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Culture, Tourism, Europe and External Affairs
Committee
Scottish Parliament
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Dear Joan,

As the Scottish Government publishes its budget for 2020-21, I am responding to your letter of 16 October 2019 in which you set out the Culture, Tourism, Europe and External Affairs Committee's priorities following pre-budget scrutiny.

This year's Scottish Budget is taking place in exceptional circumstances caused by the UK Government. The significant delay to the UK Budget and the associated uncertainty have had a serious effect on the Scottish Budget, and its introduction has been delayed as a result.

As a consequence, the Scottish Parliament's time for consideration of the Scottish Budget will be reduced if a new Budget Act is to be in force for 1 April 2020, which the Government considers essential.

Scottish Ministers are appreciative of the Scottish Parliament's understanding and flexibility in these circumstances. In keeping with this, I am providing this response to the committee's pre-budget scrutiny report today, on the day that the Scottish Budget is published, to inform the Committee's consideration.

The total 2020-21 budget for the Culture, Tourism and External Affairs Portfolio, including capital, will increase by £34.5 million compared to 2019-20. The largest part of this increase, £26.2 million, is to enable the National Records of Scotland to deliver the 2021 Census. The overall increase also enables, as I have discussed previously with the Committee, the portfolio's public bodies to meet the rising costs of pensions, and to deliver our progressive public sector pay policy, whilst continuing to deliver important work. The £3.5 million capital increase delivers additional tourism investment we announced in the 2019 Programme for Government.

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Culture

Culture Strategy

The Culture Strategy will be published shortly. As your letter summarises from the evidence I gave at pre-budget scrutiny, there are constraints to budgets across government, but I strongly believe that we can be ambitious with the significant resources we already invest in culture. The 2020-21 budget maintains and protects that level of resourcing. The strategy will set out a strong overall vision and direction for all who invest in culture, will detail some new approaches to funding, and explain more about our approach to working with other areas of Government.

Participation in cultural activity

I share the Committee's concern about the disparity in cultural participation amongst certain demographics and, as I have indicated, I reinforce this as a priority for all the culture bodies that we fund. This will be one of the important themes of the Culture Strategy.

The Scottish Household Survey (SHS) is regularly reviewed to ensure that the questionnaire is up to date and fit for purpose. As part of the 2017 review the response categories for culture were amended, following work with the sector, to better understand the nature and frequency of attendance and participation at cultural events and activities. As a result of this review some categories were deleted, some added and some were reworded. For example, 'streaming of a live performance' and 'viewing cultural content online' were included to collect information on newer forms of digital cultural engagement. A new suite of questions was also introduced to more accurately explore the reasons for non-engagement in different types of activities, to support the objective of increasing participation. While the 2018 figures are not directly comparable with previous years, all the data for previous years is available in the public domain and it is possible for comparisons to be made between the 2017 and 2018 culture questions.

I am grateful for the Committee's support for the Cultural Youth Experience Fund. The budget enables it to be introduced in 2020-21, to support the priority of widening cultural participation amongst our young people. In pursuit of this objective I have also maintained funding for the Youth Music Initiative at £9 million for a further year.

National Lottery Funding

The 2020-21 budget delivers the third year of our three year annual commitment of £6.6 million to reflect the significant decline in lottery funding before 2018-19. We continue to review with Creative Scotland levels of lottery income each year, which have been more stable since 2018-19 but with the continued risk of longer term decline. We will consider the longer term picture in the 2020 spending review.

European Funding programmes

The Scottish Government wishes to see continuing participation in EU funding programmes that support the culture sector, including the Creative Europe Programme. The unique benefits of that programme come from its transnational framework that supports cooperation across borders. The full impacts of the programme could not be achieved through domestic

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arrangements. We will continue to engage with the UK Government on these issues and will keep the Committee updated on progress.

Screen

The Scottish Government remains focused on strengthening our screen sector and creating the conditions for continued growth across production, development, talent and skills. To this end, the 2020-21 budget provides Creative Scotland with a further £10 million of additional screen investment. This comprises £8.5 million of revenue grant and £1.5 million of Financial Transactions¹.

As part of Creative Scotland, Screen Scotland has been providing enhanced support for all aspects of Scotland's screen sector. In addition to the Production Growth Fund mentioned in your letter, a new £3m-a-year Broadcast Content Fund was launched in August 2018. Since launch, the Broadcast Content Fund has made 26 awards to the value of over £3m supporting the growth and development of screen sector companies across Scotland.

Through these funds, Screen Scotland has supported a number of successful projects including *Guilt*, *Outlaw King*, *The Vanishing*, *T2 Trainspotting*, *The Cry*, *The Victim* and *Elizabeth is Missing*, while big-budget productions such as *Avengers: Infinity War* and *Mary Queen of Scots* have been attracted to film here, demonstrating Scotland's broad appeal as a location to film.

Earlier this year, Screen Scotland signed a Memorandum of Understanding with BBC Scotland to strengthen the range of content being commissioned in Scotland and to increase representation and opportunities for Scottish talent.

I understand the Committee is due to take evidence from Screen Scotland later this year when these points and others can be explored further.

Employment in arts and culture

The national indicator for culture mentioned in your letter draws on data from both the Scottish Household Survey and Scottish Government Growth Sector Statistics. While according to the Growth Sector Statistics there was a slight decrease in employment in the creative industries between 2016 and 2017, the latest data shows an increase from 77,000 in 2017 to 87,000 in 2018, which is a 13% increase. In terms of Gross Added Value (GVA) the creative industries is the second fastest growing growth sector in Scotland after the energy sector.

Local Authorities

I am grateful to the Committee for the support for reconvening the joint culture group with COSLA. As you will know from our discussions in various evidence sessions, I have been keen for this to happen for some time to enable discussion on common priorities and actions. The group cannot be re-established, however, without the agreement and initiative of COSLA itself. I will continue to encourage this to happen as soon as possible.

¹ The budget document shows £1.1m of Financial Transactions - £1.5 million in new loans, less £0.4m in expected repayments and interest payments on past loans made to cultural bodies.

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Creative Scotland and Other Arts

The Committee asked during scrutiny of the 2019-20 budget for more information, beyond what appears in the budget documentation, on how much of the Other Arts budget will be transferred to Creative Scotland. In 2020-21, this will include £10 million for Screen Scotland (as detailed above), £9 million for the Youth Music Initiative, £3 million for EXPO and other Festivals support, and £0.85 million for Sistema Scotland.

Tourism

The current Tourism 2020 strategy is strongly focused on supporting industry and business. In October last year, the draft strategy framework for Scotland's new strategy was launched, reflecting a more collaborative and inclusive approach across agencies and the private sector. The draft strategy framework sets out our ambition for Scotland to be the leader in 21st century tourism. It recognises the changing environment for tourism – the need to address climate change concerns, the importance of sustainability, and of positively benefitting communities. The framework is based around four key priorities, which align with the priorities of the Economic Action Plan: our people; our places; our businesses; and experiences. These will form the basis of the full strategy and supporting action plan, which will be launched in March 2020. The new tourism strategy framework can be seen here: <https://scottishtourismalliance.co.uk/wp-content/uploads/2019/10/DRAFT-Tourism-Strategy-Beyond-2020-Summary.pdf>

External Affairs

I note your comments about the Hub offices and the intention to consider them further as part of your External Affairs inquiry.

FIONA HYSLOP

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