPF is:

“We are healthy and active”

The vision under this outcome highlights access to “world class, appropriate and free/affordable health, social care and dental services.” It continues —

“We prioritise health and wellbeing at national and local government levels and actively implement healthy public policy. We use evidence intelligently to continuously improve and challenge existing healthcare models. Our approach is integrated, preventative and person-centred. We are focused on resolving needs in order to achieve positive health, care and wellbeing outcomes.”

National Partnership for Culture workstreams

To support implementation of the Culture Strategy, the Scottish Government established the National Partnership for Culture. On 6 April 2022, the Scottish Government [published the outputs of the NPC across](#) its ‘priority themes’ of work in 2021-22. These themes were:

- Wellbeing (particularly mental health)
- Fair work
- Culture in education (including skills)
- Measuring Change

The Government published information papers and reports of the workshops under each of these themes. The reports contain details of the “priority themes, issues and

proposed actions” of each workshop. It is not clear when or whether the Scottish Government will formally respond to these reports; as yet, it has not done so.

The Committee’s work on the Spending Review

The Scottish Government published its [Future: Resource Spending Review](#) on 31 May 2022. The Government had published and began a consultation on a Resource Spending Review Framework in December 2021.

To support the Committee’s contribution to the consultation, the Committee undertook several evidence sessions in February and March. This work included sessions with a range of stakeholders, both the Cabinet Secretary for the Constitution, External Affairs and Culture and the Cabinet Secretary for Health and Social Care. Once the Spending review had been published, the Committee took evidence from the Cabinet Secretary for the Constitution, External Affairs and Culture alongside the Cabinet Secretary for Finance and Economy.

The Cabinet Secretary for Finance set out the Government’s approach and priorities. Her statement introducing the Spending review said—

“We have prioritised spending on health and social security, education and tackling climate change, but by definition we cannot prioritise everything.

“After years of growth in the public sector, due to Brexit and the pandemic, we need to reset. We need to focus on how the public sector can reform to become more efficient, giving us space to realise our ambitions for better outcomes.

“And so reform will focus on:

- digitalisation
- maximising revenue through public sector innovation
- reform of the public sector estate
- reform of the public body landscape; and
- improving public procurement.”

Constitution, External Affairs and Culture portfolio

The focus of this section is on the spending plans set out in the Resource Spending Review (RSR) under the Constitution, External Affairs and Culture portfolio. As noted above, these figures are not final and subject to the annual budget process – the RSR says that the “funding envelopes set out here are indicative of what we can reasonably expect over the spending review years”. (p7)

Below is the indicative spend under the Constitution, External Affairs and Culture portfolio. These are in cash terms.

Table 9: Constitution, External Affairs and Culture Portfolio Spending Plans

Level 2*	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
External Affairs	33	35	38	39	40
Referendum	-	20	-	-	-
National Records of Scotland	22	23	25	23	23
Historic Environment Scotland	61	63	58	55	48
Culture and Major Events	177	173	173	177	183
Total	294	314	294	294	294

* Figures include rounding adjustments and projected internal running costs which are subject to change as programming is finalised.

The fall in spending on HES is significant; however, this is substantially due to modelling of increased income of HES as visitor numbers increase as we emerge from the pandemic. The Scottish Government has told SPICE—

“In 2022/23 the Scottish Government’s resource funding to HES of £60.6 million reflects the impacts the pandemic continues to have on HES’s commercial income. This resource funding is £26.8 million higher than HES’s 2020/21 pre pandemic budgeted allocation of £33.8 million. As HES’s commercial income continues to increase post pandemic the level of Government funding reduces over the resource spending review period, however in 2026/27 the resource funding of £48.3 million still exceeds the pre pandemic funding of £33.8 million.”

Given the role of local authorities in supporting creative industries and the arts in their local areas, members may wish to note the indicative funding for local government set out in the RSR.

Extract from Table 3: Social Justice, Housing and Local Government Portfolio Spending Plans

Level 2*	2022-23 £m	2023-24 £m	2024-25 £m	2025-26 £m	2026-27 £m
Local Government	10,616	10,616	10,616	10,616	10,716

The level 2 ‘Local Government’ budget line includes the General Revenue Grant and Specific Resource Grants (including the Attainment Scotland Fund and Early Learning and Childcare expansion grant). This would likely represent a real terms fall in spending.

Capital Spending Review

The resource spending review looked at resource spending, ie spending on day-to-day resources and administration costs. Capital spending is money that is spent on

investment and things that will create growth in the future – such as buildings or infrastructure.

The Scottish Government undertook a capital spending review in 2021. The Government published updated projections in May 2022. The table below shows the projections for capital in the Constitution, External Affairs and Culture portfolio.

	£m			
	2022/23 Budget	2023/24	2024/25	2025/26
Cultural Collections	21	17	9.8	9
HES Direct Capital	6.5	9	8	10
NRS Capital Expenditure	3	3	3.5	4
Constitution, External Affairs and Culture - Total	30.5	29	21.3	23

The support for local government projects is also set out. Local authorities can
Reproduced here is only the “Support for Capital” line, i.e. the support that is not ringfenced.

	£m			
	2022/23 Budget	2023/24	2024/25	2025/26
Local Government Support for Capital	510.5	486.9	514.4	521.4

Members should note that local authorities can fund or borrow directly to support capital projects.

Emergency Budget Review

On [7 September 2022 the Scottish Government announced in-year changes](#) to the current year’s budget and that a more thorough budget review would take place. The announced budget changes have some impacts on bodies in culture and heritage sectors.

Historic Environment Scotland	£1.2m	Forecast increase in commercial income.
Various	£2.4m	Savings from enhanced recruitment controls, reduction in touring fund and National Performing Companies and

Scottish Lord-lieutenant activities. Forecast changes across programmes.

The Deputy First Minister identified £120m of savings from support to local authority capital budgets from “multiple portfolios”. The DFM also warned that further savings may be required.

“For avoidance of doubt, further savings will be required to balance the budget, particularly if inflation continues to rise, and to direct maximum support to those who need it most. Any further savings that are identified during the Emergency Budget Review will be over and above those detailed here.”

Creative Scotland’s new funding model

While the RSR does not provide detail below level 2 budget figures, the Programme for Government 2021-22 stated—

“We will also invest in much-needed stability for the cultural organisations that we provide regular funding for, by agreeing **3-year funding settlements**, to allow them to plan for a sustainable recovery.”

Creative Scotland has made announcements on its new funding model over the summer. Creative Scotland’s submission stated—

“The new multi-year funding process draws extensively on the Funding Review that we concluded in early 2020 and which had significant input from the cultural and creative sector.

“The multi-year Funding Programme will be a refreshed and streamlined online, two-stage process, with criteria linked to our Strategic Framework and an underlying ambition to ensure all regular funding relationships are managed through a common approach.”

Some respondents to the Committee’s call for views are funded through the current Regular Funding. This was intended to be funding to cover the three year period of 2018-2021 but has been rolled forward because of the pandemic and will continue to roll forward. This means that the annual funding is the same for these organisations while the costs have risen (which is discussed more below).

Creative Scotland had intended to have developed the new funds over the summer and begin introducing the new multi-year funding programme from Autumn 2022. [Creative Scotland announced](#) that the process has been delayed his has been delayed due to uncertainty over budgets. Under the new timetable, applications for the new funding will take place in 2023 with grants being made from April 2024.

Its submission said—

“A major consideration in the successful implementation of this revised funding approach will be the level of budget made available to us by the Scottish Government.

“This budget will determine the scope and scale of the funding programme in terms of the number of organisations we are able to support. We are clear, however, that ‘stand-still’ funding for cultural and creative organisations is no longer viable, particularly in the face of rising inflation and operational costs. As such, with the budget projections set out in the Scottish Government’s Resource Spending Review, we anticipate we may have to fund fewer organisations on a multi-year basis but aim to fund them at a more sustainable level.”

Themes from the Committee’s work and subsequent submissions

The Committee’s work on the spending review, and its work on the budget for 2022-23, was directly referenced in the Committee’s call for views prior to this inquiry. This section will explore the themes that arose from the Committee’s submission to the spending review and the Government’s responses alongside the themes that have arisen from the submissions the Committee has received recently.

Context

The spending review and the consultation on the resource spending review framework highlight the pressures on public finances. The Spending Review stated—

“With inflation at a 40-year high of [at the time] 9 per cent, households and businesses are under significant pressure, while still recovering from the shock of the COVID-19 pandemic. Bottlenecks in supply chains are proving more persistent than originally feared, including due to continued COVID-19 restrictions in China. The Russian invasion of Ukraine and the increases in global commodity and energy prices are continuing to exacerbate significant cost pressures across the economy, adding to the underlying impacts of EU Exit, which have meant that the UK has one of the highest rates of inflation in the G7.”

Committee’s submission to the Government on the spending review also noted the fiscal pressures. It particularly identified the contribution that culture can make to health and wellbeing and the recommendation of the Scottish Government’s Independent Advisory Group on Economic Recovery’s recommendation that Ministers should seek “ways to increase public and private investment across the [creative] sector to allow it to recover and compete.”

In general, respondents to the Committee’s call for views were complementary about the emergency response to the pandemic and the additional funds made available for the sector. However, some stakeholders are reporting that audiences have not

returned to pre-pandemic levels and additional costs are mounting. National Galleries of Scotland's submission stated—

“After the immediate crisis experienced by our sector during COVID, which was eased with significant Government support, we now face what is if anything an even greater short and medium-term challenge. Visitor numbers and the related income generation are still below pre-COVID levels and this is likely to be the case until at least 2025. At the same time, costs are increasing rapidly (energy costs are a major factor for museums and galleries) and there is intense pressure to address the cost of living crisis being experienced by staff; there is also increased demand on private sources of funding; and additional pressures arising from the need to address the climate emergency. In addition, current salary levels in the public sector meant that it is often hard to recruit and retain staff in key technical roles. Against this background, the draft decisions set out in the RSR (Grant-in-aid remaining static) would effectively amount to significantly reduced Government support for our organisation and would inevitably lead to reduced levels of service and a reduced ability of National Galleries Scotland to meet the expectations and needs of the public from a national cultural body.”

Those organisations which run buildings have particular issues with the cost of energy. Dance Base described the “reality for building-based cultural organisations ... as dire”. Community Leisure UK set out the cost pressure for its members—

“The current energy crisis will significantly impact on our members' utility bills with the most recent data from members in Scotland showing an average increase of 140% for 2023 as compared to 2019, with increases as high as 170%. For our members with culture, there are many energy hungry venues, including libraries, theatres, which have lots of lighting and large areas to heat, and heritage venues. To illustrate, there is a lot of lighting in theatres, plus large cavernous areas to heat, as well as bars and catering areas that run fridges 24 hrs, so it is not surprising that utilities costs are high and will impact on the running of venues.”

The UK Government has announced a package of support for households to help with rising energy costs. The [UKG's Energy Price Guarantee](#) is that “From 1st October, a new ‘Energy Price Guarantee’ will mean a typical UK household will now pay up to an average £2,500 a year on their energy bill for the next two years.” The UK Government also stated—

“A new six-month scheme for businesses and other non-domestic energy users (including charities and public sector organisations like schools) will offer equivalent support as is being provided for consumers. This will protect them from soaring energy costs and provide them with the certainty they need to plan their business.”

Creative Scotland's submission also noted that other cost pressures have come from public policy developments (e.g. a commitment to the living wage and Net-Zero). Prospect's submission indicated that organisations in the heritage and culture sectors are struggling to recruit and retain staff.

Another key issue several submissions highlighted was the trend of reducing discretionary budgets at local authority level. The joint submission from COSLA and the Directors of Finance stated that over the 8 years prior to the pandemic, “investment in the collective culture area decreased by nearly a quarter”.

Creative Scotland highlighted research it had commissioned on audience intentions through the pandemic. The [fourth wave was based on fieldwork in February 2022](#). The figure below shows the results of how likely respondents were to consider attending a cultural activity compared to before the pandemic. This shows that the net inclination to attend some artforms’ events has fallen more than others.

Figure 17 – How preferences have changed as a result of the pandemic

			NET CHANGE			
	Less likely to consider	More likely to consider	Feb-22	May-21	Nov-20	Jul-20
Historic place	-14%	17%	+2	+6	-5	-5
Street arts	-19%	20%	+1	-	-18	-24
Cinema	-17%	15%	-2	-3	-11	-13
Community Festival or fete	-17%	14%	-3	-6	-14	-17
Live comedy	-18%	13%	-4	-	-11	-12
Museum	-20%	15%	-5	-8	-20	-23
Live music event	-21%	14%	-7	-2	-19	-20
Art gallery or exhibition	-21%	14%	-8	-9	-17	-18
Attending an arts or culture related class or course	-23%	15%	-8	-3	-16	-19
Book festival or literature event	-24%	16%	-8	-5	-18	-26
Theatre e.g. pantomime/musical / play	-23%	13%	-10	-6	-25	-26
Arts or cultural activity for children	-23%	12%	-11	-7	-19	-20
Dance show/ event e.g. ballet performance	-24%	11%	-12	-10	-24	-24
Classical music performance or opera	-24%	11%	-13	-11	-24	-23

Q13A Please indicate the extent to which your preferences have changed (if at all) compared with what you might have chosen to do before the COVID-19 pandemic (NET changes in consideration, excluding those who would not consider in any case). Base: all respondents = 1,105

On the other hand, some submissions have indicated that footfall was returning. HES’ submission noted that tourist demand is improving, and the National Museums of Scotland submission stated—

“We are fortunate that our visitors have returned more quickly than expected for Q1, driven by a faster than expected return of overseas tourists, though we remain cautious due to sector forecasts that this may be a post-Covid ‘bump’ and not the sustained recovery we need.”

A number of submissions also highlighted the UK’s exit from the EU as a pressure on the sector. Creative Scotland highlighted that the UK Government has chosen not to take part in the Creative Europe programme which had a planned budget of €2.4bn over seven years. Others have highlighted issues with touring, both inward and outward.

Christie Principles

Government's consultation on the spending review, [Investing in Scotland's Future: resource spending review framework](#) identified ways in which to deliver improvement in challenging circumstances. These were to—

- Empower individuals and communities
- Integrate service provision
- Prevent negative outcomes from arising
- Become more efficient by reducing duplication and sharing services

The Framework noted that these were “heavily informed by the principles of the Christie commission’s report on the future of public services”. In the Committee’s letter to the Government on the Resource Spending Review Framework, the Committee welcomed the explicit relationship between the approach of the spending review and the Christie Commission’s four principles of reform. In doing so the Committee stated that “there is clearly a need as identified by the AGS and interim chair of the Accounts Commission to address why there continues to be ‘a major implementation gap between policy ambitions and delivery on the ground.’”

The RSR states that the Scottish Government’s “reform principles of people, partnership, prevention, performance and place” will “guide all of us across the public sector as we move through the rest of this parliament.” The RSR also stated that the Government has “set strong expectations on public bodies and public services to work effectively together and with the private and third sectors using the totality of resources available to improve outcomes.” (p29-30) Details of how this approach will relate to concrete policy decisions supporting the heritage and creative sectors and scene were not set out in the RSR.

Prevention

In terms of the move to preventative spend, the Cabinet Secretary for Finance and the Economy [told the Committee on 9 June](#) that protecting culture budgets in cash terms supports this aim. She said—

“We have talked at length over the past few years—certainly since the Christie report was published—about the importance of preventative spend. However, preventative spend requires reform. In essence, it requires us to be able to move budget lines over the longer term knowing that, if we invest up front in certain areas—such as culture, the environment and a few other examples—we ultimately relieve pressure at the more acute end. Over an annual budget process, that can be challenging to do. A resource spending review allows us to consider a three or four-year timeframe and try to shift that.

