

CONSTITUTION, EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE

2nd Meeting, 2023, Session 6

19 January 2023

Budget Scrutiny 2023-24

1. The Committee published its [Pre-Budget Scrutiny 2023-24: Funding for Culture](#) report on 31 October 2022. The [Scottish Budget 2023-24](#) was published on 15 December 2022, and the Scottish Government then responded to the Committee's pre-budget report in a [letter from the Cabinet Secretary](#) on 20 December 2022.
2. At its last meeting, the Committee followed up on the issues raised in our pre-budget report with a roundtable session with cultural and heritage stakeholders.
3. At this meeting, the Committee will take evidence on the Constitution, External Affairs and Culture spending portfolio within Budget 2023-24 from—
 - Angus Robertson MSP, Cabinet Secretary for the Constitution, External Affairs and Culture
 - Rachael Mckechnie, Deputy Director, Major Events and Themed Years, Scottish Government
4. A SPICe briefing is attached at **Annexe A**.

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January 2023

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Constitution, Europe, External Affairs and Culture Committee

19 January 2023

Budget 2023-24

Introduction

The Committee will be taking evidence from the Cabinet Secretary for the Constitution, External Affairs and Culture on the Scottish Government's 2023-24 Budget.

Last week the Committee held a roundtable of stakeholders working in the culture and heritage sectors.

This paper briefly highlights the themes of that discussion. It also highlights the Committee's approach to budget scrutiny and its pre-budget report. Included in annexes to this paper are details of the budget that were included in the Committee's briefing paper last week.

Themes from the roundtable

The purpose of this section is to highlight some of the themes of the discussion the Committee held last week. The official report of the roundtable was not available at the time of drafting this paper. Members will be able to [access the OR online](#).

The roundtable participants were:

- Alex Paterson, Chief Executive, Historic Environment Scotland;
- Iain Munro, Chief Executive, Creative Scotland;
- Donald Smith, Director, Scottish International Storytelling Festival and Chair of the Programmers' Group, Festivals Edinburgh;
- Chris Sherrington, Policy and Strategy Support, Music Venue Trust;
- Moira Jeffrey, Director, Scottish Contemporary Arts Network;

- Sir John Leighton, Director-General, National Galleries of Scotland.

Overall position

Iain Munro suggested that the Scottish Budget has not responded to the “perfect storm” facing the culture sector that the Committee highlighted in its pre-budget report. He said that the risks to the future of the creative sector “as we know and understand it” had “gone up enormously”.

Mr Munro said that Creative Scotland would use reserves to maintain funding for in cash terms in 2023-24 but that there were no commitments beyond that. Those reserves had been planned to be used to support the sector through the current difficulties and to smooth the journey into Creative Scotland’s new funding models. These reserves are now to be used to fill a gap created by a reduction in Scottish Government funding.

He said if the Scottish Government’s cuts to Creative Scotland are sustained in future years, then those cuts would be passed on to the sector and the organisations it funds.

He said, that even under standstill funding, which will be the case for 2023/24 with the additional use of reserves, between a quarter and a third of the regular funded organisations will be at risk in the months ahead. Further, in future years should the level of Government funding remain at the levels set out in the budget, Mr Munro expected around half (c60) of the current RFOs to be funded in future years. He also noted that demand for regular funding goes beyond the existing recipients.

Mr Munro described the public funding for organisations as foundational and supports organisations to realise income from other sources. Moira Jeffrey, echoed this point, and also highlighted that around 5,000 jobs are supported through the RFO network and that these jobs are across Scotland. She suggested that the loss of these jobs would be irretrievable.

The issue of reserves was discussed in the Committee. The key message was that reserves were being used up to support day-to-day spend. It was argued that reserves ought to support short term pressures, but the pressures on the sector were not of a short-term nature. The panel said that the financial resilience of the sector was disappearing. Mr Smith noted that OSCR expects organisations to ensure that they have enough reserves to wind-down and pay off staff.

