

Constitution, Europe, External Affairs and Culture Committee
Thursday 12 September 2024
20th Meeting, 2024 (Session 6)

Pre-Budget Scrutiny 2025-26

1. The Committee agreed to take a cumulative approach to budget scrutiny over Session 6, focusing on the culture spending portfolio. This inquiry follows on from the Committee's previous pre-budget scrutiny in advance of Budget [2022-23](#), [2023-24](#) and [2024-25](#).
2. The [call for views](#) on the inquiry was issued on 17 June 2024 and closed on 9 August 2024. It received [55 submissions](#).
3. At its [last meeting](#), the Committee began taking evidence as part of its pre-budget scrutiny, and heard from stakeholders in the museums and galleries sector.
4. At this meeting, the Committee will take evidence from—
 - Lori Anderson, Director, Culture Counts
 - Lyndsey Jackson, Deputy Chief Executive, Edinburgh Festival Fringe Society
 - Liam Sinclair, Executive Director, Dundee Rep and Scottish Dance Theatre
 - Caroline Sewell, Regional Organiser, Musicians' Union

And then from—

- Iain Munro, Chief Executive, Creative Scotland
 - Alastair Evans, Director of Strategy and Planning, Creative Scotland
5. Briefings from SPICe for last week and this week's meetings are available [online](#).
 6. The following papers are attached—
 - Annexe A: Written submissions from the witnesses on panel one
 - Annexe B: Written submission from Creative Scotland

Clerks to the Committee
September 2024

Annexe A: Written submissions – Panel One

Culture Counts

[Culture Counts](#) is a network of over 70 arts, heritage and creative industries organisations from across Scotland. Our members are largely representative bodies, as well as some events and performing companies. We welcome the committee's continued engagement on the issue of the future of funding for culture, which has never been more vital.

Recommendations

1. To prioritise securing the future of Scotland's culture sector through targeting funding to support core activity, infrastructure and capacity building.
2. For the Scottish Government to deliver on their 2021 Programme for Government commitment 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"*.
3. To bring forward as much of the promised £100 million increased investment in culture now when it is most needed to secure the sector's future.
4. For the Scottish Government to confirm the funding commitment to the national institutions and public sector cultural bodies including Creative Scotland for this financial year's budget (2024-25) including the reinstated £6.6 million and support for the Culture Collective and PLACE initiatives.
5. For the Scottish Government to set a target of at least 1% of budget allocated to culture, which would demonstrate its value is understood and provide the support at a level that will move towards European comparators and enable it to flourish and play a central role in people's lives across Scotland. Setting this as a baseline of investment should then have as a minimum index linked annual increases.
6. For the Scottish Government to progress the commitment to mainstreaming culture across portfolios and develop cross-portfolio funding for culture.
7. For the Scottish Government to move forward and test out the proposed 2021 Programme for Government commitment to *"begin work on establishing a 'Percentage for the Arts' scheme"*.
8. For the Scottish Government to reinstate the role of Culture Minister, given the size of the portfolio, and to support the sector through these times of crisis.
9. For the Scottish Government to provide clarity on where leadership in the creative economy currently lies and explore the potential of a strategy for the Creative Industries in Scotland.
10. For the Scottish Government to work to maintain the cultural tax reliefs as permanent commitments and collaborate further with the new UK Government to open up future investment opportunities and partnerships.

Planned budget increases

We welcome the opportunity to contribute to prioritising where increased budget in the culture portfolio for 2025-26 should be allocated and there is no lack of understanding by the sector of the current financial challenges facing the Government in setting budgets. However, the crisis facing Scotland's culture sector is an immediate one. Culture Counts and sector colleagues have been warning of the 'perfect storm' that faces Scotland's culture sector for the past two years. We are now sadly seeing what a lack of investment with over a decade of standstill funding coupled with the impacts of Brexit, the Covid-19 pandemic, high inflation, and the cost-of-living crisis really looks like.

The funding environment is extremely precarious with unprecedented pressures on Creative Scotland's grants programmes. Levels of demand for the new Multi Year Funding Programme far exceed the funds available with no confirmation yet on what the budget will be. This year Creative Scotland (CS) will invest around £34m into regularly funded organisations, applications still under consideration for the next three years are sitting at £87.4m per year, suggesting that the result in October will be devastating for many. Those currently not in receipt of regular funding from Creative Scotland will have to wait until Autumn for decisions on grants starting in 2025 making this interim year incredibly tough, and for some, unsurvivable. In addition, the demand for Creative Scotland's funding only represents one strand of their funding portfolio and does not reflect the need from their other programmes, which are also experiencing unprecedented levels of demand, or from the rest of the sector who seek funding outwith Creative Scotland's remit.

Scotland's culture sector is world class and attracts visitors in their millions every year. It supports jobs, generates income, drives innovation and has proven societal benefits from supporting health and well-being to social inclusion. However, the culture sector is a finely balanced and interconnected eco-system, so any losses have repercussions across the sector. Any organisation that disappears doesn't just leave a gap. It affects and changes everything connected to it. As cultural organisations fight for survival, we will see a growing impact on jobs, cultural services and in communities across Scotland. Large scale contraction, which is what we are effectively looking at, will have a systemic effect that can't be predicted or easily undone. Our artists, performers and freelancers are vulnerable, and some are choosing to leave the sector seeking more stability. Our reputation and ambitions as an international cultural leader are now at serious risk.

Through this Committee last year, Culture Counts called for a [£104 million increase in 2024- 25](#) to help mitigate the impact of the cost crisis, reduce the risks of venues, organisations and events closing down and secure a sustainable future for Scotland's culture sector. Our evidence demonstrated the sector needed this level of investment in the 2024-25 budget to rebalance the gap from decades of under investment and standstill funding and provide the sustainability the sector needs. The Scottish Government responded by setting out its ambitions for culture and pledged support through committing to increase the culture budget by £100 million by 2028-29. Whilst this

was hugely welcome, at this time we also saw the reinstatement of the 10% cut to Creative Scotland and whilst the 2024-25 budget increase began to draw down the £100 million, the budget included some investment which we would not consider to be 'new' money. This included the replacement of the 10% cut made to Creative Scotland and investment in CS programmes already committed in the previous year. In addition, any increased investment to Creative Scotland has not been passed on to the RFO network this year leaving huge numbers of organisations on standstill funding for yet another year. The sector needs to see the Scottish Government's ambition translated into immediate action with as much of this funding made available now when it is most urgently needed to prevent the immediate threats that many organisations, workforce, and artists stand to face this year.

