

CONSTITUTION, EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE

22nd Meeting, 2022, Session 6

6 October 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 previous meetings, the Committee held a roundtable with stakeholders across the culture sector, and then took evidence from stakeholders in the museums, galleries, and heritage sectors. The Committee also held an online focus group in private with grassroots cultural organisations. This is the final evidence session as part of the Committee’s pre-budget inquiry.
4. At this meeting, the Committee will take evidence from—
 - Iain Munro, Chief Executive, Creative Scotland
 - Cllr Steven Heddle, Vice President, COSLA (online)
 - Martin Booth, Executive Director of Finance, Glasgow City Council (on behalf of CIPFA Directors of Finance Section)

And then from—

- Angus Robertson MSP, Cabinet Secretary for the Constitution, External Affairs and Culture
 - Lisa Baird, Deputy Director, Culture and Historic Environments, Scottish Government
5. The following papers are attached—
 - **Annexe A:** Briefing from SPICe
 - **Annexe B:** Written submissions from Creative Scotland, and COSLA and Directors of Finance Section

**CEEAC Committee Clerks
October 2022**

SPICe

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Constitution, Europe, External Affairs and Culture Committee

6 October 2022

Pre-budget scrutiny 2023-24

Introduction

This paper is to brief the Committee in advance of its third session on the Budget 2023-24. This week, the Committee will take evidence from two panels. The first is with Creative Scotland, COSLA, and a representative of the CIPFA Local Government Directors of Finance (Scotland) group. The second will be with the Cabinet Secretary and his officials.

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

The Committee's [submission to the Government's consultation on the Resource Spending Review was to the Cabinet Secretary for Finance and Economy](#). Her [response](#) was fairly broad and did not address the detailed committee recommendations of the Committee. Some of those recommendations are directly relevant to Creative Scotland, Local Government as well as the Cabinet Secretary and the Committee may wish to

This paper begins by exploring the budgets of Creative Scotland and Local Government in the past six years. The paper then sets out the themes of the Committee's work and how Creative Scotland and Local and National Government have responded.

Budgets, Spending Reviews and the Emergency Budget Review

Budgets

Looking at the budget and spend for Creative Scotland and Local Authorities have complicating factors. Of particular relevance to 2020-21 and 21-22, budgets will not include emergency in-year funding.

Creative Scotland disburses monies from the National Lottery; in addition, Creative Scotland's Scottish Government Grant includes ringfenced monies for particular schemes, e.g. the Youth Music Initiative.

The local government budget lines can be broken down by core funding and ringfenced funds. This paper will focus on the core funding, but COSLA argues that within that spending envelope there are significant pots of money to support national priorities. The other way to look at local government spend is through the outturns and budget estimates which are broken down by service. Again, within these data there are complications here in relation to income and how ALEOs' funding is treated in the accounts, both of which are significant in culture services.

Creative Scotland

The table below shows the Scottish Government budgets for Creative Scotland. This table does not include depreciation nor the financial transactions which featured in 2020-21 and before. It is in cash terms.

	£m					
	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Creative Scotland	32.112	32.312	32.312	32.512	32.582	32.582
Other Arts	14.786	33.186	31.985	33.522	30.352	36.542
Total	46.898	65.498	64.297	66.034	62.934	69.124

The line described as "Creative Scotland" is for core funding for Creative Scotland which covers its operational costs and various grants schemes. Other Arts has included ring-fenced funding for Creative Scotland including for Screen Scotland, Youth Music Initiative, Expo, Festivals and Arts and Business and other smaller cultural opportunities and priorities; it also has included additional monies to make up for reduced national lottery funding. Not all of the budget under Other Arts goes to (or through) Creative Scotland, e.g. funding for the V & A in Dundee goes directly to that organisation.

The large jump between 17-18 and 18-19 in Other Arts was due to increased funding for Screen. The increase in the latest budget was explained—

"Increased investment in Screen Scotland and Youth Music Initiative. Support for Culture Collective. Also includes funding to enable Creative Scotland to

maintain support for the Regular Funded programme in the light of significantly decreasing lottery income.”

Scottish Government funding for Creative Scotland has served to some degree to smooth annual changes in lottery grants. Creative Scotland’s Annual Plan for 2022-23, states that the expected income from National Lottery Proceeds is £31,500,000; this is around a third of Creative Scotland’s budget.

Local Government

Local authorities are required to ensure that there is adequate provision of facilities for the inhabitants of its area for recreational, sporting, cultural and social activities. In terms of libraries, local authorities must secure the provision of adequate library facilities for all persons in their area.

Local Government funding for the past five years is set out below. The Scottish Government’s grants grant to local authorities makes up around 85% of their net revenue expenditure, with the remainder coming mostly from local taxation, i.e. council tax.

	£m				
	2018-19	2019-20	2020-21	2021-22	2022-23
GRG + NDRI ¹	9244.5	9212.3	9458.4	9739.2	9739.2*
Total ring-fenced	386.2	774.9	1114.3	1264.2	2119.1
Total revenue in Finance Circular settlement	9630.7	9987.2	10572.7	11003.4	11858.3

*A further £120m of funding for local government was announced during the passage of the Budget Bill for 2022-23.

Funding for culture by local authorities will come from local authorities’ core funding (ie GRG + NDRI + Council tax) and fees income. While the total funding envelope for local government has increased in these five years, much of the increase in total funding to local government is through ringfenced grants. [COSLA also argue](#) that increases in the GRG + NDRI line are taken up with spending commitments such as additional teachers or social care pay.

The joint submission from COSLA and the CIPFA Directors of Finance stated—

“Local Government has been under significant and sustained financial challenge over the past decade. The core settlement has seen a real terms reduction of 15.2% since 2013/14. Historically the core settlement has been added to over the years for numerous policy priorities that Local Government has been asked to deliver (for example 600 hours of Early Learning and Childcare, period products, teacher numbers). Directed spend and protections in education and health and social care mean that Councils have limited flexibility over local spend and that cuts fall disproportionately on the remaining, unprotected areas, of which culture and leisure is one. 65% of the Local Government budget is directed, meaning non-directed elements

¹ GRG + NDRI: General Resource Grant and Non-Domestic Rates Income.

account for just one third of local spend – and this one third is constantly being squeezed.”

The table below sets out the spend on cultural services in the most recent five years. The current year is based on budget estimates by local authorities, 2021-22 is based on provisional outturns and the three previous years are based on audited accounts. Members should be cautious about making direct comparisons across the three different types of data. The plans for the current year suggest an intention to increase local government spending in these areas compared to previous years in cash terms.

	£m				
	LFR02 Workbooks - Finalised accounts			POBE 2022	
	2018-19	2019-20	2020-21	2021-22 Provisional Outturn	2022-23 Budget Estimate
Museums and Galleries	41.2	42.5	42.3	40.9	43.6
Other Cultural and Heritage	55.9	56.1	51.2	54.0	56.1
Total Culture and Heritage	97.1	98.6	93.5	94.9	99.7
Library Services	96.9	95.6	91.3	93.3	97.0

Resource Spending Review

Below is the indicative spend under the Constitution, External Affairs and Culture portfolio and an extract showing the local government indicative spend. 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.

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

Level 2*	2022-23	2023-24	2024-25	2025-26	2026-27
	£m	£m	£m	£m	£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 (including the additional £120m announced during the passage of the Budget), NDRI and Specific Resource Grants. It does not include revenue from within other portfolios. For these reasons there is a discrepancy with the data in the previous section.

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. The announced savings are set out below.

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.”

Strategic aims

The Scottish Government’s strategic aims are set out in its [Culture Strategy for Scotland](#) and its [Policy Statement for the Creative Industries](#). In addition, other sectors, such as Museums and Galleries, the Historic Environment, and Libraries have sector-specific strategies.

[A Culture Strategy for Scotland](#) set out three ambitions; these and brief descriptions are set out below. Underneath each of the ambitions, the strategy listed a number of policy actions. Annexe A provides a more detailed summary.

- *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”

There was no additional funding announced to accompany the overall strategy. Furthermore, the pandemic took up policy attention in the 2 years after the publication of the Strategy. Nonetheless the Scottish Government made some progress against the actions within the Strategy. These included—

- Established a new National Partnership for Culture (NPC) to support implementation of the Culture Strategy
- Launch of three new programmes: Creative Communities, implemented by Inspiring Scotland, which aims to support and empower communities to develop cultural activities; Arts Alive, implemented by Scottish Book Trust, through creative residencies pilot in schools, education and early years settings across Scotland; and the Culture Collective, a £6m programme which supports creative practitioners, organisations and communities to work together across Scotland to help shape the future of local cultural life.

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. Annexe B of this paper briefly sets out some key points from the Wellbeing and Measuring Change reports.

The Government responded to the NPC’s reports [on 27 September 2022](#). This response is touched on in the following sections. The response confirmed that “a

refreshed Culture Strategy Action plan is underway and will be published later this year.”

Themes of the Committee’s work

Budget pressures

[Creative Scotland’s submission](#) listed a number of financial pressures on cultural organisations.

- Pressures on Local Authority funding for culture
- Reduced levels of earned income for cultural organisations
- Increased, and increasing, operational costs
- UK’s exit from the EU

Creative Scotland also noted that wider Government policies, such as fair work and Net Zero, created additional financial pressures on organisations. Recently, [Living Wage Scotland](#) announced a 10.1% increase in the Scottish real Living Wage to £10.90 an hour.

A number of respondents who represent regular funded organisations noted that, while they were grateful for the extension to their funding from Creative Scotland, this means that they have been operating with flat-cash grants for longer than expected with increasing costs.