“I emphasise that the resource spending review is the beginning of the process. It is not the final budget for subsequent years, but it sets out spending parameters for us. ... The review allows us multiyear reform. The

fact that we have worked extremely hard to protect the culture lines—albeit in cash terms rather than real terms, because there is no way round the fact that inflation is eating our spending power—demonstrates that we are serious about trying to shift the balance.”

COSLA’s submission argued that the priorities of the RSR showed a lack of a preventative approach. It said—

“The Resource Spending Review prioritises funding for health and social care and social security – directing spending at addressing the problems and not preventing them from occurring. This does little to support the culture and leisure sector which both have strong links to individuals’ wellbeing and support for the local economy.”

Increasing revenue

Taken as a whole, the submissions indicated concern about the cumulative effect of cost pressures. Culture Counts stated—

“Scotland’s spend on culture as a percentage of GDP is one of the lowest in Europe (Scottish Government Stats + Audit Scotland Stats / Eurostat) and this does need to change if ambitions for the country are to be realised, and the health and wellbeing of the nation improved. Culture is not an add on or a choice, it’s a necessity and the basis of how people connect and belong in their communities.”

Culture Counts also highlighted “three areas of to the arts, heritage and creative industries that are vital to maintain a minimum eco-system throughout a time of financial hardship.” These are—

- **Production** Writing screenplays, curating exhibitions, designing computer games, classes, clubs, and workshops, creating productions
- **Distribution** Festivals, events, trade shows, exhibitions, touring
- **Infrastructure** Buildings, theatres, cinemas, libraries, museums, galleries, networks, support organisations

A number of submissions, including Culture Counts and Festivals Edinburgh, argued that additional revenue could be raised through a Percentage for the Arts Scheme. This was mentioned in the [2021-22 Programme for Government](#), which stated—

“The Scottish Government will also begin work on establishing a ‘Percentage for the Arts’ scheme to require that a small percentage of spending on all new public buildings and spaces is channelled into support for culture and community art commissions.” (p107)

Another suggestion from Culture Counts and others was to use income from a transient visitor levy to support local arts and culture activities. The [2022-23 Programme for Government](#) indicated that the Scottish Government would introduce a bill to “create a discretionary power for local authorities to apply a levy on overnight

visitor stays in accommodation, applying in all or part of their area, to help fund relevant local activities and services.” (p32)

Falls in attendance through the pandemic have affected ticket sales and additional income through bars, cafes and so on. The Committee also received views on how to increase private or corporate donations. The small size of organisations was seen by some as a barrier to attracting corporate funding; NMS suggested a match-funding scheme would be helpful in this respect.

Outcomes-focused and cross-portfolio support

A key strand of the Committee’s work has been around the wider outcomes that are supported by culture activity, particularly in supporting health and wellbeing. The conclusions/recommendations of the Committee submission to the consultation on the spending review included—

“Despite an increasing recognition of the established health and wellbeing benefits of culture, the Committee heard during both this inquiry and our pre-budget inquiry that this had not led to transformational change in terms of both a cross-cutting approach within Government and increased budgetary support for culture across a number of spending areas. ...

“The Committee’s view is that progress in developing cross-government collaboration on culture and health and wellbeing is dependent on the benefits of this approach been more deeply embedded within the NPF and the culture strategy as discussed above. In our view this approach should empower public sector leaders to make the changes needed to deliver a more collaborative approach and rethink how performance is measured in delivering these outcomes.”

There is political support for ensuring that the contribution of culture is better recognised. This is reflected in the Culture Strategy and in what the Committee has been told over the past year. The Cabinet Secretary for the Constitution, External Affairs and Culture December 2021 [letter in response to the Committee’s report was issued on 23 December 2021](#). It stated—

“I am starting a series of conversations with fellow Cabinet Secretaries in the key complementary areas of education and skills; health and wellbeing; economic development; and net zero. This is so that we can identify areas of joint collaboration and action to inform our portfolios’ part in the multi-year Resource Spending Review.”

In [evidence on 17 March 2022](#), the Cabinet Secretary for Health and Social Care, Humza Yousaf MSP, expressed a willingness to work with colleagues across Government to deliver shared outcomes. He recognised the “benefits that cultural activities can bring to people’s physical and mental health not as a bolt-on but as an important and integral part of the recovery and transformation”. (Col 21) Mr Yousaf also highlighted the role of the Deputy First Minister to support cross-government working, and he said that the Government is “working more collaboratively, with more cross-Government and cross-portfolio working, than at any time before now.” (Col 23)

In the [session on 9 June](#), the Cabinet Secretary for the Constitution, External Affairs and Culture indicated that, in the case of supporting social prescribing, issues were being discovered in delivery. He said—

“Regardless of which way you look through the telescope, you are going to work back from the individual, to who thinks that an individual needs intervention or support in a form that has not conventionally been prescribed. That will involve a number of organisations—national Government, local government, health boards, the culture sector and individual general practices. ... We can have as many strategies as we like, but social prescribing is relatively new, in terms of adoption of successful models that have made it happen. We are trying to introduce it as quickly as possible. However, making it work will involve a lot of organisations, institutions and—at the end of the day—individuals.” (Col 10)

Some respondents indicated that there is room for improved local understanding of the benefits of culture to health and wellbeing and the positions and working models of those that work in cultural field. Culture Counts’ submission stated—

“Those who work in health and education are largely employees with permanent contracts; whereas those who deliver arts and culture are usually in precarious work, working contract to contract. Sometimes that simple fact is a huge barrier, for example there is sometimes an assumption from health and education that the culture sector is funded in the same way that they are. Essentially health and education don’t understand that culture don’t have any money!

“... we don’t have people on a permanent contract ready to deliver, it needs to be commissioned. Some Health Board staff know this (particularly those who are artists who happen to work in health), though others don’t. Are Health waiting for Culture to make them an offer, and Culture are waiting for Health to make them an offer?”

National Museums Scotland argued that the culture sectors suffered from “projectism”: short term funding for short-term projects “through which it is hard to create long-term change”.

One respondent also noted that the link between culture and wellbeing has had longstanding political support. The submission said—

“It is 19 years since the then First Minister, Jack McConnell, outlined a bold ambition to build on the health and wellbeing benefits of culture by ensuring resources were drawn in from other areas of Government--not just health, but also justice, social work, etc. Not only did that not happen, but instead there has been increasing pressure on cultural organisations to demonstrate how, with their existing cultural funding, they are delivering against wider Scottish Government policy objectives. Some organisations, of course, have been successful in accessing non-cultural funding, but these are the exceptions, not the beneficiaries of a consistent cross-Government policy.” ([Robert Livingstone](#))

National Museums Scotland welcomes the ambition of cross-portfolio working but said that this was reliant on them receiving funding to undertake its core roles. NMS also stated—

“We have yet to receive any sign that this thinking has translated into cross-departmental opportunities for diversifying and strengthening sustainable funding streams for cultural organisations, or building on existing areas of strength including education and health through targeted funding. There is no easy way of accessing other government departments - we need traffic the other way, from health, education and equalities ministers recognising the impact we can create and investing in the potential and value of our work.”

Creative Scotland’s submission highlighted collaborative work in the area of business support and particularly the Business Support Partnership. This partnership comprises of Scottish Enterprise, Highlands & Islands Enterprise, South of Scotland Enterprise, Skills Development Scotland along with Creative Scotland. The aim is to “establish a common delivery environment for all support, funding, advice and engagement with employers and businesses.”

The importance of place

A key strand to the [Scottish Government’s Culture Strategy](#) is a focus on localised or place-based approach to culture policy. The strategy said—

“Place-based approaches enable local communities to influence, shape, and where there is an appetite, deliver long term solutions because it is easier for people and communities to identify with, relate to and feel connected with their place.

“The importance of addressing the needs of communities holistically is increasingly recognised ... Giving people a greater say in shaping the cultural life of their communities and community ownership can help protect Scotland’s rich cultural heritage and provide inspiration for the cultural expression of the future.”

A number of organisations highlighted the Culture Collective as a good place-based initiative. Creative Scotland described this as a “£6 million of emergency funds supporting creative practitioners, organisations, and communities to work together across Scotland to help shape the future of local cultural life.”

Making Music, which represents leisure-time music groups, argued that leisure time culture is “not recognised ... in achieving outcomes at government level.” It identifies a number of priorities for its members:

- Ensuring sufficient venues are available to meet, rehearse and perform and these are accessible, physically, geographically and financially.
- Supporting the freelance music professionals that lead groups.
- Easy to access, small project funding.

Creative Lives submission highlighted research it had published on [cultural activities in areas of socio-economic deprivation across the UK and Republic of Ireland](#). This found three overarching benefits that arise from taking part in creative cultural activity:

- social connectedness and community identity
- fun and enjoyment
- positive impacts on participants' health and wellbeing

Volunteer Scotland's submission also highlighted the benefits of volunteering at cultural or heritage organisations.

Ned Sharratt, Senior Researcher (Education, Culture), SPICe
13 September 2022

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area. The Scottish Parliament, Edinburgh, EH99 1SP www.parliament.scot

Annexe A: NPF Indicators

Attendance at cultural events or places of culture and Participation in a cultural activity

These indicators use Scottish Household Survey data. The latest available is for the year 2020 and the culture and heritage reports were published in February 2022.

The NPF badges performance under these indicators as “Performance to be confirmed”. This is due to the changes in methodology of the SHS and therefore the 2020 results are not directly comparable to results for previous years. Key differences in methodology in 2020 were: the interviews were undertaken remotely, as opposed to face-to-face in previous years; and the sample was much smaller than in previous years – around 3,000 households were interviewed for the 2020 SHS telephone/video survey, compared to around 10,500 for the 2019 SHS

In 2019, 81% of adults in Scotland had had attended or visited a cultural event or place of culture in the previous 12 months. 75 % of adults had participated in some form of cultural activity.

The figures, while not directly comparable to previous years, seem to indicate the impact of the pandemic in 2020. The SHS reported that:

“In 2020, 44 per cent of adults in Scotland had attended or visited a cultural event or place in the last 12 months. When trips to the cinema are excluded, the attendance figure was lower at 39 per cent.”

And—

“In 2020, 83 per cent of adults in Scotland participated in a cultural activity. Reading was by far the most common cultural activity. When reading is excluded, participation was 62 per cent. The next most popular activity was viewing performances online (27 per cent), followed by crafts (23 per cent).”

Growth in the cultural economy

The NPF badges this indicator as “improving”. It states—

“Approximate Gross Value Added (GVA) for Scotland’s Creative Industries sector was estimated at £4,379.0 million in 2020, up by 3.2% (in nominal terms) on 2019. While there has been an increase in approximate GVA over the latest year, there has been a reduction of 11.3% since 2017.

“The largest contribution to approximate Gross Value Added (GVA) within the Creative Industries sector came from Software/Electronic Publishing (56.3%), followed by Design (10.7%), then Architecture (8.8%).

“The overall increase in approximate GVA in the Creative Industries between 2019 and 2020 was driven by the Software/Electronic Publishing sub-sector,

whereas most other sub-sectors experienced a fall in approximate GVA as a result of COVID-19 restrictions.”

People working in arts and culture

This indicator uses data from the Business Register and Employment Survey, an ONS publication. These job estimates for the Creative Industries Growth Sector are published in the [Scottish Government Growth Sector Statistics Database](#). The COVID-19 pandemic had an impact on the BRES response rate, with the response rate falling from 83.6% in 2019 to 72.6% in 2020 – thereby lowering the precision of the jobs estimates. Also, the jobs counted under this dataset includes employee jobs and the number of working owners who receive drawings or a share of the profits but are not paid via PAYE. However, the jobs estimates do not include those that are self-employed operating below the VAT threshold with no employees i.e. the smallest sole proprietors/partnerships.

The NPF marks this indicator as “performance worsening”. It said—

“The number of jobs in Scotland’s Creative Industries sector decreased by 3.3% between 2019 and 2020.

“In 2020, there were 87,000 jobs in Scotland’s Creative Industries sector, down by 3,000 jobs (3.3%) on 2019. ...

“The vast majority of Creative Industries jobs are in Scotland’s urban areas. In 2020, there were 79,000 Creative Industries jobs in Scotland’s urban areas, this compares to 8,000 Creative Industries jobs in Scotland’s rural areas.

“In 2020, the sub-sectors ‘Software/electronic publishing’ and ‘Architecture’ made up the largest share of employment in the Creative Industries sector (37,600 and 8,000 jobs respectively). Between 2019 and 2020, the number of jobs in ‘Software/electronic publishing’ increased by 14.3%, whereas jobs in ‘Architecture’ decreased by 20%.”

Constitution, Europe, External Affairs and Culture Committee Budget Scrutiny 2023-24: Funding for Culture Submissions

BACKGROUND

The Committee's [call for views on its budget scrutiny](#) was issued on 24 June 2022 with a closing date of 19 August 2022. The call for views asked about the impact of budgetary decisions including the [Resource Spending Review](#) on the culture sector in Scotland. There were six questions:

- How are budgetary decisions supporting the recovery of the sector from COVID and what should be the Scottish Government's priorities in supporting recovery through Budget 2023-24?
- Despite an increasing recognition of the established health and wellbeing benefits of culture, the Committee has previously heard that this had not led to transformational change in terms of both a cross-cutting approach within Government and increased budgetary support for culture across a number of spending areas - what needs to change to embed culture and health and wellbeing across government and the public sector?
- The Scottish Government's independent Advisory Group on Economic Recovery in the wake of COVID-19 recommended that Ministers should in relation to the creative sector seek "ways to increase public and private investment across the sector to allow it to recover and compete" – can you provide examples of where this is happening or ways in which it should happen?
- The Committee has previously agreed with COSLA that a 'whole system' approach is essential to the spending review and that this is consistent with an outcomes-focused and collaborative approach; our view is that it is only through such an approach that the necessary funding can be freed up to ensure that sufficient cultural services are available to meet the increased demand arising from cultural prescribing – what progress has been made in moving towards a whole system approach, what are the main barriers and how do we overcome them?
- The Committee's view is that it is essential that, wherever practical, multi-year funding for the cultural organisations the Scottish Government supports is passed on to the groups and individuals being funded who should, where appropriate, also receive a multi-year settlement – what progress has been made in moving towards multi-year funding, what are the main barriers and how do we overcome them?

- The Committee has previously stated that the collaborative learning from managing the response to COVID should be harnessed and built upon; for example, in exploring how innovative ways of working such as the shift to digital platforms can enhance the accessibility of cultural activities while at the same time improving health and wellbeing – what progress has been made in embedding the collaborative learning from managing the response to COVID, what are the main barriers and how do we overcome them?

The Committee has to date received over 40 responses to its call for views and these submissions are from across the culture sectors. These have been published and are [available online](#). This paper is intended to highlight some of the main themes in the submissions. It is not intended to be exhaustive.

Many respondents took a liberal approach to responding to the questions and similar themes and issues can be found across a number of the questions. The approach of this paper, therefore, is to group together themes, rather than to follow the structure of the questions asked in the call for views.