Donald Smith noted that festivals had been challenged by “covid hesitancy” of audiences not returning to pre-pandemic levels, and lower levels of international tourism.

However, Alex Paterson from HES noted that while the resource element of the grant from the Scottish Government (£59.7m) was less than expected in the resource spending review, its commercial income was recovering better than had been expected. Mr Paterson said that the combination of these factors means that HES is in a better financial position in 2023-24 than anticipated.

Sir John Leighton from the National Galleries of Scotland said that the additional funding in the budget is recognising the fixed costs faced by his organisation and the other national collections. For the NGS, Sir John said that he can now “see a way to balance the budget” in 23-24, which had not been the case previously. This was described as a “year-long breathing space”. He said that the challenges to his and other organisations remain significant and the next year will be used to reassess the operating models. He expected to announce the Modern 2 would re-open.

Mr Smith suggested that the thinking of some officials is moving towards the question, “what is essential to save”. In other words, managing the decline of the sector.

A theme of the session was the appreciation of the level of support that was provided through the pandemic to maintain the sector, organisations and individuals.

Shifting the dial

A theme of the discussion was that there currently remains a strong cultural scene in Scotland. Sir John Leighton argued that discourse should not see culture as a problem to be solved, but rather the solution to myriad issues. Donald Smith cautioned against the discourse around culture being too doom-laden.

The participants noted that the cuts to Creative Scotland [and the real terms cuts across different aspects of the portfolio] are a relatively small part of the total of the Government budget. It was argued that while a small negative shift can have far-reaching negative consequences to the sectors, equally a small shift in the positive direction may have significant positive consequences.

Mr Smith highlighted the success in his view of the Year of Stories. He said that a particular strength was the availability of small grants to individuals to enable them to undertake work in their communities.

Iain Munro pointed to Screen Scotland as an example of where political will, allied with expertise and relatively modest funding has come together to make a significant positive impact on a cultural sector.

Mr Smith suggested that a clear recovery plan should be developed. Participants suggested that if there are to be cuts, how this is managed should be done strategically, rather than through a process of attrition.

Contribution to outcomes

Iain Munro suggested that the social and economic value of the cultural sectors may contract if there was not sufficient funding for the sector.

In terms of cross-portfolio working, such as health, Alex Paterson from HES suggested that there is little evidence yet of much progress beyond discussions. He said that local pilots should be set up to demonstrate how culture and heritage sectors’ work can integrate with other services.

The discussion touched on a number of different areas where the work and outputs of the cultural and heritage sectors contribute to outcomes beyond the cultural sphere. The contributors discussed how the cultural and heritage sectors support the reputation of Scotland worldwide, as well as being a key aspect of what attracts international tourism to Scotland. This contribution, it was suggested, is not recognised; for example, Alex Paterson said that HES had to work hard to be included in strategic national groups on tourism, despite being directly responsible for many large attractions and the strategic body for the historic environment.

Donald Smith argued that public funding should be more strategic and flexible. Particularly that the outcomes expected at a system level need not be expected at every local level and conditions attached to funding should reflect this. Moira Jeffrey expressed said that members of SCAN are meeting the outcomes expected of them and she could not understand the strategic thinking which would lead to reduced support for this work.

The sectors' contribution to the ambitions to reach Net Zero was discussed at the roundtable. This included ensuring that there is capital investment in venues and, in the case of HES, supporting the strategic approach to reducing the carbon footprint of the heritage sector.

Donald Smith noted that local authorities' budgets are under pressure and that they are a "backbone of investment of local and regional venues of all kinds".

Sir John Leighton explained that he had explored the possibility of endowment funds, where capital is invested and the resulting income supports an organisation or projects. He noted that the size of the initial capital sum would need to be, perhaps prohibitively, substantial.

Grassroots music venues

Chris Sherrington from the Music Venue Trust made a number of points specifically in relation to grassroots music venues.