A number of submissions also 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 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) The Government’s consultation on this proposal noted that the intention was that receipts from a visitor levy within a local authority area should be spent on tourism-related activities, including responding to tourism pressures, in that local authority area. The extent to which this would increase spending on culture, and the potential impact of geographical variation of any resulting additional funding is not yet set out.

The Committee has heard that the financial stresses on culture organisations are acute. Kirsty Cumming from Community Leisure said the current position is “a crisis

far beyond anything that our members saw during the pandemic”. (OR 22 Sep 2022, Col 7)

Last week, Sir John Leighton argued that the longer-term patterns of funding have contributed to the current situation. He said that budget reductions from 2011 for his organisation (National Galleries Scotland) have not been recovered in real terms and that the organisation has become much more focused on income-generation and cost cutting. He said, that looking to the next year, “this is about how we protect the collection, keep the lights on and doors open—and that is it”.

A number of submissions and witnesses have suggested that there is a gap between what is said about the value of culture and the resource directed at the sectors. Julia Amour from Festivals Edinburgh told the Committee—

“When we talk about a mismatch between how we value culture and how we fund it, we need to think about the benchmark with continental Europe. There is a gap of about a third between the average levels of funding across the European Union and the levels of funding in Scotland and the United Kingdom. That represents hundreds of millions of pounds a year. Addressing that gap would be a stretch target, but all these issues need to feature in the conversation about how we have a realistic rebasing between funding levels and expected outputs.” ([OR 22 September 2022](#), Col 10)

Jim Hollington from Dance Base also argued that the funding pressures have been prevalent in the long term and that this has not matched the stated ambitions. He said—

“There is a mismatch between that really clear commitment and the way that culture has been supported over the past decade or so. The reality is that funding has not followed the commitment. ... If we believe in the value of culture, there must also be an understanding that we need to fund the sector properly or, if we have an envelope that cannot be expanded, we must understand that we might need to have slightly fewer ambitions than we have currently to ensure that we have a sector that works properly.” ([OR 22 September 2022](#), Col 3).

Last week the Committee explored with the panel what would be lost as a result of tight budgets. Lucy Casot from MGS reflected that there would be difficult strategic decisions to be made in how it could prioritise funding; she set out the dilemma on whether important collections or community value should be prioritised. Sir John Leighton noted that cutting back on additional programming would impact on the NGS’ capacity to generate income. The panel agreed that responding to such pressures could create long-term risks.

Outcome-focused working

Throughout its work the Committee has explored how the cultural and heritage sectors contribute to a variety of outcomes, particularly health and wellbeing.

The Committee has also explored how policy reflects the ambitions of the Christie Commission and ideas around, preventions, greater collaboration across the public sector and outcomes-focused approaches.

Health and Wellbeing

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.

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)

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—

“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)

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."

It is not clear how these discussions were reflected in the RSR. The Committee's submission to the RSR consultation said that would "welcome an indication of Scottish Government's intended timescales for delivering the required upscaling of culture projects supporting health and wellbeing and the redirection of funding towards demonstrable preventative approaches." The Government response to the Committee did not address this specifically. However, the Scottish Government's recent [response to the NPC's recommendations](#) provided some concrete examples of where health budgets are supporting cultural activities. It said—

"There are existing ongoing initiatives, and provision made for dedicated funds for social prescribing and community mental health. For example, the Scottish Government allocated £21m to the Communities Mental Health and Wellbeing fund for adults in financial year 2021/22, and £15m in 2022/23, which supports the development of an integrated culture of mental wellbeing and prevention within local communities across Scotland, developing and building on existing capacity within community organisations and grass roots groups, supporting the mental health and wellbeing of individuals.

"In addition, we support social prescribing through programmes to develop dedicated capacity in primary care and other key settings to provide integrated support to patients. There is support for the development of interfaces between healthcare practitioners and community-based initiatives, including the online 'A Local Information System for Scotland' (ALISS) service which seeks to provide up to date information to general practices and people with long term conditions about available community services including culture opportunities.

"We will work with delivery partners, and across other policy portfolios, to ensure culture is represented in health and wellbeing initiatives."

Nonetheless, respondents to the Committee's work considered that linking health and wellbeing to cultural activities lacked strategic direction and resource. In its submission to the consultation to the RSR, the Committee's recommended that "consideration should be given to how Creative Scotland could work with NHS Boards, COSLA and the third sector in developing a national strategy for culture and health and wellbeing."

The Committee has heard evidence that effective cross-sector working is impacted by the different approaches and expectations in each sector. The Committee has also heard that in times of scarce resources, such collaborations can see both sides are looking to each other to access additional resource. Culture Counts' submission said,

"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!"

The Committee also heard that a paper similar to COSLA's and SportScotland's [the Positive Contribution of Physical Activity and Sport to Scotland](#) would be helpful.

Kirsty Cumming said—

"We need a one-page infographic document, which we can show to local authorities, on culture's wider benefits across health and wellbeing, so that we can make the case for cross-portfolio working." (OR 22 September 2022, Col 13)

This somewhat echoed the Committee's response to the RSR consultation which said—

"The Committee considers that better understanding of what works well, for whom and when would be a key driver for supporting greater use of cultural services in supporting health outcomes. The Committee recommends that the Scottish Government provides an update on its research in this area including how relevant findings are used locally and nationally to inform service design."

The [response from the Cabinet Secretary for Finance and Economy](#) did not address this recommendation directly.

Last year, Creative Scotland commissioned research "to understand the scale and scope of the current involvement of professional artists in the area of health and wellbeing, and to explore the role that Creative Scotland can play in supporting this activity and helping the artists who wish to develop their skills in this area." This research found that main ways organisations and artists involved in supporting health and wellbeing would like Creative Scotland to support them are—

- Provide long term, flexible funding, which focuses on "tried and tested" work in addition to newer initiatives
- Improve advocacy for the importance of the arts and health/wellbeing sector, including advocacy to Government
- Share best practice across projects, establishing networks which enable cross-organisational working both nationally and internationally
- Support the sector with evaluation and impact measurement
- Support the creation of a strategy for arts and health/wellbeing across Scotland
- Championing and resourcing social prescribing around arts based activity
- Improve inclusivity for artists with health conditions and disabilities.

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—

“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.”

Partnership working

Submissions from the witnesses indicated that partnership working within the sector is commonplace. However, some noted partnership-working requires resource and time and that organisations in crisis mode will find it difficult to develop new relationships.

The Committee’s response to the consultation on the RSR expressed agreement with COSLA that a whole system approach is required to ensure an “outcomes-focused and collaborative approach”.

A key part of such collaboration will be to understand the cultural landscape across the myriad of funding schemes and models and match activity with unmet demand. The Culture Strategy said that the Government would “work with Creative Scotland to map local authority support for culture and to explore future models of collaboration between national and local bodies”. (p43) In its submission to the consultation on the RSR, the Committee referenced this action, sought an update, and recommended that “the Scottish Government consider how the roles of NHS Boards could be captured in this work.” The Committee has not received a response to this recommendation.

Monitoring and understanding where cultural activities occur is not a new ask. The session 5 Committee's report [Putting Artists in The Picture: A Sustainable Arts Funding System For Scotland](#) recommended—

“The Committee recommends that the Scottish Government establish an independent national cultural observatory² in consultation with local government, relevant agencies and stakeholders. The purpose of the observatory should be to create and manage an open-source national data resource that will draw together existing information collated by all levels of government and relevant agencies to measure the spread and impact of the public funding of the arts across Scotland.”

[The Government's response](#) to that Committee's report highlighted the work of the NPC's measuring change group. A very brief summary of that group's work is set out in Annexe B of this paper – it does not mention the idea of a formal cultural observatory.

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.” Creative Scotland's submission also said that it regularly meets with sectoral representative bodies.

Net zero

Creative Scotland published a [Climate Emergency and Sustainability Plan for Creative Scotland](#) in April 2022. The plan included a focus on the operations of Creative Scotland itself, it also included actions which would affect the organisations and individuals it funds. For example, to “support and require” organisations and individuals to report on their carbon footprint and to develop adaptation plans or strategies relevant to the funding. The timescales for beginning this depends on the funding stream.

Creative Scotland's annual plan also stated it would be working with the Scottish Futures Trust on the inclusion of cultural assets in their [Net Zero Public Buildings Standard](#).

The Committee asked witnesses last week whether work on costing how to support organisations to reach net zero. MGS said that this assessment had not been undertaken as there was no indication that the required work would be funded. National Galleries of Scotland said that the cost would be substantial for their estate.

Economic impact

The Committee has heard how in various ways culture and heritage supports economic activity and growth. HES' submission stated—

² See: <https://www.culturepartnership.eu/en/article/fenomen-kuliturnih-observatoriy>

“In 2019, the historic environment generated £4.4 billion for Scotland’s economy and supported 68,000 full time-equivalent jobs, mainly in the heritage, tourism and construction sectors. It has a significant part to play in our recovery from the pandemic, and in building a stronger, fairer, greener future for Scotland.”

Creative Scotland’s submission stated—

“The Creative Industries are acknowledged as a growth sector where Scotland has a distinct comparative advantage. This potential is recognised in the National Strategy for Economic Development, whilst recent forecasts by Skills Development Scotland for the Creative Industries also show recovery of demand and opportunities in the mid-term (2021-2024) and that in the long-term (2024-2031) strong jobs growth is forecast to continue in the sector.”

Creative Scotland also highlighted research it published earlier this year which found that in 2019, “the screen sector in Scotland contributed £567.6m to Scotland’s economy in 2019, providing 10,280 full time equivalent jobs.”

Funding approaches

Multi-year funding

The Resource Spending Review (RSR) set out indicative budget allocations to 2026-27. Last year the Scottish Government committed to “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.” (2021-22 Programme for Government, p107).