Covid recovery

The majority of respondents noted that emergency COVID funding had been vital for the sector, but that the process of recovery was still ongoing. They commented on the fragile nature of the recovery and the need for continued funding, especially in light of current concerns over the cost of living. The Museums Galleries Scotland submission stated—

“The Scottish Government’s emergency funding provided throughout the pandemic has been integral to the ongoing viability of the culture sector and we are very grateful for the significant financial support which allowed us to meet the sector’s needs...This funding continues to allow these organisations to stay afloat as commercial income remains substantially below normal levels. With that context, the financial impact of lengthy closures during the pandemic, the long tail of lower visitor numbers, and now an uncertain financial outlook for local government amid rising inflation risk creates a perfect storm for the delivery of these services.”

Industrial Museums Scotland stated in their submission that—

“Visitor figures continue to be lower than pre covid levels impacting on income and cash flow. This is compounded by the ongoing financial effects of covid, including on organisational reserves, increasing energy costs and the cost of living crisis impacting on all areas of operation. Recovery is still very fragile for most of our members.”

The Musician’s Union submission said—

“Budgetary decisions could do a great deal more to support the recovery of the culture sector from Covid adequately. Whilst we see a slight increase in spending during the 2023-24 period, this is followed by proposed cuts in subsequent years and follows years of standstill funding and ultimately real

terms cuts which are being acutely felt with inflation levels as they currently are and with the cost of living crisis becoming more severe by the day.”

The National Galleries of Scotland submission suggested that—

“Having supported the sector through the immediate crisis of COVID, the priority should be to support the sector with additional funding to allow organizations to recover until income streams return. It would also be beneficial to provide long term funding allocations to allow for planning certainty during this time, and to allow organisations to plan strategically.”

Venues and the cost of living

The current increase in the cost of living was a concern also highlighted frequently in relation to the specific impact on venues. The case for additional funding in this area was made by a number of respondents. The Community Leisure UK submission said—

“The current energy crisis will significantly impact on our members’ utility bills with the most recent data from members in Scotland showing an average increase of 140% for 2023 as compared to 2019, with increases as high as 170%. For our members with culture, there are many energy hungry venues, including libraries, theatres, which have lots of lighting and large areas to heat, and heritage venues...The priorities for the Scottish Government must include emergency support for local authorities and culture charities who are facing financial crisis as a result of the soaring energy and operating costs.”

Dance Base Scotland stated that—

“the additional costs ‘baked in’ by the energy and cost of living crises mean that our energy prices are estimated to rise from £35,000 to £160,000 in January 2023, and with a projected 9% increase in salaries and some bills this would leave us with £200,000 of unplanned costs on a £1.2 million turnover. We also anticipate real pressure on our earned income given the reduction in disposable income, and with flat Creative Scotland and City of Edinburgh Council funding in 2023/24 (in fact at the same cash levels as 2011) we are facing what could be described as a perfect storm.... if the pressure to make huge immediate savings is there, we will have no choice apart from significant staff reductions, closure or sale of premises and a cessation of activity.”

The submission from the Institute of Conservation noted—

“There has been a lack of investment in cultural heritage infrastructure for many decades while at the same time the burden of maintenance and repair is increasing... Unless substantial capital funding is provided to tackle the growing maintenance and repair backlog these vital assets will not be able to contribute to improving the nation’s cultural literacy or health and wellbeing in the future. The chronic underinvestment must be rectified in order to allow our heritage assets to deliver their public benefit.”

Health and wellbeing

In thinking about embedding health and wellbeing into culture, a key theme in the submissions was the lack of national framework or strategic approach in this area. Funding was also highlighted as a concern. The Scottish Contemporary Art Network stated that—

“While the evidence base for the health and wellbeing benefits of culture is well established, and frequently acknowledged by government, the Scottish Government Cultural Strategy has not yet created many consistent formal mechanisms for a cross-cutting approach to culture.”

The submission from the National Galleries of Scotland said—

“While there are many individual cultural projects and initiatives relating to health and wellbeing across Scotland, these are fragmentary and not joined up by any national strategy or framework...Leadership at national level is required to incorporate culture into an integrated approach to preventative public health and to develop a properly resourced national framework to bridge the gap between the health and culture sectors.”

COSLA’s submission noted that—

“The Resource Spending Review (RSR) prioritises funding for health and social care and social security – directing spending at addressing the problems and not preventing them from occurring. This does little to support the culture and leisure sector which both have strong links to individuals’ wellbeing and support for the local economy.”

Public and private investment

Almost all of the submissions noted the need for an increase in investment to the culture sector from both public and private organisations. The majority of submissions also talked of the difficulties in attracting this investment. While there was a variety of suggestions provided on the best way to achieve additional investment, there was no consensus in the opinions. Industrial Museums Scotland noted in their submission that—

“It is difficult for smaller independent museums to attract substantial private investment as it is labour intensive and generally requires up front funding to pay for a fundraiser to build and cultivate relationships with private donors. Our museum teams do not have the extra capacity to undertake this relationship building work even though it is clearly extremely beneficial.”

Aberdeen City Council’s submission suggested—

“In lieu of direct taxation to support the sector, the Government should consider tax incentives for corporate and individual donations to promote investments in the sector at various levels.”

The submission from National Museums Scotland said—

“One way Scottish Government could directly encourage expansion of private funding into the public sector, would be through a matched funding scheme, which we already know is a motivating factor, particularly for corporate sponsors.”

The Red Note Ensemble submission noted—

“Leveraging private investment (e.g. through sponsorship) is difficult for small organisations as our offering is small and specialised; some form of collective / grouping of similar organisations, or via a mechanism such as cultural prescribing (e.g. going via cultural prescribing to approach private investors for support for a broad range of cultural organisations and offerings) might be a useful approach.”

While the Scottish Contemporary Art Network said—

“Two immediate measures, the introduction of Transient Visitor Levy and the development of a % for art scheme, at an investment level linked to national infrastructure spend, could be implemented.”

Whole system approach

There was general agreement from the respondents that there has been limited progress towards a whole system approach. The main barriers identified included the current funding systems and governance of the sector. Museums Galleries Scotland said in their submission—

“At present we cannot say that the ‘whole system’ approach has had any notable impact... such a transformational approach requires serious political commitment and a demonstration of leadership from both national and local government. It is hard for organisations at all levels to commit to long-term changes of direction while, as at present, they are operating under significant pressures and uncertainties.”

The Necessary Space’s submission noted that—

“A whole system approach needs to recognise the whole system is operating in a new paradigm and needs to invest in deconstructing silos and flattening hierarchies. This means a "deep dive" into governance and funding of the cultural sector needs to be made.”

The submission from Volunteer Scotland said—

“To meaningfully commit to a ‘whole system’ approach to culture in Scotland, including the voluntary sector, the Scottish Government needs to address the acute funding situation that the sector is currently facing in the budget.”

Aberdeen City Council suggested in their submission—

“To support this the Scottish Government should consider updating, resourcing, and reinstating the role of Culture Co-ordinators or Creative Community Link posts to ensure culture representatives are sitting at the

same table as social care, health and justice when creating regional or national strategies. Without a resourced approach such as this, a whole system approach won't be possible.”

Multi-year funding

There was strong support for a change to a multi-year funding model for the sector across the responses received by the committee. A number of concerns were however raised. This included the lack of access to multi-year funding for smaller organisations, not enough funding to keep up with demand, and the need for funding settlements to keep pace with inflation. Arts and Business Scotland noted in their submission—

“Multi-year funding and reliability of knowing what to expect is essential for planning for the sector and for sector development. This would also be a more efficient way of allowing organisations to focus on delivery, rather than the perpetual cycle of reporting and application making.”

The Institute of Conservation’s submission said—

“Many small non-profit organisations within the cultural heritage sector are still reliant on single-year funding agreements, which makes it almost impossible to plan confidently for the future and to prepare for growth.”

In their submission, the trade union Prospect was concerned that—

“Funding needs to at least keep pace with inflation to ensure budgets are not cut in real terms. Pay policy is one of the barriers to multi-year deals with staff costs being a major part of the spending of cultural bodies. Where multi-year inflation linked settlements were agreed it would be feasible to agree multi-year pay deals but this would also need to be linked to inflation. This would require a whole new approach to pay policy than we have seen from government thus far.”

The Scottish Contemporary Art Network’s submission noted—

“An increase in multi-year funding through Creative Scotland's forthcoming Funding Framework would require significant increased investment to deliver effectively. A wide range of organisations have been waiting for the opportunity to apply for multi-year funding and it is likely that demand will outstrip available resources.”

Local authority funding

Discussions regarding funding in the submissions also often highlighted the need to fund local authorities as providers of funding to culture organisations. There was a general concern that funding in this area was decreasing and that this was having a negative impact on the sector. Aberdeen City Council said in their submission—

“Local government is a key funder for culture but its ability to provide consistent support to groups and individuals remains precarious. The ongoing

financial uncertainty for councils is exacerbated by budget settlements for councils that don't go beyond one year; impacts of an ageing population; increasing changes and demand for many council services against a backdrop of inflation and other cost pressures.”

Community Leisure UK's submission highlighted that—

“local authorities are under incredible financial pressures and faced with difficult decisions around funding of services. The Scottish Government need to properly resource local authorities to ensure that they are able to support their local services and partners, and to enable them to both protect and support valuable cultural services.”

Concerns regarding funding for local authorities were also raised in the submission from COSLA—

“Local Government is a key part of the culture and leisure sector – real terms cut to funding will have an impact on Councils' ability to invest in the sector and support recovery. Given the pressure to deliver the statutory services, any reductions in budgets are likely to continue to have a disproportionate effect on the more discretionary areas included in 'culture'. Sustainability of cultural and leisure services remains challenging for Local Government and ALEOs.”

Embedding collaborative learning

The responses that discussed how collaborative learning has been embedded by the sector as it moves away from COVID had two main themes. The first was that certain activities that had moved online had now become a permanent and welcome change to the offering made by cultural organisations. The second was that some outputs were either unsuitable for an ongoing digital platform, or that organisations lacked the support and funding they needed to maintain certain digital legacies. Dance Base Scotland noted in their submission that—

“The Artist Advisory Group that we set up during the pandemic of artists across the country is now a permanent part of what we do. We have learned how simple it is to involve people in discussions and decision making remotely, and this has greatly strengthened our role as National Centre for Dance.”

While Making Music also commented in their submission—

“This has fundamentally altered the provision of our service as we embrace the access and inclusion benefits, cost savings and efficiencies we have discovered.”

Bòrd na Gàidhlig's submission noted—

“some organisations face cost and staff capacity barriers. There can be a very significant cost of bringing in freelance staff to undertake certain specialist tasks, or to improve the overall quality of the product.”

The submission from the Scottish Artists Union said—

“Suitable ring-fenced sector specific funding for the creative sector is lacking in this area. As we move through the covid recovery phase, artists and organisations are required to maintain a hybrid approach and this puts a strain on capacity and core budgets. A dedicated fund to support the creative sector to improve its digital/online capabilities would be welcome”

Skilled Workforce

Many of the submissions commented on the impact of COVID and the current funding structure on the ability to attract, train and retain skilled staff in the culture sectors. There was particular concern regarding the freelance workforce and the resilience of the sector in the future. The submission from Creative and Cultural Skills said—

“The freelance workforce on which the cultural sector depended pre-pandemic has noticeably shrunk – the University of Leeds has found that it constituted 62% of the core creative workforce before the pandemic, and only 52% by the end of 2020. And research has shown the especially negative impact of the pandemic on the employment of three groups of creative workers: disabled people, those who are younger and those who haven’t engaged in higher education. Particularly worrying has been the impact on younger workers: 27% of creative workers under the age of 25 left creative occupations after lockdown, compared with 14% of workers aged 25 and over; this rate is markedly higher than the normal rate. Currently, the sector is too precarious and too badly paid to offer genuine, long-term career opportunities to those young people who don’t have robust safety nets. This has serious implications for the future diversity of the workforce.”

Red Note Ensemble’s submission noted—

“The resilience of the sector is going to be key over the foreseeable future. This comprises both financial resilience (i.e. organisations being enabled to build reserves) and also the ability to retain skilled staff within organisations and attract and train skilled staff to address the various challenges outlined above. This requires levels of investment in the sector to either keep pace with inflation (at a minimum) to enable planning and certainty, or to be increased to enable investment in (particularly) staff retention, training and recruitment.”

Laura Haley
SPICe Research
13 September 2022

Note: Committee briefing papers are provided by SPICe for the use of Scottish Parliament committees and clerking staff. They provide focused information or respond to specific questions or areas of interest to committees and are not intended to offer comprehensive coverage of a subject area.

The Scottish Parliament, Edinburgh, EH99 1SP www.parliament.scot

Dance Base Scotland Written Submission to Inquiry into Budget Scrutiny 2023-24

1 How are budgetary decisions supporting the recovery of the sector from COVID and what should be the Scottish Government's priorities in supporting recovery through Budget 2023-24?

Scottish government support for organisations and for artists has been effective over the last two years in keeping large parts of the sector from collapse, and ready for recovery.

However, there is an incredible challenge that is being faced as a result of energy price increases along with salary and general bill inflation. This is particularly being felt in building based organisations where we have high energy costs and significant numbers of staff, and where our sources of income through ticket sales are under real pressure.

Taking Dance Base as an example, the additional costs 'baked in' by the energy and cost of living crises mean that our energy prices are estimated to rise from £35,000 to £160,000 in January 2023, and with a projected 9% increase in salaries and some bills this would leave us with £200,000 of unplanned costs on a £1.2 million turnover.

We also anticipate real pressure on our earned income given the reduction in disposable income, and with flat Creative Scotland and City of Edinburgh Council funding in 2023/24 (in fact at the same cash levels as 2011) we are facing what could be described as a perfect storm.

Creative Scotland have indicated that long term funding decisions that will take effect from 2024 would need to take into account the new realities in cost bases, even at the cost of defunding some to keep others going. This gives us some hope of an effective longer term business model, especially if the energy crisis abates.

The problem that we and many others face is that we may not survive until that point. Dance Base faces having to make decisions in the autumn that will have major and probably permanent effects. This includes stopping all of our work supporting dance artists, teachers and people in communities across Scotland, making half of our staff redundant and mothballing or repurposing much of the building for non-dance use. Even with this we could be using the majority of our reserves in 2023

We know from talking to other building-based organisations that we are far from alone in this, but that our situation is more urgent than some.

I think that the priorities need to take into account where organisations need some support to bridge into new long term funding arrangements in 2024. We are all looking at fundraising, cost saving and business remodeling, but if the pressure to make huge immediate savings is there, we will have no choice apart from significant staff reductions, closure or sale of premises and a cessation of activity.

This may sound alarmist, but the reality for building-based cultural organisations can only be described as dire.

2 Despite an increasing recognition of the established health and wellbeing benefits of culture, the Committee has previously heard that this had not led to transformational change in terms of both a cross-cutting approach within Government and increased budgetary support for culture across a number of spending areas - what needs to change to embed culture and health and wellbeing across government and the public sector?

A question of funding

The question itself speaks to one of the key concerns – funding. It sometimes seems that both the health & social care sectors and the culture sectors are excited about the prospect of being able to access other avenues of funding beyond their own ‘usual’ or ‘core’ streams of funding. There is talk of the leveraging additional funding through stronger partnerships and cross-cutting work that supports people’s health and wellbeing in a broad sense through encouraging/enabling engagement in cultural activity. However, without significant increased funding in either of these areas there cannot be significant change to the way things currently work – new focuses don’t automatically equate to new streams of funding opening up. There is sometimes the sense that a focus on health and wellbeing is a reframing of the same levels of funding, with an expectation to do more.