The first was that the UK Government has a business rates relief for small retail, hospitality and leisure businesses. From April, such businesses in England will receive a 75% relief.¹ Similar reliefs will not be available to such businesses in Scotland. Mr Sherrington also noted that GMVs tend not to be set up as charities, but nonetheless are non-profit organisations and community assets. A charity would receive 80% relief. Mr Sherrington suggested that a small levy on large venues could help sustain GMVs.

Mr Sherrington also told the Committee about a scheme run by the MVT to purchase several grassroots music venues across the UK, including the Glad Cafe in Glasgow. He said that the constrained finances of Creative Scotland had discouraged him from seeking support for this initiative in Scotland. The Scottish Government's budget includes Financial Transactions. Financial Transactions can be used to support loan or equity investment in bodies outside the public sector and the MVT initiative could

¹ See: <https://www.gov.uk/apply-for-business-rate-relief/retail-discount>

be the type of work that FTs could support. However, the budget for FTs in the Cabinet Secretary's portfolio is zero. It is not clear whether Government officials have been in contact with the MVT about what support, if any, the Government could provide.

Historic Environment Scotland Sites

Mr Paterson provided the Committee an update on progress in inspections of high level masonry at its sites and improving the access of HES' estate.

Of the around 70 sites where concerns were identified, Mr Paterson said that over 30 of these had seen access restored partially or fully. The increasing number of sites being open will support income generation, as well as supporting the local communities.

Committee approach and prebudget report

For its pre-budget scrutiny the Committee undertook a short piece of work in Autumn 2022 focusing on the creative sectors, including the impact of the [Resource Spending Review](#). The Resource Spending Review was published by the Scottish Government on 31 May 2022 and the details of this for the Constitution, External Affairs and Culture portfolio can be found in Annexe C.

The pre-budget scrutiny followed up on work already undertaken by the Committee including scrutiny for Budget 2022-23, [Funding for Culture](#), and on the [Resource Spending Review Framework](#).

The Committee took evidence for its pre-budget scrutiny on [September 8 2022](#), [29 September 2022](#), and [6 October 2022](#). It conducted an [online focus group](#) with 11 grassroots cultural organisations on 26 September 2022, and received a number of [written submissions](#). The Committee [published its pre-budget report on 31 October 2022](#).

The Committee's report noted that the budgetary pressures faced by the culture sector and highlighted by the work previously undertaken by the Committee, have become more acute. The report describes the current situation as a "perfect storm" for the sector as it continues to recover from the COVID-19 pandemic while facing the cost of living crisis and following on from longer term budget pressures. The Committee's report stated that this —

"means there is an increased urgency for the Scottish Government to accelerate consideration and implementation of an innovative approach to the funding of the culture sector."

The approaches considered in the Committee's report included a Percentage for the Arts scheme, potential benefit for the culture sector from the proposed Transient Visitor Levy and embedding culture in Scottish Government plans for a wellbeing economy.

Government response

The Government's initial response was contained within the Scottish Government's Budget document, which stated—

“The Cabinet Secretary for Constitution, External Affairs and Culture agreed with the Committee when he gave evidence in October 2022 about the challenges in the culture sector of a fragile recovery from the pandemic combined with rising costs of living and operating costs. The Scottish Government is exploring these challenges further in a series of roundtables with the culture sector across Scotland. Against the background of general pressure on Government spending, which the Committee report acknowledged, the Budget maintains funding for the culture sector into 2023-24. The Government will consider setting multi-year planning figures for cultural organisations within the increased fiscal challenges presented by the UK Government's Autumn Statement.”

The Cabinet Secretary responded to the Committee's report in a [letter dated 20 December 2022](#).

Two issues the Committee has consistently raised in its work are: mainstreaming cultural spend and particularly recognising the benefits to health and well-being; and multi-year funding. Members may wish to compare the response on these issues to the Committee last year to the response this year.