The responses from directly funded organisations indicated that they did not know what their budgets are for next year. It is not clear when the 3-year period referred to in the previous paragraph will begin.

A key theme of the evidence the Committee has received has been the short term nature of funding for some activities and the associated costs of applying and evidencing outcomes from such work. Kirsty Cumming from Community Leisure UK said—

“The other important area for us is a move away from initiative-driven funding. There are lots of little pots of money out there, but lots of time and effort are required to put in applications for them. Indeed, they are often for things that are seen as new, despite the fact that there might be programmes that are already delivering something similar across Scotland. As a result, we are not really recognising best practice, scaling that up and looking at how it could be shared better. There seems to be a constant search for something that will be the new best thing, and there will be a time-limited pot of money attached to it. Our members are saying that it is almost not worth their while putting in applications for that money, because of the time that it takes as well as the staff time needed to get the programme up and running—especially given

that, at the end of that programme, no matter how successful it is, they will quite possibly not be able to sustain it.

Creative Scotland's new funding model

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.”

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.”

Since the last round of RFO funding was agreed before the Culture Strategy was published. It is not clear whether Creative Scotland's funding approach will have refreshed priorities and profile of grantees as a result.

Local funding

In its pre-budget report last year, the Committee recommended—

“The Committee is also persuaded that relatively small grants could make a big difference to grassroots (e.g. non-professional groups) organisations. The Committee recommends that the Scottish Government explore with Creative Scotland and COSLA how the provision of small grants could be achieved.

“The Committee recommends that local authorities and Creative Scotland should work more closely with the third sector in sharing good practice in relation to the funding process for grassroots organisations.”

The Cabinet Secretary’s response referenced Creative Scotland’s refreshed funding model but not the detail of this recommendation.

Ned Sharratt, Senior Researcher (Education, Culture), SPICe

30 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.

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Annexe A

A Culture Strategy for Scotland

This Annexe reproduces a summary of the Strategy. The text is extracted from <https://www.gov.scot/publications/culture-strategy-scotland/pages/1/>

Our Vision

Scotland is a place where culture is valued, protected and nurtured. Culture is woven through everyday life, shapes and is shaped by society, and its transformative potential is experienced by everyone. Scotland's rich cultural heritage and creativity of today is inspired by people and place, enlivens every community and is celebrated around the world.

Ambitions

Strengthening Culture

Sustaining and nurturing culture to flourish and to evolve as a diverse, positive force in society, across all of Scotland

Aims

- Develop the conditions and skills for culture to thrive, so it is cared for, protected and produced for the enjoyment and enrichment of all present and future generations
- Value, trust and support creative people - for their unique and vital contribution to society and the economy
- Encourage greater openness and diverse cultures to reflect a changing Scotland in the 21st century
- Foster international collaboration and build on Scotland's reputation for cultural excellence

Transforming Through Culture

Demonstrating that culture is central to Scotland's wellbeing and cultural, social, economic and environmental prosperity.

Aims

- Place culture as a central consideration across all policy areas, including: health and wellbeing, economy, education, reducing inequality and realising a greener and more innovative future
- Open up the potential of culture as a transformative opportunity across society

Empowering Through Culture

Celebrating culture as part of every community; essential to our lives and wellbeing.

Aims

- Continue to celebrate Scotland's extraordinary cultural contributions
- Extend the view of culture to include the everyday and emerging, the established and more formal
- Extend opportunities that enable people to take part in culture throughout their lives
- Recognise each community's own local cultures in generating a distinct sense of place, identity and confidence

Guiding Principles

- Culture in Scotland is valued in and of itself
- Culture is free to be inspiring and to challenge
- Culture is central to the future wellbeing and prosperity of Scotland - cultural, social, economic and environmental
- We celebrate the diversity and excellence of cultures in Scotland and the value of open exchange with the wider world
- Everyone has the right to participate freely in the cultural life of the community, to enjoy the arts and to share in scientific advancement and its benefits (Article 27, Universal Declaration of Human Rights)
- Place - community, landscape, language and geography - is important and reflects the creativity of the past and provides inspiration for cultural expression today

Annexe B

Wellbeing (particularly mental health)

[This report](#) made comments under the following themes:

- **Young people and education**
Including recommending that the Government set out a plan to “embed artists and other practitioners” in schools and “increase investment in culture within educational settings”.
- **Training, skills and Investment**
Recognising the specialist skills and knowledge required to work effectively within the culture and health interface. The group called for more professional development in creative practitioners on developing these skills and for training in both health and the creative sectors on the benefits of cultural activities in maintaining mental health and wellbeing. The report also called for the Government to “devise an approach to investment in culture and wellbeing that supports the preventative spend agenda, attracts consistent cross-portfolio funding and goes beyond short-term project funding to support capacity building and the scaling up of approaches that work”.
- **Community wellbeing and tackling inequalities**
Under this theme, the workshop discussed the concept of community wellbeing and exploring how to ensure people can make informed choices about culture and health.
- **Partnership working, policy and legislation**
The NPC echoed the Committee’s findings here, calling for “cross-portfolio working that brings culture and health Ministers together in a shared commitment to support joint working and develop cultural approaches to health and wellbeing which recognise culture as an area of practice within health” along with “joint financial commitments” and “a nationally agreed strategic framework around culture and health and wellbeing”.
- **Advocating for culture and cultural renewal**
The report discussed the need to better articulate the role of culture in people’s wellbeing and raise awareness about the power of culture and its role in the prevention of physical and mental ill health

Measuring Change

Under this workstream, the [information paper](#) set out a suggested approach to measuring progress of the Culture Strategy. It said—

“The Culture Strategy sets out ten aims which sit under three high level aspirations. There are few specific actions/targets/objectives set out underneath these aims. What the Culture Strategy sets out to achieve is neither easily or immediately quantifiable. As such, it was important for the

group to avoid inadvertently setting specific objectives that would, in effect, become the delivery plan for the aims.

...

“Rather than attempt to create a set of specific indicators under each aim the group considered the types of questions that, should the aims of the Culture Strategy be delivered, one would expect to be able to answer ‘yes’ to. These critical questions were gathered into six groupings:

1. does Scotland's arts, heritage and creative industries have a diverse workforce? Is this workforce working under inclusive, accessible and Fair Work conditions? Are decisions made by diverse collectives of decision makers?
2. are we encouraging investment in the arts, heritage, and creative industries to help us to achieve our cross-policy goals and to secure our infrastructure for future generations?
3. does this, and the next generation, of cultural and creative workers have the appropriate skills and levels of education to support Scotland's world class cultural and creative offer? Is everyone with the talent and ambition, irrespective of their background or personal characteristics, supported in their education, learning, and skills development? What are the barriers to skills and educational development and what is the Scottish Government doing to remove them?
4. are our diverse cultural events, organisations and creative products recognised as high quality by our own citizens? Is this excellence visible to audiences and publics internationally, and do they view us as a culturally vibrant nation?
5. do people living in Scotland have equitable access to the spaces, places, and resources they require to pursue their cultural interests in a way that is meaningful to them?
6. do we have the physical assets needed to host, make, and communicate our cultural endeavours? Do we have a healthy base of voluntary and community groups undertaking and enjoying cultural activities?

The paper suggests that “an independent, representative group” considers these questions annually. To support these considerations, the group “would draw on a range of evidence/data, some of which is also generated for other purposes and some of which would be generated specifically for this purpose.”

Creative Scotland Written Submission to Inquiry into Budget Scrutiny 2023-24

“Ahead of next year’s Scottish Government Budget (Budget 2023-24), the Committee wants to hear your views on the impact of budgetary decisions including the [Resource Spending Review](#) on the culture sector in Scotland.”

Specifically, the Committee invites views on:

- **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 response below provides Creative Scotland’s perspective on these points.

1. Budgetary decisions supporting the recovery of the sector from Covid-19

The Scottish Government (and the National Lottery, for whom Creative Scotland is a distributor in Scotland, with National Lottery funding making up around a third of our overall budget) provided significant levels of emergency funding support for Scotland's culture and creative sector through the Covid-19 pandemic.

This support was vital in helping people and organisations working in culture to survive through this period, given that necessary public health restrictions meant the culture sector was one of the first to close and last to open.

Creative Scotland fully recognises the value of this emergency funding which totalled **£150m**, delivered in **18,000** separate awards between March 2020 and March 2022 by Creative Scotland, to people and organisations in Scotland's culture and creative sectors.

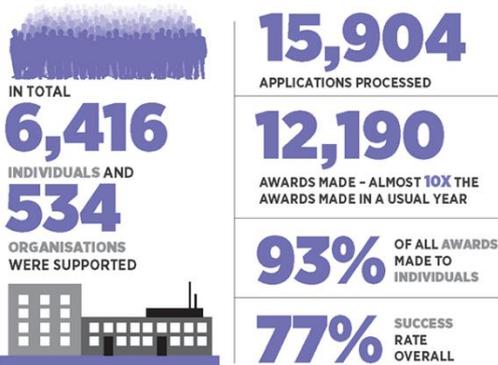
More specifically, we recently published a report from an independent review of Creative Scotland's Covid-19 emergency funding, covering the period March 2020 to September 2021. Over that period, Creative Scotland delivered more than £85m in emergency funding provided by the Scottish Government in the form of 12,500 separate awards. Key findings from the independent review include:

- 82% of organisations surveyed said that the funds had prevented job losses and prevented insolvency
- Individuals surveyed described the funds as a lifeline, providing peace of mind and validation of their worth
- The emergency funds reached far and wide and played a vital role in sustaining the creative sector throughout the worst of the pandemic
- Almost 12,500 funding awards were made to both individuals and organisations – around ten times the number usually made in any given year
- The processes for developing and delivering the funds were effective. The high volume of awards distributed in a short timeframe, demonstrated the scale of the achievement
- Applicants rated the process positively, saying it was clear and straightforward with quick turnaround and payments.