A question of sustainability

Cultural organisations rely, in a large part, on project-based funding, especially when considering work that is targeted, responsive to community need etc. Project-based funding allows new initiatives to be piloted, started and developed, but often the funding comes to an end, or the project cannot develop and continue beyond an initial tranche of funding. Speaking in arts funding terms, the system favours new initiatives, developments, expansion and additionality. In some cases, work that looks to invest in cultural provision/activity/interventions can be difficult to sustain, meaning that long-term work can be harder to maintain than starting new initiatives constantly. However, not all arts organisations work in this way! There is plenty of amazing, deep, place-based and sustained activity that makes a huge difference to people’s quality of life. And support for new initiatives, trying out new ideas and being able to take risks is essential to allow development and responsive work to continue to grow. But it is important to acknowledge that the funding system still puts the longevity of some projects at risk, and this means consistency and sustained investment in communities is not always happening. To embed something, there has to be a way for activity to last long enough for it to become essential and considered indispensable and to really understand and appreciate the impact/benefit, rather than a project that can end when funding comes to an end.

A question of evidencing cost-effectiveness against other ‘essential’ elements

If cultural and arts activities are pitted against other ‘essential’ work in health and social care, it can be difficult to make the case for the former over the latter. In addition, the paradigm by which we measure impact, and indeed cost effectiveness, can often disadvantage cultural activity (in terms of prioritisation) even if it is community building and deeply impactful, but doesn’t as obviously save lives, money. Metrics such as how many people have been impacted/reached or how long something will last (e.g. a one-off activity vs equipment) continue to favour things that can be traditionally measured. There are two approaches to that problem – changing the paradigm of how we measure impact or using the current

paradigm to measure the impact of arts & culture; both are happening in the current context, and both have pros and cons.

That's not to say that there isn't enough evidence to demonstrate and support the varying positive impacts of participation in cultural life. The academic world continues to produce more nuanced understanding of the ways that arts and culture to our societal and individual wellbeing. However, when cultural is not statutory at local government level it sends a tacit message about what is deemed 'essential' and this permeates through the structures that inevitably influence what is prioritised and how.

3 The Scottish Government's independent Advisory Group on Economic Recovery in the wake of COVID-19 recommended that Ministers should in relation to the creative sector seek "ways to increase public and private investment across the sector to allow it to recover and compete" – can you provide examples of where this is happening or ways in which it should happen?

4 The Committee has previously agreed with COSLA that a 'whole system' approach is essential to the spending review and that this is consistent with an outcomes-focused and collaborative approach; our view is that it is only through such an approach that the necessary funding can be freed up to ensure that sufficient cultural services are available to meet the increased demand arising from cultural prescribing – what progress has been made in moving towards a whole system approach, what are the main barriers and how do we overcome them?

I would absolutely support a more joined up approach between funders, including Creative Scotland and local authorities to agree how cultural organisations can support a range of outcomes on the National Performance Framework.

There are a range of organisational and political barriers, in particular where cash strapped local authorities are unwilling to sign up to objectives being set by a national government.

As outlined in more detail in the answer to question 2, cultural prescribing relies on a cultural infrastructure that is funded to be able to respond to the demand, and prescribing funds that are ringfenced and which are available over a long enough period of time to allow organisations to scale up to deliver.

5 The Committee's view is that it is essential that, wherever practical, multi-year funding for the cultural organisations the Scottish Government supports is passed on to the groups and individuals being funded who should, where appropriate, also receive a multi-year settlement – what progress has been made in moving towards multi-year funding, what are the main barriers and how do we overcome them?

The challenge for many cultural organisations is the harsh reality that current levels of government support have been static for many years, in the case of Dance Base since 2012.

This means that there is actually very little money to be invested with artists. Our government funding no longer covers the cost of maintaining our building with a core of staff, and all project activity needs to be supported through fundraising or surpluses from commercial activity. This makes it almost impossible to provide artists with funding over time.

6 The Committee has previously stated that the collaborative learning from managing the response to COVID should be harnessed and built upon; for example, in exploring how innovative ways of working such as the shift to digital platforms can enhance the accessibility of cultural activities while at the same time improving health and wellbeing – what progress has been made in embedding the collaborative learning from managing the response to COVID, what are the main barriers and how do we overcome them?

We have maintained an element of online learning provision as part of our permanent programme of public classes. It's clear that online provision provides access for those unable to attend in person for many reasons, and for those who would feel nervous to take part in dance activity in person in front of other people.

The Artist Advisory Group that we set up during the pandemic of artists across the country is now a permanent part of what we do. We have learned how simple it is to involve people in discussions and decision making remotely, and this has greatly strengthened our role as National Centre for Dance.

There has been significant collaboration between different organisations that started during COVID and has continued. In our case, we set up the Love Dance Scotland partnership with Glasgow Tramway, Scottish Dance Theatre and Citymoves Aberdeen to provide a joined up approach to support artists to realise ambitious ideas. The challenge with this project is that it is proving difficult to find ongoing funding. The application process for Regular Funding does not offer a way of organisations to work together, in fact it encourages competition.

We have also built a strong and sustainable relationship with the producing venues of the Edinburgh Festival Fringe. This disparate group includes many who do not seek government funding, like Assembly and Underbelly, those who are not for profit but also not government funded like Summerhall, and regularly funded organisations like the Traverse Theatre and Dance Base.

Prospect (Trade Union) Written Submission to Inquiry into Budget Scrutiny 2023-24

1 How are budgetary decisions supporting the recovery of the sector from COVID and what should be the Scottish Government's priorities in supporting recovery through Budget 2023-24?

Prospect is a union of 150,000 members our membership ranges across all sectors of the economy including heritage and the culture sector. We represent staff at all levels in this sector in a wide range of employers including the National Museum of Scotland, National Library of Scotland, National Gallery of Scotland, Historic Environment Scotland and the National Trust for Scotland as well as the wider independent and charitable heritage sector. Prospect is also the main union for archaeologists in the UK. We are the main union in the Theatre, Film/TV and Live Events sector and recognised by the BBC and international festival for collective negotiations.

In total we represent around 3,500 Heritage and Culture staff working across Scotland.

While visitor numbers are recovering and have often been stronger than organisations have budgeted for, they are still down compared to 2019. The impact of the Scottish Budget has not been identical in different sectors as they recover from Covid.

Covid support both from the UK and Scottish Government has largely dried up and most organisation have now fully reopened properties with the inherent overheads this implies. Settlements for public sector bodies have been exceptionally challenging with all organisations struggling to reach a balance between recovery, investment and staff.

All organisations are struggling against the challenge of rising costs caused by spiraling inflation. They are also struggling to recruit and retain staff particularly within security and visitor service grades where the job market is becoming increasingly competitive.

Within the organisations covered by pay policy initial budgets were so tight as to be unable to cover the very low levels of offers within pay policy with organisations having to go back to SG for further funding.

They have been unable to find "pay bill flexibilities" to address inequality and for the most part they have been unable to progress work towards the 35-hour week due to cost concerns.

The sector remains hard hit by both Brexit and Covid, recovery in visitor numbers is predicted to take years. Current inflationary pressures are impacting on organisations already heavily under pressure budgets. This is leading to significantly below inflation pay rises making the sector even less attractive to new entrants after years of below inflation pay settlements. NMS has highlighted pay as one of their strategic risks in their recently published strategic plan particularly around specialist roles where they are unable to compete with English museums and the university sector.

Prospect has produced a report on the state of heritage as we come out of the pandemic and this will be forwarded separately.

2 Despite an increasing recognition of the established health and wellbeing benefits of culture, the Committee has previously heard that this had not led to transformational change in terms of both a cross-cutting approach within Government and increased budgetary support for culture across a number of spending areas - what needs to change to embed culture and health and wellbeing across government and the public sector?

Minister have talked about fair work and an aspiration to reduce the working week across Scotland not only to 35 hours as set out in pay policy but to a four day week with no reduction in pay.

They have also set out a desire to increase access to culture and heritage widening participation and access. We support both these objectives. However, against a backdrop of reduced or frozen grants in aid it is difficult to see how the publicly funded heritage bodies can reduce their staff working week while maintaining or increasing opening hours without increased funding. Similarly in the charitable sector the tension between financial considerations, public access and staff well-being has often led to lower pay and inferior terms. The government needs to work with bodies across both the public, private and charitable sectors to help promote access and improve conditions for staff which will require funding.

3 The Scottish Government's independent Advisory Group on Economic Recovery in the wake of COVID-19 recommended that Ministers should in relation to the creative sector seek "ways to increase public and private investment across the sector to allow it to recover and compete" – can you provide examples of where this is happening or ways in which it should happen?

While public funds were provided during the pandemic for cultural bodies this was focussed primarily on survival rather than recovery, we are not aware of any specific examples beyond what we would consider normal practice of travelling exhibits and sponsorship from private organisations. There certainly does not appear to our members to have been a new approach to cultural funding post covid.

4 The Committee has previously agreed with COSLA that a 'whole system' approach is essential to the spending review and that this is consistent with an outcomes-focused and collaborative approach; our view is that it is only through such an approach that the necessary funding can be freed up to ensure that sufficient cultural services are available to meet the increased demand arising from cultural prescribing – what progress has been made in moving towards a whole system approach, what are the main barriers and how do we overcome them?

For historical reasons in heritage Prospect tends not to operate in local government areas and therefore we have no view either positive or negatively on the COSLA proposals.

5 The Committee's view is that it is essential that, wherever practical, multi-year funding for the cultural organisations the Scottish Government supports is passed on to the groups and individuals being

funded who should, where appropriate, also receive a multi-year settlement – what progress has been made in moving towards multi-year funding, what are the main barriers and how do we overcome them?

We believe that some organisations have been given multi-year settlements, however, given the current very high level of uncertainty around inflation this is not necessarily the advantage it might have appeared to have been when inflation was reasonably low.

Funding needs to at least keep pace with inflation to ensure budgets are not cut in real terms. Pay policy is one of the barriers to multi-year deals with staff costs being a major part of the spending of cultural bodies. Where multi-year inflation linked settlements were agreed it would be feasible to agree multi-year pay deals but this would also need to be linked to inflation. This would require a whole new approach to pay policy than we have seen from government thus far.

It is essential in our view that future funding levels/awards are tied to strict conditionality on adherence to fair work first principles. Particularly as within live events and film there is a significant amount of one-off project funding by national agencies there are also fair work issues in some of the trading company/enterprise arms of the national collections who are not currently covered by pay policy.

6 The Committee has previously stated that the collaborative learning from managing the response to COVID should be harnessed and built upon; for example, in exploring how innovative ways of working such as the shift to digital platforms can enhance the accessibility of cultural activities while at the same time improving health and wellbeing – what progress has been made in embedding the collaborative learning from managing the response to COVID, what are the main barriers and how do we overcome them?

It is to their credit that cultural bodies have for the most part embraced digital working in a wholesale manner for their workforce in response to Covid. This has helped promote collaborative working within national bodies and reduced staff travel helping reduce the carbon footprint of organisations.

It is also helping embed digital skills and digital thinking which helps expand digital access. However, digitisation of collections is often viewed as “nice to have” funded as projects where staff are employed on temporary short-term contracts linked to short term funding. Digitisation and digital access

should be at the forefront of heritage thinking in the future. It should be at the core of the work of organisations and that should include secure permanent posts for staff.



World class heritage Second class pay

UK heritage cost
of living campaign



Research briefing

@ProspectEconom

www.prospect.org.uk

June 2022

World class heritage – second class pay

Prospect is proud to represent more than 10,000 professional and specialist members working in the heritage sector in areas such as curatorial, conservation, archaeology and visitor services. They work in museums and galleries, historic gardens, heritage sites, archaeological trusts, natural heritage, unique library collections and historic records.

The contribution they make to our society and our economy is immense. But problems of endemic low pay in the sector mean that the cost-of-living crisis they now face is especially acute.

Why heritage matters

Heritage makes a unique and vital contribution to our society and our economy. Numerous studies have confirmed its importance for health and wellbeing, community cohesion, child development and education,¹ raising growth and productivity, and “levelling up” living standards and quality of life across the country. For example:

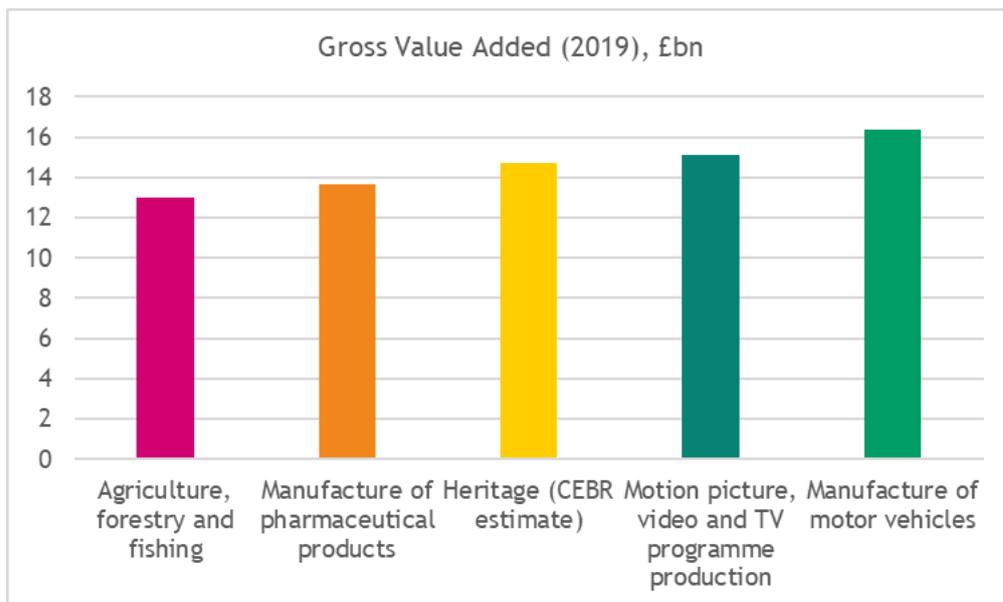
- a study of cultural engagement in Scotland found that people attending museums or libraries were around 20 per cent more likely to report good health²
- another study found that the positive mental health aspects of visiting museums and heritage sites was most pronounced in areas of high deprivation³
- a comprehensive review of evidence found that “historic places and assets, and interventions associated with them, can have a wide range of beneficial impacts on the physical, mental and social wellbeing of individuals and communities”⁴
- 80 per cent of people agree that heritage sites and projects make their town or city a better place to live. Key benefits included “supporting local economies, making local areas more physically attractive, encouraging local pride, and increasing social cohesion.”⁵

Prior to the Covid 19 pandemic, the heritage sector was contributing £14.7bn in direct Gross Value Added to the UK economy⁶ – more than agriculture or pharmaceutical manufacturing, and only slightly less than total film and TV production or the entire car industry.⁷ In a single year (2015) UK heritage attracted 13.2 million international tourists, spending a total of £7.4.bn.⁸

If indirect and induced impacts are added in, total GVA rises to £36.6bn.⁹ Funding for heritage has been found to have particularly high “multiplier” effects. For example:

- on average, £1 of public sector expenditure on heritage-led regeneration generates £1.60 additional economic activity over a ten-year period¹⁰
- a Transparent Economic Assessment model revealed that grants made from the National Lottery Heritage Fund generated a return of over three times what was originally invested¹¹
- a 2013 study by Oxford Economics found that the British Library delivers economic value of £5 for every £1 invested
- for every £1 spent in on Local Authority Planning Archaeology, the local economy benefits from an average return of £15¹²

These impacts are especially important to areas of the country where heritage makes a particularly valuable contribution to local and regional economies, such as the North East, Wales, and Scotland.¹³



Source: Office for National Statistics; Centre for Economics and Business Research¹⁴

Our heritage workforce

All these benefits are made possible by the dedication and world-leading expertise of heritage sector workers.