Providing 3-year funding settlements was a commitment in the 2021-22 programme for Government (p107). Except for organisations whose funding is evident at level 2 of the budget (e.g. HES), it does not appear that the Government has made progress against this commitment. [Last year's response](#) to the Committee's pre-budget report, dated 23 December 2021, stated—

“I know how important [3-year funding settlements] will be to many of those who gave evidence to the Committee. This remains an important Government commitment. The 2022-23 budget confirms funding available until March 2023. Alongside the Budget, as noted by the Committee, we have published our Resource Spending Review Framework. This consultation document sets out our intentions to develop and publish multi-year portfolio spending plans by the end of May 2022. These plans will provide the culture sector and others with greater certainty for future planning.”

This year's response stated—

“I remain keen to conclude some work on multiyear funding, even if economic uncertainty means that the figures for later years can be at most only indicative. The outlook, following the recent Autumn Statement by the UK Government, is even more challenging for the later years of the Resource Spending Review period. Nevertheless, I know that multiyear figures would help the sector to plan ahead.”

In terms of mainstreaming culture across the Scottish Government, last year the Cabinet Secretary said that he was “starting a series of conversations with fellow Cabinet Secretaries ... to inform both the outcome of that spending review and a longer-term cultural recovery plan”. The National Partnership for Culture produced recommendations on better aligning and recognising the impact of cultural activities on health and wellbeing. The [Government’s response to the NPC’s recommendations](#) highlighted joint-work at the Ministerial level, work on social prescribing, and existing initiatives, such as the Communities Mental Health and Wellbeing fund.

This year’s response to the Committee’s pre-budget report stated—

“We have been working to develop closer cross-portfolio relationships, including with health and social care services. We will continue to prioritise that.

“The Committee also asked for an update on the short life working group with health colleagues. This group includes colleagues with expertise and policy interests regarding social prescribing, but it is designed to have a broader remit covering a range of areas of policy crossover. The group have met in recent weeks and committed to working on joint actions. We will provide more information on the work of this group in our Culture Strategy Action Plan Refresh.”

Ned Sharratt, Iain McIver and Laura Haley
SPICe

16 January 2023

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

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

Annexe A Details of the Budget

Overall Constitution, External Affairs and Culture

The Constitution, External Affairs and Culture covers a range of activities. The table below shows the level 2 expenditure plans.

	£m		
	21-22	22-23	23-24
Culture and Major Events	176.3	207.4	206.1
External Affairs	30.9	33.4	35.1
Historic Environment Scotland	55.9	70.1	72.7
National Records of Scotland	63.3	59.6	33.0
COVID-19 Funding	23.1	-	-
Total	349.5	370.5	347.0

Table 1a shows that the overall spending plans for this portfolio area fell by 6% year-on-year. The budget lines for External Affairs and HES show an uplift in funding, but there is a fall in the Culture and Major Events budget and a significant fall in the NRS budget. The fall in NRS' budgets is due to the profile of spend for the census in 2023/24.

	£m		
	21-22	22-23	23-24
Total Fiscal Resource	316.2	323.9	303.8
Non-cash	16.1	16.1	17.1
Capital	17.2	30.5	26.1

Table 1b shows that, of the overall £23.5m decrease in spending plans year-on-year, £20.1m is resource and £4.4m is capital funding.

Non-cash is normally a change in the value of assets, ie depreciation, and is not money that can be spent on goods or services. The remainder of this section does not include non-cash lines, and therefore the figures will not sum to the totals in Table 1a.

Compared to the planned spend in the resource spending review published in May 2022, this year's resource budget is around £10m less than planned. However, in May 2022 there was £20m earmarked for a referendum in 2023-24 and this is not included under the Constitution, External Affairs and Culture Portfolio budget for 2023-24. Removing that £20m from the analysis, there is an increase of around £10m spread over the rest of the portfolio, compared to the RSR plans. Culture and Major Events resource budget is around £10m higher than the RSR envisaged. HES' resource budget is around £3m less than envisaged in the RSR and NRS around £3m more.

Culture and Major Events

The Culture and Major Events areas of the budget covers the Scottish Government's funding for creative industries.

