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By email: europe@parliament.scot

20 April 2020

Dear Joan

I am writing in response to the report titled 'Putting Artists in the Picture: A Sustainable Arts Funding System for Scotland', published by the Committee on 10 December 2019. I apologise for the delay to my response which results, initially, from the February cabinet reshuffle and, more recently, from the current Covid-19 emergency. As I am sure the Committee appreciates, the scale of the challenge in responding to the emergency, and the likely longer term effect on the economy, may in turn impact on the timing and implementation of some of the measures and activities outlined in this letter.

I welcome the Committee's interest in maintaining a sustainable arts funding system for Scotland, and in how funding should be made available to artists. The Committee's evidence sessions have been informative, stimulating and valuable, augmenting the ongoing national culture conversation which has been fundamental to the development of A Culture Strategy for Scotland.

Particularly at a time of budget challenges, I welcomed the Committee's inquiry and the opportunity it presented to take a longer-term view of arts funding. It gave us a chance to look collectively to the future, to investigate funding models and consider new ideas and aspirations to inform decision-making. The Committee's report, Creative Scotland's strategy refresh and funding review, the Culture Strategy and the creation of the National Partnership for Culture promised to combine to give us a strong basis from which to progress as we considered budgets beyond 2020-21. I am determined to continue this important work but I know that the Committee will appreciate that the economic outlook beyond 2021 is now a very different one to that we assumed just a few weeks ago.

The Scottish Government shares the Committee's recognition of the unique contribution that the arts and culture make to Scotland and its people, and the valuable role of artists and creative practitioners within our society at all times, but perhaps even more so in the

challenging situation in which we currently find ourselves. Funding for the arts and culture impacts and benefits many other policy areas, contributing to the delivery of the Government's purpose and values, which are fundamental to our national performance framework and outcomes. Culture also has a major impact on the sense of well-being for individuals and communities.

This letter details my responses to those of the Committee's recommendations which are directed at the Scottish Government. I understand that the Scottish Funding Council have responded and Creative Scotland will respond directly to the Committee on those recommendations pertinent to them.

Investment in Scotland's artists

The Scottish Government's vision is for Scotland to be a leading Fair Work Nation by 2025. The Culture Strategy sets out the ambition that fair work practices, including fair pay, are adopted for the cultural and creative workforce. This ambition chimes with the Committee's recommendation that a new indicator be developed to measure the extent to which self-employed artists and cultural freelancers are paid a fair wage. I agree this would be a valuable measure, and we will work with Creative Scotland and invite discussions with interested parties in order to address the challenges and complexities of achieving accurate measurement methodology. The Scottish Government's longer-term plans to better monitor self-employed income, for example through self-assessment data, may contribute to realising this objective in the future.

The Committee also recommends that artists and cultural freelancers be included in the range of participants in ongoing feasibility studies into a Citizens Basic Income (CBI). The CBI Feasibility Study Steering Group's interim report (November 2019) proposes models for piloting universal and unconditional income payments in Scotland. I can confirm that, in any such scenario, all citizens living within a given pilot area – including artists and cultural freelancers – will be included. As the Committee may be aware, the Steering Group's final report was due to be published in spring 2020 for review by the Scottish Government. The publication of this report has been postponed due to Covid-19, as a result of redeployment of resources for the councils involved with the CBI Steering Group. Although a new date has yet to be set, it is still due to be published later this year at which point the Scottish Government will review the findings and decide the next steps.

The Current Funding Landscape

Baseline target for national arts funding

I share fully the Committee's desire to secure more funding for the arts and culture. During my tenure as Cabinet Secretary, I have learned that it usually pays to look at ceilings rather than floors, and to work collaboratively rather than in competition. It is thus that I have successfully managed to protect culture budgets in recent years, and to work with other portfolios such as justice, education and health to secure additional funds for the arts and culture. For these reasons, I would advise caution on the Committee's recommendation for a baseline target for national arts funding and, indeed, do not think that such a target would be sufficiently robust to rely on.

