

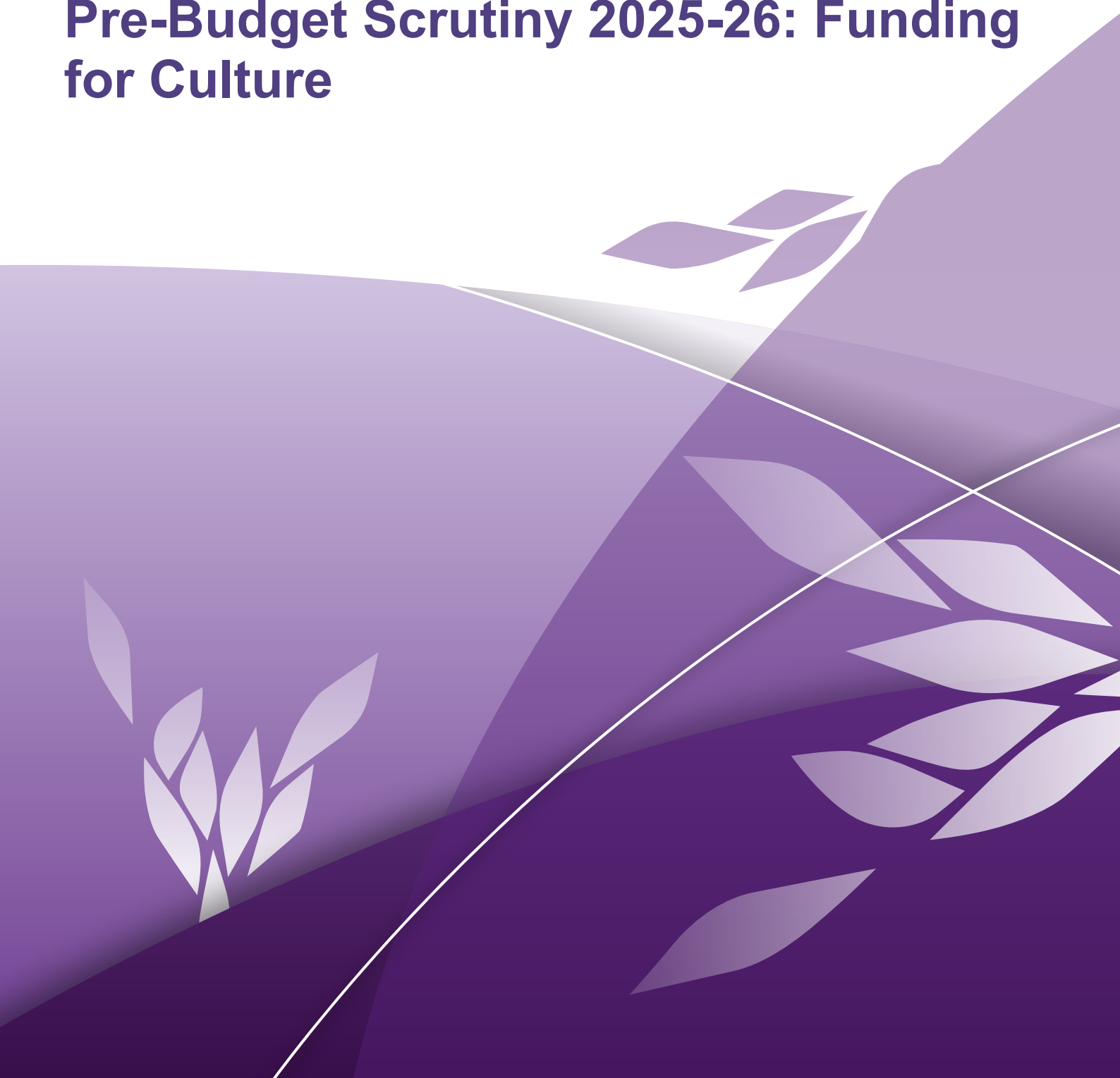


The Scottish Parliament
Pàrlamaid na h-Alba

Published 11 October 2024
SP Paper 661
3rd Report, 2024 (Session 6)

Constitution, Europe, External Affairs and Culture Committee

Pre-Budget Scrutiny 2025-26: Funding for Culture



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Constitution, Europe, External Affairs and Culture Committee

To consider and report on the following (and any additional matter added under Rule 6.1.5A)—

- (a) the Scottish Government's EU and external affairs policy;
- (b) policy in relation to the UK's exit from the EU;
- (c) the international activities of the Scottish Administration, including international development; and
- (d) any other matter falling within the responsibility of the Cabinet Secretary for the Constitution, External Affairs and Culture and any matter relating to intergovernmental relations within the responsibility of the Deputy First Minister.

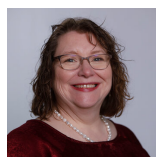


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Introduction

1. This report details the findings and recommendations of the Constitution, Europe, External Affairs and Culture Committee ('the Committee') following its pre-budget scrutiny of the culture portfolio ahead of Budget 2025-26.
2. As 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](#).
3. The [call for views](#) on the inquiry was issued on 17 June 2024 and closed on 9 August 2024. It received [55 submissions](#). The Committee then took evidence at its meetings on 12 September and 19 September, and then from the Cabinet Secretary for the Constitution, External Affairs and Culture ('the Cabinet Secretary') on 3 October. The Committee thanks all those who provided the written and oral evidence which has helped to inform the inquiry and the findings which follow.

The commitment to increase culture spend by £100 million by 2028-29

4. In our report last year, the Committee concluded that there was an urgent need for the Scottish Government to restore the confidence of the culture sector, given the increasing budgetary challenges it faces and the limited progress from the Scottish Government in responding to these challenges. ¹
5. Ahead of Budget 2024-25, the Scottish Government committed to increase its investment in arts and culture by £100 million annually by 2028-29. In doing so, it said it would increase opportunities for participation in creative pursuits, support the production of new works; and ensure that Scotland's cultural output has platforms at home and abroad. ²
6. Given the timing of this announcement at the culmination of the Committee's pre-budget scrutiny last year, and the absence of any further detail, the Committee had limited opportunity to scrutinise this commitment or consider its impact on the culture sector as part of its budget scrutiny last year. The Committee therefore agreed to examine these planned budget increases as part of its pre-budget scrutiny this year.

The current fiscal environment

7. Our scrutiny also sits within the wider context of challenges for the public finances. The Scottish Government's Medium Term Financial Strategy (MTFS), published in May 2023, stated that "tough and decisive action" must be taken "to ensure the sustainability of public finances and that future budgets can be balanced". ³ In September 2024, the Cabinet Secretary for Finance and Local Government outlined that "pressures on public finances have further grown" since the MTFS was published, and announced £933 million of further measures to assist balancing the 2024-25 Budget. ^{4 5}
8. The Cabinet Secretary for Culture said "we cannot escape the fact that the cost-of-living crisis and inflationary pressures, on top of our already depleted public

finances, make for a challenging fiscal outlook across the board”, with the Scottish Government “forced to make significant in-year savings and do more to ensure that it can reach a path to balance in the current and successive years.”⁶

9. In the Programme for Government for 2024-25, the Scottish Government nevertheless said it would “maintain our commitment to increase funding for culture and the arts so that it is at least £100 million more a year by 2028-29”.⁷

10. **Within the context of the ongoing challenges in the public finances and the urgent need to restore the confidence of the culture sector, this report considers how the Scottish Government’s continued commitment to increase investment in culture by £100 million annually by 2028-29 can most effectively be delivered, including—**

- **The delivery of additional funding in Budget 2024-25;**
- **The need for greater clarity and certainty over future funding; and**
- **A strategic approach to maximise the impact of additional funding within a challenging financial environment.**

The delivery of additional funding in Budget 2024-25

11. Several cultural organisations expressly welcomed the commitment to increase investment in culture by £100 million annually by 2028-29. V&A Dundee said that the “the Scottish Government’s commitment to increase investment in arts and culture by £100 million per year by 2028-29 is warmly welcomed”. It noted that “this additional support is a first major step towards matching the belief and rhetoric in culture’s value and impact with critical support to individuals and organisations.”⁸ The Royal Scottish National Orchestra (RSNO) said that the extra funding committed was “much needed”, having “the potential to provide a more sustainable future and to address the severe financial strain faced by arts organisations.”⁹
12. Upon the publication of the Scottish Budget for 2024-25, the Cabinet Secretary told the Committee that “the Scottish Government will increase funding for Scotland’s culture sector by £15.8 million in 2024-2025, as a first step on the path to increasing the funding for the sector by £100 million in 5 years.”¹⁰ He indicated that “this is intended to be followed by a further £25 million the year after, with culture budgets £40.8 million higher in 2025-26” than 2023-24.¹¹ The Cabinet Secretary for Finance specified in her Budget speech that “our aim is to increase arts and culture investment in 2025-26 by at least a further £25 million”.¹² The commitment for an intended increase of at least £25 million for 2025-26 has subsequently been reiterated on a number of occasions, including by the Cabinet Secretary for Culture in his evidence to the Committee on 3 October.⁶
13. The Cabinet Secretary detailed that the £15.8 million increase for 2024-25 included—
 - restoring £6.6m to Creative Scotland for their utilisation of reserves in the previous financial year;
 - providing a further £6.6 million to Creative Scotland to offset their shortfall in National Lottery funding;
 - an additional £800,000 to sustain the V&A Dundee; and
 - a 3% inflationary rise for the National Performing Companies.¹⁰
14. In his view, “in light of a very tough financial settlement, supporting and protecting the Scottish culture sector in this way shows the Government’s confidence in it.”¹⁰ He also acknowledged that “the additional £15.8 million of funding next year will not rectify years of standstill funding”, and rather be “only the starting point of a journey of three phases—sustain, develop and innovate”.¹¹
15. On the £6.6 million restored to Creative Scotland for the utilisation of reserves in 2024-25, the Cabinet Secretary had told the Committee in evidence in October 2023 that there was a “gold-plated commitment” that “Creative Scotland will see the £6.6 million that it is now releasing from its reserves restored to it.”¹³