It has been estimated that in 2016 the average heritage worker produced around £67,000 a year in Gross Value Added (GVA) contributions - 61% higher than the UK non-financial sector average.¹⁵ That figure is likely to be even higher today.

Key elements of this workforce include:

- archaeologists
- archivists
- conservators and curators
- botanists and horticulturalists
- education and outreach specialists
- others working at museums, heritage sites and historic gardens, from front-of-house staff to essential technicians
- surveyors, technicians, architects and other specialists supporting heritage projects

They work across a range of different kinds of organisations, large and small, in the public, private and voluntary sectors.

Many of these workers have high-level qualifications, and all have skills and expertise that the sector relies on. But levels of pay in the sector are far from high.

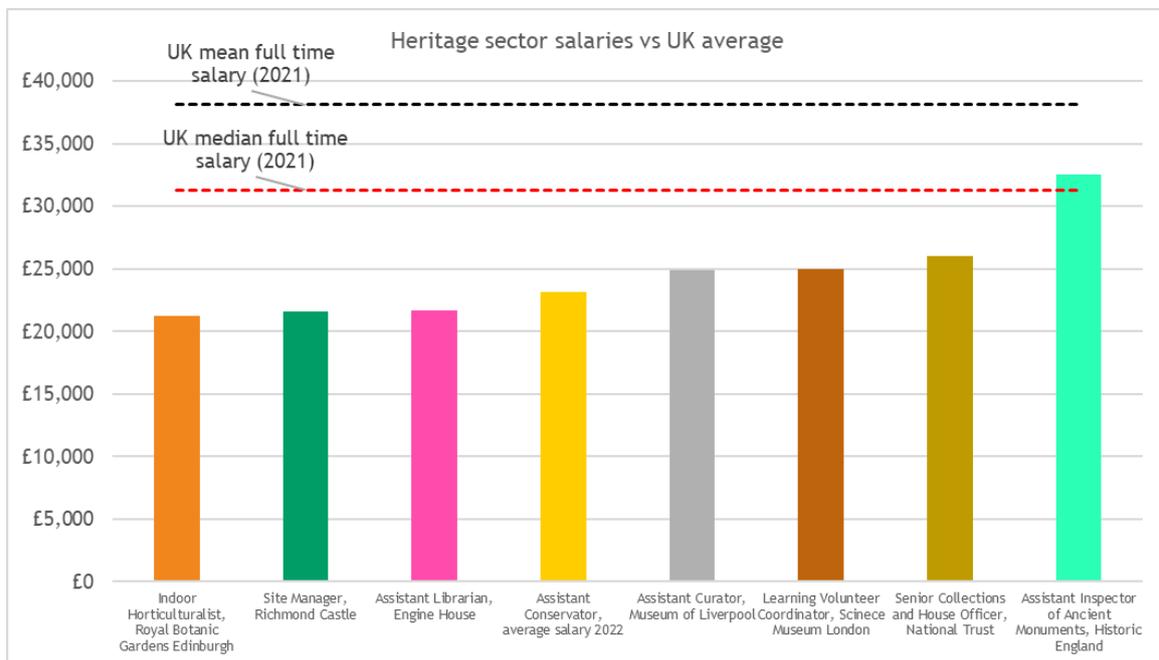
- The Museums Association has described pay in museums as “notoriously low”. Its latest guidelines (published in 2017) put the median wage for Assistant Conservators at £21,303, and for Assistant Curators at £20,395¹⁶
- The Chartered Institute for Archaeology has stated that “the problem of low pay has the potential to critically impact professional standards”. Starting salaries in the sector are reported to range from £21,000 to £25,000, with senior salaries at £32,000 to £41,000¹⁷
- The ICON review of Conservators’ salaries found the average salary for all survey respondents, 77 per cent of whom had a Master’s Degree or PhD, was £31,814.¹⁸ 20 per cent of respondents earned less than £25,000¹⁹

Examples of currently advertised roles in the heritage sector include:

- Learning Volunteer Coordinator at Science Museum London, “responsible for the recruitment and managers of groups of volunteers” with “experience of recruiting and managing a diverse range of volunteers”: **£25,000**²⁰
- Indoor Horticulturalist at Royal Botanic Gardens Edinburgh, “responsible for the maintenance and cultivation of some of RBGE’s research and conservation collections”, with “recognised horticultural qualification at SVQ or higher or equivalent work experience”: **£21,213** pro rata²¹
- Senior Collections and House Officer at National Trust Cragside – a “senior leadership role” for an “experienced people manager” with “operational experience of collections management and preventative conservation in a historic environment”: **£26,000**²²
- Volunteer Supervisor at Eltham Palace, with “relevant supervisory experience of a large team along with recruitment experience” and “experience of designing and delivering training programmes”: **£21,965**²³
- Visitor Experience Team Member at York Museums Trust, “involved in different aspects of the visitor experience; including interacting with visitors on galleries, delivering entertaining talks and tours, ticket sales and retail as well as providing information, supporting events and ensuring the safety of our visitors and security of our buildings and collections”: **£19,100 (fte)**²⁴

- Assistant Inspector of Ancient Monuments at Historic England, with degree in Archaeology and “experience of managing change to archaeology and ancient monuments, including through the planning system”: **£32,488**²⁵
- Contact Centre Advisor, V&A: **£20,686** pro rata²⁶
- Assistant Curator of Science and Antiquities at Museum of Liverpool, with “broad knowledge of science or horology” and “experience of using and updating collections management systems and a good understanding of museum documentation policies and standards”: **£24,896**²⁷
- Site Manager at Richmond Castle, responsible for “optimising every opportunity to generate income, achieving all site performance targets, including retail, through target setting, training and coaching your team in active selling” as well as “engaging the local community with what’s happening on site as well as ensuring that the site itself and its assets are safe and secure”: **£21,548**²⁸
- Front of House Assistant, V&A: **£11 per hour**²⁹
- Hands On History Crew, Stonehenge: **£9.88 per hour**³⁰

Most of these salaries are well below the UK national median full-time salary for 2021 of £31,285; all are below the UK national mean full-time salary of £38,131.³¹ Some are below the independently calculated National or London Living Wage (£9.90 and £11.05).³² In some cases workers undertaking these roles would qualify to claim in-work Universal Credit, particularly those with children and/or without a higher-earning partner.



Source: industry surveys and currently advertised vacancies³³

“I have been employed ... in a full-time role for the last two years, working hands-on with their amazing collection, installing shows and working on their extensive loans programme. I am very proud to work in one of London's most renowned and visited institutions. However, my salary .. equates per hour to less than the London Living Wage) feels increasingly inadequate.”

- Heritage worker, London

“I have seen first-hand staff have to leave the unit or the industry all together as they cannot afford rents in the area. We had a trainee leave because all they could afford in the area was a room in a house share that was riddled with damp.”

- Heritage sector supervisor, South East

“I have ... been informed that the colleagues have been receiving benefits for years (£300-£400 a month) despite being within the job for over a decade and in full time employment”

- Heritage worker, London

“Low pay” is typically defined by statisticians and policymakers as two-thirds of median pay.³⁴ Official data³⁵ suggests that last year this would have stood at around £9.40 per hour gross pay, and that on this basis

- more than **one in five** jobs at botanical and zoological gardens and nature reserves (over 4,200 in total) were low-paid, paying just £9.16 an hour or less
- **one in ten** museum jobs – around 2,700 in total – paid £9.50 an hour or less, suggesting that most of these would count as officially low paid
- **one in five** jobs at historical sites and buildings – around 2,400 in total – paid £9.60 or less, suggesting that many of these were low paid

Recent trends in heritage sector funding and pay

The UK heritage sector has been under significant financial pressure for much of the past decade. Factors have included:

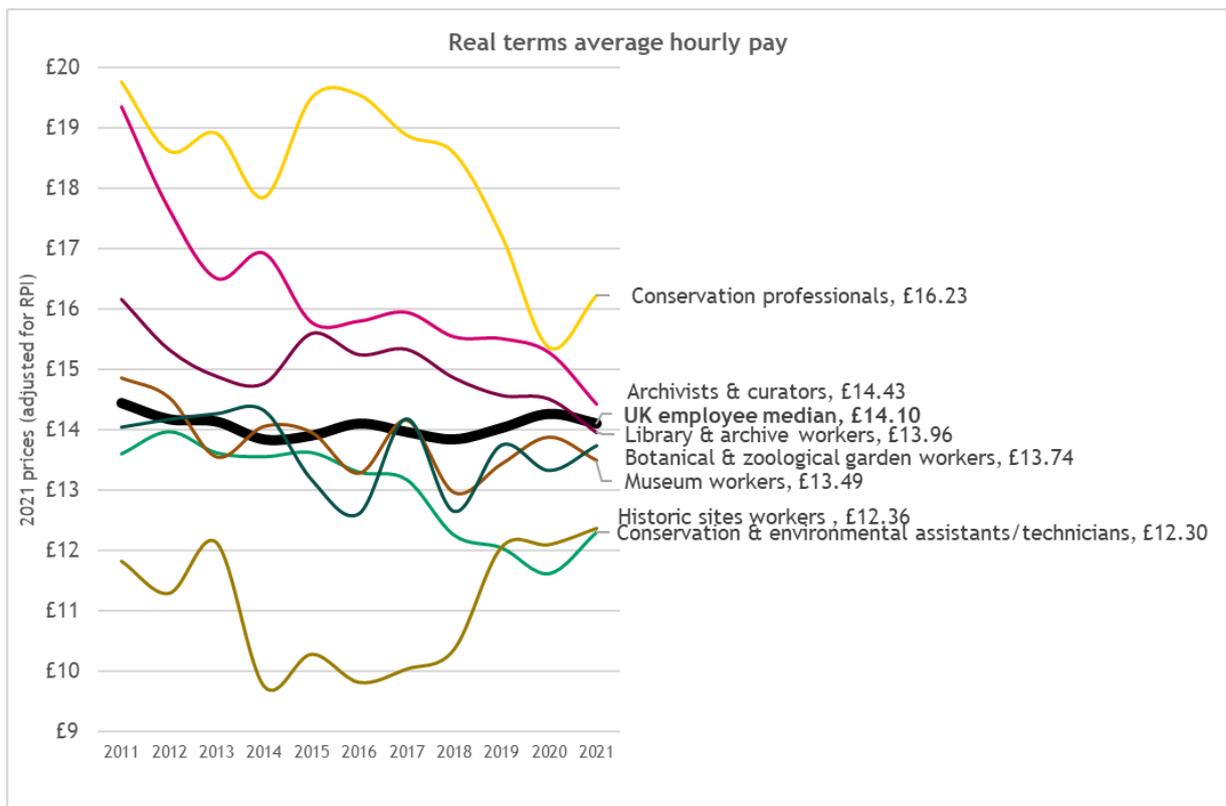
- cuts to government funding – for example, a 15 per cent cut to DCMS funding for national museums between 2010 and 2014³⁶ and further in subsequent years.³⁷ and a 27 per cent cut in local authority funding for museums between 2010 and 2020³⁸
- cuts to funding for English Heritage³⁹ and Historic England funding that have left it “hopelessly overstretched”⁴⁰

- the impact of the Covid-19 pandemic and associated opening and travel restrictions on heritage sector revenues.⁴¹ Academic research has found that key heritage sectors including museums, botanical and zoological gardens, and historical sites and buildings were among the worst-hit sectors of the economy, with drops in activity of 20 to 40 per cent in 2020⁴²

Earnings have been stagnating in real terms for most of the UK workforce over the past decade. However ONS data indicates that heritage sector occupations or areas of employment, where these can be isolated, have suffered particularly sharp falls, in many cases falling below the UK median during this period. For example

- Average hourly pay for “Archivists and curators” fell **18 per cent** from £19.75 (in today’s money) in 2011 to £16.23 in 2021
- Average hourly pay for “Conservation professionals” fell **25 per cent** from £19.35 (in today’s money) in 2011 to £14.43 in 2021
- Average hourly pay for museum workers fell **9 per cent** from £14.86 (in today’s money) in 2011 to £13.49 in 2021

The only exception to this are those employed in the “Operation of historical sites and buildings and similar visitor attractions” – as these are the lowest paid, it seems likely that this is because of the impact of rises in the statutory National Living Wage, which has pushed up earnings in the very lowest-paid occupations relative to others over the past decade.



Source: Prospect analysis of ONS earnings data

These trends have contributed to high turnover, staff and skill shortages, and rising workloads across the sector.

“By necessity I have been looking at other positions and opportunities- I find this stressful as I genuinely enjoy what I do, but it doesn't appear financially viable ... We have lost 4.5 curators from our team since the start of the Covid pandemic, through voluntary exit/ early retirement, completion of major projects and career progression. It has been made apparent due to lack of resources, these roles will not be replaced, but the demands on the team's resources, and workload has not changed accordingly.”

- Heritage worker, London

“I've noticed that proportionately people are having to have injury time off site a lot more frequently: I know fieldwork is a physical job but I suspect it's because our existing field team are overworked.”