We also call upon the Scottish Government to confirm the funding commitment to Creative Scotland for this financial year's budget including the reinstated £6.6 million and support for the Culture Collective and PLACE initiatives. Any in year cuts to Creative Scotland or any of the other national institutions and public sector cultural bodies will leave the £15.8 million depleted and the roll out of the additional £100 million way off track and at risk of becoming a hollow promise

Whilst an additional £25 million is to be committed for 2025-26 the overriding priority is to secure the survival of Scotland's arts and culture sector. Culture needs the conditions to thrive which relies on having a healthy and stable sector of people, artists, creators and makers who create culture and arts. Continued standstill funding and further cuts do not provide these conditions.

The current crisis can be easily averted with long term, stable investment and multi-year funding settlements which have the power to reverse the inflationary impacts of 15 years of erosion of culture budgets and ensure continued programme output and employment opportunities. The amount of funding required is tiny in comparison to other portfolios but will deliver huge impacts. The average spend on culture in other countries across Europe is 1.5% and Scotland's investment of just over 0.5% of overall Scottish investment, finds it sitting near the bottom of these league tables. A target of at least 1% of budget allocated to culture, which this Committee has supported in the past, would demonstrate its value is understood and provide the support at a level that will enable it to flourish and play a central role in people's lives across Scotland. Setting an adequate baseline of investment once established should have as a minimum index linked annual increases.

Ultimately, the budget comes down to choices by the Government and to date culture has not been a priority or received the investment at the pace or levels needed. The lack of available money to invest in the sector argument made by Government prevents meaningful engagement and discussion. The barriers to providing appropriate investment and a multi-year settlement are unclear given that the culture budget has represented such a low percentage of the overall Scottish Government budget, the risks to committing for at least three years are extremely low compared to the massive benefits this would deliver. The argument to prioritise public sector pay awards over culture has often been

sited, however this lacks understanding that the culture sector is also largely a publicly funded sector which has similarly been on standstill funding and its workforce without inflationary pay increases for well over a decade. In addition, culture, unlike many other areas in the public sector, has a large freelance component meaning its workforce is much more precarious and vulnerable to external environmental challenges.

There is an urgent need to prioritise sustaining the sector over any new projects and initiatives, to invest in core activity, maintaining the infrastructure and capacity building and in supporting our workforce of freelancers and staff. Discussion with the culture sector is vital to ensure future investment priorities are identified and directed strategically to where they are most needed, can have the most impact and should be taken in a way which prioritises the long-term health of all parts of the culture sector. The whole sector must be considered beyond Creative Scotland, however as there are many who are not eligible (heritage and museums), fall between the cracks or are not of scale to be eligible for their funding programmes.

Culture Strategy Action Plan

As it states in the former Culture Minister's foreword to the Culture Strategy Action Plan (CSAP) the Government's mission is 'to create the conditions for it to thrive.'

We were therefore disappointed to see the role of Culture Minister was axed in the First Minister's Cabinet reshuffle questioning the commitment of the Government to the culture sector without a dedicated champion, particularly at this time of need. In addition, potential conflicts of interest in the Cabinet Secretary's constituency, means some decision making relating to key areas of culture in Scotland's capital will no longer be made within the Portfolio, if there is no Culture Minister to defer them to.

As Culture Counts has commented previously, the sector supports a Refreshed Culture Strategy Action Plan which puts audiences and artists at its centre and provides an inspiring forward-looking long-term vision and strategic approach to cultural activity, leadership, delivery, and investment.

The Plan published in December 2023, was welcomed as an opportunity to take decisive action backed by appropriate levels of investment. However, the Plan is largely reactive and does not provide the strategy or level of detail required to understand how the ambitions will be achieved, the timeline, budget or industry roles to implement, guide and monitor its delivery. We fear it will be a plan that will struggle to be delivered without a collective approach and doesn't effectively utilise the input of the many stakeholders who could be involved. The sector is best placed to deliver the objectives of the strategy and a plan to work with them to develop, deliver and record activity should be considered. A means of communicating activity and progress with the sector calling for input, evidence etc would be useful.

Whilst we are supportive of advocacy as a means to develop key areas, collaborations and to open up additional funding streams there is a significant focus in the Action Plan

on the need to advocate and amplify the value of culture both within and across Scottish Government, and Local Authorities. We aspire for Scotland's Cultural Strategy to be outward looking, ambitious and inspiring and not be detracted by actions to make the case for culture internally.

The Plan does propose to take forward a number of initiatives which we are supportive of such as the % for the Arts scheme, Visitor Levy Bill (now passed), cross policy working and improving data, however there is no obvious resource available to deliver these. There is also a real risk that going forward the sector will be too lean to change and respond to the refreshed Action Plan without significant investment.

The plan has now been in place for 7 months and it is difficult to determine the progress that has been made to date. The proposed Culture Summit event with COSLA; *Connections and Partnerships: The Value of Culture in Communities* has taken place and we would call for further actions to follow from this. A joint working agreement for Culture with COSLA would be a productive way forward, recognising the key role Local Authorities play in support not just culture in their communities, but touring national work. Scottish Government working with Local Authorities and cultural organisations to collaborate, particularly around community based cultural assets is vital to enable better use of spaces out of hours, sharing of buildings and securing affordable rentals. Improving connectivity across services through supporting partnerships between transport and cultural venues and events to encourage audiences and environmentally sustainable practices.

The Cabinet Secretary provided an update on progress to the CEEAC Committee (letter of 5 June) which referred to reform of the culture sector, however what this means has not yet been communicated. In addition, the plans, timeline and strategies for public service reform and how transformational these might be and how they will impact on national institutions and public sector cultural bodies are unclear and where future funding will be directed. There is considerable scope for cultural practice and production in its many guises to be a key part of positive and realistic transformation. We would encourage a review of the CSAP with a view to ensuring it is strategic and takes a long-term approach. It should also be responsive to the shifts in the sector that are anticipated in October post MYF decisions and of the input that the sector has already made to inform the International Culture Strategy and the National Events Strategy.

Clarity on where leadership in the creative economy currently lies would be hugely welcomed. We also believe there is a strong argument for a strategy for the Creative Industries in Scotland. Across the UK Creative Industries generate £108 billion a year, employ over 2.3 million people in every corner of the country and have grown at more than 1.5 times the rate of the wider economy over the past decade. ([Creative industries sector vision: a joint plan to drive growth, build talent and develop skills - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/612117/creative-industries-sector-vision-a-joint-plan-to-drive-growth-build-talent-and-develop-skills-2017.pdf))

By taking decisive action through the Action Plan on cultural vision, policy development and investment, Scottish Government could halt the decline and go some way towards securing Scotland's place as a cultural world leader and unlock enormous benefits for Scotland's society and economy. We remain available and committed to working with the Scottish Government, culture sector stakeholders and partners to realise the ambition of this investment for the benefit of all.