Culture and Major Events	£m			
	2022-23		2023-24	
	Resource	Capital	Resource	Capital
Royal and Ceremonial	0.4	-	0.4	-
Architecture and Place	1.5	-	1.5	-
Creative Scotland and Other Arts	69.1	-	64.0	-
Cultural Collections	59.7	21.0	64.6	10.2
Major Events	18.2	-	24.2	-
Culture and Major Events - Advice and Policy	5.1	-	5.0	-
National Performing Companies	22.9	-	22.9	-
Total	176.9	21.0	182.6	10.2

Taking Culture and Major Events as a whole, the resource budget (that is, day-to-day spend) is planned to increase by £5.8m or 3.3%. In real terms, using HMT GDP deflators, this represents a flat settlement.

Major Events

The budget for Major Events increased in cash terms. This budget has increased due to the spend profile of the 2023 UCI Cycling World Championships and the 2024 World Athletics Indoor Championships.

Cultural Collections

The resource budget for Cultural Collections increased, while the capital budget under this line fell. The table below shows the allocations in more detail.

Cultural Collections	£m			
	2022-23		2023-24	
	Resource	Capital	Resource	Capital
National Museums of Scotland (NMS)	23.8	3.8	26.1	1.2
National Galleries of Scotland (NGS)	16.5	5.6	18.1	2.8
National Library of Scotland (NLS)	15.4	2.3	16.1	2.8
Non National Museums	3.4	0.3	3.6	1.0
Non National Libraries	0.7	-	0.7	-
Other Cultural Capital	-	9.1	-	5.4
Total - Cultural Collections	59.7	21.0	64.6	13.1

NMS's resource budget increased by 9.5%, NGS by 9.8%, and the NLS by 4.8%. The Government explained these increases as, "for 2022/23 public sector pay policy and other rising costs." Non-national libraries, which is funding for Scottish Library

and Information Council, remained flat. Non-national museums² resource budget increased by 5.8%, the Government explained this increase as supporting “work on Empire, Slavery and Scotland's Museums.”

Capital budgets were reduced overall. Changes at the individual level 4 lines were explained as being due to changing spend profiles for capital projects.

Creative Scotland and Other Arts

Creative Scotland and Other Arts	£m	
	2022-23	2023-24
Creative Scotland	32.6	32.7
Other Arts	36.5	31.3
Total - Creative Scotland and Other Arts	69.1	64.0

Creative Scotland’s core budget rose 0.3% in cash terms, at £32.7m, however there has been a decrease in funding made available under the Other Arts line. Generally, this line is for ring-fenced funding distributed through Creative Scotland, but also includes direct funding to organisations such as V&A Dundee that does not go through Creative Scotland. This aspect of funding will decrease 14.2% from £36.5m to £31.3m. This decrease is explained as an:

“Adjustment in funding for Creative Scotland to reflect arts lottery income and reserves”

[Creative Scotland's](#) full response to the budget followed a 19 December 2022 meeting of the Board to discuss the implications of the settlement. It stated—

“Whilst the Board fully appreciates the challenging context in which the Scottish Government has reached its decision, and the pressures that are being felt by everyone across all parts of society, we are extremely disappointed by the settlement. (...)

In an effort to address this, at its meeting today, the Creative Scotland Board has agreed to use a proportion of its National Lottery reserves to maintain funding for Regularly Funded Organisations (RFOs) at 2022/23 levels.

National Lottery reserves have been accumulated and earmarked to ease the transition to the new funding framework. Using these reserves to cover the reduction in Scottish Government funding means that Creative Scotland will no longer have the flexibility of using these funds for other support, including the potential for an RFO supplementary fund previously referred to in our [Future Funding for Organisations update on 3 November](#). (...)

² Non-National museums is the funding for museums and galleries across Scotland via Museums Galleries Scotland, and direct funding for the Scottish Maritime, Mining and Fisheries Museums.

Creative Scotland will continue to act responsibly and pragmatically, however, if Scottish Government cuts continue beyond 2023/24, Creative Scotland will require to pass those on to the sector.”