- Heritage worker, South East

The outlook for 2022

The cost-of-living is now increasing at rates not seen in the UK for decades. The Bank of England has forecast CPI inflation to reach 10 per cent this year; RPI inflation, typically 2 per cent or more higher than CPI, will likely be even more. The latest data from the ONS showed that already in May CPI had reached 9.1 per cent,⁴³ and RPI 11.7 per cent.⁴⁴

The impact of such inflation rates on the living standards of heritage workers will be severe. For example:

- a senior Archaeologist earning the minimum recommended salary of £31,600 faces a fall in the real value of their salary to around £28,500, a loss of around £3,000
- a Conservator earning a typical salary of £28,630 faces a fall in the real value of their salary to around £26,000, a loss of around £2,750
- a Science Museum Learning Volunteer Coordinator earning the currently advertised salary of £25,000 faces a loss in the real value of their salary to around £22,500, a loss of around £2,500
- an entry-level Archaeologist earning a salary of £21,000 faces a fall in the real value of their pay to around £19,000, a loss of around £2,000

Even these figures understate the impact on some people, with poorer households facing effective inflation rates of up to 2 per cent more than the headline measure because they spend a larger part of their income on items like food and fuel.⁴⁵

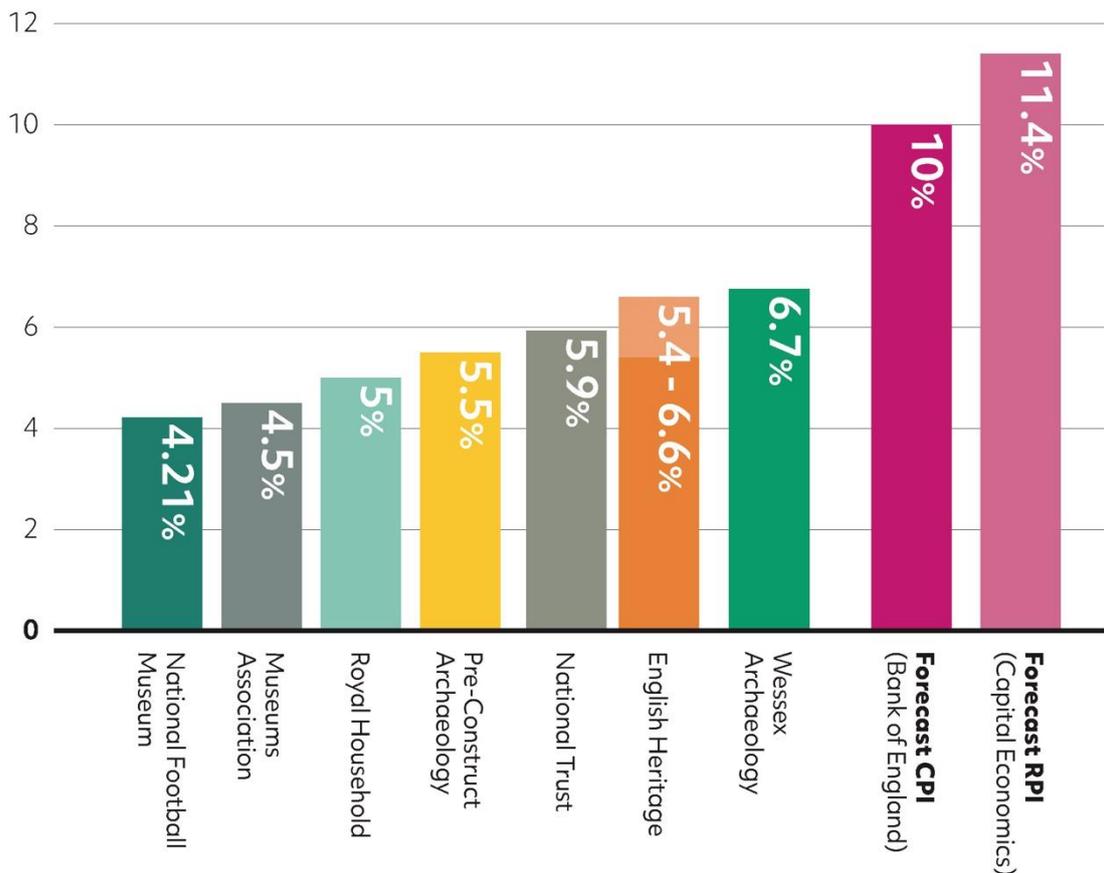
The effect of accelerating inflation will be compounded for most heritage workers this year by changes to tax and National Insurance rates and, for some, policies on Universal Credit and other benefits:

- Additional employee National Insurance Contributions of 1.25% equate to more than £200 a year for those on median full-time salaries, and around £100 a year for those on around £20,000 a year
- Those receiving Tax Credits or Universal Credit will see a fall in the real terms value of their entitlement (against CPI) of 4.2 per cent or more, as a result of the Government's decision to uprate benefits by just 3.1 per cent. For the average household in receipt of

Universal Credit recipient this equates to around £7.50 a week, or £400 a year. This comes on top of the £20 a week cut to payments in October.⁴⁶

It remains to be seen how far heritage workers will be able to offset these impacts by bargaining for higher pay awards this year.

Confirmed 2022 pay awards v forecast inflation



Independent labour market surveys indicate that average pay awards across the economy could be higher than usual this year.⁴⁷ Prospect has been able to secure higher-than-usual pay awards for some heritage workers, in some cases above 5 per cent. However, these still fall well short of forecast inflation rates for the year of 10 per cent and above. They are also not likely to be matched in the many museums, galleries and other heritage sector employers covered by the Government’s civil service pay policy, which limits awards to 2 per cent (or 3 per cent if needed “to address specific priorities in their workforce and pay strategies”).⁴⁸

“I’m resigned to never being able to purchase a house on this income. My rents going up and utilities are too ... I love doing this work but I don’t see how it can be feasible long term and I’m required to start looking outside archaeology I think if I want to actually prosper.”

- Heritage worker, South East

“With the cost-of-living crisis it’s hard to see how the archaeological sector is going to cope, the industry already has an acknowledged shortage of staff, if the staff we do have cannot afford food or decent accommodation and find higher paid work elsewhere”

- Heritage worker, South East

“colleagues are reporting to me that they are now skipping meals and are weighing up whether to commute to work or eat.”

- Heritage worker, London

“I have had to stop paying for counselling/therapy as I cannot afford this as well as putting food on the table ... The toll this has taken on my mental health is immense.”

- Heritage worker, Scotland

What Prospect is campaigning for

Prospect believes it is time we properly valued the experts and specialists who bring so much value to our lives and add so much value to our economy. This means:

- 1. Greater value and recognition given to heritage and heritage workers, with improved funding to address historic low pay levels and the current cost-of-living crisis.**
- 2. Greater employer flexibility on pay, terms and conditions, to enable wages to better reflect skills, qualifications, knowledge and experience.**
- 3. Meaningful pay progression mechanisms to ensure heritage staff can progress their careers and earnings.**

To find out more visit our website at <https://prospect.org.uk/heritage/>

Notes and references

- ¹ <https://gem.org.uk/our-work/value-of-heritage-education/>
- ² <https://www.gov.scot/publications/healthy-attendance-impact-cultural-engagement-sports-participation-health-satisfaction-life-scotland/>
- ³ <https://bmjopen.bmj.com/content/11/9/e045512>
- ⁴ <https://whatworkswellbeing.org/wp-content/uploads/2020/01/heritage-briefing.pdf>
- ⁵
- https://www.heritagefund.org.uk/sites/default/files/media/attachments/20_years_in_12_places_main_report_0.pdf
- ⁶ <https://historicengland.org.uk/content/heritage-counts/pub/2020/heritage-and-the-economy-2020/>
- ⁷
- <https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/nominalandrealregionalgrossvalueaddedbalancebyindustry>
- ⁸ https://www.heritagefund.org.uk/sites/default/files/media/research/20160927_-_the_impact_of_heritage_tourism_on_the_uk_economy_-_final_repo.pdf
- ⁹ <https://historicengland.org.uk/content/heritage-counts/pub/2020/heritage-and-the-economy-2020/>
- ¹⁰ <https://historicengland.org.uk/content/heritage-counts/pub/Impact-HE-Regeneration>
- ¹¹ <https://www.heritagefund.org.uk/about/insight/evaluation/ten-years-impact-heritage-grants-programme-2002-2007>
- ¹² https://www.algao.org.uk/sites/default/files/documents/Archaeology_in_Development_Management.pdf
- ¹³ https://www.heritagefund.org.uk/sites/default/files/media/research/20160927_-_the_impact_of_heritage_tourism_on_the_uk_economy_-_final_repo.pdf
- ¹⁴ <https://historicengland.org.uk/content/heritage-counts/pub/2020/heritage-and-the-economy-2020/>;
<https://www.ons.gov.uk/economy/grossvalueaddedgva/datasets/nominalandrealregionalgrossvalueaddedbalancebyindustry>
- ¹⁵ <https://historicengland.org.uk/content/heritage-counts/pub/2019/skill-gaps-needs-in-the-heritage-sector-pdf/>
- ¹⁶ <https://ma-production.ams3.digitaloceanspaces.com/app/uploads/2020/06/18145318/31102017-salary-guidelines-2017.pdf>
- ¹⁷ <https://www.prospects.ac.uk/job-profiles/archaeologist>
- ¹⁸ <https://www.icon.org.uk/resource/conservation-salaries-survey-2022.html>
- ¹⁹ <https://www.icon.org.uk/resource/conservation-salaries-survey-2022.html>
- ²⁰ <https://www.sciencemuseumgroup.org.uk/work-for-us/>
- ²¹ <https://www.rbge.org.uk/about-us/working-with-us/vacancies/>
- ²² https://careers.nationaltrust.org.uk/OA_HTML/a/#/vacancy-detail/120688
- ²³ <https://www.english-heritage.org.uk/about-us/jobs/job-search/default-job-page/?jobRef=14274>
- ²⁴ <https://www.yorkmuseumstrust.org.uk/about-us/our-people/jobvacancies/>
- ²⁵
- <https://historicengland.org.uk/about/jobs/vacancies/job/?title=Assistant+Inspector+of+Ancient+Monuments&ref=10249>
- ²⁶ <https://www.vam.ac.uk/vacancies>
- ²⁷ <https://www.liverpoolmuseums.org.uk/jobs>
- ²⁸ <https://www.english-heritage.org.uk/about-us/jobs/job-search/default-job-page/?jobRef=14271>
- ²⁹ <https://www.vam.ac.uk/vacancies>
- ³⁰ <https://www.english-heritage.org.uk/about-us/jobs/job-search/default-job-page/?jobRef=14252>
- ³¹
- <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/regionbyoccupation4digitsoc2010ashtable15>
- ³² <https://www.livingwage.org.uk/calculation>
- ³³ Add in web addresses here
- ³⁴ See for example
<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/bulletins/lowandhighpayuk/2020>
- ³⁵
- <https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/earningsandworkinghours/datasets/industry4digitsic2007ashtable16>
- ³⁶ <https://www.museumsassociation.org/museums-journal/news/2010/10/20102010-comprehensive-spending-review-museums/>
- ³⁷ <https://www.museumsassociation.org/museums-journal/news/2015/06/09062015-cost-cutting-measures-will-impact-museums/>
- ³⁸ <https://www.museumsassociation.org/campaigns/advocacy/la-funding-report/>
- ³⁹ <https://www.architectsjournal.co.uk/archive/english-heritage-very-disappointed-by-10-funding-cut>
- ⁴⁰ <https://www.architectsjournal.co.uk/news/fears-for-built-heritage-as-historic-england-snubs-grade-ii-buildings>
- ⁴¹ <https://historicengland.org.uk/coronavirus/heritage-sector/survey/>;
<https://committees.parliament.uk/writtenevidence/6909/pdf/>
- ⁴² <https://www.sheffield.ac.uk/news/covid-19s-impact-arts-culture-and-heritage-sector-revealed-landmark-report>
- ⁴³ <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/d7g7/mm23>
- ⁴⁴ <https://www.ons.gov.uk/economy/inflationandpriceindices/timeseries/czbh/mm23>

⁴⁵ <https://ifs.org.uk/publications/16058>

⁴⁶ <https://www.resolutionfoundation.org/app/uploads/2022/03/Living-Standards-Outlook-2022.pdf>

⁴⁷ <https://www.bankofengland.co.uk/monetary-policy-report/2022/may-2022>; <https://www.reuters.com/world/uk/uk-pay-settlements-heading-highest-since-2008-xperthr-2022-04-27/>;

<https://www.incomesdataresearch.co.uk/resources/news/more-higher-end-rises-push-up-median-pay-rise>;

<https://www.cipd.co.uk/knowledge/work/trends/labour-market-outlook>

⁴⁸ <https://www.gov.uk/government/publications/civil-service-pay-remit-guidance-2022-to-2023/civil-service-pay-remit-guidance-2022-to-2023>

Community Leisure UK Written Submission to Inquiry into Budget Scrutiny 2023-24

1 How are budgetary decisions supporting the recovery of the sector from COVID and what should be the Scottish Government's priorities in supporting recovery through Budget 2023-24?

1.1 There was a trend of decreasing investment in local culture services and venues prior to the pandemic, with a lack of investment in cultural infrastructure. Research carried out by EKOS prior to the pandemic revealed a decrease of 8% in net revenue expenditure by local government on culture and heritage between 2011 and 2019.

1.2 The current energy crisis will significantly impact on our members' utility bills with the most recent data from members in Scotland showing an average increase of 140% for 2023 as compared to 2019, with increases as high as 170%. For our members with culture, there are many energy hungry venues, including libraries, theatres, which have lots of lighting and large areas to heat, and heritage venues. To illustrate, there is a lot of lighting in theatres, plus large cavernous areas to heat, as well as bars and catering areas that run fridges 24 hrs, so it is not surprising that utilities costs are high and will impact on the running of venues.

1.3 The majority of cultural services are offered free of charge. With reduced income generation opportunities due to reduced footfall, the model of relying on secondary spend for a proportion of income, which was fragile prior to the pandemic, is now completely broken.

1.4 There is a perfect storm of: reduced attendance, and therefore reduced income, across all services; significantly increased operating costs, and continually decreasing local authority investment into facilities and services. This is creating an increasingly fragile operating landscape, with questions over the future viability of some services.

1.5 The priorities for the Scottish Government must include emergency support for local authorities and culture charities who are facing financial crisis as a result of the soaring energy and operating costs.

1.6 Local authorities are key partners for charitable trusts and pay a management fee to support the delivery of services. However, local authorities are under incredible financial pressures and faced with difficult decisions around funding of services. The Scottish Government need to properly resource local authorities to ensure that they are able to support their local services and partners, and to enable them to both protect and support valuable cultural services. In many cases the management fee no longer covers the real cost of the public and core services which trusts are commissioned to deliver for local authorities and that this gap is continually widening. The ability of trusts to fill this gap through trading and related income generation activities is of course substantially reduced as a result of covid and the cost of living crisis.

1.7 As we move towards 2023-24, many of our members are anticipating reduced management fees from their local authority partners, with some indicating the intention to move to zero management fee within the next 5 years.

1.8 To try to rebalance the decline in cultural investment in local level, it is vital that, as highlighted by Culture Counts, the Scottish Government introduce a percentage for culture scheme as soon as possible. This would enable ringfenced funding for the sector without reducing funding to other services.

1.9 To try to rebalance the decline in cultural investment at local level, it is vital that Scottish Government legislate to allow Local Authorities to introduce Transient Visitor Levies and other tax raising schemes, as cultural services risk being at the bottom of the list for funding at a local authority level where budgets are increasingly tightening.

1.10 The arts and culture sector would benefit from infrastructure investment to support digital delivery. New ways of working and delivering services are likely to become a key part of engaging with communities in the long-term, but this requires initial investment and infrastructure to deliver a high quality and inclusive experience. The delivery of both in person and digital events and experiences poses challenges in terms of capacity and also income generation as there is an expectation that digital events will be free or at a significantly reduced cost, whereas in reality they are often no cheaper to deliver.

1.11 There is an urgent need for investment in the workforce to ensure that any skills gaps are met and addressed. The move towards new, often digital ways of working, requires new skills and training. Equally, there are opportunities for the culture sector to do more, particularly in health and wellbeing, but this required skilled staff and ongoing investment into training and development

1.12 There is currently a critical shortage of technical staff, impacting on the ability to deliver live performance events. However this presents an opportunity for the Scottish Government to invest in a fully funded apprenticeship scheme for performing arts technicians and seek to support the sector and the workforce.

2 Despite an increasing recognition of the established health and wellbeing benefits of culture, the Committee has previously heard that this had not led to transformational change in terms of both a cross-cutting approach within Government and increased budgetary support for culture across a number of spending areas - what needs to change to embed culture and health and wellbeing across government and the public sector?

∴

2.1 The Scottish Government must work to ensure that the contribution and impact of the sector is both recognised and valued across Government and support the joining up of conversations to maximise the potential that the sector has to offer.

2.2 There is also a clear need to improve understanding of cultural value at local level. Arts and Culture organisations are eligible to apply to deliver on Mental Health and Wellbeing targets, though they are being overlooked at local level. The Scottish Government should host a Culture Summit to highlight the value of culture and its impact across distinct policy areas, specifically health. This would be an opportunity to engage Culture Convenors, local authority leaders and third sector partners.

2.3 A simple document, similar to the Positive Contribution of Physical Activity and Sport to Scotland (https://www.cosla.gov.uk/data/assets/pdf_file/0021/24942/COSLA-PA-Contribution-Briefing-V8.pdf) would be a valuable resource to clearly show

contribution to both national and local priorities. The Scottish Government could resource the production of such a document to aid discussions around funding and outcomes.

