



ALBA | CHRUTHACHAIL

Convenor  
Constitution, Europe, External Affairs and Culture Committee  
Scottish Parliament  
Edinburgh  
EH99 1SP

28 November 2023

Dear Convenor

RE: Response to Pre-Budget Scrutiny 2024-25: Funding for Culture report

Thank you for your report on the above inquiry.

We welcome the opportunity to make a further submission and are pleased to see that your report reflects many of the points that we discussed in our original submission. Thank you for the opportunity to give evidence to the Committee which enabled me to expand on many of these points and respond to questions from Committee Members. I would also like to recognise the contributions made to the inquiry by people and organisations from across Scotland's culture and creative sector, enabling their important perspectives to be taken into account.

Your report accurately captures the financial and operating environment in which the culture and creative sector is operating; the scale of the budgetary challenges it faces; and the impact on future cultural provision for Scotland's people and communities if this context does not improve.

I will not go over Creative Scotland's perspectives on this again, as I believe this was adequately covered in [our submission to the inquiry](#), the subsequent [addendum](#), and at the evidence session I attended, and has been well summarised in your report. Instead, I will respond to a small number of significant points you have raised, as requested.

In the report, points 67 and 68 state:

*67. The Committee considers that there is a need for further clarity from Creative Scotland on the extent to which the use of reserves to offset this cut in 2023-24 has impacted on the funding that will be available to manage the transition to the Multi-Year Funding Programme and provide support for current RFOs who are unsuccessful in their applications.*

*68. The Committee also considers that there is a lack of clarity regarding Creative Scotland's approach to the accumulation and use of its reserves. We invite Creative Scotland to set out its approach in detail to the Committee.*

In response to these points:

As has been widely communicated, we have used part of our National Lottery reserves to fill the in-year reduction in our Grant in Aid budget in the 2023/24 financial year. This means we will have £6.6m less in National Lottery reserves to support transition funding in 2024/25, and beyond, for some organisations which currently receive some form of regular funding from Creative Scotland but are unsuccessful in their application for Multi-Year Funding.

These reserves are entirely separate to Grant in Aid budgets which require in-year spend and the accumulation of reserves is not permitted.

However, as one of 12 National Lottery Distributors across the UK, Creative Scotland is permitted to accumulate reserves from its National Lottery income, to apply to future cultural funding.

National Lottery income fluctuates year-on-year, driven mainly by ticket and scratch card sales, which means that in some years, Creative Scotland will have access to more National Lottery income than it had budgeted to spend on grants and running costs. The resultant surpluses enable the accumulation of reserves. Creative Scotland publishes its planned budgets in its [Annual Plan](#), and its actual spend in its [National Lottery Annual Report and Accounts](#). These documents show the planned position for National Lottery budgets and the actual outcome against these plans.

The reserves are then available to the Creative Scotland Board to allocate to future funding activity to progress the organisation's strategic objectives and priorities. For example, in the past this has included the use of reserves to support major capital developments, or to boost existing funding programmes experiencing extremely high levels of demand, such as our National Lottery Open Funds.

In this instance, the Board have agreed to build and designate National Lottery reserves for transition support for some organisations which currently receive some form of regular funding from Creative Scotland but are unsuccessful in their application for Multi-Year Funding.

*As we say in the [guidance](#) for Multi-Year Funding: *Transition support may be made available, where appropriate, for some organisations currently in receipt of repeat funding from Creative Scotland but who are unsuccessful in being awarded funding through the Multi-Year Programme. Any funding support would be dependent on the availability of funds and be part of helping organisations plan for any restructuring or realignment that may help with future sustainability. More details on any Transition support will be available at the time of communicating decisions.**

In the Committee's report, point 94 states:

*94. 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 greater confidence for the future of the sector; noting Creative Scotland's comments that "we have to understand what the future will look like in*

*order to be able to navigate with more confidence, whatever the final settlement picture looks like”*

We agree with the Committee’s perspective and, particularly as we are currently in a live Multi-Year Funding application process which has received 361 applications with a total ask of £96.4m per year, the need for longer term budget certainty has never been more acute.

Since the time of this inquiry, we have welcomed the First Minister’s announcement at the SNP Conference, committing to an additional £100m in Grant in Aid funding for culture in Scotland over the coming five years. This is coupled with the Cabinet Secretary’s assurance given in his evidence to this Committee, that the £6.6m cut from our budget this year, will be restored in 2024/25.

We look forward to hearing more detail on the £100m announcement as soon as possible. There are indications that some information may be shared as part of the Scottish Government’s draft budget announcement for 2024/25, on 19 December. There is considerable expectation in the sector as regards the £100m and a desire to see significant funding flowing immediately.

More broadly, we agree with the content in the Committee’s comprehensive report, and endorse the recommendations being set out.

In particular, we support the recommendations on better cross- Government Portfolio partnership with culture and offer our assistance in helping make that happen. Creative Scotland already works in partnership with a range of sectors - for example, Education, Environment, Health, Heritage, Tourism - and with Scotland’s Local Authorities, and we recognise the opportunity that exists for exploring how culture can be better supported across different parts of Government, beyond Culture itself.

We look forward to working closely with colleagues at the Scottish Government, other partners, and with the Committee, to help deliver against the recommendations set out in this report.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Iain Munro', is written over a light grey rectangular background.

Iain Munro  
Chief Executive