National Performing Companies

The five National Performing Companies are: Scottish Ballet, Scottish Opera, Royal Scottish National Orchestra, Scottish Chamber Orchestra and the National Theatre of Scotland.

The NPC budget line included national funding for these five companies and the International Touring Fund. The overall funding for this line rounds to £22.9m for both 2023-24 and 2022-23. This disguises a small increase of £70k which was for the International Touring Fund.

Funding for the NPCs has been (to 1 decimal place) £22.9m since 2016-17. Prior to that funding for NPCs was higher (e.g. in 2010-11 it was £26.0m).

Historic Environment Scotland

HES relies on both grant in aid from the Scottish Government and earned income. The figures presented in Table 1a, above, show the net funding from the Scottish Government.

The anticipated running costs of HES in 2023-24 are £114.5m. The budget models the income in 2023-24 as £50.8m, significantly higher than the £33.3m income modelled for the 2022-23 budget and indicating an expected return of visitor numbers after the COVID-19 impacts. In addition, there is a £9m capital budget. This is an £2.5m uplift compared to 2022-23 and is to “support an increase in essential maintenance.”

[HES welcomed the budget stating](#)—

“Historic Environment Scotland (HES) has welcomed grant in aid funding of £72.7 million as part of the Scottish Government’s 2023-2024 Budget.

This is an increase of £2.6m from the 2022-23 budget. Grant in aid funding forms one part of HES’ budget, with the remainder coming from commercial income which has seen strong recovery as the tourism sector has returned following the impact of COVID.

The confirmation of the budget allocation will support skills and jobs and help HES to prioritise activities for the next financial year through its Annual Operating Plan.”

Overall local government funding

Local authorities make a significant contribution to the cultural offer and scene in their local areas. In 2020-21, local government spent around £580m on “Culture & Related Services”, which represents around 5.0% of total local government net revenue expenditure. Of this, however, around £185m was spend on museums,

galleries, other culture & Heritage and Libraries; the remainder was expenditure on tourism, recreation and sport. £185m represents around 1.6% of net revenue expenditure.

Local authorities' funding for culture and heritage comes from its core funding.

This section is an edited version of the section on Local Government funding which appears in SPICe's main briefing on the Budget.

In the Budget announcement, the Deputy First Minister told Parliament he was "increasing the resources available to Local Government next year by over £550 million". This increase refers to "core" revenue and capital allocations plus funding transferred to local government from other portfolios in-year (for an explanation of these terms, see [recent SPICe Briefing](#)).

In their [press release published on Friday 15 December](#), COSLA spoke about cuts to local government's "core" budget, i.e. the combination of General Revenue Grant, Non-Domestic Rates income and Specific Resource Grants. This amounts to £10.9 billion in 2023-24, representing a cash increase of £320 million over the year (+3%), or a slight real-terms decrease of £22 million (-0.2%):

COSLA are disappointed at the budget, believing that local government has not been prioritised. Acknowledging the Scottish Government's claim of a cash increase for local government, COSLA calculates that, in their view, the actual cash increase will be a much smaller £71 million once the costs of previous policy commitments are accounted for.

Perhaps the most pressing and highest-profile issue facing local authorities in 2022 has been the pressure of meeting the pay demands of their 260,000 strong workforce. With teacher strikes still ongoing, the issue is far from being resolved, even within this current financial year. Local government is by far the [largest public sector employer](#) in Scotland, with [COSLA and Directors of Finance estimating](#) that between 60 and 70% of the local government budget is used to pay for workforce costs.

The significant in-year funding to support pay deals is not base-lined within the 2022-23 figures (ie the increases quoted above do not take account of additional money to meet those pay deals). The Institute for Fiscal Studies observed its [initial response to the Scottish Budget](#)—

"Local government is a notable case in point, where a sizeable £260 million extra has been found for pay awards this year: the costs of these awards will continue into next year, but this funding has been excluded from the year-to-year comparisons quoted by the Scottish Government. Taking this into account suggests that rather than falling by 0.2% in real terms, as suggested by the Scottish Budget, funding for the main local government portfolio will in fact fall by substantially more."

