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There is clearly a fundamental disconnect in the messaging from the Scottish Government, to publicly funded bodies and organisations and to unions as well as the wider public on what expectations are and what consequences are in place should these criteria be ignored.

## **Annexe B: Written submission – Creative Scotland**

### **Planned budget increases**

Creative Scotland welcomed the Scottish Government's commitment to increase its funding for culture by £100m, announced by the then First Minister in September 2023. This announcement was seen as a very positive development by people and organisations working in Scotland's culture and creative sector.

Beyond £15.8m already announced, we have no confirmation of how this £100m will be made available to the culture sector and what proportion of that, if any, will be channelled through Creative Scotland. Although, we note the Scottish Government's assurances that £25m of this £100m will be made available to the culture sector in 2025-26.

After more than a decade of relative standstill funding, the impacts of the Covid 19 pandemic and the cost-of-living crisis, the additional £100m promised remains welcome but we know has enormous demands on it.

Creative Scotland receives a continuously increasing number of applications to its Open Funds, from both individuals and organisations, and, at present, we only have the budget to fund 25-30% of those applications. This means we are unable to support the majority of artists and organisations who merit support, simply because of severe limitations on budgets.

Alongside this, as has been widely communicated publicly and to the Culture Committee directly, we are currently assessing 280 applications for Multi-Year Funding from some of Scotland's most important cultural organisations, with a total funding request of £87.4m.

If our Grant-in-Aid budget remains at least the same in 2025-26 and beyond, we will be able to support far fewer organisations on a multi-year basis than we currently do. This means that many cultural organisations will, at best, need to change their operational model or, at worst, cease to operate. This will result in significant job losses in the culture and creative sector and a significant reduction in cultural provision and cultural opportunity for the people of Scotland. We continue to work to the published timeline for Multi-Year Funding, while conversations are ongoing with the Scottish Government about future budget provision.

Alongside this, Creative Scotland's in-year budgets from the Scottish Government are also subject to change, adding short-term uncertainty to that for the longer term.

For example, in the current financial year, we have been informed that £2.25m originally budgeted for the Platforms for Creative Excellence programme (PLACE)

supporting Edinburgh's festivals (£750k), and the Culture Collective programme (£1.5m) supporting community arts and artists across Scotland, will no longer be available from the Scottish Government in 2024-25. At the time of writing, we also await confirmation of a further £8.4m of Grant-in-Aid budget originally committed to us by The Scottish Government for 2024-25.

This continuing uncertainty about in-year and future year budgets is increasingly challenging to manage. Clarity is urgently needed regarding how the Scottish Government intends to apply the additional £100m it has committed to providing. Scotland's culture sector has been operating on a one-year budget horizon for too long, which severely constrains its ability to plan for the long term, and impacts job security, sector confidence, and creative output.

The £100m commitment offers the prospect of transforming the fortunes of the sector. If Creative Scotland is provided with a significant proportion of this additional budget as a priority, then we will be able to support more artists and sustain more cultural organisations across the country than we can currently, delivering increased cultural, social and economic benefits for Scotland and its communities. Without the investment, we face the prospect of managed decline of the sector.

### **Culture Strategy Action Plan**

In December 2023, the Scottish Government published an updated *Action Plan for A Culture Strategy for Scotland*. It updates the Actions published prior to the Covid-19 pandemic and adds five further Actions specific to addressing resilience in the culture and creative sector.

In 2021, Creative Scotland's established a refreshed Strategic Framework to guide our work, responding directly to the Scottish Government's Culture Strategy and the wider aims of the National Performance Framework.

It sets out three ambitions:

- 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.

Four priorities are identified as key to achieving these ambitions:

- Equalities, Diversity and Inclusion (EDI): 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.

The Strategic Framework is, in turn, translated into Funding Criteria for applicants to our funds and sets the direction of Creative Scotland's own sector development work, delivered through our Targeted funds. Each year we publish an [Annual Plan](#) which sets out the work we will deliver to support the creative and cultural sectors, and our Annual Review of Performance reflects on the outcomes achieved against our corporate Key Performance Indicators (KPIs).

In this way, all aspects of Creative Scotland's activity are informed by the objectives of the Culture Strategy. The refreshed Culture Strategy Action Plan (CASPR) acknowledges the importance of our policy work for delivering outcomes, including adopting BFI Diversity Standards across Screen Scotland funds, publishing Fair Work guidance for sector employers and developing our Climate Emergency and Sustainability Plan.

The CASPR document includes areas where Creative Scotland is specifically named as a delivery partner.