16. Dundee Rep and Scottish Dance Theatre commented that “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 Creative Scotland programmes already committed in the previous year.”¹⁴
17. Built Environment Forum Scotland (BEFS) said that “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”.¹⁵ Culture Counts agreed that this funding is therefore “not actually new investment” given that it broadly reflected the Budget for 2022-23.¹⁶ The Musicians’ Union also considered that this would not “feel like new money to Creative Scotland”.¹⁶
18. Creative Scotland explained to the Committee in January that “one tranche of £6.6 million is what we would ordinarily expect to see in our budget—it is part of what makes the funding contribution to support the regularly funded organisations”—and “the other tranche of £6.6 million is the recompense, in effect, of the £6.6 million reduction in the current year’s budget.”¹⁶
19. Looking at other aspects of the portfolio budget, the National Theatre of Scotland (NTS)—one of the five National Performing Companies—commented that while it was “grateful” to have received a 3% uplift for 2024-25, “this must be viewed in the context of 8 years of standstill funding, inflationary pressures and soaring energy costs as well as a cost-of-living crisis”.¹⁷
20. The Cultural Collections budget line also increased in cash terms on previous years, however National Museums Scotland (NMS) outlined that “any apparent increase in our funding has been entirely consumed in delivering Scottish Government Pay Policy, which is compulsory within our framework agreement.”¹⁸
21. NMS stated that its grant-in-aid from the Scottish Government for 2024-25 “was cut by £220k in cash terms, resulting in a £1.4m real terms cut when compulsory Scottish Government-agreed pay awards are taken into account.”¹⁸ National Galleries of Scotland (NGS) also told the Committee that while its resource grant-in-aid budget had increased by £4.6 million since 2019-20, £4.3 million of this was funding to cover the Scottish Government Pay Policy”.¹⁹
22. The Committee also heard about the impact of the Budget on non-national museums. Art Fund considered that “despite commitments to increase investment in culture, funding for museums has continued to be cut in Scotland”, noting that “the non-national museums budget line was the only one to see a reduction in the 2024-25 culture budget, being reduced by 15%.”²⁰ Outwith the culture budget, Museums Galleries Scotland (MGS) told the Committee that “this year the Scottish Funding Council has cut funding to four university museums entirely and cut the budgets of the remaining university museums by 20%.”²¹
23. The Committee also heard views from stakeholders that there was a need to deliver the funding increases at a quicker pace than at present due to the gravity of the situation facing the culture sector.
24. University Museums in Scotland (UMIS) said that “the rate at which this increased

- investment needs to be rolled out therefore needs to be accelerated to avoid catastrophic losses within the sector.”²²
25. The Edinburgh Festival Fringe Society regarded that it “must be a priority” to give “serious consideration” to how the £100 million is “invested in a shorter time frame to accelerate recovery and grow the capacity for seeking further investment”.²³ NTS said it would “welcome greater ambition and investment including bringing forward as much of the pledged £100 million investment as quickly as possible to ensure that the sector can survive and thrive.”¹⁷
26. Making Music urged that “the £100 million pledged as investment in the culture sector over 5 years be front loaded”, noting that “there is an immediate threat to our sector from the erosion of available spaces for cultural activity, and the movement of workforce out of the cultural sector”.²⁴ Similarly, Musicians’ Union considered that “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”.²⁵
27. Dundee Rep and Scottish Dance Theatre requested that “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”.¹⁴
28. However, stakeholders also recognised the financial challenges facing the Scottish Government. Culture Counts said that “there is no lack of understanding from the sector of the difficulty of the budget situation that the Government faces”.²⁶ Dundee Rep and Scottish Dance Theatre noted that the sector is not “immune from understanding the fiscal challenges that the nation is facing” with the “constraints” the same as organisations are facing but “at a macro scale”.²⁶

Temporary closure of the Open Fund for Individuals

29. Creative Scotland told the Committee that it was subject to in-year budget uncertainty for 2024-25. It detailed in its written submission in August—
- ” “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.”²⁷
30. Creative Scotland considered that “this continuing uncertainty about in-year and future year budgets is increasingly challenging to manage”.²⁷ It is not clear whether there was any indication given from the Scottish Government to Creative Scotland that this £8.4 million of funding was at risk of being subject to in-year revisions.
31. Subsequently, Creative Scotland announced on 19 August that it had “taken the

difficult decision to close the [Open Fund for Individuals](#) to new applications due to the Scottish Government being unable to confirm release of £6.6m in Grant-in-Aid budget in the current financial year, 2024-25.”²⁸

32. It noted that £3 million of this £6.6 million budget was specifically allocated to the Open Fund for Individuals, alongside £3 million of National Lottery income. However, that without confirmation of the release of this budget, it did “not have any viable alternative options other than to close the fund”.²⁸
33. While last year it utilised reserves to mitigate in-year budget cuts, Creative Scotland said its “National Lottery reserves are now depleted, or fully allocated to other commitments, so it is not possible to fill the gap left by the absence of previously committed Scottish Government funding.” It added that “there are also restrictions as regards what National Lottery funding can and can’t be used for.”²⁸
34. It commented that “the level of uncertainty regarding the provision of Grant-in-Aid budgets from the Scottish Government is creating critical problems for the ongoing support we can provide to Scotland’s culture sector.” It called for “longer term budget certainty from the Scottish Government, including the additional £100m announced in October 2023, details of which have yet to emerge.”²⁸
35. The Committee received correspondence from various individual artists and groups regarding the impact of the closure of the Open Fund for Individuals. An open letter to the First Minister, Deputy First Minister, and Cabinet Secretary, which was shared with the Committee, described the fund as “the primary route to public funding for Scottish artists to develop their projects” and “the cornerstone of independent artistic creation in Scotland, supporting the livelihoods of countless artists”. It said that the “closure of this vital fund is nothing short of a crisis for the Scottish arts community”. It called on the Scottish Government to “take immediate action to release the necessary funds to Creative Scotland, allowing the Open Fund for Individuals to be reinstated.”²⁹
36. On 4 September, the Cabinet Secretary updated that he was “pleased to confirm release of £1.8 million to Creative Scotland for youth music, and another £6.6 million, which includes £3 million towards its Open Fund and £1 million for Screen Scotland.”³⁰ Creative Scotland welcomed the release of the funding³¹ and later confirmed that the fund would re-open to applications.³²
37. The Cabinet Secretary expressed his view that it was “disappointing that Creative Scotland took the decision about the open fund before the Scottish Government could complete due diligence to release funding, as is normal practice.”³³
38. The Cabinet Secretary explained that the Scottish Government had requested Creative Scotland provide a “breakdown” of how the £6.6 million funding was going to be deployed, and that “this information was received by Scottish Government in June and underwent due diligence before being approved for release.” He explained that “Creative Scotland was notified of this on 3 September following the fiscal statement which provided necessary clarity on proposed cross-portfolio budget savings.”³⁴
39. In evidence to the Committee, Creative Scotland explained that had been

“increasingly expressing concerns” to the Scottish Government that if the £3 million “was not confirmed, we would have to make the unpalatable but necessary decision to close the fund”. It noted that when emergency spending controls were announced in August, the Scottish Government “was not able to confirm when or if the funding of £6.6 million would be released”. It summarised that its “hands were tied” and had “no alternative” but to close the fund.²⁶

40. It made clear that it had been in regular communications with the Scottish Government regarding the funding, with dialogue “increasingly ramped up” in August, “because we needed an understanding of the process that was being gone through and the timescale that we could expect for a decision one way or the other”.²⁶
41. While it said it was “very grateful” to the Scottish Government for releasing the £6.6 million to enable the fund to be reopened given the “pressures on public sector finances”, it said “it would have been helpful to have had more confidence sooner”.²⁶
42. The Cabinet Secretary told the Committee that “the main challenge with the open fund was the issue of timescales and due diligence in relation to the disbursement of public funds”. He added that “Creative Scotland knew the scale of the funding that we intended, because funding does not just go out at the start of the year, it goes out at different stages of the year”. He noted that “we made a commitment to an allocation of £15.8 million in last year’s budget and that is exactly what we did. The funding is in place and the open fund is open.”⁶
43. Culture Counts considered that the confidence of the sector “took a knock” in response to the uncertainty over funding which led to the temporary closure of the Open Fund for Individuals. It said this sent a “confusing message” to the sector and that there was “most definitely a need to rebuild trust”. It summarised that “there is a huge amount of uncertainty, with the message chopping and changing—money is in, then money is out—which means that the relationship with the Government is not strong.” It said that “it is difficult to see that the Government really understands the sector’s value”.²⁶
44. Musicians’ Union agreed that “there is mixed messaging” as “funds are being cut, then reinstated, then drawn down”, which it said is “very confusing for a lot of our members, and for workers across the sector”.²⁶
45. Dundee Rep and Scottish Dance Theatre noted that “when we are told, for example, that there is a gold-plated guarantee of money being reinstated and then, within six months, the emergency brakes are hit, it does not feel like that was what the money being put back on the table was to be about”.²⁶