Faced with current financial pressures, any more funding for the culture budget would have to come from other parts of government, which may serve only to jeopardise funding currently secured through these very channels. As I said when giving evidence to the Committee, I do not believe in setting an overall percentage baseline for national arts funding but I certainly agree with the Committee's desire to secure more funding for the arts and I

will, as ever, give serious consideration to ways in which I can continue to work with other portfolios and identify ways in which other parts of government can continue to support culture. I would much rather secure funding for culture in this way than potentially jeopardise it by counting it in straightforward baseline target terms.

The Committee's report considers sustainable funding, and I believe that greater funding stability is critical to this. It is a matter which the Scottish Government is keen to address through longer-term budget planning in the future, following the single year budget necessitated this year by the circumstances of the UK political situation. We will have, however, to return to the question of the future budgeting framework in the light of the current emergency.

A Culture Strategy for Scotland

The Culture Strategy sets out the Scottish Government's aims and ambitions to open up the potential of culture as a transformative opportunity across society, recognising the role that culture plays in achieving a wide range of outcomes across the national performance framework. It is a statement of how we can work collectively - across government, local authorities, arts organisations and people outside the arts - to leverage more funding. It does not in itself involve a major funding announcement. That being said, the Culture Strategy does launch new programmes and initiatives including an innovative Creative Communities Programme (£300k SG funding for year 1) and an Arts Alive cultural experiences and creative residencies pilot in schools, education and early years settings focussing on areas of multiple deprivation across Scotland (£130k SG funding for pilot, £10k of which comes from the education portfolio). There are also sums for Arts Culture Health and Wellbeing Scotland (£10k); £15k from the education portfolio for Expressive Arts (Creative Scotland and Engage Scotland) and £20k for Museums Galleries Scotland to deliver a Skills for Success Programme. Unfortunately, these new programmes and initiatives have now been impacted by the Covid-19 pandemic and we are working with the lead organisations in each case to review delivery options in the medium to longer term in light of both relative sector priorities and the impacts being felt by communities across Scotland.

When the work of the Scottish Government has returned to a 'business as usual' footing and to realise the Culture Strategy's objectives, we will also develop cross-government policy compacts, embedding culture at the centre of policy-making. These compacts will strengthen dialogue and develop new partnerships and innovative approaches to realising policy outcomes which may include joint funding approaches. The new National Partnership for Culture will work with individuals and organisations across culture and other sectors to build on the work undertaken to develop the Culture Strategy and the work of the Committee on the future of funding for the arts in Scotland – continuing the national culture conversation and identifying opportunities and synergies which will strengthen the sector and arts and culture across Scotland.

The Committee will appreciate that the focus of all our available resources is currently directed at 'Strengthening Culture' - mitigating the impact of the Covid-19 pandemic on the culture sector in Scotland and, in particular, supporting creative businesses and the high numbers of self-employed people who work in culture and creative sectors in the immediate term. I will reply separately to your letter about that shortly.

National Lottery funding

I share the Committee's concern about fluctuations in National Lottery income and the uncertainty this can cause. However I believe that, although National Lottery income continues to show a modest decline, it has stabilised somewhat since the 2018/19 budget when I committed an additional £6.6m of funding to make up the then shortfall. This was a

hard-won achievement which served to address immediate concerns and one which I have successfully protected since, including in the recently announced 2020/21 budget.

We will continue to monitor and review National Lottery income as part of the totality of Creative Scotland's budget, and build any projected fluctuations into our planning assumptions.

European funding

Like the Committee, the Scottish Government wishes to see ongoing participation in the Creative Europe programme following the UK's departure from the EU. However, in its mandate for future relationship negotiations with the EU, the UK Government has ruled out negotiating ongoing participation in the programme. It is entirely possible for non-EU countries to take part in Creative Europe and the EU have been open to ongoing UK participation. It is not clear on what basis the UK Government has taken this decision. I have written to the UK Secretary of State for Digital, Culture, Media and Sport to express my concerns and to seek a discussion on next steps.

As the Committee will be aware, the UK Government has set out their intention to develop a UK Shared Prosperity Fund which, according to the most recent Queen's speech, will "*...tackle inequality and deprivation in each of the four nations... and... will replace the bureaucratic EU Structural Funds*". There is currently little more information about the Shared Prosperity Fund than this. In Scotland, we have therefore consulted with stakeholders across the country to develop our own views and plans that will inform the position we take with the UK Government. The consultation has taken account of as wide a range of views as possible, including responses from arts and culture organisations.