- **Action S4** *'We will consider learning from the Creative Digital Initiative to support the development of a skilled and resilient creative workforce and meet the needs of the future. We will work closely with our Digital Economy Directorate, and partners including the enterprise agencies, Creative Scotland and Skills Development Scotland, as well as the wider sector, to understand future requirements'* Creative Scotland continues to use National Lottery funds to develop and deliver initiatives that support the development of digital creativity and build on our leadership of the Creative Digital Initiative. This has included a range of actions including: a bespoke project for Scotland-based organisations providing support and development on the management of Digital Rights; the Immersive Arts programme which aims to widen participation, readiness and adoption of creative immersive technologies within the arts and cultural sector; the Indielab Games Accelerator; and the development of dedicated commercialisation support for the Games sector.
- **Action T3:** *'Drawing from the experience of 'Time to Shine', we will work with Creative Scotland and stakeholders from across the sector to consider the*

*most appropriate form for a follow-up strategy, which will be centred on embedding children and young people's rights under the United Nations Convention on the Rights of the Child (UNCRC) principles, and including the voices of children and young people at its core.'* Creative Scotland and the Scottish Government have been in conversation about scoping the creation of another Youth Arts Strategy, to follow-up on the [Time to Shine](#) youth arts strategy and it has been agreed that approach will be reviewed once the Creative Scotland Multi Year Funding process is complete. Creative Scotland recently commissioned research to understand the lessons learned from the implementation of Time to Shine, and to provide recommendations for future strategy for three key stakeholder groups: children and young people, policy makers and funders, and artists and arts organisations. With reference to Action T4: Since 2023 Creative Scotland has been actively participating in the Scottish Government convened 'Culture and Creativity in Learning Group' with Education Scotland, advising on how we can improve access to arts opportunities and experiences in learning settings for children and young people.

- **Action E3:** *'The output of our consultation conversations with the sector set out clearly that there is a need to understand the current provision of culture in local authorities. Delivery of this action will involve working with Creative Scotland and Community Leisure UK, as well as other partners, who will undertake work to map local authority support for culture and help explore future models of collaboration between national and local bodies.'* Research commissioned jointly by Creative Scotland, Sport Scotland and Community Leisure UK is in its final stages and we are aiming to publish the report, which reviews support for culture and leisure services in Scotland, in September 2024. This work will help to inform understanding of the current position of cultural services across Scotland and will shape how we collaborate with local authorities in the future, delivering public value, and ensuring that communities across Scotland have access to culture and creativity. The research shows that non-statutory local authority services have experienced large real terms budget reductions. For culture and leisure services this amounts to a real-terms reduction of 20% between 2010/11 and 2022/23. Organisations providing cultural programmes and activity have found it harder to access local authority funding, or to maintain existing levels of funding, due to the pressures on these services. With reference to Actions T1, E2 and E5: Creative Scotland is a member of the Local and National Delivery Group, which brings together Scottish Government, local authorities, COSLA cultural public bodies and local networks to realise local outcomes across Scotland. We supported the delivery of Scottish Government and COSLA's summit on cultural value, "Connections and Partnerships: The Value of Culture in Communities" which took place in May 2024, and continue to contribute our experience and knowledge of the cultural sector across Scotland to this vital forum.

In our view, funding for the sector should match the ambition of the Culture Strategy and budgets need to be sufficient to allow the sector to respond, both to the broad ambitions it sets out, and the specific actions of the CSAPR. As detailed elsewhere in this submission, enhanced levels of funding and multi-year budgets are key to delivering and sustaining outcomes for the culture and creative sectors.

Public Investment in the Screen sector since 2018, across infrastructure, development, production and skills development, has led to enhanced cultural outcomes and economic impact. Independent research on the Economic Value of the Screen Sector in Scotland has shown that significant growth has been achieved in all areas of production, with inward investment in film and HETV production increasing by 110%, from £165.3 million in 2019 to £347.4 million in 2021. In the same period employment in Scotland's screen production sector rose from 5,120 FTE to 7,150 FTE, a 39% increase.

The Culture Collective programme, established in 2021, supports participatory approaches and projects where creative practitioners and communities work collaboratively. Evaluation of the programme has found that the 26 projects supported through the initial programme have delivered significant benefits, both in communities and for the artists who were part of the programme. The flexibility of the Culture Collective model and the focus on longer term engagement, without pre-determined outcomes, demonstrates a successful approach which centres communities in decision making. While we have still been able to support a few, smaller, Culture Collective projects through funding made available in 2023/24, the lack of further confirmed funding from the Scottish Government to support long term, community focussed projects now risk the future of this internationally recognised programme, and the legacy of the investment from the Scottish Government.

### **Progress on innovative funding solutions**

Scotland's culture and creative sectors are facing significant financial challenge, and our analysis has shown that for many organisations the need for additional income is immediate.