46. **The Committee welcomes the Scottish Government’s continued commitment to increase investment in culture by £100 million annually by 2028-29; as well as the additional funding provided in Budget 2024-25 as a first step towards the £100 million increase, within the context of the ongoing challenges in the public finances. We discuss the need for greater clarity and certainty of this funding in the next section of the report.**

47. **The Committee however invites the Cabinet Secretary to respond to the comments from several stakeholders that the two tranches of £6.6 million provided to Creative Scotland as part of the £15.8 million increase for 2024-25 could not be regarded as “‘new’ money” for the sector. We also invite the Cabinet Secretary to explain the rationale for the £2.25 million in-year cut to Creative Scotland for its PLACE and Culture Collective programmes, and how this is consistent with the commitment to increase funding for the culture sector by £100 million.**
48. **We recognise that the Cabinet Secretary set out that the additional funding provided in 2024-25 is “only the starting point of a journey” and that the Scottish Government intends to increase the culture budget by at least a further £25 million in Budget 2025-26. We welcome the proposed increase of at least £25 million and acknowledge that it is clear from the evidence the Committee received that the culture sector is expecting this commitment to be fully delivered in the forthcoming Budget.**
49. **The Committee considers that the temporary closure of the Open Fund for Individuals was regrettable, and unhelpful in the context of the already urgent need to restore confidence in the culture sector. It remains unclear to the Committee why Creative Scotland and the Scottish Government were unable to resolve any issues regarding the funding for the Open Fund for Individuals before the closure of the fund was announced, in particular given the funding was confirmed following the pre-budget fiscal update two weeks later. We would welcome reassurances from both the Scottish Government and Creative Scotland that lessons have been learned from this process which caused significant uncertainty in the culture sector.**
50. **Moving forward, the Committee’s view is that there is a need for a substantially improved relationship between Creative Scotland and the Scottish Government. We consider the planned review of Creative Scotland in a later section of this report.**

The need for greater clarity and certainty of future funding

51. In this section, we address the need for greater longer-term clarity and certainty regarding future funding of the culture sector, to help restore the confidence of the sector. We consider—
- The longer-term outlook for the delivery of the £100 million funding commitment, including priorities for the additional investment, and how it will be delivered; and
 - Multi-year funding settlements for cultural organisations as a means to providing greater certainty and confidence, including Creative Scotland’s forthcoming Multi-Year Funding Programme for 2025-28.

Longer-term clarity on the delivery of the funding commitment

52. Earlier this year, the Committee wrote to the Cabinet Secretary asking to be kept informed of further details of the increased funding for the years subsequent to 2025-26, noting the need for longer-term clarity and confidence for the sector.³⁵ The Cabinet Secretary responded that he shared this “desire for longer-term clarity and confidence in relation to funding” and that his officials were “undertaking initial work to identify priority areas and activities for future investment”.³⁶
53. However, the Committee heard that there is a continued lack of clarity and information regarding the priorities for the additional investment—including the intended increase of at least £25 million for 2025-26—as well as how the funding will be rolled out in the years to 2028-29.
54. Scottish Opera called for “clarity” on how the commitment will be implemented, including “an early indication of the priorities for the investment and how they will be determined”.³⁷ MGS said it would be “incredibly valuable” to have a sense of what the longer-term plan is for the course of increased funding.³⁸
55. Edinburgh International Festival (EIF) noted that the commitment to increase the culture budget by at least £25 million in 2025-26 “remains caveated with ‘aim to’”. It noted that “no further clarity on the distribution of the £25 million or the balance of the £100 million has been forthcoming.” It added that the “lack of substantive detail” on the £100 million—including the £25 million for 2025-26—“despite nearly a year having passed” since the commitment was made “is disappointing”.³⁹
56. The Fringe Society agreed that the commitment for 2025-26 is “currently light on detail”, while “there has been no communication to the sector on the priorities for this investment”.²³ Musicians’ Union considered that there was a need for the Scottish Government to, “without delay, set out the priorities for this £25m”.²⁵
57. Stakeholders also cautioned that without further detail on how the £100 million

- commitment will be delivered, the commitment itself would not restore the confidence of the sector.
58. Scottish Artists Union said that “there is a depressing lack of certainty regarding the increase in funding that was promised in the December 2023 budget announcement”, and as such, “it is currently difficult to see clarity and confidence in the culture sector.”⁴⁰
59. Musicians’ Union said that “it feels like a little bit of doublespeak to hear that there is a promise of £100 million coming down the road”. It said it did “not want to hear lip service or promises of jam tomorrow”, but instead viewed that there needed to be “tangible actions”, and that “confidence will be restored or rebuilt when that happens”.²⁶
60. The Fringe Society summarised that “there is no confidence without certainty”, and that confidence is low in the culture sector because it has “zero clarity”. It considered that “the whole sector is in that position”, including Creative Scotland “as an organisation that is equally unable to move forward with any sort of confidence, because of the position that we find ourselves in”.²⁶ Creative Scotland considered that “clarity from the Scottish Government on the £100m funding commitment is essential to the short and long-term health of Scotland’s culture sector”.²⁷
61. Creative Scotland agreed that “clarity is urgently needed regarding how the Scottish Government intends to apply the additional £100m it has committed to providing.”²⁷
62. The Cabinet Secretary recognised that “the sector is very concerned about public funding for culture and about what the immediate and longer-term future holds”, with a “sense of uncertainty and deep frustration” underlined in the evidence the Committee has taken. He said: “I reassure the sector and the committee that I am doing everything within my power as the Cabinet Secretary for Culture to get the best budget settlement that I can get for culture and the arts.” On the intended increase of at least £25 million for 2025-26, he confirmed that “only once we have the necessary practical assurance around the Scottish Government budget for 2025-26 will we be able to set our commitments for the culture portfolio.”⁶
63. The Cabinet Secretary also noted that “the most important thing that can boost people’s confidence is delivery of the commitments that have been made.”⁶
64. **The Committee notes that while the commitment to additional funding provided an immediate response to the urgent need for the Scottish Government to restore the confidence of the sector, a year on from this commitment, stakeholders have indicated that confidence remains low due to the lack of clarity from the Scottish Government regarding its priorities for the additional investment and how it will be rolled out in the years to 2028-29. We also acknowledge the challenging fiscal environment continuing to face the Scottish Government, particularly the uncertainty regarding its own longer-term budgetary outlook. As we discuss below, the Committee’s view is that the Scottish Government should provide greater clarity and certainty to the culture sector following the UK Spending**

Review.

65. **Furthermore, in setting out the welcome indicative increase of at least £25 million for 2025-26, we note that the Scottish Government could have provided greater clarity to the culture sector by also setting out further details of how this proposed funding would be intended to be delivered.**

Multi-year funding settlements

66. The Committee considers that delivering multi-year funding settlements for the cultural organisations the Scottish Government directly funds is a crucial component in providing the culture sector with a longer-term view of how it will be supported, and therefore providing greater confidence for the future of the sector.¹ However, we have outlined our concerns that there has been limited progress to date on the Scottish Government's 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".¹ This includes organisations such as Creative Scotland, the National Performing Companies, and the Cultural Collections.
67. Culture Counts outlined that "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".⁴¹ EIF also noted the "transformative" 2021 manifesto and Programme for Government commitment but highlighted that "some three years later, it has not been delivered." It added that "whilst we fully appreciate the Scottish Government's own budget is confirmed year on year, this was also the case when the manifesto commitment was made."³⁹
68. Last year, we welcomed the Scottish Government's commitment to provide multi-year spending envelopes alongside Budget 2024-25 and recommended that these figures should be provided to level 3, in greater detail than the 2022 Resource Spending Review.¹ However, the Cabinet Secretary for Finance later set out that given the "turbulent economic environment", the Scottish Government would publish single-year spending plans for Budget 2024-25. She indicated that she recognised "the merit of multi-year budgets" but noted that "the Autumn Statement and the OBR's forecasts make future prospects more volatile" and committed to "revisit the multi-year outlook" in the next Medium-Term Financial Strategy.⁴²
69. In the pre-budget fiscal update in September, the Cabinet Secretary for Finance confirmed that she now intends to publish the MTFFS after the UK Spending Review in Spring 2025. She also indicated that she was "giving careful consideration to the timing of a spending review in Scotland".³³
70. Culture Counts said it was "disappointed not to see multi-year budgets in the 2024-25 budget as had been previously suggested by the Government".⁴¹ NGS commented that "there has been little progress made in the area of multi-year

funding” and that it awaits “the publication of the Scottish Government’s medium-term financial strategy to see if that provides any indication of future year funding scenarios.”¹⁹