2.4 Arts and Culture Organisations should ensure that their activities are visible on ALISS A Local Information System for Scotland. <https://www.aliss.org/#> ALISS is managed by Alliance Scotland and exists to connect the third sector to the health sector. It is vital that all arts and culture activity is on ALISS, this way community link workers and GP practices can see what's available. This supports social prescribing and improves understanding of how arts and culture connect to local health and wellbeing.

2.5 Fundamentally, there also needs to be investment in the workforce, in terms of both capacity and training, to ensure that culture services are able to maximise their contribution to health and have a workforce that is ready and skilled to be able to deliver on the health agenda.

2.6 The focus for health needs to move more towards prevention, and encouraging mental, social and physical wellbeing throughout all life stages, where the culture sector is ideally positioned to support.

3 The Scottish Government's independent Advisory Group on Economic Recovery in the wake of COVID-19 recommended that Ministers should in relation to the creative sector seek "ways to increase public and private investment across the sector to allow it to recover and compete" – can you provide examples of where this is happening or ways in which it should happen?

3.1 There has been no evidence of increased investment in the creative sector in relation to public culture, rather the opposite.

3.2 As mentioned in response to the first question, there is an opportunity for ringfenced funding through the percentage for culture, as mentioned in the SNP manifesto, as well as Transient Visitor Levy schemes to support local authorities.

4 The Committee has previously agreed with COSLA that a 'whole system' approach is essential to the spending review and that this is consistent with an outcomes-focused and collaborative approach; our view is that it is only through such an approach that the necessary funding can be freed up to ensure that sufficient cultural services are available to meet the increased demand arising from cultural prescribing – what progress has been made in moving towards a whole system approach, what are the main barriers and how do we overcome them?

4.1. There has been limited progress towards a whole systems approach, with many services both at local and national government level working in a siloed approach, with limited cross-policy working.

4.2 Echoing previous comments, there is a need to recognise the value of culture and its contribution across different portfolio areas.

4.3. Culture charities are custodians of cultural services across Scotland, their community venues and accessible cultural services combat social isolation, reduce loneliness, improve mental health, instil a pride in place, and encourage tourism. These include high profile venues, but also community hubs and the organisation of arts and culture festivals across the country, which are an important source of income for local economies.

4.4. They also contribute to the cultural tourism offer and, in some areas, are fundamental to the visitor economy, extending the stay and the spend of visitors to the area. Furthermore, the cultural offer is a key component of Scotland's cultural diplomacy, with a key role to play in delivering international growth and increasing Scotland's cultural profile on the world's stage.

5 The Committee's view is that it is essential that, wherever practical, multi-year funding for the cultural organisations the Scottish Government supports is passed on to the groups and individuals being funded who should, where appropriate, also receive a multi-year settlement – what progress has been made in moving towards multi-year funding, what are the main barriers and how do we overcome them?

5.1 There has been no progress in multi-year funding for our members, who are facing year on year cuts to funding.

5.2 There are significant opportunities for a more strategic approach through looking at longer-term funding for the sector. For our members, budgets are set on an annual basis, based on local authority financial support. Income from other sources, such as grant funding, is also on a short-term basis and where there are examples of good practice from pilot projects, there is often an inability to sustain these in the longer term. If there could be commitment to long-term funding for the sector, this would enable planning and projects to deliver meaningful results and also provide security to the sector.

5.3 Many local cultural venues and provision is in need of investment to upgrade facilities to ensure that they are safe, accessible and equipped with modern technology and infrastructure to enable delivery of services, as well as reducing the carbon footprint of venues and services. This requires ongoing investment, which must be seen as investment rather than a financial burden.

5.4 There is an opportunity to move towards a spend to save approach, which may in the short-term result in higher capital expenditure, but would enable long-term gains and savings to be made.

6 The Committee has previously stated that the collaborative learning from managing the response to COVID should be harnessed and built upon; for example, in exploring how innovative ways of working such as the shift to digital platforms can enhance the accessibility of cultural activities while at the same time improving health and wellbeing – what progress has been made in embedding the collaborative

learning from managing the response to COVID, what are the main barriers and how do we overcome them?

6.1 Though audiences may be interested in the shift to a digital offering, especially younger audiences interested in participatory content, this is not suited to all forms of arts and culture and cannot replace a physical offering. Digital access has helped people in remote or rural communities to access the arts, as well as those who are isolated or face psychological or physical barriers to engaging in-person. Digital platforms are also providing workers new creative opportunities.

6.2 There are also major barriers that need to be addressed including ensuring all audiences have access (especially those living in digital poverty) and determining whether online engagement has the same benefits as in-person engagement, employing it appropriately to support health and wellbeing.

6.3 While libraries' digital offerings significantly increased in popularity at the start of the pandemic, other cultural forms, notably arts, drama and museums, were not as easy to 'pivot' towards digital. Undoubtedly, digital platforms are offering the arts sector opportunities that should be explored further but this requires investment in research and development, and upskilling of staff.

6.4 Our members reported the following challenges with providing a digital offering:

- Copyright of recorded performances and music hindering the ability to make them available online;
- Expense of the technology to provide a quality digital experience, with platforms such as Zoom not always adequate to meet the technical and artistic needs;
- Lack of staff capacity with reduced workforces;
- Digital offerings expected to be free of charge and therefore not a viable long-term activity;
- Not all audiences have access (particularly those living in digital poverty).

6.4. Cultural services are crucial in the improvement and regeneration of high streets and town centres. Libraries classically have a central library often on a high street, they have potential to become a new and different 'anchor tenant' as we see the face of retail changing and a desire for town centres to be leisure destinations.

2. Culture charities are custodians of cultural services across Scotland, their community venues and accessible cultural services combat social isolation, reduce loneliness, improve mental health, instil a pride in place, and encourage tourism. These include high profile venues, but also community hubs and the organisation of arts and culture festivals across the country, which are an important source of income for local economies.

3.

They also contribute to the cultural tourism and, in some areas are fundamental to the visitor economy, extending the stay and the spend of visitors to the area. Furthermore, the cultural offer is a key component of Scotland's cultural diplomacy, with a key role to play in delivering international growth and increasing Scotland's cultural profile on the world's stage. Inadequate funding will undoubtedly constrain the creation of this and the realisation of Scotland's ambitions on this front.

Festivals Edinburgh Written Submission to Inquiry into Budget Scrutiny 2023-24

1 How are budgetary decisions supporting the recovery of the sector from COVID and what should be the Scottish Government's priorities in supporting recovery through Budget 2023-24?

How are budgetary decisions supporting the recovery?

As part of the major impacts of two years of strict Covid regulations on all levels of arts and events workers, small traders and cultural organisations, Edinburgh's international festivals faced existential challenges that were only averted through much welcomed support and emergency funding from local and national governments. Even before the impact of the Omicron wave, the Government's Strategic Framework showed that arts, culture and recreation services were worst hit of any industry, with GDP at -17.9% against February 2020 compared to half that drop of -8.5% for the hospitality sector.

The £2.1m in targeted Scottish Government Resilience Funding for the 2022 comeback and 75th anniversary of Edinburgh's Festivals has recognised the key roles of our flagship festivals in rebooting livelihoods nationwide through Scotland's global cultural reputation and onward tour bookings. Without this investment, it would not have been possible to stage major opening and closing events and offer over 55,000 free tickets; to manage the iconic Street Events and provide key support functions for thousands of Fringe artists; and to support thirteen major Fringe producers to enhance their creative programmes, fair work commitments, risk management and sustainability. **These interventions helped the August festivals make a successful return to scale with new offers at around 80% of pre-pandemic levels, up from only 10% in 2021, highlighting potential future areas to secure continued recovery where public investment will support the drive to deliver more public value for the long term.**

However, longer term recovery is being seriously set back by production cost inflation running at upwards of 30%, reflecting labour and materials shortages. Even more concerning, energy cost inflation for many cultural venues coming into the winter is looking to be over 300% - taking bills into the hundreds of thousands of pounds and risking a return to a crisis of cultural closed doors. The forecast recession will hit revenues that have not fully recovered from Covid, and is highly likely to reduce corporate sponsorship and donations dramatically as supporters have to look at internal cost savings.

At the end of the last financial year, the wider channelling of emergency Omicron funding into the sector-wide funds (around £11m for creative freelancers and £50m for cultural organisations and independent cinemas) supported recovery by recognising the extended period of hardship for individuals and enabling cultural organisations to refocus on rebuilding. Sadly, in the face of major ongoing challenges, more needs to be done to stabilise a still fragile sector. The biggest difference for organisations in the last round of emergency funding is that they have been able to apply for funding to strengthen organisational reserves. **This recognition - that increasing financial**

resilience is a vital component of rebuilding a more sustainable culture sector – should be at the core of budgetary policy into 2023-24 given the inflation shocks being sustained, which far outpace 10% general inflation due to rocketing prices for fuel, materials and supply chain contracts.

What should be the Scottish Government's priorities?

The festivals rely on, and help nurture, Scotland's wealth of cultural talent, connecting them with international peers and ideas. This is all part of the rich cultural life across the nation that will be important to future wellbeing and prosperity as Scotland seeks to address longer-term challenges to our society. We therefore bring forward this submission in the context of the national discussions we take part in through Culture Counts and the Events Industry Advisory Group. These recommendations for priorities apply not only to central Government policy but also to all relevant national agencies and NDPBs.

A. Recovery and sustainability

- Public funding for culture since the austerity budget of 2010 onwards has been increasingly stretched, as expectations from multiple stakeholders have increased while the value of grants has reduced by 30% in real terms. Public funding approaches for the coming year should learn from the recent adaptations and innovations during Covid restrictions in order to support resilience and change rather than overstretch. **In future budget rounds there must be a realistic rebasing and alignment between funding levels and expected outputs, with different parts of the cultural ecosystem enabled to focus on what they do best.**
- For core-funded organisations, **the lifting of previous grant conditions continues to be an essential measure to enable organisations to be agile in planning on much shorter and more uncertain timescales.** In this context it is also worth

noting, that despite operational constraints, releasing grantees from activity targets during the last few years opened up opportunities for them to work in more focused and tailored ways to support isolated and vulnerable people.

- The newly agreed [2030 Vision for a Resilient and Ambitious Festival City](#) highlights the **importance for recovery of local and national funders sustaining the maximum possible long-term funding for festivals' core programmes, in order to secure the public value of the work they create.**

B. Creative Development pathways

- With fewer people actively working in live culture at present after the scarring of Covid closures, it is a critical priority that pathways for creation, production and participation across Scotland should be rebuilt. Without this as a priority, Scotland will have a long-term lag in new work and creative opportunities.
- **Public funding for commissioning and production of new work could help generate more viable livelihoods for selected creatives with lower risks borne by individuals.** An example is the Scottish Government's Festivals Expo Fund, which provides the support of world-leading international platforms to showcase Scottish artists while investing nearly 90% of funds in direct production and promotion of their work, offering an efficient mechanism to enhance the potential for making a living from their artistic practice.

C. Supply Chain programmes

- A pool of skilled technicians and suppliers also needs to be re-established and upskilled. Many technicians have moved to the screen sector, with the positive outcome of helping to fuel rapid growth in screen production but the knock-on effect of needing to replenish this skills pipeline. This creates a need and an opportunity through investment programmes to help more young people – whose jobs have been most disadvantaged by Covid closures - get back into the labour market.
- **The nationwide event sector networks that developed during the pandemic could open up opportunities in the area of skills development for sustainable live events for stage and screen, through initiatives to stimulate schools and further education partnerships taken forward at city region scale.**

D. Resilience and change investment

- Given the gap in activity for most live artists, stimulus measures to support the ability of creatives and creative organisations to rebuild will also be important - such as **rates relief and incentives to attract match funding from sponsors, donors and other supporters.**
- External evaluation has shown that the unique five year partnership programme Platforms for Creative Excellence – a joint initiative between Scottish Government, City of Edinburgh Council and the Edinburgh Festivals - has been essential to invest in transformational changes to programme innovation, creative development and community engagement. **Scottish Government need to consider the nationwide opportunities of scale that will be lost if legacy planning for the PlaCE programme cannot be sustained** – the equivalent of over 70 co-created projects, development for 380 creative practitioners and 150 school and community engagements.

E. Community creativity capacity

- In developing our long-term partnerships with community organisations during Covid restrictions, themes that often come through are the importance of small-scale personal interventions and long-term engagement.
- **If expanding community creativity opportunities for wellbeing is an important objective in recovery, this needs to be resourced with quality and depth of engagement prioritised over volume.**
- Our recent programmes have shown that such **projects in these areas can be attractive to donors and private sector partners but only if a foundational grant intervention and multi-year commitment has been made through public sector sources.**

F. Global Reconnection

- The Scottish Government's global affairs framework recognises that culture is a powerful tool for building bridges between people and reinforcing mutual understanding, and can also be an engine for economic and social development. Steps need to be taken across 2023-24 to ensure that the international profile of Scotland is secured across cultural sectors and cultural audiences.
- **Renewing Scotland's place in the world following the enforced insularity of the past few years will require support for reconnection across three channels: through international programme partnerships, through industry networks and bodies, and through wider media communications.**
- With regard to the first of these, and the new difficulties of securing mobility for temporary creative workers between the UK and EU post-Brexit, **we support the Culture Counts call to establish an Office for Cultural Exchange to safeguard and support international touring, festivals and residencies.**

2 Despite an increasing recognition of the established health and wellbeing benefits of culture, the Committee has previously heard that this had not led to transformational change in terms of both a cross-cutting approach within Government and increased budgetary support for culture across a number of spending areas - what needs to change to embed culture and health and wellbeing across government and the public sector?

We welcome the current conversation with the national partnership on culture about where measures can better recognise and value the role of diverse cultural activity in a successful Scotland with opportunities for all to flourish.

While this is a useful focus point, it must also be remembered that the positive national impact of a thriving cultural life is ultimately cross-cutting and intrinsic. A healthy baseline of national investment in creativity is analogous to the country's commitment to investing in fundamental research, in the knowledge that society benefits from curiosity-driven research even though the applications can't be predicted.

Based on Eurostat and Scottish Government figures, the proportion of GDP spent on public cultural services is at least 33% lower in Scotland than the EU average, a gap in excess of £400 million. **The baseline level of national public funding committed to culture should be considered in the context of EU averages, if the ambition for culture to play a crucial role in the challenges of transforming our society and economy is to be fully realised.**

A fundamental challenge in embedding culture across the wider Government and public sector, is that to date the primary impetus for considering any such cross-cutting outcomes seems to come from the culture sector and cultural policy makers. **A sign of culture becoming embedded across public policy priorities will be to start seeing the demand coming from non-cultural players in other government and public sector portfolios.**

3 The Scottish Government's independent Advisory Group on Economic Recovery in the wake of COVID-19 recommended that Ministers should in relation to the creative sector seek "ways to increase public and private investment across the sector to allow it to recover and compete" – can you provide examples of where this is happening or ways in which it should happen?

Recovery in the culture sector is widely expected to be a five-year process, especially for town and city centres, and it will be important for the Scottish Government to look at the positive role that could be played by ongoing fiscal stimulus and tax incentives that are under devolved competence. As outlined in response to Question Two, public funding for culture in Scotland is at least 33% lower than the EU average - a gap costed at £400m-£800m depending on calculations of local authority spend, resulting in a more fragile and precarious sector than our European neighbours. All efforts to increase new revenue streams for culture are needed to stop this becoming even more damaging after the last few years of Covid lockdowns followed by the current cost of living crisis and rampant inflation.

