



The Scottish Parliament
Pàrlamaid na h-Alba

CULTURE, TOURISM, EUROPE AND EXTERNAL RELATIONS COMMITTEE

AGENDA

4th Meeting, 2018 (Session 5)

Thursday 22 February 2018

The Committee will meet at 9.00 am in the Robert Burns Room (CR1).

1. **Decision on taking business in private:** The Committee will decide whether to take items 3 and 4 in private.
2. **Sustainable funding for arts and creative organisations in Scotland:** The Committee will take evidence from—

Janet Archer, Chief Executive Officer, and Ben Thomson, Interim Chair, Creative Scotland.
3. **Sustainable funding for arts and creative organisations in Scotland:** The Committee will consider the evidence heard earlier in the meeting.
4. **Erasmus+:** The Committee will consider a draft report.

Katy Orr
Clerk to the Culture, Tourism, Europe and External Relations Committee
Room Tower T3.40
The Scottish Parliament
Edinburgh
Tel: 0131 348 5234
Email: Katy.Orr@parliament.scot

The papers for this meeting are as follows—

Agenda item 2

Note by SPICe

CTEERC/S5/18/4/1

Note by the Clerk

CTEERC/S5/18/4/2

PRIVATE PAPER

CTEERC/S5/18/4/3
(P)

Agenda item 4

PRIVATE PAPER

CTEERC/S5/18/4/4
(P)



Culture, Tourism, Europe and External Relations Committee

4th Meeting, 2018 (Session 5) Thursday 22 February

Creative Scotland

This paper was written for the Culture, Tourism, Europe and External Relations Committee ahead of its evidence session with Creative Scotland on 22 February 2018. The paper describes the various potential funding streams and grants Creative Scotland currently offers organisations. It also discusses the criticism of the latest regular funding decision.

Creative Scotland

Creative Scotland (CS) is an Executive non-departmental public body which operates at arms' length of the Scottish Government.

It is the public body that supports the arts, screen and creative industries across all parts of Scotland on behalf of everyone who lives, works or visits here. It enables people and organisations to work in and experience the arts and creative sectors in Scotland.

In April 2014, CS published its 10-year plan, [Unlocking Potential, Embracing Ambition: a shared plan for the arts, screen and creative industries 2014-2024](#).

Board

Creative Scotland has a [Board](#) of 11 members, who are appointed by Scottish Ministers, following a selection process which is regulated by the Commissioner for Ethical Standards in Public Life in Scotland. On 12 February 2016, the Scottish Government [announced](#) the appointment of Robert Wilson as Chair of the Creative Scotland Board. Robert Wilson took up the role with immediate effect from Ben Thomson, who had been the Interim Chair following the death of Richard Findlay. Robert Wilson has been appointed for four years, until February 2022. Following the controversy over the recent award of Regular Funding, two of the Board Members – Professor Maggie Kinloch and Ruth Wishart – resigned. The current Board Members are:

- Robert Wilson (Chair)
- Iain Aitchison
- David Brew
- Karen Forbes
- Erin Foster
- Sheila Murray
- Cate Nelson-Shaw
- Barclay Price
- Karthik Subramanya

Grants

Creative Scotland is responsible for distributing funding for the arts, screen and creative industries from two primary sources, the Scottish Government and the National Lottery.

According to the latest [Annual Report and Accounts](#), for the year ending 31 March 2017:

“In 2016/17, Creative Scotland committed £67.2 million of grant funding to the arts, screen and creative industries in Scotland arising from £40.3 million of Scottish Government Grant in Aid funding and £26.9 million of National Lottery funds. The annual levels of grant commitments are shown below for the five-year period [2012/12 – 2016/17].

Grant Commitments – five-year view

	<u>2012/13</u>	<u>2013/14</u>	<u>2014/15</u>	<u>2015/16</u>	<u>2016/17</u>
	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>	<u>£m</u>
Grant-in-aid	45.9	48.1	46.0	46.6	40.3
National Lottery	40.8	41.4	30.5	30.0	26.9
Total	86.7	89.5	76.5	76.6	67.2

[...] The reduction in grant commitments from 2015-16 is mostly due to changes in the funding provided by the Scottish Government for restricted programmes.”