[The full report can be read here.](#)

To note: a further report covering the entirety of emergency Covid-19 funding is currently in preparation and will be published later this year.

Between March 2020 and September 2021, Creative Scotland delivered emergency funding to the arts, screen and creative industries:



In 2022 EKOS were commissioned to evaluate the delivery of these emergency funds. Amongst the research findings were:



The emergency funding provided by the Scottish Government to help the culture and creative sector address the impact of the Covid-19 pandemic was both essential and hugely welcome. It was, for many individuals and organisations, a lifeline which has enabled them to remain solvent through the pandemic and to believe in the potential for future recovery and renewal.

The sector has come together through the pandemic, to collaborate, learn and to work together to address the challenges that it presented and to face the future.

An example of this would be Creative Scotland’s ongoing work with sector representative bodies, whom we meet with on a regular basis, including formally every month, to discuss ongoing challenges and future approaches. This group includes the Federation of Scottish Theatres; the Scottish Contemporary Art Network; The Scottish Music Industry Association; Artlink; CraftScotland; Publishing Scotland; the Literature Alliance; Festivals Edinburgh; and Culture Counts.

Another example of collaboration and learning that emerged during the pandemic period is the Business Support Partnership. This was established by Scotland’s enterprise and skills agencies (Scottish Enterprise, Highlands & Islands Enterprise, South of Scotland Enterprise, Skills Development Scotland) and Creative Scotland is also now a participant. Working together we are setting out to establish a common delivery environment for all support, funding, advice and engagement with employers and businesses. One of the active projects of the group has been the Find Business Support website (www.findbusinesssupport.scot.gov) which exists as a central portal for all business support activity in Scotland.

The work of the group is driven by a simple premise to ‘de-clutter’ the support landscape, something which was particularly important during the pandemic when support needed to be accessed quickly and as easily as possible.

Another strand of work developed during the pandemic, which reflects the spirit of collective learning and collaboration in response to Covid-19 is the [Culture Collective](#). This involves £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. The programme offers grants of between £100,000 and £300,000 for community-based culture organisations work collaboratively to develop a creative response to the impact of the pandemic.

2. Scottish Government’s Resource Spending Review, and budgets beyond Covid-19

Looking forward, however, the budget situation for both Creative Scotland and for the culture and creative sector in Scotland is far from certain. There is continued and growing pressure on public finances; the cost-of-living crisis (which is impacting cultural organisations as much as individuals); rising inflation affecting operating costs; and global uncertainties which mean that long term financial planning, and the planning of future cultural activity and programming, is extremely challenging.

The Scottish Government published the outcome of its [Resource Spending Review](#) on 31 May 2022 with the intention that it would ‘enable public sector bodies and delivery partners to work with the Scottish Government to plan effectively over the medium-term for the future of Scotland’s public services’.

The Review sets out areas of Scottish Government policy priority and headline budget envelopes. It includes the budget profile at the *Culture and Major Events* level (of which Creative Scotland is part) as follows:

2022/23 - £177m
2023/24 - £173m
2024/25 - £173m
2025/26 - £177m
2026/27 - £183m

This budget line also includes budgets for Major Events; the National Performing Companies; the National Library of Scotland; the National Museums; the National Galleries, all of which have high proportions of fixed costs which are exposed to inflation.

Discussions on the final allocation of the *Culture and Major Events* budget to constituent organisations, including Creative Scotland, have begun and will conclude with the 2023/24 Draft Budget, which we expect in December 2022.

It is worth noting that, in terms of budgets for 2022/23, Creative Scotland’s grant-in-aid budget is 0.1% of the total Scottish Government budget, and culture spend, as a whole is 0.8%, and currently declining year on year in comparison to other UK nations (according to the latest figures from the UK Government Treasury, provided below).

UK Nation	National Statistics				
	2016-17 outturn	2017-18 outturn	2018-19 outturn	2019-20 outturn	2020-21 outturn
Scotland Cultural Spend (%)	0.91%	0.86%	0.84%	0.82%	0.83%
England Cultural Spend (%)	0.61%	0.65%	0.59%	0.59%	0.59%
Wales Cultural Spend (%)	0.83%	0.93%	0.80%	0.85%	0.86%
Northern Ireland Cultural Spend (%)	0.89%	0.86%	0.95%	0.91%	0.80%

At the time of writing, there is no certainty as regards the Scottish Government budgets that will be allocated to Creative Scotland. The indications are that significant cuts are likely.

Given that a considerable proportion of Scottish Government grant-in-aid supports our Regular Funding programme for cultural organisations, then the future budget available for such multi-year funding is likely to reduce. This is in a context of a culture and creative sector emerging from the Covid-19 pandemic with a great deal of ambition for recovery and renewal, coupled with an ongoing situation where demand for Creative Scotland funding support already far outstrips the available budgets.

3. Financial pressure on Creative and Cultural sectors

Despite the retreat in the direct impact of the Covid-19 pandemic, Scotland’s culture and creative sector continues to operate in an extremely challenging and continuously shifting environment.

The financial fragilities in the sector pre-date the pandemic and are once again being accentuated in the current climate, despite the huge value of Covid-19 emergency support delivered.

A combination of rising costs, falling income from other sources, and the implementation of public policy developments, is placing unprecedented pressures on the sector.

Creative Scotland recognises that many organisations we fund on a regular, multi-year basis have received unchanged levels of funding, for a number of years and that this is increasingly unviable.

Funding at a ‘standstill’ level, particularly with current and projected levels of inflation, represents an increasing year-on-year cut for organisations currently supported through our Regular Funding programme.

Sector recovery is fragile and gradual, and the benefits of the sector Covid-19 emergency support delivered are being more than overtaken by a ‘perfect storm’ of factors.

Current financial pressures include:

- **Pressures on Local Authority funding for culture.** By any measure, local government's contribution to culture in Scotland is significant. Together, Local Authorities support an infrastructure of cultural facilities and venues that reach deep into communities across Scotland and provide a diverse range of opportunities for people to engage with culture. However, it is equally clear that, in many places, cultural services are under threat as never before. Years of successive budget cuts have taken a toll and, with more to come, there are real questions about the sustainability of these services, at least in their current form. For example, net revenue expenditure by local government in Scotland on Culture and Heritage was £210,939,000 in 2011/12. By 2017/18, net revenue expenditure was £194,412,000. This represents a reduction of around £16 million (or -8%) over seven years¹.
- **Reduced levels of earned income for cultural organisations.** [Our own research](#) amongst audiences regarding their attitudes towards attending cultural performances and events during and post-Covid, shows that public comfort levels with attending arts and cultural events and venues are improving. However, demand remains suppressed compared to pre-pandemic levels. Most notable drops in demand are for theatre (net change -13%), activities for children (-11%), dance (-12%) and classical music performances (-13%). In addition, while half of the population now feel happy to attend the same cultural events they would have gone to pre-pandemic, 21% of the population still say they will avoid certain events for the near future. The continued uncertainty results in some reticence by audiences in booking events in advance or to indeed attend cultural events at all. The impact of this is reduced income for cultural organisations and, consequently, for the creative freelancers they employ.
- **Increased, and increasing, operational costs:** The average cost of UK electricity prices has increased over the last few years, rapidly reaching new highs in 2022², and the wholesale price of gas (system average price) in January 2022 was almost four times higher than in early 2021, with large rises continuing since summer 2021³. The impact of these enormous increases in energy costs is being felt by cultural organisations that own and operate venues and buildings, or that rely on fuel for travel and touring. A survey of members conducted by Culture Counts in summer 2022 showed that most respondents agreed that energy prices are impacting their operations (84%) and will impact their operations in the near future (87%).
- **UK's exit from the EU:** 'Brexit' resulted in the decision taken by the UK Government to not take part in the future Creative Europe programme running 2021 to 2027, which had a planned budget across 7 years of €2.4 billion, an 80% increase compared to the previous period (2014-2020) and included ambitious new sector-specific actions in music, theatre, cultural heritage, and literature, as well as bringing to prominence aims around greening and diversity. This decision has led to the closure of Creative Europe Desk UK, and the closure of the Scotland office of the Desk hosted by Creative Scotland. Over the 7 years of the programme in Scotland, 57 projects received Creative Europe funding totalling over €18 million. These projects included organisations from Edinburgh, Glasgow and Dundee,

¹ Source: LFR tables, non-adjusted. Inter-authority transfers removed to avoid double counting.

² [Quarterly Energy Prices - GOV.UK \(www.gov.uk\)](https://www.gov.uk)

³ [Energy prices and their effect on households - Office for National Statistics \(ons.gov.uk\)](https://ons.gov.uk)

Shetland, South Uist, Inverness, Aberdeenshire, and Isle of Lewis, and collectively they have partnered with 34 out of the 40 other countries participating in Creative Europe. Coupled with the increased administrative complexity and costs associated with operating internationally that Brexit has entailed, the UK's exit from the EU has had a detrimental impact on finances for culture and creativity in Scotland.

4. The opportunity of continued investment in culture and creativity

Despite the budget pressures and uncertainties outlined above, culture and creativity continue to deliver real and tangible benefits in terms of the economy and jobs; health and well-being; the environment; education and learning; community development; and equalities and diversity.

To help tell that story, in September 2021, we launched a new communications initiative – [Our Creative Voice](#).

The [evidence base](#) published as part of this provides quantitative and qualitative evidence of the impact that culture and creativity plays in all our lives, how important it is to people and communities, and how supporting the people of Scotland are of continued investment in culture and creativity.