71. The Committee heard that multi-year funding settlements for the cultural organisations funded directly by the Scottish Government could have a considerable impact in providing greater long-term certainty and stability.
72. Scottish Opera said that an agreement on a multi-year settlement “may become a business imperative”, noting that “planning and significant chunks of contracting are done at least three years out, without knowing what the settlement may be.”³⁷ EIF detailed that the current approach of single-year budgets “curtails the ability to plan, to collaborate or commission with partners and stifles ambition”; and “results in the loss of opportunities for commissioning, jobs and sharing of talent.”³⁹
73. V&A Dundee set out its view that “the sector needs to transition at the earliest opportunity to multi-year funding settlements for all organisations receiving public investment”, which it said would be “essential to creating a sustaining operating context for arts and culture in Scotland”. It said it remains “hopeful” that the commitments to additional funding for the sector “will be focused on giving multi-year stability to organisations receiving public funding, so that in turn the overall creative and often freelance workforce is also better supported.”⁸
74. It added that “delivering the commitment to multi-year funding for publicly supported cultural organisations is the leading priority for delivering resilience, efficiencies, and greater resilience comes from the ability to plan with more confidence in the longer term.”⁸
75. Art Fund said that “the cultural sector needs multi-year funding settlements for all organisations receiving public investment to ensure longer-term clarity and confidence for the sector.” It proposed that there should be a “multi-year core funding programme for the museum sector, which Museums Galleries Scotland could administer”, akin to the multi-year funding programme administered by Creative Scotland.²⁰ This view was echoed by Museums Association, which said this would “provide longer-term clarity and confidence to museums.”⁴³
76. Culture Counts considered that the barriers to providing multi-year settlements are “unclear given that the culture budget has represented such a low percentage of the overall Scottish Government budget” and “the risks to committing for at least three years are extremely low compared to the massive benefits this would deliver.”⁴¹

77. **The Committee reiterates its concern that there has been limited progress on the commitment made in 2021 to agree 3-year funding settlements for the organisations funded directly by the Scottish Government, while acknowledging the challenging fiscal environment continuing to face the Scottish Government. We recognise that providing key funded organisations with a multi-year outlook would help maximise the value and impact of funding and instil a greater confidence within those organisations, as well as the wider culture sector.**

78. **We note the Cabinet Secretary for Finance’s commitment to “revisit the multi-year outlook” in the next Medium-Term Financial Strategy, now expected to take place after the next UK Spending Review in Spring 2025. The Committee’s view is that the Scottish Government should provide greater clarity and certainty to the culture sector following the UK Spending Review.**

Creative Scotland's Multi-Year Funding Programme

79. A significant change in the culture funding landscape moving forward will be the implementation of Creative Scotland’s new Multi-Year Funding Programme. It will offer funding for some creative and cultural organisations, supporting core costs and programmes of work for the initial period of April 2025 to March 2028.
80. The previous round of Regular Funding provided three-year funding to 121 organisations from 2018 to 2021, supported by £101.6 million grant-in-aid and a three-year budget commitment from the Scottish Government. This funding will remain in place for these organisations until March 2025.
81. At Stage Two of the application process, Creative Scotland assessed applications from 281 organisations, with a total annual funding request of £87.5 million. It intended to announce its funding decisions by the end of October 2024.²⁷ Culture Counts noted that there is a “huge amount of fear and trepidation about what lies ahead at the end of October”.²⁶ Festivals Edinburgh said that “it is a concern and a dilemma” that decisions will be made by Creative Scotland in October in advance of Budget 2025-26.⁴⁴ However, it has since been announced that the outcomes will be announced by the end of January 2025, subject to sufficient clarity being provided by the Scottish Government in the forthcoming Budget.⁴⁵

Level of funding available to support the programme

82. The Committee heard that the level of funding that will be provided by the Scottish Government to Creative Scotland to support the Multi-Year Funding Programme would be critical to the success of the programme.
83. Creative Scotland told the Committee that “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.” It considered that this would lead to many cultural organisations having to “at best, need to change their operational model or, at worst, cease to operate.” As a result, it said there would be “significant job losses” and a “significant reduction in cultural provision and cultural opportunity for the people of Scotland.”²⁷
84. Scottish Contemporary Art Network (SCAN) considered that the success of the Multi-Year Funding Programme “will depend on Creative Scotland being resourced to enable the appropriate level of investment for successful organisations; ensure the entry of new organisations in the funding portfolio; and make a significant investment in organisations that are committed to equity.”⁴⁶

85. Culture Counts noted that the programme “has been a long time in development”, with “delays to its roll out”, and that this “has left the sector on standstill funding for over a decade and now in serious financial precarity”.⁴¹
86. Creative Scotland told the Committee that if it was to be provided with “a significant proportion” of the increase in culture funding “as a priority” then it would “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”. It suggested that “without the investment, we face the prospect of managed decline of the sector”.²⁷
87. Dundee Rep and Scottish Dance Theatre noted that if the additional funding for the culture sector in 2025-26 is “a genuine commitment”, that “needs to be indicated to Creative Scotland with confidence so that it can confidently make decisions in the next few weeks that will reshape the culture sector for years to come.”²⁶
88. However, Culture Counts said that while it would be “easy” for the additional funding for 2025-26 “to be allocated to the multiyear funding pot, which currently has a gap of almost double that”, “there is the wider sector to be concerned about, as well”.²⁶
89. The Fringe Society said that “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”. It recognised that “RFO portfolio organisations cannot thrive with standstill funding” but said it “would like to see a seriously considered response for those organisations who live hand to mouth in a highly competitive funding landscape in Scotland.”²³
90. The Cabinet Secretary said that the delivery of the Multi-Year Funding Programme is a “very important opportunity” which “will profoundly improve much of the culture and arts sector in Scotland”. The Cabinet Secretary also acknowledged that if “if our organisations and venues are more sustainably funded” through Multi-Year Funding, “they will be in a much better place to ensure that they are employing people—many of them freelancers—as part of their projects and their work programmes.”⁶
91. On the level of funding to be provided, he said “the trajectory” of funding is “positive, with the potential for many more cultural organisations to benefit.” He detailed that he would like “the maximum number of artistic organisations to receive that funding”, adding that “if the figure is anything close to that, it will be more than double the number of Scottish cultural organisations that receive multiyear funding.”⁶
92. He noted that “there is a huge prize to be delivered if we can secure the increase in funding”, however that this is “dependent” on the Scottish Government “having the resources, which is why we are waiting for the UK Government budget”. He added that he would also “try to be as persuasive as I can with Scottish Government colleagues through the budget process”.⁶

Level of certainty over available funding

93. At the time of taking evidence, the Committee heard concerns that it had been

unclear the level of certainty Creative Scotland would have prior to making its funding decisions regarding the quantum of funding it will have to disperse to creative and cultural organisations over the 2025-28 period.

94. Creative Scotland outlined in its written submission that “in the absence of any future budget clarity from the Scottish Government”, it is “working on the basis of ‘standstill’ funding being available”. It added that it would “continue to work to the published timeline for Multi-Year Funding, while conversations are ongoing with the Scottish Government about future budget provision.”²⁷
95. Several stakeholders expressed their concern regarding this lack of clarity. EIF said that the ability of Creative Scotland “to support a significant proportion of the sector by having clarity on its own financial future must be a priority”, highlighting that “without budgetary certainty, its ability to roll out the Multi-Year Funding programme is severely compromised”.³⁹
96. While noting that not all aspects of the sector are supported through Creative Scotland, EIF added that “the funding decisions taken in October will determine the cultural fabric of Scotland for many years, and if no action is taken to provide the national arts funding agency with financial stability, the consequences will be extremely damaging, culturally, socially and economically”.³⁹ Dundee Rep and Scottish Dance Theatre noted that “Creative Scotland is on the precipice of making some important decisions that will shape a huge swathe of the culture sector for years ahead” and therefore “needs some budget clarity”.²⁶
97. Fèisean nan Gàidheal considered that this lack of certainty “leaves the organisation in a very difficult position, particularly when the multi-year ‘ask’ from arts bodies is way in excess of funds currently available to Creative Scotland”. It said that it would welcome an intervention from the Cabinet Secretary to “end the uncertainty and reintroduce confidence to the sector”.⁴⁷
98. The Committee also heard that delays and uncertainty surrounding the 2025-2028 tranche of funding was impacting on the culture sector more broadly.
99. NGS said that it had been impacted by the “anxiety within the sector” in relation to the funding process, given many of its partners are “experiencing a precarity that hinders engagement”.¹⁹ The Fringe Society described a “trickle down impact where committing to work, to collaboration, to funding and support is all on hold until some certainty is returned”.²³
100. Similarly, the Committee heard that the “direct knock-on effect” for NTS is that “companies regularly approach us with exciting projects that they would like to collaborate with us on but are unable to commit to these whilst they await decisions on funding.” It said that “this in turn can mean that, even if funding becomes available and these projects are greenlit, key moments to ensure these have the greatest possible impact may already have been missed.”¹⁷
101. On 3 October, the Cabinet Secretary wrote to Creative Scotland to update that, while he understood “that it would be Creative Scotland’s preference to have confirmation of the 2025/26 budgetary position in the immediate future to allow for completion of your Multi Year Funding process”, the Scottish Government faced “an

operational challenge that we cannot set detailed budgets for the coming financial year prior to knowing what our own budget will be". He confirmed that Creative Scotland's budget allocation would therefore not be confirmed ahead of the Scottish Budget.