External Affairs

This section will not be relevant to the round table taking place on 12 January, however, members may wish to ask questions of the Cabinet Secretary on 19 January on these issues.

The 2022-23 Budget allocated £33.4 million for the External Affairs budget line. The draft budget for 2023-24 is £35.1 million. According to the Scottish Government's budget:

“We remain committed to being a good global citizen and to playing our part in tackling global challenges, including climate change, poverty, injustice and inequality. Through our international work we support the National Strategy for Economic Transformation and the transition to Net Zero. We want to ensure Scotland is an open and welcoming nation for people and their families to live and work in, and to make a positive contribution to our country. Across our international and European relationships we will continue our commitment to internationalisation, supported by the work of our external network of offices. We will build our relationships, celebrate cultural, educational and ancestral connections, and exchange policy ideas to address shared challenges, ensuring Scotland remains a valued and well-connected nation. We will continue to demonstrate our commitment to EU values, and our alignment with EU policy priorities.”

As with the current year, the International and European Relations budget line is allocated all but £100,000 of the External Affairs budget. There are 17 budget lines in the proposed International and European Relations budget. There are budget lines for each of the Scottish Government's international offices.

The International Development fund budget remains at £11.5 million for 2023-24. The largest increase within the International and European Relations budget is for the Migration Strategy budget line which increases from £2.3 million to £4.0 million. According to the Scottish Government, the purpose of the Migration Strategy budget is to support:

“The provision of immigration advice and support on policy, and the delivery of PfG commitments associated with Population and Migration including the new Talent Attraction and Migration Service.”

The Scottish Government has explained that the reason for the £1.7 million increase in funding is “to fund population and migration commitments, such as the new Talent Attraction and Migration Service and visa pilot schemes”.

Details of the External Affairs budget lines are provided below.

Level 4 Budget Line	2022-23 Budget £million	2023-24 Budget £million	% Change 2023-24 on 2022-23
International and European Relations			
External Affairs Advice and Policy (Scotland)	7.064	7.121	0.8%
International Development Administration	0.177	0.177	0.0%
Scottish Affairs Office China	0.567	0.482	-15.0%
Scottish Affairs Office United States	0.794	0.782	-1.5%
Scottish Affairs Office Canada	0.634	0.600	-5.4%
International Development Fund	11.500	11.500	0.0%
International Relations	0.676	0.676	0.0%
Humanitarian Aid	1.000	1.000	0.0%
Brand Scotland Policy and Co-ordination	1.350	1.332	-1.3%
European Strategy	0.245	0.245	0.0%
Migration Strategy	2.257	4.013	77.8%
Scottish Government Office Paris	0.659	0.673	2.1%
Scottish Government Office Copenhagen	0.598	0.693	15.9%
Brussels Office	2.467	2.441	-1.1%
Scotland House: London	2.180	2.162	-0.8%
Scottish Government Office Dublin	0.593	0.547	-7.8%
Scottish Government Office Berlin	0.572	0.591	3.3%
Total - International and European Relations	33.333	35.035	5.1%
British Irish Council			
British Irish Council	0.100	0.100	0.0%
Total - British Irish Council	0.100	0.100	0.0%
Total - External Affairs	33.433	35.135	5.1%

Annexe B Outcomes and Strategies

Culture and External Affairs Outcomes and Strategies

The Budget identifies which [National Outcomes](#) each budget portfolio is intended to support. These are split by Primary and Secondary under each portfolio. In this portfolio, the Primary outcomes are:

- Communities
We live in communities that are inclusive, empowered, resilient and safe;
- Culture
We are creative and our vibrant and diverse cultures are expressed and enjoyed widely; and
- International
We are open, connected and make a positive contribution internationally.

The secondary outcomes are:

- Economy;
- Poverty;
- Children and Young People;
- Education;
- Fair Work and Business;
- Health;
- Environment; and
- Human Rights.