Creative Scotland's Regularly Funded Organisations (RFOs) were originally allocated funding from 2018 to 2021, with this extended during the Covid-19 pandemic. RFO funding awards have remained at standstill through this period with no inflationary increase. Organisations are experiencing higher operational costs, particularly for energy and staffing and requirements to meet new policy imperatives such as those for Fair Work and working towards net-zero targets for environmental sustainability. For many areas of the sector, audiences have not yet returned to pre-pandemic levels and levels of partner and earned income remain static or are in



decline. Considering these factors together, our analysis suggests that standstill funding translates to real-terms cuts for RFOs of up to 20% annually.

Other Creative Scotland funding routes are also experiencing unprecedented numbers of applications, particularly our Open Funds. We have limited flexibility within our budgets to respond to the demand that we are experiencing.

In the last decade, Creative Scotland has also seen a shift in the balance of our funding from Scottish Government towards prescribed activity which is restricted or 'ring-fenced' for specific purposes. Since 2015/16 the proportion of our funds from Scottish Government that are restricted has increased from a third to a half.

Cultural organisations are adept at identifying potential sources of income, but the availability of funding from other sources remains limited:

- Research commissioned jointly by Creative Scotland, Sport Scotland and Community Leisure UK shows that non-statutory local authority services have experienced large real terms budget reductions. For culture and leisure services this amounts to a real-terms reduction of 20% between 2010/11 and 2022/23. Sector organisations have found it harder to access local authority funding, or to maintain existing levels of funding.
- Since 2018 income from Trusts and Foundations has become more important to sector organisations, with more funds available from these sources during the Covid-19 pandemic, often through emergency programmes. Analysis of the income base of Creative Scotland RFOs suggests, however, that opportunities here have been maximised, with funding levels consistent since 2020/21.
- Donations, gifts and legacies have also become an increasingly important part of RFO income, rising to 18% of their total through the pandemic. This has not, however, offset significant reductions in other income. More recently, some organisations have lost substantial corporate support as funding relationships ended following protest campaigns. We are currently working with Historic Environment Scotland and Museums and Galleries Scotland on research to better understand the current of private investment in the Culture and Heritage sectors, across organisations of all scales.

We continue to explore initiatives which could introduce new income streams for the culture and creative sector. For example, we meet regularly with colleagues at Edinburgh City Council and note the potential introduction of the Transient Visitor Levy in the city, following legislation passed in the Scottish Parliament. Alternatively, to date, we have not been part of any discussions about the 'percentage for the arts' scheme noted by the Scottish Government.

We believe that mainstreaming culture across portfolios can create wellbeing outcomes in a range of policy areas and would welcome mechanisms to enable cross-portfolio working at the Scottish Government level. We see potential for modest shared wellbeing budgets to act as ‘acorn’ funding to test and grow joint initiatives and for cross-portfolio working to deliver efficiencies and support the Public Sector Reform agenda.

Within the resources available to us through funding from the National Lottery, we have continued to evolve new support structures and funding mechanisms, including:

- Creative Scotland Crowdmatch, delivered with Crowdfunder, to provide match funding for artists and creatives undertaking a crowdfunding campaign.
- The Create: Networks fund to help organisations, creative businesses and creative practitioners create new, or develop existing, local creative business networks in Scotland.
- Work with Social Investment Scotland (SIS) to provide a programme of targeted interventions which will increase sustainability and economic recovery through trading. This will be achieved by providing access to SIS Associates, with expertise in business recovery and business development.

We also continue to work in partnership to bring additional funding into the sector. This includes the Awards for All programme delivered with the National Lottery Community Fund, our Place Partnerships with local authorities and our Arts and Mental Health programme with the Baring Foundation. We also support Culture and Business Scotland as an RFO, with a mission to be the connector between the culture and business sectors and support mutually beneficial cross-sector partnerships.

In previous Committee submissions and evidence sessions we, and others working in Scotland’s culture and creative sector, have set out the case for longer term budget certainty and called for at least a three-year budget settlement from the Scottish Government. Such a settlement would enable us, in turn, to commit to longer term funding plans for the organisations that we support, enabling them to plan more effectively, reduce operational precarity, and more confidently develop work of excellence and impact for the people of Scotland. The financial stability that multi-year funding provides can help to incentivise partnerships which, in turn, leverage additional funding for sector organisations.

### **Creative Scotland’s Multi-Year Funding Programme**

The Multi-Year Funding programme creates a single route for organisations to access year-on-year support, with one application process, and all organisations

being assessed against a consistent set of criteria. This is a 'one-door' approach, which is more equitable for applicants, and which directly responds to what cultural organisations were asking for in our review of funding concluded in 2019.

The application process is also a two-stage process, meaning that organisations who are not eligible or who do not meet the basic criteria for the fund, are not required to go through the whole application process and have been informed of the outcome at the end of Stage One. As highlighted above, we are currently assessing applications from 280 organisations as part of Stage Two of the process and aim to announce decisions by the end of October 2024.

