

## **SCOTTISH PARLIAMENT CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE, ARTS FUNDING INQUIRY: FESTIVALS EDINBURGH RESPONSE**

### **1. Threats and challenges to sustainable funding of the arts**

Since the recession of 2008-09 and the austerity programme initiated by the UK Government in 2010, it has been a very challenging decade for organisations and individuals securing public and private investment in the arts in Scotland. The future outlook is even more concerning, with local authorities projecting further substantial savings needed over the next three years in non-statutory areas, and the Scottish Government's five-year financial strategy suggesting that the national resource budget will be at best static.

As an illustration of pressures facing the whole cultural sector, the Edinburgh Festivals have reshaped operations in the face of core grant reductions totalling over 33% in real terms since 2010 and have become increasingly effective at raising income against the vital foundation of core grant. Growing earned income by over 35% in the five years to 2015 involved replacing all major financial services sponsors who withdrew during the UK recession, and securing new corporate and in particular individual donor support. In a constrained public funding environment, the festivals have a continuing commitment to use the strength of their brands to diversify financing models in these ways to attract more funding that can be reinvested in supporting creative work.

These measures have enabled the festivals to protect funding for supporting artists, performers, creatives and community engagement at the maximum possible levels – in 2017-18 totalling investment of £14.4m in creative talent and event production in Scotland – but it has led to increasing stretch. The knock-on effects described below are a common experience for cultural organisations across Scotland, and for independent artists looking to produce their projects:

- The increased requirements of a more diverse set of funders must be serviced while seeking to contain management costs
- Overall costs have continued to rise well above inflation, including in areas such as travel, visas, licensing, and police charging
- Demand is growing for communal cultural experiences to offset people's increasingly digital lives, but maximising inclusion means increasing free and low cost access for ticketed experiences, and makes it more difficult to identify business models
- The corporate, trust, foundation and donor environment is becoming increasingly competitive with success rates declining irrespective of the quality of applications.

### **2. Funding for artists and cultural freelancers**

Creative Scotland's arts strategy from 2016 highlighted that around 80% of artists in Scotland earn less than £10,000 per annum through their artistic output. For culture to thrive, it is essential that the independent role of artists as self-directing decision makers and influencers is supported. They need access to clear foundational funding routes at different stages: to enable them to focus on their research and development, take risks in the production of work, and create opportunities for artists to find audiences and vice versa.

Partnerships between artists, freelance creative producers and cultural organisations are often essential to realising all these parts of the artistic process and bringing additional resources to the table. Ensuring these interdependent parts of the cultural sector can flourish needs multiple support routes.

Recognising the role of Scotland's major cultural organisations as strategic partners will help public funding bodies maximise support. It would be useful to develop a clearer map of key flows of funding across Scotland benefiting different parts of the freelance cultural workforce. Understanding these flows is likely to be even more critical for the future as pressures continue to mount on all levels of public sector budgets, at the same time as further threats to lottery income.

There are additional challenges for people from outwith majority and middle class communities in developing and sustaining artistic careers. To change this profile for the better, a sustained pipeline of support is important for talented people to develop and progress as well as to enter the culture sector. Focused and co-ordinated support opportunities to provide long-term pathways for individuals, albeit limited in number, may prove more effective in growing a diverse new generation of cultural leaders than a higher volume of interventions that do not systematically address gaps and transition points.

### **3. Measures to ensure sustainable level of funding and innovating to attract greater funding**

The Scottish Government's consultation on a culture strategy for Scotland in 2018 included a section on 'sustaining culture' and the consultation responses from a diverse national cross-section of consultees should inform this parliamentary inquiry, as well as the inquiry results feeding into future national arts funding policy. The draft culture strategy acknowledged that culture is allocated relatively small amounts within overall public sector budgets yet it achieves much for many. There is a growing gap between the resources available and the potential benefits that Scotland's creative talent offers our society.

A future arts funding framework should aim to galvanise all parts of the sector and stakeholders to create an enabling environment for generating additional investment. This task of creating the conditions to help generate new investment is a fundamental first-order priority for sustaining culture across Scotland. Questions around how national public funding for culture is best distributed should not overshadow this primary goal.

The festivals have therefore welcomed the Scottish Government commitment to explore the potential of powers such as the Scottish National Investment Bank, devolved tax and legislative powers. In particular there is a key opportunity to empower local authorities to help find new cultural solutions such as through the forthcoming Transient Visitor Levy legislation. Increased incentives for philanthropic donors would also help to increase the attractiveness of Scottish propositions.

These vehicles can release foundational public support against which private income can be generated to multiply the investment of the public pound, including supporting innovations that could generate tradeable assets, new sources of value or outcomes of interest to social impact investors. Any future funding system must balance the vital role of grant assistance to enable artistic and creative incubation and development, with investment to stimulate growth particularly within the creative industries as well as for wider benefits.

In exploring these new directions, it will be important to build on the principle of drawing on arms-length non-political specialist expertise to develop cultural policy and funding models that has been critical to the development of Scotland's cultural community.

The draft culture strategy also reflected a growing recognition of the role of culture in making progress in health and well-being, economy, education, reducing inequality and increasing environmental sustainability. The increasing interest in culture from across government and public policymakers should be accompanied by co-creation approaches and recognition of value through securing funding from wider budgets, building on models such as the Cultural Commissioning Programme in England.

#### **4. Relevant examples of international practice**

The latest Quebec culture policy published in June 2018 committing the government to encourage cultural philanthropy through fiscal measures, and increase levels of government support to unprecedented levels for creation, production and sharing of high quality and innovative culture, may be worth consideration. Their cultural strategy also commits to practical measures for improving the lives and livelihoods of artists – including exploring means of adapting fiscal measures to their reality. Quebec has been a pioneer in adopting two statutes on the status of the artist and introducing assistance programs as well as tax or social protection measures for artists.

In Brazil, the cultural foundations SESC and SESI were set up by philanthropic leaders of the commerce and industry sectors in 1946 to promote social welfare, cultural development and improving the lives of workers, their families and the communities they live in. Their revenues come from a 1.5 percent tax paid by every company according to the size of their payroll, and directed to the cultural foundations. Their funded programmes focus on citizen engagement through a wide range of interventions including connecting grassroots cultural movements in favelas and community centres to the practice of world-renowned invited artists.

In Australia in 2014-15, the federal government decided to reallocate funding worth nearly £60m over four years - a third of the ongoing arts funding - away from the arms-length Australia Council for the Arts to create a directly run government programme. The arts sector protested and a subsequent Australian Senate inquiry published a report in December 2015. The report expressed strong support for the system maintaining arms-length non-political specialist expertise in arts funding through the Australia Council; and advised that the funding policy and framework should aim to support the whole cultural ecosystem including small and medium sized organisations and independent artists, having regard to the challenges of operating across urban and rural Australia. As a result of this

controversy and policy changes following the 2016 elections, the frameworks of the previous period are no longer in place and the Australia Council has had its funding and its policy leadership in these areas reinstated.