Taken together, these are all of the National Outcomes. The inclusion of the Communities outcome as a Primary outcome here perhaps reflects the increasing focus on the concept of 'place' within culture and heritage policy.

Members have been interested in how the Culture strategy would be embedded across Government. The other portfolios which included the Culture outcome as a secondary outcome are:

- Social Justice, Housing & Local Government;
- Education and Skills;
- Net Zero, Energy and Transport; and

- Rural Affairs and Islands.

National Performance Framework Indicators

The performance of the Culture National Outcome is measured by 4 indicators. These are—

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

The first two indicators currently have not had the performance data updated since 2019.

[Growth in the cultural economy](#) is measured by the amount of income generated by businesses connected to the culture sector. To do this the Approximate Gross Value Added (aGVA) of the Creative Industries Growth Sector (GBP Millions) is used. The aGVA of Scotland's Creative Industries sector was estimated at £4,379.0 million in 2020, up by 3.2% (in nominal terms) on 2019. While there has been an increase in approximate GVA over the latest year, there has been a reduction of 11.3% since 2017. The largest contribution to aGVA within the Creative Industries sector came from Software/Electronic Publishing (56.3%), followed by Design (10.7%), then Architecture (8.8%).

[People working in arts and culture](#) is measured by the number of jobs in the Creative Industries Sector. The number of jobs in Scotland's Creative Industries sector decreased by 3.3% between 2019 and 2020. In 2020, there were 87,000 jobs in Scotland's Creative Industries sector, down by 3,000 jobs on 2019.

The Cabinet Secretary for Constitution, External Affairs and Culture should be able to inform the Committee on how the budget is intended to support National Outcomes.

National Partnership for Culture

A [Culture Strategy for Scotland](#) was published by the Scottish Government in February 2020.

To support implementation of the strategy, the Scottish Government established the [National Partnership for Culture](#). Its role is to provide advice to Ministers on:

- education and learning
- community and place
- health and wellbeing
- fair work

The NPC published a [report and recommendations](#) in March 2022, and the Scottish Government published their [response to the recommendations](#) in September 2022.

The NPC's recommendations were welcomed by the Scottish Government, whose response stated that they would assist in developing a 'refreshed' Culture Strategy Action Plan.

A number of commitments were made in the Scottish Government response, including:

- to begin scoping of the new youth arts strategy over the next year
- to take forward a review of the expressive arts curricular area beginning at the beginning of the 2022/23 Academic Year.
- the development of a refreshed Culture Strategy Action Plan
- to continue to work jointly across the Health and Culture portfolios to ensure culture is represented in social prescribing discussions, and is considered and featured in social prescribing initiatives where appropriate
- to fully consider any actions required by the forthcoming Creative Scotland review of Fair Work in the culture sector
- to take forward work with Creative Scotland on implementing Fair Work First amongst the organisations that they fund.

The Scottish Government response to the recommendations also said—

“The Scottish Government is currently reviewing and further developing the definition and measurement of culture and the creative industries for the existing National Indicators on the creative economy and those working in arts and culture.”

The Cabinet Secretary's letter to the Committee in response to the pre-budget report stated that the Government is undertaking “Resilience Roundtables” with stakeholders. The letter stated—

“It is important we allow sufficient time to complete the roundtables, to ensure the fullest possible representation of views. Additionally, the publication of the Culture Strategy Action Plan refresh should not pre-empt the outcomes of these discussions. On that basis, I have taken the decision to reschedule the publication of the refreshed Action Plan until spring 2023, after the conclusion of the Resilience Roundtables. It will take these valuable conversations into account, and set out the actions the Scottish Government will take in response to current and ongoing issues, as well as how we will deliver on the long-term ambitions and vision of the Culture Strategy. This later publication date also allows us to fully set out our response to the 2023-24 budget settlement.”

Annexe C Resource Spending Review

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

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

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

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

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

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

The national collections and MGS sit under Culture and Major Events, alongside the budget for Creative Scotland, the national performing companies, major events and others.