102. In evidence to the Committee, the Cabinet Secretary added: "I would wish to have been able to give clarity to the creative sector a lot earlier than we have been able to do, but we are entirely dependent on clarity from the UK Government about what our budgetary situation is likely to be", noting that "Scotland's budget is dependent on budgetary decisions that are made by the UK Government" and "we do not have clarity from the UK Government about our budgetary situation".⁶ The date for the UK Budget following the UK General Election was set in July 2024.
103. Creative Scotland subsequently announced that it would delay announcing the outcome of the Multi-Year Funding Programme until the end of January 2025. The Chair of the Board of Creative Scotland outlined—
- ” “While we would have preferred to announce the outcome from this application process in October as planned and have been working collaboratively with Scottish Government to endeavour to do so, we also understand the extreme budget pressures that exist. These pressures mean we are required to postpone the outcome until such time as we have budget clarity. This will enable us to make final decisions in a context of budget confidence and to support as many organisations on a multi-year basis as we possibly can.”⁴⁵
104. A similar incidence occurred for the previous multi-year Regular Funding programme of 2018-2021, where Creative Scotland said its "original intention was to announce decisions in Autumn 2017, however, the timing of both the UK and Scottish Government budgets meant that final decisions needed to be delayed until after Creative Scotland's budget settlement was known (in December 2017)."⁴⁸
105. The Cabinet Secretary noted that "one of the challenges that we have objectively had in the past year is that we have been working to different budgetary timetables. If we look at the challenge that we had around the open fund, that involved Creative Scotland operating to a Creative Scotland budgetary timeline, and the same goes for multiyear funding." He suggested that "a review of Creative Scotland", discussed below "will be very useful for everybody in trying to ensure that there is maximum alignment between the budget processes of the Government and the Parliament and the budget processes of Creative Scotland and the culture sector. If any of that is out of alignment, we run the risk of people who have responsibility in one area being unable to do what they want to do because they are waiting on others to do due diligence, or for the Government or the Parliament to agree, or for the funds to be disbursed."⁴⁵

Transitional funding

106. Last year, Creative Scotland had argued that it was "vital" that its reserve of £17 million in National Lottery funds was protected, with its Board having allocated this "to support organisations who are currently in receipt of year-on-year funding from Creative Scotland, but who are unsuccessful in their application to the new Multi-Year Fund." It assessed that a "significant" number of organisations would need transition support and considered it "right and proper that we are able to support

those organisations to either transition to a new operating model or to wind down”.
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107. However, after allocating £6.6 million of its reserves to avoid passing a budget reduction on to RFOs, Creative Scotland noted that the reserves “accumulated specifically to ease the transition to the new funding model” and support organisations unsuccessful in their applications “to avoid a cliff edge at the end of their current funding commitments” had been “significantly reduced”. It said this would “limit” its “ability to smooth the transition to multiyear funding”.⁵⁰
108. In its written submission to the Committee this year, Creative Scotland stated that “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.”²⁷ It further noted that its reserve of National Lottery reserves, currently £11 million, remain allocated to support transition.⁴⁵
109. The Fringe Society suggested that “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...who will find themselves seeking emergency funding due to poor expectation management throughout the process.”²³

Governance

110. The Committee also heard that the process of applying for multi-year funding had been overly resource-intensive for many organisations.
111. Traditional Arts and Culture Scotland (TRACS) said that the application process had put “enormous demands on small organisations in particular”.⁵¹ EIF also noted that “even for our organisation of our relative size in the sector”, the application process was “incredibly taxing” and “drew major resources across many months”.³⁹
112. Starcatchers estimated that applying had “used over 115 days of staff time and cost us in excess of £20,000” which was “time and resource that we could have used to ensure cultural outcomes for our audiences.”⁵² Dundee Rep and Scottish Dance Theatre echoed that “the process was onerous and took considerable time away from core activity for key and primarily senior staff members”.¹⁴
113. The Fringe Society outlined that “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”. It considered that “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.”²³
114. Culture and Business Scotland (C&BS) considered that many applicants “did not have the inhouse capacity nor expertise to address the wide-ranging questions that covered overarching societal issues” such as equality, diversity and inclusion, fair work, or net zero, “with the sector believing the emphasis was too much on these agendas and not on the delivery of cultural excellence and cultural experiences.”⁵³

115. Culture Counts noted that there was “one process for all applicants regardless of artform, location, organisational scale, level of investment sought or skills and experience”. It said 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.”⁴¹
116. Moving forward, Festivals Edinburgh judged that “for future best value, public funding processes must be more conscious of administrative burden and proportionality of effort. Lack of prioritisation of the existing funds has directly resulted in the overwhelming density of process, leaving public bodies having to make ever finer judgements about smaller amounts of money in higher demand.”⁴⁴
117. Furthermore, Dundee Rep and Scottish Dance Theatre set out that while “the decisions taken at the end of October are likely to have significant repercussions for Scotland’s cultural landscape”, “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”.¹⁴ Culture Counts echoed that “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”.⁴¹
118. Creative Scotland said that it “appreciates that there is a lot of work in preparing these applications” and “fully recognises the pressure this can create on applicant organisations and people within them in terms of time and resources.”. With this in mind, it said it had “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” to “make informed decisions given significant amounts of public funding are involved.”²⁷

119. **With the key funding decisions which Creative Scotland will make for the Multi-Year Funding Programme likely to have a significant impact on Scotland’s cultural landscape in the coming years, it is sensible that these decisions will be made when Creative Scotland will have greater clarity around its budget allocation. However, the Committee’s view is that it is regrettable that the postponement of announcing the Multi-Year Funding Programme outcomes until January 2025, a matter of weeks before those decisions were scheduled to be announced, has led to yet more uncertainty for the culture sector.**
120. **The Committee notes the reasons for this delay provided by the Cabinet Secretary regarding the interdependence of the Scottish Budget with the UK Budget. However, this is not the first time that this interdependence has impacted on Creative Scotland’s Multi-Year Funding process, with funding decisions for the Regular Funding programme for 2018-2021 also delayed until after the UK and Scottish Budgets following a UK General Election. The Committee agrees with the Cabinet Secretary that the budgetary process of Creative Scotland and the wider culture sector may benefit from being brought in-sync with the Scottish Budget process. This should be considered as part of the review of the way the culture sector is supported, which we discuss in the next section of the report.**

121. **The Committee also encourages Creative Scotland to consider, ahead of future funding rounds, the feedback provided by witnesses that the process for applying for the Multi-Year Funding Programme was unduly burdensome, having required significant resources within the sector which could have been better directed elsewhere.**

A strategic approach to maximise the impact of increased funding

122. The Committee heard that there is a need to take a strategic approach to the delivery of increased funding for the culture sector, in order to maximise the impact of this investment. Below we consider—
- Strategically investing the additional funding;
 - The extent to which the recent Culture Strategy Action Plan provides a clear and strategic sense of how the Scottish Government is working to ensure a more sustainable future for the sector, or a strategic framework to support the prioritisation of the additional funding; and
 - The forthcoming review of the way the culture sector is supported as a vehicle to deliver this strategic approach to maximising the value of the additional investment.

Strategic investment

123. The Committee heard that investing the £100 million “thoughtfully” should “return a significant value to the creative and wider economy of Scotland”, however that these funds could be “equally easily wasted in filling gaps and patching holes, rather than a strategic investment in the future of Scotland’s creative ecology and economy.”²³
124. NGS agreed that there was a challenge for the Scottish Government that it could “easily spend £100 million five times over because of the asks that are out there” but that there was instead a need for “strategic thinking about where collaboration is happening”.³⁸
125. V&A Dundee suggested that the indicative increase in the culture portfolio for 2025-26 should be prioritised according to a plan that considers the relationship between funding, strategy, and outcomes.” It added that this “should consider the roles of the various major funders of culture including Scottish Government, local authorities and Creative Scotland who together have the fullest view of the sector, its diversity and its aggregated value and impact.”⁸
126. Musicians’ Union noted that the additional funding is an “investment”, pointing to the “multiplier effect that arts investment has and the positive impacts that it has elsewhere in the economy”, as well as “what a thriving and buoyant creative sector can bring to other Government portfolios and the impact that it has on our communities and our wellbeing.”²⁶
127. Culture Counts agreed that “it is important that that money is seen as an investment”, with “a long-term strategy alongside that”, and “not funding to bail the sector out or just to prop it up in an emergency.”²⁶
128. Stakeholders highlighted a need for budget increases to focus strategically on

supporting the resilience and sustainability of the sector.

129. Creative Scotland commented that “resilience in the sector—financial and human—is at rock bottom”, with it “working hard privately behind the scenes with a number of organisations that are in crisis and on cliff edges.”²⁶ Musicians’ Union agreed that the sector’s “resilience has been dwindling over the years with year upon year of standstill funding and chronic underinvestment” and that an “urgent priority” is achieving stability.²⁶
130. NGS suggested that “planned budget increases should be prioritised towards anchor funding for core services and/or ‘spend to save’ initiatives in order to improve the financial sustainability and resilience of organisations funded through the culture portfolio and therefore leading to improved cultural outcomes.”¹⁹ It said that there was a need to consider “how we can step away from firefighting and create some space within the sector to allow for plans to develop and to come to fruition” through “investing to save” which will “ultimately support the sustainability of the sector and enable it to thrive”.³⁸
131. Culture Counts viewed that the “overriding priority is to secure the survival of Scotland’s arts and culture sector.” It said 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.”⁴¹ The Fringe Society agreed that budget increases “should focus on providing investment that supports the long-term resilience and recovery of the sector”.²³

- 132. The Committee agrees that there is a need, particularly within the current financial climate, for the Scottish Government to take a strategic approach to the delivery of additional funding for the culture sector, with a focus on ensuring it maximises the impact—including on the economy and wellbeing—of the significant investment in culture that it has committed to deliver. We consider below the extent to which the Culture Strategy Action Plan provided such a strategic framework.**

The role of the Culture Strategy Action Plan

133. In our report last year, the Committee reiterated our view that that the then forthcoming Culture Strategy Action Plan should provide “a clear and strategic sense of how the Scottish Government is working to ensure a more sustainable future for the sector”.¹ The Committee heard that while the ambitions of the culture strategy were laudable, it was not clear how these ambitions could be achieved within the level of resource provided to the sector. We acknowledged the views of stakeholders that there is a misalignment between the Scottish Government’s ambitions for the sector set out in its culture strategy and the funding it provides to support the sector, and that there has not been a clear sense of how the culture strategy informs budgetary decisions.¹ The Committee notes that this evidence was taken prior to the Scottish Government’s commitment to increase culture

funding by £100 million by 2028-29.