Some headline statistics from the campaign include:



The case studies we publish as part of the Our Creative Voice campaign powerfully illustrate the impact that funding for culture and creativity delivers for audiences and participants, as well as the artists and cultural organisations delivering the work. Just three of these case studies as an example:

- Grampian Hospitals Arts Trust: [Helping NHS Staff find their creative voice](#)
- Starcatchers: [Advocacy and the arts for Scotland's youngest children](#)
- 1.5 Degrees Films: [Reflecting on climate change through films](#)

Looking at the empirical evidence, over the past decade, the Creative Industries have been one of the key drivers of economic growth in Scotland and in the UK.

Between 2010 and 2019, GVA in the UK's creative industries grew at an annual average rate of 5.9% – significantly faster than the 3.5% rate observed across the entire UK economy during that period.

In Scotland, the creative industries employed over 90,000 people in 2019 and generated £4.6 billion in GVA and £4 billion in exports in 2018. However, sustaining this contribution and growing the

culture and creative sector over the coming years, will require similarly sustained investment, something which does not look likely at time of writing.

The Creative Industries are acknowledged as a growth sector where Scotland has a distinct comparative advantage. This potential is recognised in the National Strategy for Economic Development, whilst recent forecasts by Skills Development Scotland for the Creative Industries also show recovery of demand and opportunities in the mid-term (2021-2024) and that in the long-term (2024-2031) strong jobs growth is forecast to continue in the sector.

Further investment has the potential to unlock innovation capacity in the sector and help create both jobs and wellbeing, with clear links to net-zero and Fair Work ambitions.

In terms of Screen, Scotland is home to a vibrant ecosystem of content creators, writers, independent producers, and production companies creating a wide range of films and television programming. Investment to boost production grows the number, quality and diversity of film and television productions from Scotland and secures investment from international screen productions choosing to shoot in Scotland.

In June 2022, Screen Scotland (part of Creative Scotland) published the first comprehensive analysis of the economic impact of Scotland's Screen sector, evidencing the value of Scotland's film and TV industries to the country's employment and economic prosperity.

Commissioned by Screen Scotland and produced by [Saffery Champness](#) and [Nordicity](#), the [independent report](#) illustrated that the screen sector in Scotland contributed £567.6m to Scotland's economy in 2019, providing 10,280 full time equivalent jobs.

The wide-ranging study analyses the economic contribution of the screen sector value chain - film and TV development and production, animation, VFX and post-production, film and TV distribution, TV broadcast, film exhibition - and extends into the supply chains that provide services at each stage of the content process, including facilities, equipment, transport, catering, and accommodation.

Beyond that direct supply chain, the study looks at where the screen sector stimulates economic activity elsewhere in the Scottish economy: screen tourism, the education and training sectors and infrastructure.

The report covers 2019, the year before the onset of Covid and the first full year following the establishment of Screen Scotland in late 2018. A follow up study of 2021, the year in which the current boom in Scotland-based production started in earnest, is in progress and will be published in early 2023.

Pre-pandemic, Scotland's culture and creative sector was extremely strong, important to our people and communities, and impacting on all our lives in many ways, socially, culturally, and economically.

Through the pandemic, thanks in large part to emergency funding support from the Scottish Government, we have helped people and organisations working in culture in Scotland to remain viable and to begin the process of reopening, recovery, and renewal as the impacts of the pandemic recede.

Looking ahead, we would hope and anticipate that budget support for culture and creativity not just be maintained but be expanded to build on the strength that exists and that has been maintained through unprecedented recent circumstances.

5. Culture, creativity, health, and well-being

“Art and creativity have a positive impact on both mental and physical health. Findings have shown that the arts influence the social determinants of health, support child development, encourage health-promoting behaviours, help people experiencing mental illness and support care for people with acute condition” The World Health Organisation, 2019

There is growing interest in the connection between art and health/wellbeing. We define arts and health provision as arts-related activity led by one or more professional artists, created with explicit artistic and health or artistic and wellbeing objectives, and designed to enhance the health and/or wellbeing of those with a health-related condition or illness, the wider public, and the healthcare workforce.

Recent Creative Scotland research⁴ identified 119 organisations delivering arts and health provision in Scotland, with a clustering of provision in Glasgow City, Edinburgh and across the central belt, and other provision in local authority areas including Highland, Moray, Angus, Perth and Kinross, Aberdeen, and Dundee, reflecting variations in population size across the country. However, it should be noted that many organisations with base locations in Glasgow and Edinburgh also operate Scotland-wide, or in a range of other local authority areas.

The research found that [Creative Scotland was the most frequently cited funder](#) of activity, with Local Authorities, the NHS and a range of Trusts and Foundations also providing support.

Most respondents said their [work had been highly disrupted by Covid-19](#), with staff furloughed, and a reduction in capacity. COVID-19 had also slowed the development of new projects due to restrictions and additional contingencies and had exposed and widened inequalities in society, and therefore increased demand for their services. They viewed this as a call to action, requiring imaginative thinking and practical solutions.

Organisations were asked about the [challenges and barriers to delivering the arts and health/wellbeing agenda](#). The key challenges noted by respondents were:

- Challenges related to [funding](#)
- A need for [increased understanding of the role arts can play in tackling health inequalities and improving health, social and cultural outcomes](#)
- Finding and keeping [practitioners with the required skillsets and confidence to deliver the arts and health/wellbeing agenda](#)
- [Integration of arts into healthcare](#) and for the arts not to be seen as an ‘extra’
- Reaching disengaged people who could most benefit from services, particularly those with [multiple and complex needs](#)
- [Building partnerships](#) between arts organisations and health care providers.
- The reporting and evaluation process.

Organisations and artists indicated they would [like to see Creative Scotland to support them](#) through the provision of [long term, flexible funding](#), focussed on ‘tried and tested’ work in addition to newer

⁴ [Creative-Scotland-Arts-and-Health-Mapping-Report.pdf \(creativescotland.com\)](#)

initiatives. They noted the importance of improving support for strategy development, evaluation and impact measurement and resourcing for social prescribing around arts-based activity.

The opportunity and the willingness to further grow the role that culture and creativity play in improving health and well-being for citizens is clear, building on the considerable work that goes on already, that has continued (despite challenges) through the pandemic and has enormous potential for the future.

Again, nothing demonstrates this better than through the lived experience of creativity and its impact on well-being, exemplified through these case studies:

- Artlink: [Human Threads – artists with profound disabilities](#)
- Cheyne Gang: [how singing helps respiratory conditions](#)
- Project Ability: [young artists during lockdown](#)

6. Towards a multi-year funding framework

As has been well-publicised, Creative Scotland is currently developing a new approach to delivering multi-year funding for cultural and creative organisations in Scotland. Work on this is well advanced and our latest update on progress was [published in August 2022](#).

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.

The planned schedule for the multi-year Funding Programme is as below:

Pre-application phase, including external information sessions	November 2022 - January 2023
Guidance published	End January 2023
Stage 1 Applications via online portal	March - April 2023
Stage 1 Assessments	May – July 2023
Stage 1 Decisions	July 2023
Stage 2 Applications via online portal	August - October 2023
Stage 2 Assessments	November 2023 - January 2024
Stage 2 Decisions	February 2024

Contracting	From March 2024
Multi-Year Funding begins	April 2024

Each stage will be competitive, and success is not guaranteed, given we expect to receive a high volume of applications requesting funding that far exceeds the available budget.

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.

We will not know what the budget available to us is from Scottish Government until December 2022, nevertheless, we continue to prepare and work to this timeline, but it may require to be revisited should we not secure sufficient budget certainty from the Scottish Government at the end of 2022.

Alongside the introduction of our new multi-year Programme, through 2022/23, we will continue to run our Open Funds, our Targeted Funds and our funding for Screen Scotland, all of which are detailed in our recently published Annual Plan 2022/23, which includes a restating of our Strategic Framework.

The Open Fund for Organisations is currently being revised and will be relaunched in October 2022 with two distinct strands. The main Open Fund for Organisations will continue to be a rolling programme, offering up to £100k, but with a new online application and assessment process.

A separate time-limited strand will offer funding of up to £200k for activity lasting up to 24 months. To manage the process for this strand, it will have deadlines (dates to be confirmed) and is particularly designed to meet the needs of organisations currently funded annually through project funding and who wish to apply for support from the Multi-Year Programme.

7. Other policy imperatives for Creative Scotland

Creative Scotland’s Strategic Framework (see below) sets out four priority policy areas that our funding and development work seeks to deliver. The scope of our work in these policy areas, and the ability of the culture sector to contribute to successful outcomes, will be influenced by budgets available.

What we want to see:

- People and organisations working in art and creativity are supported to make work of quality and ambition that enriches life in Scotland for everyone.
- More people from all parts of society access, participate in and value a range of artistic and creative activities.
- Art and creativity are recognised by people at home and abroad as a central part of our nation.

We will do this by:

- Ensuring that the funding we distribute from Scottish Government and the National Lottery delivers the widest possible public benefit across Scotland.
- Advocating for the arts and creativity, promoting policy and practice that enhance their growth.
- Using our skills, knowledge, and expertise to enable creative development.

We will prioritise:

- Equalities, Diversity and Inclusion: Supporting a diverse range of creative people, communities, and activity, promoting an equality of opportunity to create, participate and engage.
- Sustainable Development: Helping tackle the climate emergency, and supporting the growth of sustainable creative businesses across Scotland.
- Fair Work: Promoting fair pay, conditions, and employment opportunities across the creative sector.
- International: Developing innovative and sustainable ways of strengthening international collaboration and promoting artistic and cultural exchange

We will commit to:

- Increasing the diversity of who receives and benefits from our support.
- Ensuring all our support contributes to fair pay, conditions, and employment opportunities.
- Significantly reducing the environmental impact of our work and those we support.
- Responding to local contexts, promoting artistic development and business sustainability across all parts of Scotland.
- Building on our existing support for international collaboration and artistic exchange.