Transparent and inclusive strategies, processes and cross-party commitments are vital to the sector's development but without a shift in core investment the sector will continue to decline. Meaningful dialogue with the sector should inform budgetary decisions which must be prioritised to sustain the sector and passed on to those who have been on standstill funding or have not received support over the last decade. This will make up for the real terms loss and to provide security and sustainability to achieve the ambitions and to meet the requirements in the areas of carbon reduction and moving to net zero, fair work and equality, diversity, and inclusion.

Without designating a budget to progress the Culture Strategy Action Plan, progress is likely to be slow however Government must be wary of investment in new one-off projects without investing in the core first and a strong case for widespread impact and benefit. This week saw the announcement by the Cabinet Secretary inviting participants to join a new 'Strategic Partnership for Scotland's Festivals'. Whilst we do not know the details of this yet, any initiative to address the precarious state of Scotland's entire cultural landscape is welcomed, and we look forward to hearing more about the proposals in due course.

A strategic approach to Cross Policy Working is urgently needed with identified leadership that understands the intrinsic value of culture of and in and of itself and that cultural participation has wider benefits that support our wellbeing and builds wealth in our communities. Cross-portfolio working is implemented most successfully from the ground up. Across the culture sector there are multiple examples of collaborative models with the public and third sectors to deliver activity which supports early intervention and prevention which consequently reduce demand of higher tariff public community, social care and health services. Cross-sector investment is happening in health but needs to be captured, evaluated and promoted better. Investment, a strategic approach and commitment across Government departments is now required to work towards transferring public investment through procurement and collaborative solutions to deliver change at a transformative level. Some work has already begun to map out where arts, heritage and creative industries can deliver on outcomes across Justice; Social Security; Health; Education and Economy. Further work is required to identify ways to secure cross-portfolio investment and understanding of the benefits of culture, particularly with the increased demand for social prescribing and creative therapies to support mental health and well-being.

The Culture Strategy considers cultural production and practice sitting in a broader societal context which means that specific Scottish Government ring fenced funding streams (Level 4 Budget) could be more specifically targeted to include cultural investment. However, this needs meaningful discussion at minister level to take place to agree and take forward strategic cross-portfolio investment and break down the silo nature of delivery and budget allocation. The sector has limited powers in achieving this at a strategic level without high level intervention and will.

A commitment to strategic investment in the youth arts sector to ensure young people in Scotland can access and participate fully in cultural and artistic life from a young age, supporting creative education, skills development, and providing essential routes into employment within the cultural industries (which is key to the ongoing success of Scotland's thriving cultural sector). Such investment is essential for the additional benefits that participation in the arts offers, supporting wellbeing and demonstrating that culture is central to Scotland's prosperity and essential to our lives and wellbeing.

Progress on innovative funding solutions

The Creative Industries contribute more than £5 billion to the Scottish economy every year. They comprise of over 15,000 businesses employing more 70,000 people and make a vital contribution to the national wealth and international reputation. The sector is a key growth area and for example for every £1 invested by the public sector in the Edinburgh Festivals, there is a return of c£33 to Scotland. Despite this there has been a lack of progress in the development of existing and new forms of cultural investment and businesses and jobs are now at stake.

Culture Counts has seen little progress against the recommendations outlined in the CEEAC Committee's report, or in the Government's own commitments to take forward innovative funding solutions. Whilst past recommendations made by the Committee and Culture Counts ([12 recommendations for culture funding — Culture Counts](#)) remain relevant, they no longer go far enough. To secure the future of Scotland's cultural sector, urgent and transformative action is needed.

One area where we have seen some development is the Visitor Levy Bill, however, the earliest that this will start to generate income, due to the mandated 18 month implementation period as noted from the Local Authorities which are most advanced on their planning, is unlikely to be until mid-2026 ([About proposals for a visitor levy – The City of Edinburgh Council](#)).

Culture Counts has consistently called for the introduction of a Percentage for the Arts scheme, which was a 2021 Scottish National Party Manifesto commitment. We would urge the Government to move forward and implement testing of this scheme.

The sector has welcomed the Scottish Government support and collaboration with the UK Government to secure cultural tax breaks including Exhibition Tax Relief, Theatre Tax Relief, Orchestra Relief, energy bills relief scheme, etc. This has provided a lifeline for

many organisations without which their financial situation would be much bleaker. We would urge the Scottish Government to work to maintain these commitments permanently and collaborate further with the new UK Government to open up future investment opportunities and partnerships, however, these alone, are not enough to rebalance the gap in investment that the sector has experienced or provide the sustainability the sector needs.

The culture sector is inherently innovative and creative across all that it does including in diversifying its income, which is why it has survived on standstill funding for over 15 years. It has, however exhausted cost cutting initiatives and innovative schemes for diversifying income at an organisational level. In addition, the pressures of organisational deficits and applying to the Multi-Year funding programme has seen innovation and the ability to take advantage of upcoming opportunities constrained. Fundraising is increasingly challenging with funders experiencing increased demand, many are moving to support different priorities and success rates are plummeting. The challenges around ethical philanthropy and corporate sponsorship mean it is not currently a viable option for developmental growth. The sector reports that it is at capacity without significantly compromising its core services and mission.

Whilst further change and adaptation is of course possible, additional budgets and interventions are urgently needed at a government level. There must be an understanding of the distinction between core funding which should be supported by core and sustained investment and innovative funding solutions which are not necessarily sustainable and cannot be relied on to support ongoing core activity.

Dealing with financial pressures is what culture has in common with education, health and social care and leads to us being locked into having to make 'difficult decisions' rather than working towards imaginative solutions. We need to find ways cross-sector to look at alternative methods of resourcing and working collectively.

Government investment is only one part of Scotland's cultural ecosystem. It is also essential that the Scottish Government works with COSLA and Local Government, building on the Verity House Agreement to mitigate and reverse the hollowing out of Local Authority cultural services, which have sustained a 39% real-terms cut since 2015-16. ([Scottish Parliament Information Centre Briefing](#), [Bank of England Inflation Calculator](#)).

Scotland's spend on culture as a percentage of GDP is still one of the lowest in Europe. If Scotland aspires to set an international example as a progressive nation and lead the way in its cultural investment, then the current budget levels need to significantly improve to realise this and meet the ambitions proposed within the cultural strategies.