134. The Committee also invited the Cabinet Secretary to set out the impact which the commitment to increased investment will have on the culture strategy.¹ This was not addressed by the Cabinet Secretary in his response to the report, or referenced in the [Culture Strategy Action Plan](#) which was published on 19 December 2023.
135. The Scottish Government stated that the “action plan sets out the next steps we will take to support culture in Scotland” and provides “the detail of how we will deliver on the vision and ambitions of the Culture Strategy.” It stated that the action plan “builds on the Culture Strategy rather than replaces it”, with some actions retained, some reworked and brought up to date, and others “brand new” and which “reflect the need for a guiding framework”.⁵⁴
136. The Cabinet Secretary provided an update to the Committee on 5 June 2024 on the progress the Scottish Government has made on the actions of the Culture Strategy Action Plan to date. He summarised—
- ” “The Scottish Government has achieved a significant amount in the first six months since publication of the refreshed Action Plan.
- Discussions with partners about where our collective priorities lie and how resources should be targeted across the sector in the next five years are underway and will undoubtedly result in the acceleration of some planned actions and, consequently, the deceleration of others to match available resource.”⁵⁵
137. Through our scrutiny this year, the Committee heard mixed views regarding effectiveness of the action plan, including in providing a strategic framework to support the prioritisation of the additional funding.
138. RSNO considered it to be “specific in the actions that should be taken to strengthen, transform and empower through culture”.⁹ TRACS considered that it “lays out sound and sensible objectives” though “perhaps too many for the available funds.”⁵¹ SLIC said that it “recognises and builds on the existing cultural infrastructure in Scotland” and that “its actions are clear and easy to engage with”.⁵⁶
139. However, the Committee heard that the action plan lacked measurable outcomes and actions. SPICe noted that the actions “tend to point to more policy-making work being done, rather than outputs of this work”. It said that the action plan “seldom sets out how the Scottish Government sees this work contributing to the culture strategy outcomes, nor is there an evaluation set out along with the Action Plan”, with “few firm timescales against any of these actions”. It said that there is a reference to “broader reporting mechanisms on this Action Plan” but the Action Plan is silent on what these are.⁵⁷
140. National Library of Scotland (NLS) viewed that the action plan “does not lay out, in any tangible sense, how the ambitions within the plan are to be achieved”.⁵⁸ Similarly, Historic Houses Scotland said that it “seems to lack the actual details of meaningful actions that the Scottish Government plans to take” or “a vision as to what a meaningful outcome (or indeed a metric of success) would look like for each

- of the key themes.”⁵⁹
141. UMIS commented that the goals and aspirations for the sector articulated through the action plan “seem to remain largely theoretical”.²² Culture Counts said that the action 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”.⁴¹
142. Glasgow Life commented that the objectives “lack timelines and specificity”, which mean that “it will be difficult to measure outcomes, hold multiple stakeholders to account and drive the transformational change required to sustain a rich and vibrant sector.” It considered that “influencing how mainstream health, education and social care budgets, for example, can be used to support culture is likely to remain extremely unlikely without this strategic coherence and specific commitments.” Therefore, it recommended that “the Action Plan would benefit from developing clear Specific, Measurable, Realistic and Timebound objectives.”⁶⁰
143. The Fringe Society set out its view that “the plan promises to scope, explore, review, and develop”, however that “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.”²³
144. The Committee heard from Festivals Edinburgh that, “given that public service resources are under continuing pressure, the most meaningful next step would be to set out a clear prioritisation of actions and make progress with resourcing and delivering them.”⁴⁴ NTS said that it would be “hugely helpful” to understand “how the actions will be budgeted for, what the timescale around achieving these is and how success and progress against these will be tracked.”¹⁷ Culture Counts said it would “encourage a review of the action plan with a view to ensuring it is strategic and takes a long-term approach”.⁴¹
145. Stakeholders also highlighted that “several of the actions” within the action plan are “focused internally on advocating for the sector within government.”³⁹ For example, there is an action for there to be “advocacy effort within national and local government to ensure the value of culture is understood and maximised.”⁵⁴
146. TRACS considered that “we should now have moved beyond the stage where advocacy for the value of culture has still to be made”.⁵¹ Culture Counts said that the action plan should be “outward looking, ambitious and inspiring and not be detracted by actions to make the case for culture internally.”⁴¹ V&A Dundee said it hoped “we can move quickly from understanding the importance and value of culture to considering how we can support the sector.”³⁸
147. UMIS also considered that the action to “ensure effective ongoing engagement with the sector and maximise impact of existing public sector support” had been “severely undermined by the removal of the post of Culture Minister”.²² Similarly, Culture Counts said it was “disappointed” to see the role of Culture Minister “axed”, and questioned “the commitment of the Government to the culture sector without a dedicated champion, particularly at this time of need”.⁴¹ NLS said that the “removal of this ministerial remit could be interpreted as an indication that Culture is not seen

as a priority, or a driver, for supporting other ambitions in the National Performance Framework.”⁵⁸

148. As a result of a lack of detail and measurable outcomes, some stakeholders indicated that the action plan would not be useful in informing budgetary decisions to prioritise spend.
149. The Fringe Society said that “given the lack of detailed information and direct delivery defined in the Action Plan”, it did not “believe the plan should inform the budgetary decisions until further work is progressed. However, it stressed that “the implementation and delivery of the additional investment cannot wait, which means the decisions need to be informed by the sector itself.”²³ Similarly, Dundee Rep and Scottish Dance Theatre said that it was “not convinced” that the plan should inform budgetary decisions, “given the ambiguity and lack of clarity”.¹⁴

150. **Through our budget scrutiny over the last two years, we called for the Culture Strategy Action Plan (published in December 2023) to provide a clear and strategic sense of how the Scottish Government is working to ensure a more sustainable future for the sector. We note that the Action Plan did not reflect the commitment to increase investment in the culture sector by £100 million annually by 2028-29. There therefore remains a need for the Scottish Government to set out a strategic framework for supporting the prioritisation of additional funding and maximising its impact. Below we consider how the forthcoming review of how the culture sector is supported provides a useful opportunity to respond to this need.**

Review of how the culture sector is supported

151. The Programme for Government 2024-25 set out that in order to “help to ensure the distribution of additional funding in the most effective way possible”, the Scottish Government would “review the way the culture sector is supported, including a review of Creative Scotland as part of our commitment to ensuring excellence in Scotland’s public services.”⁷
152. The Scottish Government outlined that “the review, which will be the first since the public body’s establishment in 2010, will examine Creative Scotland’s remit and functions as a funding body, and how the overall impact of planned increases in levels of public funding can be maximised to support sustainability in the sector and in participation in the arts.”³⁰ The process and timescales for the review are not yet clear.
153. The Cabinet Secretary outlined to the Committee that “scoping of the review is at an early stage”, however that it would—
- Consider ways to maximise the impact of available public funding for culture;
 - Work with private and third sector partners to examine ways to grow the overall funding pot, diversify funding streams and support the sector to become more

sustainable;

- Consider what can be done to help the sector to navigate current and future challenges and make the most of opportunities for collaborative working; and
- Review Creative Scotland as a necessary part of the wider piece of work about how the culture sector is supported.³⁴

154. In evidence to the Committee, the Cabinet Secretary said that “the purpose of the review is for us all to consider how the creative and cultural landscape operates in Scotland and the role that an independent arm’s-length funding body plays.” The Cabinet Secretary added: “I am sure that you do not wish me to prejudge any review, and it would be wrong for me to do so, because this needs to be looked at. There will not be a Government review in the sense that I am not going to sit at the head of this and drive a review; others will look very closely at how things operate, and we need to have a look at international best practice.”⁶

Review of Creative Scotland

155. Creative Scotland considered that “a review of how the sector is to be supported is to be welcomed” in the context of increased funding, outlining that “it is important to the Scottish Government to ensure that it gets maximum value and impact over the period” to 2028-29. It noted that the wider review of how the sector is supported “includes a review of Creative Scotland—of our purpose as opposed to our performance— alongside whoever else is part of the publicly funded cultural landscape in Scotland.”²⁶

156. Creative Scotland noted that there is currently “very limited information” on the proposed review, though understood that it would have a role in informing its scope, which it said would be “helpful”.²⁶

157. V&A Dundee said that the review needs to “reconcile what Creative Scotland’s unique purpose is and work out the level of resource that it needs to enable it to perform its public service duties on funding and its other roles.” It said that it would be in “everyone’s interests” to have “Creative Scotland functioning at a high level”.³⁸

158. Above, we outlined our view that there is a need for a substantially improved relationship between Creative Scotland and the Scottish Government. Dundee Rep and Scottish Dance Theatre agreed that the relationship between Creative Scotland and the Scottish Government needs “strengthening”.²⁶ V&A Dundee also identified that there was a need to develop a strong partnership across the Scottish Government, Creative Scotland, and local government. However, that there was currently a level of “turbulence” and “volatility”. It said that “once we get that level of stability”, “we can then cohere around what we want from state-supported culture, what it uniquely does and what we want to achieve across all Scotland and all the different types of culture.”³⁸

159. Stakeholders noted that there was a need to consider a review of Creative Scotland within the context of where it sits in the wider culture sector.