In terms of our work in sustainability, in 2019 the Scottish Government declared a climate emergency and introduced legislation setting national targets to reduce emissions to net-zero by 2045 at the latest and the Programme for Government reinforces the urgency of action on Climate Change.

Sustainable Development is one of Creative Scotland's four corporate priorities, aligning with the Culture Strategy for Scotland and other key national and international strategies and policies such as the National Performance Framework, the Just Transition, the declaration from the 2021 G20 Culture Ministers Meeting and the UN Sustainable Development Goals.

To frame our work in this area, in April 2022, we published our [Climate Emergency and Sustainability Plan](#) setting out the actions that we will take, in collaboration with the people and organisations in Scotland's culture and creative sector, to help address the climate emergency, move our own operations to net zero by 2030, and the sector as a whole to net zero by 2045. There is a need for sustained investment to effectively lead sector delivery against these commitments. The creative and cultural sectors will be required to prioritise spending on business adaptation to meet the Net Zero target date of 2045 nationally (2030 in Glasgow and Edinburgh) and to do develop and implement strategies that ensure net-zero is achieved in a climate-just manner.

As regards our ambitions around Fair work: The Scottish Government's vision is for Scotland to be a leading Fair Work Nation by 2025 with people in Scotland having a world-leading working life where Fair Work drives success, wellbeing and prosperity for individuals, businesses, organisations, and society. The 'Fair Work First' approach is being developed by the Scottish Government, trade unions and business to develop support and advice for employers to support Fair Work practices in their businesses including employing disadvantaged groups.

In line with this, Creative Scotland has identified Fair Work as one of four corporate priorities. We are committed to promoting fair pay, conditions, and employment opportunities across the creative sector. This policy has considerable cost implications for the creative and cultural sectors, particularly if we implement conditionality for public sector grants, requiring payment of the Real Living Wage, in line with the commitments made in the 2021 Programme for Government.⁵ Our current Review of Fair Work in the sector (an action from the Culture Strategy)⁶ identifies financial constraints as the key barrier to delivering Fair Work in the sector, which has traditionally been characterised by low pay, poor job security and freelance work. Future budget availability will be critical to successful achievement of Fair Work outcomes.

8. In Summary

Following years of stand-still funding, the Scottish Government stepped forward during the Covid-19 pandemic with significant emergency investment which helped people and organisations working in culture to navigate these unprecedented circumstances. Significantly, this provided reassurance to those people and organisations that their work was valued as a positive force for Scotland's citizens and a vital contributor to our society, our economy, our health, and well-being and to our collective quality of life.

Now, the culture and creative sector in Scotland faces an uncertain future where funding support is likely to contract significantly. Accordingly, much is at risk for employment in the sector, the likelihood of significant business failures, loss of geographic provision, the quality and volume of cultural output, contraction of audiences, and damage to Scotland's international reputation.

And yet, we are just at the point where we are emerging from the challenges of the pandemic with ambition, drive, and the opportunity to renew our collective cultural offering both at home and internationally, for all the benefits and value that will deliver culturally, socially, and economically.

Sustained public funding is the lynchpin. We are at a pivotal moment.

⁵ [A Fairer, Greener Scotland: Programme for Government 2021-22](#), page 54

⁶ [A Culture Strategy for Scotland](#), page 53

Joint COSLA and Directors of Finance Section Written Submission to Inquiry into Budget Scrutiny 2023-24

COSLA is a Councillor-led, cross-party organisation which champions Councils' vital work to secure the resources and powers they need. COSLA works on Councils' behalf to focus on the challenges and opportunities they face, and to engage positively with Governments and others on policy, funding and legislation. We're here to help Councils build better and more equal local communities. To do that we want to empower local decision making and enable Councils to do what works locally.

*CIPFA **Directors of Finance Section** works closely with COSLA in leading strategic discussions with the Scottish Government around funding and distribution for the essential services and policy areas that Councils deliver on. Members of the Section are those who have responsibility for the overall financial functions across all 32 Local Authorities.*

Summary of Key Points

- ❖ 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.
- ❖ Local Government is 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.
- ❖ The need to invest in a whole systems approach is not recognised in the RSR.
- ❖ There needs to be fair funding for Local Government to enable ongoing and sustainable investment in cultural and leisure services (both revenue and capital) to support recovery and ensure wider benefits including improvements in mental health and wellbeing are enjoyed by communities.
- ❖ It is unclear whether the effects of changes in library and gallery use over the COVID-19 lockdowns, which saw a drop in physical visits and an increase in virtual ones, will continue.
- ❖ The heating and other costs of running premises are likely to increase significantly, adding to the pressures already being felt across the sector.
- ❖ There is learning that can be taken from the experience of the pandemic, however taking this forward effectively is dependent on Local Government capacity to invest in services and systems.

Introduction

1. COSLA and Directors of Finance Section is pleased to present a joint response to the Constitution, Europe, External Affairs and Culture Committee's call for views on the impact of budgetary decisions, including the Resource Spending Review, on the culture sector in Scotland.
2. Local Government is a key part of the culture and leisure sector. Local Government, and Arm's Length External Organisations (ALEOs) where they are the delivery vehicle, provide a very broad range of cultural and leisure services – from library, leisure, museum and art gallery buildings across all our communities, to operation of theatres and support community halls and other venues. Councils also provide strong support to local third and independent sectors, in the form of direct grant support as well as indirect mechanisms such as peppercorn rents. Some two thirds of the 'regular funded organisations' supported by Creative Scotland have been receiving Local Government funding.
3. The maintenance of, and access to, these services and venues is critical to addressing each of the Scottish Government's overarching priorities – tackling child poverty; addressing the climate crisis; securing a stronger, fairer, greener economy. The culture sector is an important driver in Scotland's local and national economy as a significant contributor to tourism in cities, towns and rural areas. The sector also has a key role in providing local and wider employment, creating a strong pipeline of talent, job and training opportunities. Activities, such as curating and lending collections as well as performing arts also support international relations and understanding.
4. The sector also delivers physical and mental wellbeing benefits, encouraging active engagement and help people to connect with and contribute to their communities, helping to reduce social isolation and loneliness and improve resilience – issues which have been exacerbated by the COVID-19 pandemic. Culture also has educational benefits and contributes significantly to developing the confidence and sense of identity in young people, helping to addressing the poverty related attainment gap. Culture has a significant role in removing barriers to learning, for example in Aberdeenshire giving a place for Doric in schools and community engagement has increased the confidence of young people who speak Doric at home, thus helping their overall learning. On a very local level libraries help equalise society and address child poverty through 'book bug' joint reading with children, acting as a venue from which employability services are provided and amongst other things by providing support to people making benefit claims. The importance of these venues may also change and provide different support to communities, for example libraries have been helping very directly in the energy crisis by providing easy access to warm premises for those not able to heat their own homes or those that are homeless.
5. The sector is also key to helping achieve net zero targets. The culture and leisure estate is a huge user of energy and water, making a significant contribution to Councils' carbon emissions. Investment to decarbonise the leisure estate and improve resource efficiency will be crucial to help achieve net zero targets locally; however, with cuts to capital funding this will be challenging. These venues and services are also key to realising human rights, in particular the right to cultural life and the right to the highest attainable standard of physical and mental health which

are to be incorporated into law during this parliamentary term following the recommendations from the National Taskforce on Human Rights Leadership.

6. Local Government invests significantly in cultural services. Local Government direct net expenditure on culture was £185m in 2020/21 (this figure excludes expenditure on leisure). For context, the entire Scottish Budget for the culture portfolio (excluding external affairs) was £339.5m for the same year¹, which demonstrates how much additional and added-value investment is made by Local Government across all communities in Scotland.
7. For Local Government, the biggest area of net revenue expenditure on culture was library services, taking half of the cultural expenditure (£91.3m). The remaining Local Government expenditure on culture was for 'Other Cultural and Heritage' (£51.2m) and 'Museums and Galleries' (£42.3m)². It should be noted that the £185m expenditure does not include significant additional spending which is relevant to the cultural sector, such as community centres and other recreation and sport facilities. In addition, Councils have an important role as a steward of local, regional and national cultural and historical assets, for example Stirling Council operates the Wallace Monument, but also many buildings that house cultural assets are themselves listed buildings and cultural assets in their own right. It needs to be remembered that the cost of preserving and maintaining these needs to be met even if the assets are not accessible to the public. For example, Glasgow Life displays, stores, maintains and preserves over £1.4 billion worth of art and artefacts.
8. The sector has been significantly impacted by the pandemic, with most culture and leisure services unable to operate either at all or at usual capacity throughout the pandemic, leading to a significant loss of income for Councils and ALEOs. Returns have still not reached pre-pandemic levels. The sector is also now impacted by soaring inflation and energy costs.

Q.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;

Resource Spending Review Priorities

9. The Resource Spending Review (RSR) prioritises funding for health and social care and social security from 2023/24 until 2026/27. Prioritising health and social care and social security means that 'unprotected' areas like Local Government will see a real terms reduction in funding. This will have an impact on the broad range of culture and leisure services that Councils (and ALEOs) provide.
10. Both SPICe³ and the Fraser of Allander Institute⁴ have recognised the impact of the RSR on Local Government, stating that the proposals essentially represent a **7% real terms decrease in funding** between 2022/23 and 2026/27. This is in contrast to the 4.7% real terms increase that Scottish Government will see overall and the

¹ [Scottish Budget 2020-21 \(www.gov.scot\)](http://www.gov.scot)

² [2020/21 LFR 02 - Culture](#)

³ [SPICe: The 2022 Resource Spending Review: Budget priorities identified](#)

⁴ [FAI: Resource Spending Review analysis](#)

real terms increases that Health will see. This 7% cut to Local Government will mean that, by 2026-27, there will be £743m less in real terms to spend on the frontline services that matter most to communities – including culture and leisure services. This is equivalent to 20,000 fewer Local Government jobs. This is roughly 10% of the workforce.