Creative Scotland's Multi-Year Funding Programme

Culture Counts has not conducted any detailed consultation to gather evidence from the sector on the process of implementing Creative Scotland's Multi-Year Funding Programme as understands that others have taken forward this work and will be sharing

their findings with Creative Scotland and the CEEAC Committee directly. We have however received feedback from some of our members and have our own reflections, having been included in another applicant's application.

Creative Scotland's Multi Year funding programme has been a long time in development and delays to its roll out, due primarily to the Covid pandemic, has left the sector on standstill funding for over a decade and now in serious financial precarity. Developing a programme for such a broad and diverse culture sector is a challenge particularly without a multi-year settlement for its own funds, the external challenges facing the sector, as discussed previously, and with the extremely difficult funding environment. Core Scottish Government funding is not enough to adequately support the sector or the programme and the ability of organisations to secure match funding from other income sources is limited and declining.

The Multi-Year funding programme has been a challenge for the sector. It created one process for all applicants regardless of artform, location, organisational scale, level of investment sought or skills and experience. We understand that the process was taxing for many applicants, particularly those applying for the first time or with unpaid staff and took considerable time and focus away from core activity for key and primarily senior staff members. Developing plans and strands of work to meet the three strategic priorities in the Second-Round application was challenging however it has enabled organisations to review and develop their business models through writing Business Plans. The development and deadline were unfortunately programmed at a time when applicants who are not in RFO programme had to pivot to apply to the Open Fund to secure funding for 2024-25 and then for many to deliver events, activities and festivals all when end of year accounts were also due.

The decisions that Creative Scotland will be taking at the end of October on the Multi Year Funding Programme are likely to have significant repercussions for Scotland's cultural landscape and there is a lack of clarity over the proposed decision-making process, how awards will be made and prioritised and if that deadline will be deliverable. Any delay in the decision timeline will leave many organisations outwith the RFO network in serious difficulties.

The current available budget stands at around £40 million for applications totalling £87.5 million, leaving huge uncertainty for cultural organisations awaiting these vital decisions. We understand from Campaign for the Arts that the percentage gap between available budget and levels of demand are in excess of any other similar grants programme delivered by any of the other UK nations national arts bodies. The levels of demand for funding demonstrate the ambition of Scotland's cultural sector that whilst facing a precarious future are committed to continuing to develop world class cultural programming. We welcomed ministers' commitment to invest at least £100 million more in arts and culture by 2028-29, and the promise of at least £25 million in financial year 2025-26 however the crisis is an immediate one. Bringing more of this funding forward now, and the Scottish Government and Creative Scotland aligning their planning for October,

would enable vital investment for Creative Scotland, the sector it supports and the communities they serve across Scotland, when it is most urgently needed. Any delays caused by the timetable of the UK Autumn budget at the end of October could have catastrophic consequences.

The plans for transition support and funding for unsuccessful applicants are still unknown and there is considerable concern that despite plans to look at supporting business development, there is nowhere for these organisations to pivot to with falling success rates with trusts and foundation and the challenges around ethical philanthropy and corporate sponsorship.

We hugely value having an arm's length national cultural funding body and it is fundamental that its arm's length status is maintained and protected, with decision making removed from government. But it is vital that it is adequately funded to support the sector it supports. We welcome having a multi-year funding programme for the sector but a multi-year funding settlement is also vital for Creative Scotland to enable its own and the sector's strategic planning. Despite the current Scottish Government pledging in their 2021 Party Manifesto to agree 3-year funding settlements for Scottish Government core funded cultural organisations, this has not come to fruition and Creative Scotland's budget is currently only confirmed to March 2025. We were also disappointed not to see multi-year budgets in the 2024-25 budget as had been previously suggested by the Government as part of the Verity House agreement.

Fair Work

Progress

Artists, makers, and creatives are the heart of the sector and need to be paid fairly for all that they do and produce. We need to provide the support and conditions for freelancers to survive.

The culture sector is committed to fair work and its principles and implementation, as well as the establishment of the Culture Fair Work Taskforce Group, which Culture Counts is a member of. Many organisations have been improving their practices for a number of years including becoming Living Wage employers, paying the Real Living Wage and adhering to industry standard rates, and phasing out zero-hour contracts.

Creative Scotland's Multi Year Funding Programme which received applications from 281 cultural organisations to the Second Stage in April 2024, required commitments from all to fair work principles including:

- confirming payment of the Real Living Wage,
- putting in place arrangements for Effective Voice for workers,

- meeting Scottish Government requirements for grant recipients to publish a statement on their website highlighting commitment to their Fair Work First programme.
- supporting the principles of Fair Work within programming.

Beyond Creative Scotland other funders such as Museums Galleries Scotland also have fair work conditionality for grants which has helped to drive forward the implementation of the real living wage in the sector. As it is quite early in the development and implementation of fair work across the culture sector, it is difficult to determine what progress has been made without evidence gathering and access to relevant data. We anticipate, however that cultural organisations may be further ahead than many other sectors in committing and implementing fair work.

As Festivals Edinburgh noted in their response to the consultation on the National Events Strategy: ([National events strategy review: consultation analysis - gov.scot \(www.gov.scot\)](https://www.gov.scot/national-events-strategy-review-consultation-analysis)) *“In February 2023 the UK Creative Industries Policy & Evidence Centre (PEC) published the [Good Work Review](#) - the first examination of job quality across the entire UK creative industries - with Creative Scotland as the Scottish [partner](#) in this work. The study found that ‘people working in the Creative Industries tended to have higher job satisfaction than workers in other sectors, could work more flexibly, and found their work to be an outlet for their creative passion’. However, they also found that there was ‘lower than average pay in some sectors, long hours, evidence for poor workplace culture, and unequal access to the creative industries, with many people needing to work for free to get a foot in the door’. “*

KEY ISSUES

- What we are aware of is the financial burden that fair work has placed on the sector with some organisations reporting that it has directly led to an operational deficit and/or having to use reserves to meet the cost of increased wages.
- For some organisations adapting to provide increased wages has come at a cost of job security for employees with employers unable to provide stability for workers due to being unable to commit to longer term contracts which is in conflict with the ethos of Fair Work First.
- There is no increased budget available in the 2024-25 budget to help meet the ambitions and targets for 2025, particularly in paying the Real Living Wage. As most organisations remain on standstill funding for this financial year meeting the obligations will either require additional funding to pay staff and artists appropriately (which may involve use of reserves and going into a deficit) or a reduction in the level of activity, service or outputs of our cultural institutions.
- Applying for a limited exemption in funding contracts on the basis of affordability is not an appropriate solution as it would result in staff not being appropriately compensated for a period of time and is not a permanent solution for organisations.
- Freelancers are not currently included in fair work legislation.