160. The Fringe Society considered that “it is almost pointless to talk about a review of Creative Scotland because it does not exist in a vacuum” and “to start a review of Creative Scotland now, when it has zero certainty, means that you are reviewing something that is not sat in an operational and strategic context”.²⁶ It elaborated that “the step before considering what a review of Creative Scotland should look like is to consider what the Scottish Government’s plan and objectives for the creative sector are—delivered in part by Creative Scotland... Before any review of Creative Scotland can take place, a decision is needed on the financial future of the organisation and on how much money it will have, at least until the next election, to enable it to deliver on its objectives.”²⁶
161. Culture Counts viewed that “it is really important to have a wider look at how we invest in culture to see where the gaps and needs are and where Creative Scotland sits”.²⁶
162. Stakeholders argued that the review of the way the culture sector is supported should not delay the delivery of additional funding, and similarly the review of Creative Scotland should not delay the delivery of the Multi-Year Funding Programme or other funds distributed by Creative Scotland.
163. Culture Counts welcomed the review, though considered it was “really important that the review does not derail ongoing programmes, that we get a resolution on the multiyear funding programme and that the other programmes are reinstated”.²⁶
164. V&A Dundee said that “no one wants the review to detract from the urgent issue that organisations and individuals across the sector do not know whether they will be funded from next spring, or even sooner”. It argued that “the review has to happen while we carry on delivering what we hope is a good public service by administering the funds to keep people running viable, thriving businesses”.³⁸
165. Creative Scotland made clear that “although the plans and timelines are not yet understood, the review is not intended to disrupt our current plans for delivery, so we should remain focused on what we intend to do.”²⁶
166. However, Dundee Rep and Scottish Dance Theatre commented that “if the expectation is that it will be business as usual and that, therefore, funding schemes, multiyear funding, a reopened open fund and other ring-fenced programmes must continue, we need to be in lockstep in holding firm to that being the plan of delivery and decision making for the next 18-month period, while clarification of the scope of and timescales for the review are on-going.”²⁶

Governance

167. Earlier this year, the Committee took evidence from Creative Scotland on its funding award to the project Rein. The project was awarded £23,210 in August 2022 at its research and development phase, and then £84,555 in January 2024 through the Open Fund for Individuals following an application, assessment, and panel decision process. Of the total award, £76,196 was later withdrawn after it emerged that the project would include “real sex, as opposed to performance depicting simulated sex”.
168. The Committee then wrote to the Chair of the Board of Creative Scotland, setting

out a number of concerns around how Creative Scotland handled its response. Our view was that much of the controversy surrounding this application could have been avoided by Creative Scotland being more open and transparent around how it handled the funding of Rein once the decision had been publicly challenged.⁶¹

169. The initial response from Creative Scotland to the Committee's queries did not provide the Committee with the full picture, which the Committee considered to be regrettable. In our view, much of the information which was provided to the Committee in oral evidence should have been communicated much earlier and it is unclear why it was not. The Committee considered that this raises questions around the extent to which Creative Scotland sought to be open and transparent with us in addressing this matter.⁶¹
170. The Committee requested that the Board considers whether it is content that Creative Scotland has been fully open and transparent in its communication with the Committee. We also requested that the Board considers the extent to which Creative Scotland's handling of this matter has caused reputational damage not only to its own role, but also to the cultural sector more widely, and most importantly, the Rein artists.⁶¹

Wider review

171. Witnesses noted their agreement with the proposed approach that the forthcoming review of Creative Scotland will form part of a wider review of the way that the culture sector is supported.
172. V&A Dundee considered that "we cannot look at stability and sustainability, and the thriving cultural sector that we all want to see, without having an expanded view beyond Creative Scotland and deeply understanding how it interacts with other strategies and policies".³⁸
173. More broadly, V&A Dundee commented that "if we had a sense of what that amalgamation of state wanted from culture—with that being followed through with tactics, decisions, priorities and a release of funding appropriate to the scale of delivery and impact—it would give the sector its confidence back." It said that this was not solely the responsibility of the Scottish Government, but also Creative Scotland and local government as major funders of culture.³⁸
174. Musicians' Union set out that there is a "need to take a look at arts funding and investment in the round", for example, "how local authority funding interacts with Creative Scotland funding, how each of the streams can work for one another and balance out, and how they interact with the culture strategy and action plan."²⁶
175. Furthermore, Glasgow Life suggested that the review could consider "where the leadership sits" for the delivery of the Culture Strategy and the Culture Strategy Action Plan. It said that "it would be helpful for the wider cultural sector to understand how to deliver the ambition set out in a national cultural strategy, the actions identified in the action plan and how the funding flows through that to deliver the outcomes that are set out."³⁸

176. V&A Dundee considered that there needs to be “an understanding of the interaction between all the funding—private, philanthropic and public—and long-term investment” and of “how we cohere strategic objectives” in order to “do the best by that money.” It added that “we all benefit when the strategic partnership across the Scottish Government, Creative Scotland and the other major funded local government bodies works together to set out the state view of such investment”.³⁸
177. The Committee heard from a panel of witnesses representing the museums and galleries sector. MGS said that there is a “need to think strategically about how we invest in museums and galleries”. It highlighted that museums and galleries are largely funded differently to arts organisations, with no core funding.³⁸ V&A Dundee noted that Creative Scotland’s role in the museums and galleries sector “needs to be examined and rearticulated”. It considered that “it is time for the arts to have its day alongside Creative Scotland’s support for screen and policy work on the creative industries”.³⁸
178. NGS highlighted that while it is funded directly by the Scottish Government, rather than Creative Scotland, the Arts Council England does fund the museums and galleries sector, which it said, “creates confusion in Scotland about who is funded and from where”. It considered that “there is an opportunity with the review to clarify that and be clear in the communication as to what the systems are” and to “amplify and talk about what the funding model is for the rest of the sector”. It summarised that “clarification around the funding models is definitely needed”.³⁸
179. Glasgow Life indicated that there should be direct national funding for its museums, which are instead funded by Glasgow City Council. It noted the economic impact of Glasgow’s museums, with nearly 4 million annual visitors and £135 million gross value added (GVA), while Glasgow Life’s budget has reduced by £17 million in the past five years and £30 million in the past ten years. It outlined that “all Glasgow’s collections are recognised as having national significance, so we are national in all but the funding arrangements”.³⁸

Delivery of innovative funding solutions

180. As noted above, the Cabinet Secretary detailed that the review would consider ways to maximise the impact of available public funding for culture, and examine ways to grow the overall funding pot, diversify funding streams and support the sector to become more sustainable.
181. The Committee has considered at length during Session 6 the role of innovative funding solutions to both maximise the impact of public funding and provide additional sources of funding. However, in our report last year, the Committee expressed concern that there had been—
- No indication of progress made by the Scottish Government on our recommendations on mainstreaming culture across portfolios and developing cross-portfolio funding for culture; and
 - No indication of progress made by the Scottish Government on its 2021 Programme for Government commitment to “begin work on establishing a

‘Percentage for the Arts’ scheme”.

182. The Committee’s view was that there is a need for much greater urgency and a clear pathway to make tangible progress on innovative funding solutions.
183. This year, NTS told the Committee that “unfortunately, it feels that we are in a very similar situation to last year whereby, as laudable and encouraging as these recommendations are/were, there appears to be no real progression here”.¹⁷ Culture Counts agreed that it had seen “little progress” against the Committee’s recommendations, or “in the Government’s own commitments to take forward innovative funding solutions”.⁴¹ MGS acknowledged “frustration at the lack of visible progress” on delivering against the actions, and it said that “leadership from Government to realise the action plan will be advantageous going forward”.²¹
184. Similarly, C&BS said that “there has been no tangible development against” the “concerns highlighted in the committee’s report last year”.⁵³ Artlink said it could only see “little tangible progress”,⁶² while Scottish Opera also said it was “disappointed” by the lack of progress.³⁷ Festivals Edinburgh remarked that “work may be underway internally within Scottish Government” but that it was “not aware of the development of specific pathways to progress innovative funding solutions”.⁴⁴
185. Musicians’ Union pointed to the Visitor Levy “as an example of an area of progress”, however Culture Counts noted that there would not be immediate funding given “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”.⁴¹ The Committee has previously commented that it will be important that local cultural bodies are represented when decisions on how revenues from visitor levies will be invested are made.¹

Cross-portfolio funding

186. Last year, the Committee expressed its view that “there is a need for much greater urgency from the Scottish Government to make substantive progress towards cross-portfolio funding for culture” and strongly urged the Scottish Government “to set out detailed plans for the steps it will take to achieve tangible year-on-year progress on cross-portfolio funding models when it publishes its refreshed Culture Strategy Action Plan”.¹
187. Dundee Rep and Scottish Dance Theatre set out its view that through accelerating cross-portfolio agendas, “the culture sector could make an even greater contribution” to responding to “the myriad of social, strategic and economic challenges that the nation is facing”.³⁸
188. However, Glasgow Life considered that “influencing how mainstream health, education and social care budgets, for example, can be used to support culture is likely to remain extremely unlikely without strategic coherence and specific commitments.”⁶⁰ MGS said that “investment and coordination of delivery is required to realise” the “vision for the Scottish Government’s Culture Strategy to

place culture as a central consideration across all policy areas, including health and wellbeing, economy, education, reducing inequality and realising a greener and more innovative future”.²¹