Local: Across Scotland, spending on culture by local authorities as a non-statutory area has reduced dramatically in real terms over the past decade. If as a nation we want to support cultural opportunities for a wellbeing society, local authorities should have access to more ways to determine revenue raising and income generation measures to halt and reverse this trend. **One such mechanism would be a Transient Visitor Levy, with the required Government legislation identifying that the revenue generated should be reinvested to not only solve any policy challenges of tourism but also enhance the annual cultural offer for residents and visitors alike. Culture and creativity should also be capitalised on more in future commitments to long-term innovation programmes e.g. building on City Region Deals.** In Edinburgh & South East Scotland this has levered up important partner investment for example through the AHRC funded Creative Informatics programme.

National: Scottish Government exploration of the policy to create a ‘percentage for the arts’ scheme should be accelerated, where 1% of funding for major public buildings would go towards community art commissions – the resulting proceeds could reportedly be much more than Creative Scotland’s annual budget and this is a potentially transformative opportunity that must be a priority to develop. A key guiding principle for us is that such a scheme should operate more like Lottery endowments than like Section 75 capital investments around building developments – because the biggest need for communities is ongoing revenue for participatory activities. Such a scheme could also support approaches that enhance environmental sustainability of the sector’s practices and cultural infrastructure.

International: The seismic shifts of Brexit and Covid-19 have brought into sharp focus the importance of restarting pipelines of cultural export and inward investment for national recovery and renewal. Creative industries, major events and tourism have been identified as key opportunities at local, regional, Scottish and UK levels to contribute to a thriving economy. It is imperative for this sector to regenerate to a scale of global ambition that will enable us to reassert our international position and thus **programmes such as the Scottish Government’s Festivals Expo Fund should be retained and put onto a multi-year basis as a crucial mechanism for product investment that helps creates the global marketplace that provides a livelihood for Scottish talent.**

4 The Committee has previously agreed with COSLA that a ‘whole system’ approach is essential to the spending review and that this is consistent with an outcomes-focused and collaborative approach; our view is that it is only through such an approach that the necessary funding can be freed up to ensure that sufficient cultural services are available to meet the increased demand arising from cultural prescribing– what progress has been made in moving towards a whole system approach, what are the main barriers and how do we overcome them?

As we understand it, whole system working requires systems thinking and tools that enable an ongoing, flexible approach by a broad-range of stakeholders to identify and understand current and emerging issues where, by working together, we can deliver sustainable change.

Within our sector an embryonic whole systems approach can be seen in the creation of the Event Industry Advisory Group (EIAG), under the auspices of VisitScotland, which was established to represent the events and festivals sector amid the devastating impact of the pandemic and provide a coordinated voice during the national response and recovery planning. This Group has evolved over the last few years into a valuable forum for debate and discussion, helping the sector to apply systems thinking, methods and practice to better understand event challenges and identify collective actions.

It is our view that **the role of the Event Industry Advisory Group should be enhanced as we start to reshape the landscape in our post pandemic world.**

Developing the roles of such a body would also deal with one of the main barriers to creating a whole system approach, namely the preponderance of temporary structures that entrench short termism rather than embed long term and macro level thinking.

During the pandemic, we have also seen the creation of citywide planning groups at local level and joint planning between local and national authorities. Although to date these have been mostly created to deal with immediate challenges, these groups displayed the same whole systems approach. **These experiences could usefully be built upon to institute integrated multi-year planning between local and national authorities across infrastructure, regulation and regeneration issues, which is needed to secure the future of nationally and internationally important events such as Edinburgh's Festivals.**

Such groups have also identified one of the further barriers to adopting a whole systems approach across the wider cultural sector: namely the multiplicity of metrics and reporting requirements across different public funders. It is our view that **greater streamlining of metrics and reporting requirements by funders, recognising of course that there will always be some differences in aims and outcomes between funders, could help to direct maximum effort towards delivery of cultural services** – which will be crucial in the challenging context of further real-terms reductions implied by the Resource Spending Review.

If such a challenging context is indeed reflected in budgets for 2023-24 and beyond, we also recommend that Scottish Government and its national agencies and NDPBs will need to **focus reduced resources to safeguard a fundamental 'National Grid for Culture' – a strategically targeted approach to public support that stimulates nationwide exchanges of cultural creation, participation, production and distribution.**

5 The Committee's view is that it is essential that, wherever practical, multi-year funding for the cultural organisations the Scottish Government supports is passed on to the groups and individuals being funded who should, where appropriate, also receive a multi-year settlement – what progress has been made in moving towards multi-year funding, what are the main barriers and how do we overcome them?

After more than a decade of one-year spending reviews, the benefits for resilience and innovation of being able to offer longer-term settlements would be significant. Some progress has been made, such as through the Platforms for Creative Excellence (PlaCE) programme - a five year partnership programme between the Scottish Government, the Edinburgh Festivals and City of Edinburgh Council. **We recommend that the Government take account of evidence, such as the interim external evaluation of the PlaCE Programme, of the critical long-term nature of the programme for the strategic shifts required both before and during the pandemic.**

The programme also identifies one of the barriers to driving such multi-year funding: namely the drive to measure short term outputs rather than long term outcomes. It is our belief that **greater grant effectiveness in a constrained environment could be secured by adopting an outcomes rather than an outputs approach, which by its very nature would necessitate a multi-year funding approach.**

A further barrier to the implementation of such multi-year funding is the lack of a whole systems approach, as noted under Question Four. **A whole systems approach would support the cultural sector and other partners to work together to create a next generation framework for those programmes which they jointly believe can have a transformational effect on creation, production, distribution or participation.**

This could have a particularly strong impact on programmes that stretch organisations and provide a creative framework for a broader range of artists.

6 The Committee has previously stated that the collaborative learning from managing the response to COVID should be harnessed and built upon; for example, in exploring how innovative ways of working such as the shift to digital platforms can enhance the accessibility of cultural activities while at the same time improving health and wellbeing – what progress has been made in embedding the collaborative learning from managing the response to COVID, what are the main barriers and how do we overcome them?

We see the following principles as critical to overcoming barriers to embedding collaborative learning.

Systemic Change: Although the pandemic was an existential moment for many in the cultural sector, there is sense that for some there has not been the time or motivation to strategically shift behaviours, processes and practices while in survival mode, in particular when some early rounds of emergency funds focused on preventing insolvency rather than supporting adaptation. It will therefore be important that time and space is given for collaborative contemplation about major changes needed to create a more sustainable and resilient cultural sector.

Long-term funding: The whirlwind cycle of annual funding applications creates an associated programme cycle that is not conducive to collaborative learning beyond that required for immediate delivery. There is growing evidence for how much difference sustained long-term relationships and planning make to the depth and sustainability of cultural outcomes, and a foundational commitment of public funding over the long-term is critical, as set out in answer to Question Five.

Portfolio approach: One of the key barriers to collaborative learning is the pressures for organisations to deliver individual outputs and the lack of headroom to collaborate, which requires additional capacity. As such, a portfolio approach across the whole country could support the development of collaborative learning through creating capacity for system level thinking across a wide range of issues, such as who is best placed to support creative pipelines of opportunity at individual, organisational, local, national and international levels.

Research & Development: A lot of the success of many private sector companies is down to the amount of time, energy and resources they invest in their long term research and development functions, with an average level of 15% of turnover dedicated to such a function. On the contrary the cultural sector is often not in a position to identify such lines on their budget sheets and can be locked into cycles of delivery

without the necessary time to reflect and learn. Enabling cultural players to better identify and value such an R&D function would allow organisations to adopt a longer term and more collaborative learning approach.

Scotland's Workshops Written Submission to Inquiry into Budget Scrutiny 2023-24

1 How are budgetary decisions supporting the recovery of the sector from COVID and what should be the Scottish Government's priorities in supporting recovery through Budget 2023-24?

The organisations in Scotland's Workshops have continued to support our artists as the sector recovers from COVID. The security of our organisations to continue to do this has been overwhelmed not just by the impact of COVID on staffing and income generation but by the cost of living crisis and standstill funding to the sector which in real terms represents a cut to funding. Our organisations are facing up to 300% increases in gas and electricity bills.

Reducing opening hours for our facilities to reduce bills will impact on artists who require access to them in order to make and sell their work. COVID has pushed back the launch of the new multi-year funding programme from Creative Scotland which is challenging for both current Regular Funded Organisations (as in our network, who as RFOs have seen 7 years of standstill funding which is significant a real terms cut) and project funded organisations. This only adds to the uncertainty and precariousness of the sector.

Many of our staff are finding that they are deeply effected by cost of living increases, with sub average (£26000) salaries common in the sector and many people working part time hours. This means that there is a danger of team members being forced to leave for jobs in other sectors or to positions in academia or commercial businesses which means that specialist knowledge and skills will be lost to the sector and will take many years to build back. We invest in the development of staff and then more competitive salaries and packages are offered elsewhere so we lose knowledge and skills. 27% of creative workers aged under 25 left creative occupations after lockdown in 2020, compared with 14% of workers aged 25 and over.

Our organisations work hard to make the standstill funding we receive go far but the impact of Covid on earned income and the increased costs of energy bills with the need and desire to pay people fairly has reached a breaking point in budgets. By definition not-for-profit organisations cannot deal with the huge step up in fuel bills from one year to another, this step up for one average organisation in our network means a jump from £31k to £74k which is very difficult to absorb. Ability to earn income is still curtailed by covid, and limits of personal and corporate spending and Trust and Foundations have not historically focused on funding overheads, preferring project based applications. Creative Scotland funding supports over 3600 FTE roles in Regularly Funded Organisations alone. In 2019 the Creative Industries in Scotland employs over 90,000 people. Scotland's Workshops facilities support the industry of over 1000 members across Scotland. Salami slicing government budgets and cutting Creative Scotland's budget equally with other public bodies will prejudice arts jobs disproportionately to other sectors. This is despite the clear statistics around the return on investment which funding culture has, not least as a preventative measure to reduce pressure on health services for the future.

2 Despite an increasing recognition of the established health and wellbeing benefits of culture, the Committee has previously heard that this had not led to transformational change in terms of both a cross-cutting approach within Government and increased budgetary support for culture across a number of spending areas - what needs to change to embed culture and health and wellbeing across government and the public sector?

Transformational change cannot happen if Government departments aren't working and advocating together. Funding won't reach more diverse organisations if there isn't a strategic approach to funding for cultural organisations across government and the public sector. Instead it feels more likely that all budgets (however small) will continue to be cut for culture regardless of the impacts they can deliver.

The current debate about 'preventative spend' across health, wellbeing, and justice as a means of reducing costs should include the arts. We could play a powerful role within this agenda if funding is stabilised/increased even slightly.

Looking shorter term many of the diverse communities which the organisations in Scotland's Workshops already engage with have been traumatised by the pandemic and other world events so dropping our programmes with those people is ethically not an option when considering cost savings.

3 The Scottish Government's independent Advisory Group on Economic Recovery in the wake of COVID-19 recommended that Ministers should in relation to the creative sector seek "ways to increase public and private investment across the sector to allow it to recover and compete" – can you provide examples of where this is happening or ways in which it should happen?

For our part, we can advocate for how collaborations such as our consortium of art production centres may be a more powerful strength in numbers exercise in garnering public and private funding support, whether in the form of joint buying power, shared projects to attract resources or maximising exposure for sponsors or grant-givers. Scotland's Workshops would be happy to work with the Committee to explore how this could happen more frequently and effectively. Despite feeling embattled by issues around every single cost we are encountering and prospects of letting down our audiences and participants, we are a largely optimistic, very proactive and incredibly good value group doing brilliant work and we do not want to see potential wasted.

There is also a strong track record in our group of raising money through Trusts and Foundations, especially for capital projects (which represent incredible value in terms of pushing forward regeneration of city and rural areas and spreading the cultural offer into more communities) but this has its limits, especially as the size of our staff teams means that fundraising normally needs to be done by staff with already heavy operational or management workloads.

4 The Committee has previously agreed with COSLA that a 'whole system' approach is essential to the spending review and that this is consistent with an outcomes-focused and collaborative approach; our view is that it is only through such an approach that the necessary funding can be freed up to ensure that sufficient cultural services are available to meet the increased demand arising from cultural prescribing – what progress has been made in moving towards a whole system approach, what are the main barriers and how do we overcome them?

Very little evidence of progress is visible here. We welcome discussions between ScotGov and local authorities in Scotland regarding uplifting the 2% pay settlement however are concerned how this might

impact on ScotGov budgets especially for culture.

Communications and input from local authority cultural officers is dwindling and we regularly see roles lost in those teams; cultural strategies are often not in place. Percent for art schemes are often not in place leading to some cities having booms in commercial development (which could help to create further cultural content) not being capitalised. Property departments of councils are not on the same page as cultural departments, meaning that investment from culture is often squandered in subsequent years and organisations are put under tremendous pressure to deal with rent or management cost increase demands. It's difficult to see any local council understanding of either how to support and nurture local artists or to catalyse international artistic projects.

5 The Committee's view is that it is essential that, wherever practical, multi-year funding for the cultural organisations the Scottish Government supports is passed on to the groups and individuals being funded who should, where appropriate, also receive a multi-year settlement – what progress has been made in moving towards multi-year funding, what are the main barriers and how do we overcome them?

The timetable for multi-year funding has been pushed back and a new outline timeline has been produced which we are grateful for. However, until we understand more about the process and funding available it is difficult to comment. Communication and sticking to the timeline are vital for all organisations to aid planning and financial sustainability. The whole cultural sector is incredibly vulnerable and multi-year funding offers some stability. However, we need to understand the parameters of this funding - expectation of what is to be delivered and budgets available.

We would stress that until this is fully outlined and understood, uncertainty impacts our ambition to deliver fair work and fair pay, increasingly important pillars for SG and on which we may be asked to report on to Creative Scotland under the new funding model. We are concerned that talented creatives leaving the sector to work elsewhere will accelerate for example, while Universities are hiring, the cultural sector cannot offer near their salary and pension offer. As most creative people have benefitted from significant investment through education and public funding for development which would be money down the drain.

The cost of living crisis and rising inflation is having a huge impact, with increased costs for energy as well as for a whole range of unfixed costs, such as transport and materials. Organisations need certainty when faced with such a perfect storm.

Ideally the funding should reflect inflation year on year to reflect real life and commitments to fair work and pay as well as increased costs for materials, machinery and servicing which began with Brexit.

6 The Committee has previously stated that the collaborative learning from managing the response to COVID should be harnessed and built upon; for example, in exploring how innovative ways of working such as the shift to digital platforms can enhance the accessibility of cultural activities while at the same time improving health and wellbeing – what progress has been made in embedding the collaborative learning from managing the response to COVID, what are the main barriers and how do we overcome them?

Barriers include time and money to deliver activity in hybrid ways. Focus on digital for some was possible because IRL activity could not take place so there was capacity within existing teams.

Many organisations have been working in a more hyper local way supporting directly the communities in their locale. This for many has embedded them more within their communities as a vital asset. This is a way that we have also diversified who we engage with. This is especially the case within our rural partners where their local audiences will not/ can not engage online. However to embed this we need to be able to bring in additional staff to support these communities which again increases costs.

At this rate, because of the struggle to produce a balanced forecast budget for 2022-23 the cost lines for keeping computer systems running, investing in replacement technology, staying subscribed to online meeting software and paying for IT support will all be in scrutiny and likely to be unaffordable for some of the organisations in our network. Free access to on site IT support, free equipment, group discounts on software would help with this, either through the local councils many of our organisations are connected to or through Creative Scotland.