- Volunteers are also not included and as Museums Galleries Scotland reports 96% of organisations rely on volunteers and the depletion of the volunteer workforce is causing pressures.

Priorities for further progress

- Ensure that there are adequate structures in place to capture data and evidence around fair work to comprehensively guide policy development.
- To include freelancers in the Fair Work legislation, and for the Fair Work Dimensions to be embedded into contracts.
- Ensure the Culture Fair Work Taskforce can influence policy and the wider sector are able to feed into this process.
- Utilise the skills and expertise of the culture sector who may be further ahead than many other sectors to share learning and expertise.

Edinburgh Festival Fringe Society

The Edinburgh Festival Fringe Society was founded by artists to nurture and uphold the Fringe's values of inclusivity, experimentation and imagination. The founding principle at the heart of the Fringe is to be an open access festival that accommodates anyone with a desire to perform and a venue willing to host them. No single individual or committee determines who can or cannot perform at the Fringe; the Fringe Society does not run any venues or programme any performers.

The Fringe Society has three core objectives:

- Provide support, advice and encouragement to all participants.

The Fringe Society supports and encourages anyone who wants to take part – all the amazing artists, producers, venues, arts industry professionals and members of the media. From choosing a venue to creating a successful marketing campaign, the Fringe Society is on hand all year round with one-to-one tailored advice, events, facilities and online resources.

- Assist audiences to navigate what's on offer

The Fringe Society provides ticketing through a centralised box office, offering tickets to every show on the Fringe, and a wealth of information via the official Fringe programme, website and mobile app. We continuously improve and expand our services to ensure the best possible experience for Fringe audiences, and reach out via our community, learning and access initiatives to ensure that everyone who wants to attend the Fringe is able to.

- Celebrate the Fringe and what it stands for all over the world.

The Fringe Society markets the Fringe in its entirety – locally, nationally and internationally – to participants, the public, media and arts industry to retain its position as the world's leading arts festival. As well as delivering a high-profile annual marketing and media campaign, the Society works closely with media outlets all over the world to maximise publicity for the Fringe.

Planned budget increases

The planned increase of £25Mn in 2025/26 is currently light on details, and there has been no communication to the sector on the priorities for this investment; it also remains unclear if the full £25Mn will be made available or if this is already partially ringfenced for spend incurred by Creative Scotland in 2023/24 after the 10% cut to their budget was restored.

£25Mn is not going to begin to address the serious financial issues facing the sector, which is suffering from layers of reduced investment over many years. A serious consideration of how the £100Mn is invested in a shorter time frame to accelerate

recovery and grow the capacity for seeking further investment must be a priority, as Scotland stands to lose considerable talent and knowledge to other countries or other sectors. £100Mn invested thoughtfully should return a significant value to the creative and wider economy of Scotland but is equally easily wasted in filling gaps and patching holes, rather than a strategic investment in the future of Scotland's creative ecology and economy.

As an organisation not included in Creative Scotland's RFO portfolio we have concerns that this investment will be heavily ringfenced to address the gap in funding there, and that Creative Scotland will prioritise existing funded organisations to the detriment of the wider sector ecology and those organisations who do not fit the narrow parameters of the RFO programme. We support the idea that RFO portfolio organisations cannot thrive with standstill funding but would like to see a seriously considered response for those organisations who live hand to mouth in a highly competitive funding landscape in Scotland, despite significant return socially, economically and culturally, year on year – the Fringe is a stand-out example of this but is not alone in falling through the cracks of the current, disjointed funding approach in Scotland.

Planned budget increases for 2025-26 should focus on providing investment that supports the long term resilience and recovery of the sector and should ensure it extends beyond the remit of Creative Scotland to include Creative Industries, Heritage, Film, etc. The Sector is increasingly unviable for freelancers and small organisations who are less able afford the time and capacity to engage in highly competitive funding or pitching activity, often designed to keep people out, rather than include them – a simpler process for applying and securing funds must be introduced urgently. There is a need to reconsider the perception of creative work as subsidy when it is often investment that supports artists and offers a strong return long term to the economy. Investment should consider the impact of regular major events and how these are underpinned to be more sustainable and offer a greater return on investment through employment, skills, access and participation.

The Edinburgh Festival Fringe is the greatest performing arts festival in the world and offers artists from over 60 countries (including 900+ from Scotland) the chance to showcase their stories to audiences, media, industry and peers from around the globe. With ticket sales greater than a World Cup (2.4Mn in 2023), the Fringe is unique in that it offers a broad range of opportunities for all artists, from emerging artists looking to try new ideas to acclaimed award winning performers securing onward touring and future collaboration – all being seen by local, national, UK and international audiences. The Fringe provides over 3,000 jobs each year and returns an estimated £250Mn+ to the Scottish economy annually. The contribution to the long-term sustainability of the cultural sector in Scotland is consistent and the positive impact on the reputation of Scotland globally is clearly evidenced in the media, industry, audiences and officials who visit each and every year. We welcome the proposed festival framework outlined by ScotGov in early August and await the details on how funding and support will be invested to support

existing and substantive positive outcomes for the creative ecology and economy that the Fringe provides.

Culture Strategy Action Plan

The Action Plan is largely missing the level of detail required to understand what and how the sector will be more sustainable as a result of the proposed action, and there are no material plans for the investment required to activate the outcomes desired. The plan promises to scope, explore, review, develop but direct and measurable action is lacking – and there is no clear sense of cost, time and affordability to assess if the proposed plans will provide a more sustainable future. As is often the case, the Action Plan is a wide reaching strategy that attempts to address many issues, but in doing so does not answer the urgent questions from the sector; what investment is available and when, how will this be prioritised and distributed and who is best placed to ensure this reflects the needs of the whole sector; for example, there is no strategy in place for Creative Industries and Cultural Economy, meaning these key parts of the sector are overlooked or (unsuccessfully) shoehorned into the existing agencies frameworks.

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Progress on innovative funding solutions

To the best of our knowledge there have been no innovative funding solutions from any of the agencies of the Scottish Government that have impacted the performing arts sector. Innovative funding solutions often aim to be innovative in their outcomes, not their implementation, which comes at a cost to the core resources of artists and organisations. Innovation should focus instead on how funds can be better distributed with reduced overhead and lost cost, which must also include the cost of application by organisations and artists – if the process prioritises paperwork and audit trail over the efficient distribution of funds then there is always going to be significant wastage – a radical rethink of what ‘innovative funding solutions’ really means is overdue.