189. Dundee Rep and Scottish Dance Theatre considered that “meaningful discussions at ministerial level needs to take place to agree and take forward strategic cross-portfolio investment”. It recognised that “the sector has limited powers in delivering this at a strategic level without high level intervention and will”.¹⁴ Culture Counts agreed that cross-portfolio work needed “political leadership” to “make better decisions about strategic investment”.²⁶
190. The Culture Strategy Action Plan did include a couple of actions in relation to cross-portfolio working. It committed to “collaborate to realise the transformational power of culture in achieving a broad range of policy outcomes by developing cross-Government policy compacts, embedding culture at the centre of policymaking”. It said it would “engage across government to mainstream culture in policy making, prioritising health and education in the first instance.”⁵⁴
191. Another related action was to “strengthen cross-Scottish Government joint working on culture and health and wellbeing policy development and delivery”. It said it would “formalise cross-government connections between Culture and Health officials via our recently established Scottish Government Culture and Health working group”, which would “play a significant role in advocating for increased representation of the arts and cultural activity within ongoing Scottish Government physical and mental health and wellbeing initiatives and policy development discussions.”⁵⁴ The Scottish Government has established a Culture and Health Working Group and Culture and Creativity in Learning Group.
192. EIF said that the establishment of working groups “which will align health and culture, and education and culture” was “a positive sign that the Government is trying to encourage greater policy coherence.” However, it said “details on their membership, plans and any tangible outcomes they are working towards, including on cross-policy funding for culture, would be welcome.”³⁹

Private investment

193. In our report last year, we also recognised the important role of private investment in providing additional resource for the culture sector. We noted the views of witnesses that public funding supported by a long-term strategic approach is an important underpinning to be able to leverage this investment from donors and sponsors.
194. Additionally, we considered that the C&BS Fund, which utilises public funding to leverage private investment in culture, has an important role to play in the Scottish Government’s response to the challenges facing the culture sector, by maximising the impact of limited resources. We noted our concern that the 33% cut to the C&BS Fund for 2022-23 was maintained into 2023-24. In the Cabinet Secretary’s response to our report, he said he recognised “the important role that the [C&BS] Fund plays in supporting cultural and heritage projects” and confirmed that “in 2024-2025 the fund will be returned to £200k.”¹⁰
195. The Culture Strategy Action Plan commits the Scottish Government to “explore and

- develop alternative and additional income streams”, including to develop a ‘Percentage for the Arts’ scheme which was originally committed to in 2021. The Scottish Government said: “we know that maximising the range of income streams available to the sector will support and build long-term resilience” and noted that it would “consider how learning” from those who utilise a mixed funding model “can maximise the impact of public funding.”⁵⁴
196. In an update on initial progress with the action plan, the Cabinet Secretary updated that “in support of exploring and developing alternative and additional income streams, the Scottish Government has been working to identify priority areas and activities for future investment in the culture sector particularly in light of recent issues around corporate social sponsorship.”⁵⁵
197. V&A Dundee stressed that “renewing existing and raising additional private support is predicated for all major cultural organisations on stable public investment.”⁸ Musicians’ Union agreed that innovative funding solutions “must be taking in line with a solid foundation of core funding.”²⁵
198. Art Fund said that it welcomed “ambitions to promote philanthropy”, however highlighted that “public investment is key to unlocking philanthropy, with many programmes only securing external funding after a contribution from the public purse has been confirmed.”²⁰
199. However, Culture Counts said that the “challenges around ethical philanthropy and corporate sponsorship mean it is not currently a viable option for developmental growth”.⁴¹ Museums Association warned that there are “reputational risks and ethical considerations that come with museums accepting private sponsorship.”⁴³ Musicians’ Union said that it was “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”.²⁵
200. NTS outlined its view that “there are multiple ongoing challenges for arts organisations in terms of income streams with corporate sponsorship and support from trusts and foundations in decline and it is clear that this funding gap cannot be filled through individual giving and philanthropy, where there is also over-demand and diminishing resource.”¹⁷
201. V&A Dundee also pointed to the “limited pool of corporate and philanthropic funding in Scotland” and recommended that the Scottish Government and other funders could “connect the sector to diaspora funding opportunities, using its networks and relationships to convene and leverage international support for culture in Scotland.”⁸
202. Historic Houses Scotland viewed that “it is essential that there is a strategy for cultural spending from government so that the private sector...can understand what government’s priorities are, and where their investment will be most beneficial at a particular time, or best align with wider sector priorities and direction.”⁵⁹
203. C&BS considered that it is “essential that the Scottish Government reconsiders the

existing funding model for culture and that part of this additional investment should be used to enable culture organisations to develop new business models so that they can become more entrepreneurial and resilient.”⁵³

204. **The Committee welcomes the forthcoming review of the way the culture sector is supported, including the review of Creative Scotland. This review comes at an important juncture and should be valuable in supporting the effective distribution and investment of additional funding for the culture sector. However, the Committee’s view is that it is key that this review does not delay the delivery of additional investment, including the planned increase of at least £25 million for 2025-26.**
205. **The Committee considers that the planned review of Creative Scotland should review the provisions of the Public Services Reform (Scotland) Act 2010 which established Creative Scotland, including its statutory role and responsibilities. The review should also consider where Creative Scotland sits within the wider culture sector and the level of resourcing it requires to fulfil its functions. Furthermore, the Committee raised significant concerns regarding Creative Scotland’s handling of the funding for Rein once the funding decision had been publicly challenged, including the extent to which Creative Scotland sought to be open and transparent with us in addressing this matter. Therefore, our view is that the review must also consider effective governance and transparency. We also recommend that this should be established as an independent review.**
206. **We also welcome that the review will take a wider view of the way the culture sector is supported. Due to the timing of the announcement on the review, the Committee was only able to take limited evidence in relation to the sector’s views, however we heard from the museums and galleries sector that there is a need to reconsider and think strategically about how museums and galleries are supported, and that this review provides an opportunity to do so. We recognise there will be a need to consult widely with stakeholders in the culture sector, and that the review should engage with those involved in delivering community-based cultural activities as well as larger established cultural organisations.**
207. **Throughout Session 6, the Committee has undertaken a significant amount of work on funding and support for the culture sector. The review would benefit from taking into consideration this substantial evidence basis and the Committee’s recommendations. In particular, as the review will consider ways to maximise the impact of available public funding for culture, and examine ways to grow the overall funding pot, diversify funding streams and support the sector to become more sustainable, the Committee’s view is that this should take into account our previous work on innovative funding solutions. It should set out a clear pathway to making tangible progress in areas such as cross-portfolio funding, a Percentage for the Arts scheme, and leveraging private investment, as well as other possible solutions. We remain of the view that there is a need for much greater urgency to making progress in this area.**
208. **Furthermore, the review could also usefully consider the series of**

recommendations set out by the Committee in our report on *Culture in Communities* regarding how community-based cultural organisations can be better supported, including through funding, support, and the provision of spaces for cultural activity. For example, whether community-based culture should be considered and funded separately from professional arts; how to support a clear way forward for local cultural services which maximises the impact of combined resources; and whether there should be a role for Creative Scotland to deliver a capital programme to support the refurbishment, retrofitting and upkeep of community assets that are used for cultural activity.

Conclusions

209. Last year, the Committee said there was an urgent need for the Scottish Government to restore the confidence of the sector. We therefore welcome the Scottish Government's commitment to increase investment in culture by £100 million annually by 2028-29 within the context of the ongoing challenges in the public finances. We also welcome the intended increase of at least £25 million for culture in 2025-26 and acknowledge that the culture sector will expect this commitment to be fully delivered in the forthcoming Budget.
210. However, while the commitment to additional funding provided an immediate response to the urgent need for the Scottish Government to restore the confidence of the sector, a year on from this commitment, stakeholders have indicated that confidence remains low due to the lack of clarity from the Scottish Government regarding its priorities for the additional investment and how it will be rolled out in the years to 2028-29. We also acknowledge the challenging fiscal environment continuing to face the Scottish Government, particularly the uncertainty regarding its own longer-term budgetary outlook. The Committee's view is that the Scottish Government should provide greater clarity and certainty to the culture sector following the UK Spending Review.
211. The Committee considers that the temporary closure of Creative Scotland's Open Fund for Individuals was regrettable, and unhelpful in the context of the already urgent need to restore confidence in the culture sector. Furthermore, it is regrettable that the postponement of announcing the outcomes for the Creative Scotland Multi-Year Funding Programme, a matter of weeks before those decisions were scheduled to be announced, has led to yet more uncertainty for the culture sector.
212. The Committee's view is that there is a need for a substantially improved relationship between Creative Scotland and the Scottish Government. We therefore welcome the proposed review of Creative Scotland and recommend that this should be established as an independent review.
213. We also welcome that this review will form part of a necessary wider review of how the culture sector is supported, to help ensure the effective distribution and investment of additional funding for the culture sector. In our view, there is a need for the Scottish Government to take a strategic approach to the delivery of additional funding for the culture sector, with a focus on ensuring it maximises the impact of the significant investment in culture that it has committed to deliver.

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