A cultural observatory

I am very conscious of the value of accessible and robust data, and I have read about the Irish and other European culture observatory models with interest. As I said in giving evidence, I agree that this is an area which merits further consideration but I am alert to the fact that we must, as ever, weigh up the costs against the benefits achieved. More immediately, the new National Partnership for Culture has been tasked with establishing a Measuring Change Group to inform progress towards realising the National Outcome for Culture and the vision, ambitions and aims of the Culture Strategy. The Group will build upon existing research and consider what further evidence about the impact of culture is required to better inform local and national policy and decision-makers. I will draw the observatory proposal to their attention.

Resetting Local and National Policy Alignment

Local Authorities

In addressing the matter of local authorities, I want to be clear that I recognise the importance of local authorities having responsibility for setting local priorities. Further, I agree with the Committee's observation that there is a need to reset the relationship between the Scottish Government and local authorities in relation to arts and culture policy. I can confidently say that we have been proactive in our efforts to re-engage with all local authorities, and to initiate a conversation to this end. The Scottish Government is currently working with COSLA to establish a joint meeting of the Culture Conveners from Scottish local government and culture trusts. I intend to discuss the Committee's recommendations as part of this work, as well as through the Government's ongoing engagement with Creative Scotland and other partners.

The formation of this group of Arts and Culture Conveners is also a critical first step in giving due consideration to the Committee's recommendation for a new intergovernmental policy framework between local and national government to support the arts. It will require discussion and input from all stakeholders, which this forum will provide as well as allowing for discussion and the development of any required guidance in support of the aims of the Culture Strategy at a local level. The Committee will understand that this work has been paused while the Government concentrates on our response to Covid-19. However, it will be resumed when appropriate.

Culture Strategy and National Outcome delivery

The Culture Strategy is a high-level, overarching framework and its vision, aims and ambitions will be taken forward by many different organisations, bodies and individuals. The excellent work that such organisations and individuals already undertake is evident through the vibrancy of our sector, and we want to build on that success in working together to deliver the priorities set out in the Culture Strategy. The National Partnership for Culture, which will engage with a broad range of partners and stakeholders from across policy areas, will carry forward much of the substance of the strategy and, supported by the Scottish Government, will create and sustain momentum for its policy implementation, identifying and involving partners and advisors as required. Further, as I mention above, we recognise the key role played by local authorities in the provision of arts and culture across the country and, through the COSLA group, we will work to ensure that communication channels and opportunities to collaborate are maximised. It is also important, of course, that we maintain and develop our successful collaborative working across government, including with the education, health and justice portfolios, on collaborative delivery of national outcomes for our respective portfolios.

Local Authority cultural expenditure

I agree with the Committee's observation that the data, and comparison of data, on local authority cultural expenditure is complex. I understand that these data are sourced from the Local Financial Return for Culture and Related Services (LFR02), which collects local authority expenditure and income figures on Culture and Related Services and that this information is disaggregated by subservices, including for Culture and Heritage. However, although it is disaggregated to this level, there are problems of consistency within the data because of the differences in how local authorities manage their cultural services, particularly as these figures do not include Arms-Length External Organisations (ALEOs) or third sector bodies, nor do they include any expenditure funded through charges to service users.

Creative Scotland have recently been working with local authorities to commission research and build a more strategic relationship, and we will consider their findings carefully to inform future planning and decision-making, including how best to address this issue of data.

Arts Act

I was interested to learn more about Ireland's Arts Act in the evidence given to the Committee by Orlaith McBride, Director of Arts Council Ireland, though, of course, Ireland's situation is very different to ours in Scotland. Before the Covid-19 crisis, we were in a position where we had just published A Culture Strategy for Scotland laying out our aims and ambitions; we had established the National Partnership for Culture; and we were working to open up discussions with COSLA. I think it is important that our priority following this emergency situation, will be to focus on getting that work – and the learnings that will result – underway before considering whether, in the absence of suitable alternative actions, any move towards legislation is required.