With extremely limited budgets, this remains a highly competitive process where difficult decisions will need to be made. Without access to a significant proportion of the £100m commitment to culture funding by the Scottish Government, we will see many more organisations unsuccessful in their applications than would be the case were sufficient funds available.

To enable Creative Scotland to make these decisions, applicant organisations are required to provide sufficiently detailed information in their applications on their budgets, their operations, and their future programme and creative plans. We appreciate that there is a lot of work in preparing these applications, and we fully recognise the pressure this can create on applicant organisations and people within them in terms of time and resources. With this in mind, we have listened to the feedback given on previous iterations of this process and endeavoured to make it as simple as possible, while acknowledging that sufficient, detailed information is required for us to make informed decisions given significant amounts of public funding are involved.

As noted earlier, key to the success of the Multi-Year Funding programme and all that it can unlock, is the availability of sufficient budget to support the range and breadth of ambition being presented by cultural organisations as part of their future plans.

At present, and in the absence of any future budget clarity from the Scottish Government, Creative Scotland is working on the basis of 'standstill' funding being available. This means that, if we are to support organisations sustainably and in a way that enables them to operate most effectively and deliver their work, then we will by necessity only be able to support far fewer organisations on a multi-year basis than we do at the moment.

Clarity from the Scottish Government on the £100m funding commitment is essential to the short and long-term health of Scotland's culture sector.

Multi-Year Funding programme: key dates

- June 2023: A series of briefing sessions for organisations interested in applying (recorded version: [Multi-Year Funding - Stage 1 Information Session on Vimeo](#))
- 26 July 2023: Guidance for Multi-Year Funding published ([Multi-Year Funding | Creative Scotland](#))
- 10 August 2023: Deadline to register for organisations interested in applying
- August and September 2023: Further information sessions for applicants
- 06 September 2023: Stage One opened for applications
- 25 October 2023: Stage One closed for applications
- 27 February 2024: Stage One outcome announced
- 06 March 2024: Stage Two opened for applications
- 24 April 2024: Stage Two closed for applications

Multi-Year funding will be in place, for successful applicants, from April 2025. Transition support will be available for those applicants who are currently in receipt of regular funding from Creative Scotland but are unsuccessful in their application for Multi-Year Funding.

## **Fair Work**

Fair Work First is the Scottish Government's policy for driving high quality and fair work, across the labour market in Scotland. Creative Scotland has been proactive in responding to this agenda, incorporating Fair Work into our Strategic Framework in 2021, as one of Creative Scotland's four Strategic Priorities. This focus recognises that there are long-term systemic issues in the culture and creative sector which impact Fair Work, including fair payment, job security, and limited career progression. We have worked with Scottish Government colleagues on Fair Work, including commissioning a [Status Review](#) of Fair Work, leadership, workforce, and skills development as an action from the Culture Strategy.

Creative Scotland is committed to ensuring that people working in the culture and creative sector have fair access to opportunities, are treated with respect and paid fairly for the work that they do. We believe that Fair Work has potential benefits for individuals and society in terms of skills development, employability, health, and wellbeing. Our own [Fair Work statement](#), setting out this commitment for our organisation, is published on our website.

In 2022 we made Fair Work one of our six Fund Criteria which guide our funding programmes, meaning that applicants to our funds must demonstrate their commitment to the principles of Fair Work in their operations. We expect the organisations we fund to have clear and visible policies and procedures relating to Fair Work. Since July 2023, in line with Scottish Government guidance, we have required successful applicants to funding programmes awarding Scottish

Government funds to confirm that they will pay the Real Living Wage and that Effective Voice for workers is in place in their organisation.

It is important to note that responding to the Fair Work agenda is not cost-free for sector organisations, even if they are already paying the Real Living Wage to all staff. Other dimensions of the agenda, such as investing in workforce development, introducing flexible working practices and addressing gender pay gaps also require capacity and resources. In our 2023 survey of RFOs, over 60% noted concerns about the cost impact of implementing Fair Work.

We have developed a range of resources to support sector progress on all aspects of Fair Work First. We have published [The Illustrated Fair Work Guide for the Creative and Cultural Sectors in Scotland](#) and specific guides for areas such as [Fairer Recruitment](#) and [Freelance Working](#). We have also compiled a wide range of tools and resources from other sources on our website to ensure these are easily accessible for sector organisations.

We sit on the Culture Fair Work Taskforce, a short-life delivery group created this year, following a commitment in the Culture Strategy Action Plan. The group has now met twice to develop recommendations for actions to further implement Fair Work First in the culture sector. This includes consideration of a potential sectoral Fair Work Agreement, as has been developed in some other sectors.