11. By prioritising health and social care and social security, the Scottish Government is choosing to continue to direct funding ‘downstream’, at addressing problems, rather than ‘upstream’ in services that help prevent those problems occurring. Simply putting more resource into health is not the answer – recent analysis of the National Performance Framework (NPF) outcomes⁵ shows that key indicators such as healthy life expectancy (illustrated below), drug and alcohol use and premature mortality are not improving, and several official measures of health inequality are worsening⁶.
12. **There needs to be 'whole system' thinking about health and wellbeing** across the public sector, with greater investment upstream to reduce demand rather than just increasing funding for the NHS; prevention is key. The main social determinants of health - education, housing, employment - are all long-term drivers which must be invested in to improve health outcomes and address health inequality. We touch on the need for a whole systems approach in greater detail in our response to Question 4.
13. In terms of covid recovery in general, the COSLA submission to the RSR consultation outlined a concern that recovery from the COVID-19 pandemic was not listed as a driver and that this should have been included. There is a wealth of evidence showing the devastating impact the pandemic has had on the priority outcomes identified in the Covid Recovery Strategy and it is disappointing that this is not reflected in the RSR. One of the key outcomes in the Covid Recovery Strategy is around rebuilding public services. A flat cash settlement for Local Government will in fact mean cuts to services that are fundamental to delivering on the Covid Recovery Strategy priorities and will not enable services such as culture and leisure to recover.

Impact of flat cash settlement for Local Government on communities

14. Local Government is key part of the culture and leisure sector – the flat cash settlement will have an impact on Councils’ ability to invest in the sector, support recovery and preserve our cultural assets for future generations. **The impact of the RSR indicates that sustainability of cultural and leisure services will be increasingly challenging for Local Government and ALEOs.**
15. Local Government has been under significant and sustained financial challenge over the past decade. The core settlement has seen a real terms reduction of 15.2% since 2013/14. Historically the core settlement has been added to over the years for numerous policy priorities that Local Government has been asked to deliver (for example 600 hours of Early Learning and Childcare, period products, teacher numbers). Directed spend and protections in education and health and social care mean that Councils have limited flexibility over local spend and that cuts fall disproportionately on the remaining, unprotected areas, of which culture and leisure

⁵ [SPICe: How is Scotland Performing?](#)

⁶ [Long-term monitoring of health inequalities](#)

is one. 65% of the Local Government budget is directed, meaning non-directed elements account for just one third of local spend – and this one third is constantly being squeezed. The chart below highlights the areas under pressure, including culture and leisure.

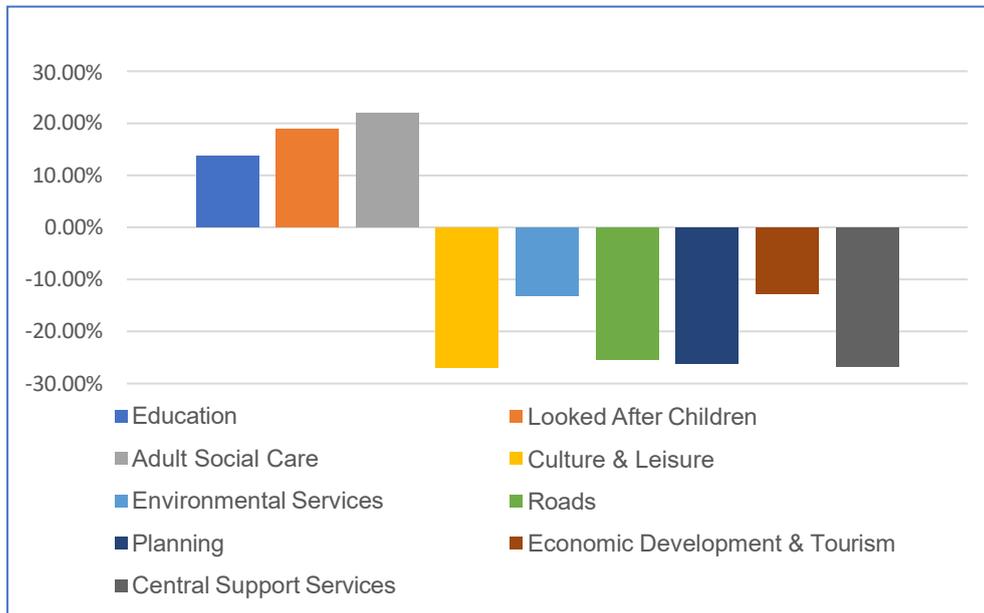


Figure 1: % change in real terms revenue expenditure 2010/11-2020/21 by Local Government Service Area

Source: Improvement Service National Benchmarking Overview Report 2020/21

16. Where costs rise for policy-specific funding or settlements have below inflationary increases on core funding, the core is plundered to meet the gap. This means core funding is constantly being squeezed and as a result, real terms cuts fall disproportionately on services that do not have a statutory basis or policy commitment (e.g. P1-5 Free School Meals) but do have a tangible impact on people’s quality of life (culture, sports facilities, waste, roads, parks, youth work, etc). Councils are also restricted in being able to make decisions informed by local need and priorities. This pressure on core budgets is becoming increasingly visible and leads to Councils making difficult choices.

17. **Culture and leisure services have already seen decreased investment** as a result on pressure on Council’s core budgets. Evidence⁷ shows that over a period of 8 years before the pandemic, the investment in the collective cultural area decreased by nearly a quarter. Councils and the ALEOs that deliver cultural and leisure services have sought to manage these budget reductions in ways that minimise the impacts on services, but the cracks are starting to show, for example some are having to cut back on exhibitions, learning and outreach programmes, reducing opening hours and introducing/increasing charges. During this same 8-year period, satisfaction levels in libraries, museums and galleries all fell.

⁷ [Local Government Benchmark Framework](#)

Continued pressures

18. The sector is still recovering from the pandemic – attendance is still down compared to pre-pandemic levels (currently at 70-80%) and some venues have not yet reopened. COSLA identified the level of income lost across cultural and leisure services in Local Government (including ALEOs) was estimated to be around £200m in 2020/21. Income generation for the sector is likely to be adversely impacted for some time yet as behaviours have been impacted by the pandemic. The pandemic will also have affected user behaviour and service delivery in some, as yet, unquantifiable ways. In addition, there are embedded conservation and management costs for our cultural inheritance whether they are actively visited or not.
19. On top of this, the sector is now faced with soaring inflation and energy costs. Energy costs alone are a significant inflationary factor impacting on the budgets already set, with increased energy costs across the Council estate estimated at £100m for 2022/23. Many culture and leisure venues use a lot of energy, such as libraries, theatres, leisure centres. The sector is also faced with pay pressures and rising costs for materials such as pool chemicals (which are in short supply due to a worldwide shortage, driving up prices). Before the pandemic, expensive pools may have been subsidised by activities such as gym membership. This is more challenging as returns have not returned to pre-pandemic levels. Within the funding that is available to the joint sports and culture ALEOs, there is a need to meet the fixed and increased running costs with income remaining low as it is related to use. This forms further, internal budgetary pressures. As a result of these pressures, difficult decisions are already being taken to close pools, reduce opening hours and reduce the level of services and activities available.
20. With the cost-of-living crisis, people may have less money to spend on culture and leisure (particularly if facilities have to implement charging models), meaning the sector may yet see a further impact on loss of income.
21. Given the flat cash settlement and erosion of Councils' core funding, it is anticipated that lost income will need to be addressed through efficiencies, service redesign and considering any fees or charges – meeting future pay awards and inflationary pressures will compound this challenge. Further difficult decisions will need to be made, with the potential need for job losses and/or reduction or withdrawal of services.
22. Councils are also seeing significant inflationary pressures in capital projects, with most reporting increases of c.30% on anticipated costs. This is leading to many Councils reconsidering their capital plans and is having an impact on how much investment Councils are able to make in the culture and leisure estate. The result of fewer capital projects being taken forward will have impacts on communities as the quality of infrastructure is affected and will impact Councils' and ALEOs' ability to further invest in decarbonisation.
23. **There needs to be fair funding for Local Government to enable ongoing and sustainable investment in cultural and leisure services** (both revenue and capital) to support recovery and ensure wider benefits including improvements in mental health and wellbeing are enjoyed by communities.

Workforce Challenges

24. As with the other sectors across Local Government, the culture and leisure sector is also facing significant recruitment issues at all levels which will impact on how well the sector can recover. The sector has been significantly impacted by pandemic, with a historical dependence on high levels of freelance staff, many of whom left the sector due to the financial exposure caused by the pandemic. Brexit has also contributed to recruitment challenges.
25. The flat cash settlement for Local Government gives no scope to recognise appropriately within the context of the now increasing cost-of-living crisis, the essential work of staff and the value placed on such roles. It also further compounds the recruitment challenge as there is limited scope to uplift those on lower rates whilst protecting the integrity of the pay scales further up. There is particularly a challenge in the leisure sector where, as we have protected the lowest paid, this has eroded the pay differential between for example, cleaners and lifeguards and instructors, who must have specific qualifications and checks. This therefore exacerbates the staff recruitment and retention issues that have been increasing for a number of years.