City Region Deals

It is true that City Region & Growth Deals vary in their approach to culture. This is because they are constructed from proposals developed by local authorities and their partners, who are best placed both to understand their regional economic strengths, needs and opportunities and to build consensus among all local stakeholders. They are empowered via City and Growth Deals to take control of driving sustainable and inclusive economic growth in a way that is unique to them and their area. Given this, individual approaches to culture across all deals will always be distinct in that they will be designed to align with the specific region's strengths, whilst responding to the unique challenges that they face.

Both the Scottish and UK Governments undertake robust review of all business cases, drawing in expertise from relevant agencies, to ensure that programmes and projects are strategically aligned and respond to challenges set out by relevant national strategies.

I should note here that there are several deals that are already in delivery or have now signed heads of terms agreements, and are at a very advanced stage in business case development. I believe that some City Deals have served the arts and culture very well, for example, the proposed new concert hall in Edinburgh as part of the Edinburgh and South East City Deal and the Culture and Tourism Programme within the Tay Cities Deal, which will facilitate a package of projects across the region.

Regionally-based Arts Officers

We accept the principle that there should be a way or ways of stimulating arts activity in areas of Scotland where this is lower than average, and we will continue conversations with Creative Scotland, and potentially through a re-established COSLA group, to identify the best way forward.

Place programme

We recognise the importance of place and will discuss the future of the Place Programme further with Creative Scotland, who will also respond directly to the Committee on this recommendation. Separately and additionally, the Culture Strategy establishes a new Creative Communities initiative, designed and delivered in partnership with Inspiring Scotland, working with Creative Scotland. This programme will support and empower individuals and communities to further develop their own cultural activity, providing sustainable opportunities of high artistic quality for more people from areas with limited opportunities and lower levels of cultural engagement. Creative Communities will support the development of innovative and sustainable models which promote cross-sectoral collaboration and ultimately increase creative participation and skills development across Scotland.

Youth Music Initiative indicator

The Scottish Government will carefully consider the Committee's recommendation to make its commitment to a year of free music tuition during primary school an indicator for the National Outcome on Culture. We remain committed to this core aim of the Youth Music Initiative (YMI). As noted elsewhere in this response, the new National Partnership for Culture has been tasked with establishing a Measuring Change Group to inform progress towards realising the National Outcome for Culture and we will work with the National Partnership; Creative Scotland, who deliver the YMI; and other stakeholders to understand how best to capture the excellent work of the YMI when measuring progress within the National Performance Framework.

Cultural venues

The Scottish Government has provided additional funding from outwith the culture budget for museums, theatres and other cultural venues, both through the Scottish Government Capital Budget and, as mentioned above, through City Deals. Further, Creative Scotland's ring-fenced funding for Scottish venues has allowed the expansion of venues in Edinburgh, Glasgow, Bathgate, Falkirk, Aberdeen, Dundee, Galashiels and Inverness, and Creative Scotland funds venues and organisations as geographically diverse as An Lanntair, Aberdeen Performing Arts, Shetland Arts, Platform, the Centre for Contemporary Arts, Horsecross, and the Queen's Hall.

The maintenance of cultural venues is not a subject directly addressed in the Culture Strategy as I believe it is important that we consider this in the context of Creative Scotland's review of its capital funding requirements, the Scottish Government's Infrastructure Investment Plan, and the Capital Expenditure Review when these are carried out. It is relevant that the Infrastructure Commission's Phase 1 report (January 2020) makes clear the importance of building maintenance, and that existing infrastructure be most effectively and efficiently utilised, maintained and enhanced to net zero carbon readiness.

Funding institutions of national significance

We will consider the Committee's recommendation for a new, strategic approach to funding institutions of national significance (outwith the National Performing Companies and Collections) with Creative Scotland, informed by the findings of their funding review.

A percentage for the arts policy

I am always interested in new ideas to create additional investment in the arts and culture, and this was another interesting case study from Ireland included in the Committee's evidence sessions. I think the principle of a percentage for the arts scheme is worth further consideration. However, as I mentioned in evidence, we need first to take into account the current economic context and the challenges, in particular, faced by the construction sector, which place us in a very different position to Ireland and, indeed, will be further exacerbated by the current crisis.

I would like to thank the Committee for its contribution to the critical subject of arts funding and look forward to continuing to work with the Committee to support and continually develop Scotland's arts and culture sector.

Kind regards,

FIONA HYSLOP