In 2023 the Fringe Society secured £100K in donations to deliver the Keep it Fringe Fund, which provided £2K bursaries to 50 artists through a simple application, eligibility and reporting process – the focus of the fund was to support artists to accelerate their professional ambitions and maximise the opportunities the Fringe presents. Funds were

spent on PR, production, childcare, access, living costs, artist pay and accommodation depending on the needs of performers.

In 2024 the Fringe Society secured £1Mn for a further two years of the programme through UK Government funds, which will distribute 180 £2,500 bursaries to artists in 2024 and 2025. The programme remains artist focused and easy to apply for and will drive significant professional development across the two years, and beyond. This is delivered through a modern and easy to use funding platform; serious consideration should be given to the range and complexity of systems managed by funding bodies that add more frustration, bureaucracy and cost to the process and make the working lives of the sector more challenging.

Creative Scotland's Multi—Year Funding Programme

While we recognise that the environment for funders is challenging and the balance of funds available and funds required will never align, the process for implementing Multi-Year funding has created greater uncertainty, insecurity and anxiety within the sector, and will continue to do so in the coming months and years. A level of needless bureaucratic complexity meant those organisations who do not have fundraising teams are at a significant disadvantage despite being most in need of secure, long term funding and support. With key organisations awaiting a decision in October 2024 there is a trickle down impact where committing to work, to collaboration, to funding and support is all on hold until some certainty is returned, and there are deep concerns that the already challenging market of donors, trusts, sponsors and patrons will be flooded with requests from the significant number of organisations who will be turned down in October who will find themselves seeking emergency funding due to poor expectation management throughout the process.

Fair work

The Fringe collectively has made progress on Fair Work priorities; from increased pay, clearer articulation of volunteering opportunities and paid roles, contracting, age pay equity, support for staff, staff consultation, and greater flexibility in working hours. The Fringe Society is an accredited Real Living Wage employer not in receipt of any core public funding and is committed to its pledge, but with an average 10% increase annually post covid the cost of implementing this is growing exponentially and there is no funding or support to match this rate of increase. Priorities for further progress should ensure the sector understands and benchmarks its progress on Fair Work, both successes and challenges, to ensure the dialogue and action plan going forward reflects the needs of workers (including freelance and contract workers) and employers.

Dundee Rep and Scottish Dance Theatre

Planned budget increases

KEY MESSAGES

- Ultimately the budget comes down to choices and to date, the significant value culture delivers has not been as fully recognised as they could have been, has not been a priority nor has it received the investment at the pace or levels needed.
- Continuous, open and honest discussion with the culture sector is vital to ensure additional funds are directed to where it is most needed, where the returns are greatest and where it can have the most impact. For many arts-based organisations, this is a battle for survival, with the impact of the perfect storm of the impacts of Covid, cost of living crises, increased energy costs and reduced audiences meaning many are teetering on the edge of being Going Concerns, i.e. can meet their financial obligations when they become due. For Dundee Rep and Scottish Dance Theatre we have been able to navigate going concern and retained all staff throughout the pandemic and recovery phases. while continuing to deliver significant programme output. However this commitment to purpose, while longer term funding commitments were unknown, has created a structural deficit that can only be resolved with increased levels of funding.
- The claimed increased level of investment in culture in the 2024-25 budget included some investment which was not considered to be 'new' money including the replacement of the 10% cut made to Creative Scotland and investment in CS programmes already committed in the previous year. In addition, any increased investment to Creative Scotland has not been passed on to RFO organisations such as ours, leaving us on standstill funding for yet another year. We have effectively been on standstill funding since 2008. Our current award of award of £1.98m should equate to £3.2 million per annum if it had kept pace with inflation for the period 2008-2025
- An additional £25 million is 'aimed' to be committed for 2025-26 but there is no indication yet of the priorities for this investment and how this will be determined which makes business planning for our organisation very hard as we try to match our activity to Scottish Government desired outcomes and deliver significant public value against for the 'public pound'
- Culture needs the conditions to thrive which relies on having a flourishing sector of people, artists, creators and makers who create culture and arts. The arts, culture and creative sector, which also covers screen, software publishing and computer game design, is an important economic sector for Scotland. Latest data for the sector show that it employed 155,000 people in 2022, and contributed £4.4 billion Gross Value Added (GVA) to Scotland's Economy in 2020. Yet our workers are amongst lowest paid in the UK, with an estimated 58% of creative roles receiving a salary of less than the Scottish average of £28,363. Earnings for theatre freelancers in the UK are 17.5% below the average earnings for UK workers, with some reporting that when total hours worked are considered, hourly rates can fall below national minimum wages and

certainly fall below Real Living Wage - <https://freelancersmaketheatrework.com/big-freelancer-survey-2024/> [Big Freelancer Survey 2024 – Report - Freelancers make theatre work](#)

- There is a worrying exodus of skills and experience from the sector. A 2020 report using Office for National Statistics data, found that in the six months following the beginning of the Covid lockdown, there were 55,000 job losses, a 30% decline in music, performing and visual arts and significantly higher than average numbers of people leaving the creative occupations compared to previous years.
- Even worse, since April 2022 and March 2023, there were a further 35,000 job losses in the sector with numbers of performing arts workers down from 311,000 to 276,000, (*figures from DCMS.*) This exodus of skills and experience is deeply concerning and is likely to continue with the cost of living/mortgage crises, lack of funding and a reduction in opportunities with the potential permanent closure of venues. We need therefore to direct increased investment in infrastructure, capacity building and training to support our highly-skilled workforce of staff and freelancers.

ASK/SOLUTIONS

- Continued standstill funding will not enable the sector to thrive, develop and continue to make a strong contribution to the Scottish economy. We therefore request the Scottish Government allocate a substantial proportion of the £100 million investment forward, to prevent the immediate threats that many organisations, workforce and artists stand to face this year. This will allow organisations to stabilise and begin to plan for a more sustainable future. This must also be accompanied by providing Creative Scotland and other agencies with the assurance and ability to provide genuine multi-year-funding arrangements, that are less exposed to the annual, and often delayed, government budgeting cycle.
- We recognise Scotland fares poorly compared to the rest of Europe in terms of investment in culture and request the Committee support setting a target of at least 1% of overall Scottish Government investment in culture, which it has supported in the past.
- Once an adequate baseline of investment as above has been established, there should be minimum index linked annual increases.
- Employers are increasingly looking to recruit creative thinkers. Approximately 73% of organizations surveyed in the 2024 World Economic Forum's Future of Jobs Survey reported that creative thinking skills were a top priority for them when considering talent as we move into the future, agreeing that this skill set is increasing in relevance and importance. Therefore we need greater investment in young people, skills and access to cultural education as well as providing support and conditions for freelancers, many of whom deliver this creative development work, to survive.