Q.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;

26. COSLA agree that we are not yet seeing the transformational change that is needed in terms of a cross-cutting approach and increased budgetary support for culture across spending areas.
27. As set out in our response to Questions 1 and 4, what is needed is a whole systems approach and investment in social determinants of health. The sector needs long term, sustainable funding.
28. Further work needs to be done to ensure that all Scottish Government directorates and public sector organisations recognise the contribution of culture and leisure services across a range of outcomes (economic, education, health and wellbeing) and funding needs to reflect this.
29. What we mean by 'culture' is very broad – it includes the high-profile museums and art galleries; the stewardship of the collections that service these; future purchases and sponsorship; concert halls and theatres, support to live performances and creative work; libraries in their broadest roles; community-based arts activities in halls and other venues. As highlighted throughout this response, these all play a significant role in improving a range of outcomes – including reducing inequalities, physical and mental wellbeing, community identity, placemaking, tourism, economic development, cultural diplomacy. There needs to be a greater understanding of culture, the contribution it makes to such outcomes and the impact that reducing resources for culture and leisure has on achieving these outcomes.

30. The broad ranging Culture Strategy aims to place culture as a central consideration across all policy areas including health and wellbeing, economy, education, reducing inequality and realising a greener and more innovative future. The Cultural Strategy has been well received but without joint political ownership and investment it is difficult to see how the Strategy will positively influence provision at a local level in the tight financial climate.

Q.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;

31. The sector plays a key role in economic recovery, attracting visitors and investment and providing opportunities for local employment. The sector needs to be supported to continue to achieve these benefits for communities.

32. As highlighted throughout this response, there needs to be fair funding for Local Government to enable ongoing and sustainable investment in cultural and leisure services. Without this, recovery and sustainability of these services will continue to be challenging.

33. The possibility of cross-subsidy has diminished as sports and leisure attendance related income has dropped, as have flows of income from ancillary activity, including catering and gift purchasing associated with museums and art galleries. As an example, Glasgow Life's income dropped by £40m overnight in March 2020 and has still not recovered. This was approximately one third of their budget.

34. More profitable activities (e.g. gym membership) may have previously subsidised other activities (e.g. swimming), however with returns still at 70-80% on pre-pandemic levels this has meant changes to the level of income available to reinvest in wider services and activities. Level of returns and income generation may be further impacted as a result of the cost of living crisis, as people have less disposable income to spend on culture and leisure activities. The cost of living crisis may also impact on charitable donations that ALEOs receive.

35. The result of this is that more services will be forced to operate more commercially, including introducing/increasing charges. This will impact on equality of access and on who can take advantage of the wellbeing benefits these services can bring, further exacerbating inequalities in our communities.

Q.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;

The need to invest in a whole system approach is not recognised in the RSR

36. COSLA’s response to the RSR consultation highlighted that the priorities seemed to lack a place-based, community wellbeing focus, and so the inclusion of an additional priority, “to ensure that everyone can live well locally” was proposed. It was suggested that this should underpin and link the other priorities and reflect the importance of improving the wellbeing of individuals and communities. COSLA highlighted that to enable people to Live Well Locally it is critical to address the social determinants of health and invest in the ‘whole system’, of which Local Government is a fundamental part.
37. **This priority was not included in the final RSR and the need for a whole systems approach is not recognised.** As set out in the response to Question 1, prioritising health and social care and social security doesn’t resolve the fundamental problems.
38. Without a priority that is focused on the communities in which children grow up, in which local action can be taken on climate change, and in which businesses can thrive, public spending will continue to paper over the cracks. Without a focus on creating vibrant and supportive communities, our public services will continue to plough money into addressing complex and resource-intensive problems that mean poorer outcomes for individuals. Put simply, resource spending that is focused on supporting people to Live Well Locally is cost-effective and aligns with Christie Commission principles.
39. Local Government services – like housing, education, childcare, employability, parks, transport and culture and leisure – are critical in addressing the social determinants of health and play a significant role in preventing poor health outcomes and reducing demand for healthcare services, as well as supporting people into employment and helping to reduce dependence on the welfare system. For example, there is clear evidence⁸ that disinvestment in Local Government leads to adverse trends in healthy life expectancy, resulting in people needing increased care and support at an earlier age. Section 3-5 of this response highlights the specific significant contribution that the culture and leisure sector make to improving outcomes in our local communities. The sector has wide value for our economy, wellbeing and education and should be supported and encouraged at local and national levels.
40. The RSR fails to recognise the need to focus on upstream investment, instead proposing real terms cuts to the areas that can prevent more costly downstream

⁸ [Local government funding and life expectancy in England: a longitudinal ecological study - The Lancet Public Health](#)

intervention (for example investment in preventative approaches like social prescribing and support for the local culture and leisure sector). In other words, continuing to focus funding in areas where things have already gone wrong in people's lives, rather than providing funding to stop them going wrong in the first place. Ten years on from the Christie Commission, we are not seeing the necessary changes in the focus of resource spending. It is also important to note that funding to address this must be sustainable and not at the expense of core Local Government funding.

Outcomes-focussed approach

41. COSLA's desire, since Single Outcome Agreements were first introduced in 2008 and reaffirmed by signing the National Performance Framework (NPF) in 2018, has been to focus on outcomes, not inputs and outputs, and we have long called for there to be less directed funding. There is little evidence of any commitment to this in the RSR. The RSR does not afford us flexibility, less directed spend or a reduced reporting burden. It points to more of the same, delaying many decisions until budget setting in December.
42. As highlighted by SPICe⁹, "there does not appear to be any analysis of the impact of the spending plans in the RSR on the delivery of the different national outcomes and the outcomes in totality, or of how the data in the NPF has informed these spending plans."
43. It is helpful that the NPF now includes culture as one of our national outcomes. The health and wellbeing contribution of cultural participation could be further recognised and enabled through the NPF. This is particularly important with regard to mental health recovery, closing the education attainment gap, local placemaking, and individual and community resilience. Consideration should also be given to the potential role of cultural and creative industries in enabling significant changes in thinking towards economic growth given the climate emergency and the need to shift from consumption-led towards wellbeing-led models via innovation.

Q.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.

44. COSLA has long called for multi-year funding. Multi-year settlements are required to maximise the positive impact of public spending. Resourcing on an annual basis is not a best value approach. Single-year budgets prevent effective planning for systemic challenges such as tackling inequalities which cannot be resolved in a single year. Multi-year investment funding is required to unlock a strategic response that meets the aims of the relevant strategies and outcomes. Resourcing on an annual basis inhibits effective service design, has negative impacts on recruiting and retaining people with the necessary skills, and hinders strategic procurement activity

⁹ [SPICe briefing: Resource Spending Review and Pre-Budget Scrutiny](#)

which leads to stop-start service delivery. It can mean that interventions are limited to what can be provided within that financial year rather than interventions which will deliver the best outcomes. This was recognised by the Accounts Commission in their Local Government in Scotland Overview 2022:

"The ongoing absence of a multi-year financial settlement creates uncertainty for councils at a time when effective and robust financial management is crucial.

"The Scottish Government continues to fund councils on an annual basis. This makes it challenging for councils to plan and budget effectively for the medium and longer term, and work with partners to develop long-term plans to deliver better outcomes and address inequalities."

45. The lack of multi-year budgets has a knock-on impact on the effectiveness of the whole public sector to plan and implement systematic changes aimed at tackling inequalities and improving outcomes across Scotland over the longer term. The financial and service planning of Local Government and culture organisations is severely compromised without multi-year funding commitments.
46. Councils have only had single year budgets in recent years and so have generally only been able to offer single year budgets to the partners they fund. These partner organisations also therefore suffer from the same challenges of service design and recruiting and retaining staff. This uncertainty has an impact on the organisation and on the wellbeing of the workforce. Where Councils do offer three-year funding packages to the third sector, this comes at significant financial risk to their finances.
47. Whilst the RSR is welcome, it gives very little detail. Local Government will still be subject to annual budget setting processes and a degree of uncertainty on future budgets.
48. Whilst the Scottish Government has reviewed its 5-year capital spending review and published its intentions in relation to capital, the outlook for Local Government is not positive. As highlighted above in this response, Councils are reporting large increases in capital costs so this will mean less capital projects. The potential impact of the Capital Accounting Review will exacerbate this.

Q.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.

49. The strengths and vulnerabilities highlighted by the pandemic do need to be understood in order to inform appropriate change and the sector requires ongoing support to adapt and innovate in partnership with other sectors, institutions and local, regional, national and international structures.

50. There are lots of good examples of collaborative learning from managing the response to COVID-19. For example, a significant increase in online programming of social and cultural activities was driven by the pandemic. Many services were able to adapt by creating online services, including virtual museums and galleries. Libraries also developed 'click and collect' arrangements for lending and the use of virtual libraries has also grown. This has also enabled greater access for some who previously may have been unable to due to disability, poverty and geography.
51. It is likely that a hybrid model of digital and physical would be an innovative and beneficial way forward and investment in digital infrastructure and skills should be a priority following the experience of the pandemic. It is important to highlight that there must be a hybrid approach and not a purely digital offering. Online services and programming increases attendance but it is physical attendance that has the biggest impact from a mental health and isolation perspective.
52. **Embedding a hybrid model is dependent on Local Government capacity to invest in services and systems.** As highlighted throughout this response, a flat cash settlement for Local Government, with increasingly directed funding and protections in education and health and social care, continue to mean that other areas like culture and leisure services are subject to cuts with no ability to invest in services and systems.
53. There needs to be investment for Local Government and the wider culture and leisure sector in supporting embedding of digital and hybrid approaches (including in research and development of quality digital platforms), as well as supporting Councils to provide the necessary infrastructure, particularly in remote and rural areas, and to remove barriers to ensure all audiences can access.
54. Another barrier to embedding collaborative learning is the workforce challenges that the sector faces. As highlighted above, the sector was significantly impacted by pandemic and many of the freelance staff that the sector depended on have left. The sector is facing huge recruitment and retention challenges. This impacts on staff capacity to implement any learning.