Culture Strategy Action Plan

KEY MESSAGES

- The Plan was an opportunity to show vision and take decisive action backed by appropriate levels of investment. However, it is largely reactive and does not provide the level of detail required (who, what, when and how) to understand how the strategic ambitions will be achieved and this has still not been provided. The proposals do not match with the resource available and there is a real risk that the sector will be too lean to change and respond to the refreshed Action Plan without significant investment. Genuine commitment to action must be directly linked to realistic levels of resource provision, otherwise the risk is that the Action Plan is seen as nothing more than a 'wish list'.
- It is still unclear how the Culture Strategy is being delivered and actioned and what the role of the sector is and observations are that not a lot has happened over the past 7 months since its launch.
- The Cabinet Secretary has referred to reform of the culture sector in his update on progress to the CEEAC Committee (5 June) however what this means has not been communicated. Clarity on this matter is urgently required.
- The plans, timeline and strategies for public service reform and how these will impact on national institutions and public sector cultural bodies are unclear and where future funding will be directed.
- SG working with Local Authorities and cultural organisations to collaborate, particularly around community based cultural assets is vital.

ASK/SOLUTIONS

- SG should work closer with the sector to deliver and take forward objectives of the Culture Strategy and commission those who work with communities or provide sector support on its implementation.
- A means of communicating activity with the sector calling for input, evidence etc would be useful.
- We call for a Strategy for the Creative Industries and for clarity on where leadership on the creative economy currently lies

KEY MESSAGES

- We are not convinced that the Culture Strategy Action Plan should inform budgetary decisions given the ambiguity and lack of clarity noted above. It does however need dedicated budget to enable the delivery of its ambitions.

ASK/SOLUTIONS

- Meaningful ongoing dialogue with the sector to develop understanding of issues and challenges should inform budgetary decisions.
- Scotland's spend on culture as a percentage of GDP is still one of the lowest in Europe lying 28th out of the 34 nations ([Statistics | Eurostat \(europa.eu\)](#) 2021 and [Country and](#)

[regional analysis: 2022 - GOV.UK \(www.gov.uk\)](https://www.gov.uk)). If Scotland aspires to set an international example as a progressive nation and lead the way in its cultural investment, then the current budget levels need to significantly improve to realise this and meet the ambitions proposed within the cultural strategies.

- As noted above genuine three year funding commitments should be made to RFOs. This investment in longer-term planning will provide a more robust platform on which to secure and leverage additional investment, build programme, increase public engagement and extend the reach and impact of the Scottish cultural sector.

Progress on innovative funding solutions

KEY MESSAGES

- There must be an understanding of the distinction between core funding which should be supported by core investment and innovative funding solutions which are not necessarily sustainable and cannot be relied on to support the core ongoing.
- Other than the Visitor Levy Bill little progress has been made to take forward innovative funding solutions.
- Commercial and corporate sponsorship is virtually non-existent for us currently and massively increased pressure on trusts and foundations and the many calls on individual donors means philanthropy cannot be relied upon to cover any budgetary shortfalls.
- The requirements of meeting net zero and operating an aging building are challenging when all budgets have been cut to the core and we are working with an operating deficit. Investment in adapting to and mitigating the effects of the climate emergency is urgently needed.
- Cross-sector investment is happening in the areas of health but needs to be captured, evaluated and promoted better. We know from our own work in health contexts, (including two dramatherapy programmes) and justice (including a recent year-long programme with the Scottish Prison Service,) of the value that this work can bring.
- A genuine commitment to cross-portfolio working to truly explore the contribution culture can make to civic and public life in Scotland, as well as other Scottish Government policy areas is required. This will require bringing cultural leadership to the heart of the policy conversations for the nation and thinking through the adaptation of policy and budgetary structures, that all too often, and sometime inadvertently, push the cultural dimension (and possible solutions) to the side-lines and into the 'nice to have' category as opposed to the 'essential'.

ASK/SOLUTIONS

- Meaningful discussions at minister level needs to take place to agree and take forward strategic cross-portfolio investment. The sector has limited powers in delivering this at a strategic level without high level intervention and will. Cultural expertise and leadership should be present in all revised thinking about policy priorities for the nation. That is what placing culture at the 'heart of the nation' really looks like.

- Percentage for the Arts scheme, which was a 2021 Party Manifesto commitment
- Enable better use of spaces out of hours and sharing of buildings and the importance of affordable rental. Put support in place to enable the upgrade, maintenance and purchase of buildings by creative organisations.
- Ensure the cultural tax reliefs remain permanent.
- Connectivity across services – support for partnerships between transport and cultural venues and events – encourages audiences and is environmentally more sustainable

Creative Scotland's Multi-Year Funding Programme

KEY MESSAGES

- Both ourselves and many colleagues we conferred with, found the process was onerous and took considerable time away from core activity for key and primarily senior staff members.
- We note that the MYF programme created one process for all regardless of artform, location, organisational scale, level of investment sought or skills and experience. We believe this was extraordinarily challenging for some smaller organisations and equally for larger, more complex organisations such as ourselves. Stage 1 was overly simple and did not have enough opportunity to communicate the complexities involved..
- How decisions will be made in terms of prioritising applications is not entirely clear in terms of how national policy priorities and assessment of applications will combine to inform decisions in the current competitive landscape.
- The decisions taken at the end of October are likely to have significant repercussions for Scotland's cultural landscape and on us as we seek a significantly-increased budget to allow us even to maintain our current levels of activity and try to plan for future activity without knowing what any award from Creative Scotland is likely to be, noting current available budget stands at around £40 million for applications totalling £87.5 million.

ASK/SOLUTIONS

- Despite the current Scottish Government pledging in their 2021 Party Manifesto to agree 3- year funding settlements for Scottish Government core funded cultural organisations, this has not come to fruition and Creative Scotland's budget is currently only confirmed to March 2025. Multi- Year settlements are vital for strategic planning, particularly with the long lead-in times required to research and develop and produce successful stage productions and tour them nationally and internationally.
- We welcome ministers' commitment to invest at least £100 million more annually

in arts and culture by 2028-29 but allocating more of this funding now and the Scottish Government and Creative Scotland aligning their planning in October, would enable strategic planning and vital investment for Creative Scotland, the sector it supports and the communities they serve across Scotland, when it is most urgently needed.

- Clarity on decision making and the plans for transition support and funding are still unknown.

Fair Work

KEY MESSAGES

- Artists, makers, and creatives are the heart of the sector and need to be paid fairly for all that they do and produce.
- It is difficult to be fully understand the extent of progress on Fair Work due to a lack of sector wide data. Dundee Rep and Scottish Dance Theatre signed up to be Living Wage Employers in 2021, have been accredited since early 2022 and supports and commits to all aspects of Fair Work First across the sector. However, we are a large employer with 99 staff FTE (with a greater head-count), it is expensive to implement and there have been no additional resources made available to cover these wage increases.

ASK/SOLUTIONS

- Essential to include freelancers in these structures, legislation and in contracts.
- Ensure that there are adequate structures in place to capture data and evidence around Fair Work to comprehensively guide policy development.
- Ensure the Culture Fair Work Taskforce can influence policy and the wider sector are able to feed into this process.
- The culture sector can share experiences with other sectors who are further behind.

Musicians' Union

The Musicians' Union is the trade union for professional musicians in the UK representing over 35,000 musicians working across the breadth of the music industry in the UK and beyond. Our members' work spans everything from playing in orchestras with National Performing Companies - RSNO, Scottish Ballet Orchestra, Scottish Opera Orchestra and Scottish Chamber Orchestra, to teaching, writing and composing, recording, live performing and everything in between

The MU provides a multitude of resources and support to members ranging from industry and career advice from expert officials to practical services including insurances, contract advice and legal advice and assistance amongst many more benefits.

Planned budget increases

Whilst the £25million addition for 2025/26 is welcome, within the sector we would view this as restorative funding, mitigating real terms cuts which we have seen in recent years including the 10% cut made to Creative Scotland and investment in CS programmes already committed in the previous year.

Further, the RFO network have not benefitted to any increase in CS funding leaving huge numbers of organisations on standstill funding for yet another year which in turn has an impact on our members and the wider ecology of the sector.

In real terms this is a continuation of standstill culture funding and the abject lack of investment - investment which is crucial in order to deliver what the Culture Strategy Action Plan sets out to do. This demonstrates a worrying disconnect between policy and what happens reality.

The Scottish Government should without delay set out the priorities for this £25m and there needs to be further engagement with the whole sector, including unions to ensure that this goes where it is most needed.

There is urgent need for infrastructure within the music industry in Scotland as well as the wider culture sector as our members are precluded from expanding their portfolio of work as opportunities and support are continually eroded in the current landscape, It is encouraging that SG want this funding to be used to ensure that Scotland's cultural output has platforms at home and abroad and the MU would like to see the establishment of a Music Expo office for Scotland which would allow Scotland's musicians to capitalise on opportunities beyond the UK and also within the UK in areas such as Northern Ireland. Brexit has removed a crucial income stream for many working musicians who now find the cost and bureaucracy associated with EU touring impossible.

To this end, as much of the promised £100m should be brought forward in order to ensure stronger foundations and reinforcements for the sector at the earliest possible stage including putting in place the necessary conditions for cultural freelancers to work and thrive.

Culture Strategy Action Plan

The Action Plan ultimately provides a means of updating the Cultural Strategy, launched in early 2020 just before the pandemic decimated the sector and the livelihoods of those working in it.

The action plan does not provide detail on exactly how the Culture Strategy will be delivered and it seems that there is somewhat of a disconnect between what is set out in the proposal and what resources are available in order to deliver these proposals.

For example, the Action Plan talks about Fair Work First Criteria being applied to over £4m worth of public sector funding since 2019. In reality, within the Culture sector that criteria and the conditionality of funding based on that criteria is not enforced and we understand that there is no mechanism to enforce this criteria.

Without this kind of mechanism in place or a working through of what that mechanism could look like, it renders the very idea of Fair Work conditionality as one with no grounds in reality.

A commitment to driving forward the Fair Work Agenda would go a long way to ensuring a more sustainable future for the sector as better conditions provide grounds for better work and a more fulfilled workforce who are able to develop their practice.

The plan should inform budgetary decisions by giving genuine consideration to the economic impacts of a strong culture sector and not simply lip service to this fact.

Progress on innovative funding solutions

The Visitor Levy Bill is an example of an area of progress here however there has been little else. It's also important to stress that these 'innovative' funding solutions which may also include the Percentage for the Arts initiative must be taking in line with a solid foundation of core funding.

It is clear from recent events that commercial and corporate sponsorship and investment brings with it a level of precarity that the sector does not have the insulation to withstand in the event of that funding being withdrawn.

As well as seeking out innovative funding solutions, the Scottish Government should set out to review current areas of arts spending and undertake impact assessments to ensure that funded businesses, individuals and organisations (particularly those in receipt of repeat and regular funding) are truly creating an output which serves the needs and requirements of the industry in Scotland in its current form. With less funding available in real terms and more applications to access funding than ever, it's clear that the Government will be in a position to fund less. It's therefore essential that steps are taken to ensure beyond doubt that the funding is placed well and with organisations with genuine commitments to Fair Work practice.

Further, the STUC research 'Raising Taxes to Deliver for Scotland' sets out where the Scottish Government have powers to raise certain taxes in order to deliver more for Scotland. This research should be given proper consideration and engagement.

Fair Work

Given where we currently are and that the target was for Scotland to be a Fair Work Nation by 2025 it is clear that there is a significant lag in achievements to this end, thus far. Fair Work First does not adequately cover those who work on a self-employed/freelance basis. The MU alongside other Creative unions have become increasingly concerned at the apparent reluctance to bolster the language around the policy to ensure that it covers freelancers unequivocally. The Real Living Wage does not apply to many in our sector who rely on not only minimum union rates but the ability to be able to negotiate their own rates of pay, depending on their experience, skills, expertise and professional clout. Published union rates are ultimately industry minimums which will not be relevant for many, more established artists

Another concern is the watering down and dialling back of much of the language used within the policy. There must be more robust engagement with unions if genuine Fair Work is to be achieved. It cannot be Fair Work according only to employers, engagers and those who have been in positions of power to exert bad practice and often exploitative practice. A recent draft of the policy which was circulated to the STUC and Creative Unions which for example removed the need for organisations to develop a FW statement and have this signed off by the relative union. This puts organisations in a position where they do not need to fully engage with genuine Fair Work criteria and leaves much open to interpretation which does not align with our own interpretation of Fair Work.

In terms of priorities, the first priority must be the establishment of a mechanism to ensure Fair Work criteria are met and that where it is not, conditionality of funding is triggered.

There must be more engagement with unions and more union involvement in the signing off of Fair Work Agreements - otherwise, organisations are left to mark their own homework with a complete lack of scrutiny from anywhere else.

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.