National Lottery

Creative Scotland is a national lottery distributor under the National Lottery etc. Act 1993 and maintains a National Lottery Distribution Fund (NLDF) which is entitled to receive 1.78% of the proceeds allocated to good causes from National Lottery ticket sales.

In its latest Annual Report, Creative Scotland noted that:

“income from the National Lottery came under pressure, resulting in lower proceeds in 2016-17 and reducing income projections going forward.”

On 27 October, Creative Scotland published its [National Lottery Distribution Fund Annual Report and Accounts For the year ended 31 March 2017](#) it stated that:

“At 31 March 2017, the Creative Scotland NLDF had net liabilities of £3.7 million (2016: £4.6 million).”

In its [Scottish Budget: Draft Budget 2018-19](#) the Scottish Government recognised a significant decline in Lottery receipts and committed provision for Creative Scotland over the next three years to maintain support for its Regular Funding programme.

To fulfil this commitment in 2018-19 the Scottish Government will provide an additional £6.6 million to Creative Scotland to support the Regular Funding programme.

Following its scrutiny of the Draft Scottish Budget 2018-19, the Committee has written to the CEO of Camelot seeking further information on the position of the National Lottery vis-à-vis commercial lotteries and its forecasts for future income.

Funding

Previous criticism

There has been previous criticism of Creative Scotland in relation to its allocation of funding to creative and arts organisations. From June to October 2012, the Board of Creative Scotland received a number of open letters from artists which were critical of the organisation. The final letter, signed by 100 Scottish artists from a wide range of disciplines, was sent to the then Chairman of the Board, Sir Sandy Crombie, in October 2012.

This [letter](#) was concerned with the management style of Creative Scotland, which it claimed was perceived as being “designed to set artist against artist and company against company in the search for resources.”

Sir Sandy issued a [response](#) to the letter on 9 October 2012. In his response he wrote of Creative Scotland’s determination to engage with many people as possible, “through conversations in a range of places and formats in the coming months.”

He promised to consider all the points outlined in the open letter and wrote of two sub-groups of Boards members who were working with staff to “probe further into a range of topics that can influence both how we distribute funds and what artists and organisations experience when dealing with us.”

In its [statement](#) on 7 December 2012, the Creative Scotland Board set out eight commitments, including:

- review current funding models to enable as many organisations as possible to benefit from stable, multi-year arrangements. Including an end to the plans for ‘strategic commissioning’
- change the perceived funding hierarchy of Foundation, Flexibly Funded and Annual Organisations and create clear funding routes for individuals and specific time limited projects
- change the content and tone of its language to increase clarity and accessibility with a re-design of its application forms, guidance and other communications.

In March 2013, the Board published its [Action plan for change](#) based around the eight commitments. The actions, and timescales, included:

- introduce a new and more effective customer relationship management system, April 2013
- establish an annual ‘state of the nation’ conference, launch autumn 2013
- redesign the funding programmes in consultation with staff and sector, launch April 2014.

During 2014/15, Creative Scotland changed the way it distributes its funding, with the aim of simplifying the process for individuals and organisations.

Funding Routes

Since October 2014, Creative Scotland funding routes have been:

- Regular Funding for organisations for at least three years
- Open Project Funding for individuals and organisations
- A small number of targeted development funding programmes which have specific priorities or shared goals with other agencies. Within this will be a number of funds – sometimes called ‘devolved funds’ - which are delivered by partner organisations on behalf Creative Scotland.

Creative Scotland publishes lists of all funding awards it makes – on a monthly basis, one month in arrears. These [award lists](#) contain details of all the individuals, organisations and projects that have been awarded money from any of its funding programmes, including their geographic location.

Monitoring

Once funding has been awarded, Creative Scotland has to monitor the project to make sure that the money, from either the grant in aid or the lottery funds, is being used for the purposes for which it was given.

The funded bodies complete two Project Monitoring Forms – one for midway through the project, and one for the end of project.

Regular funding

Regular Funding seeks to ensure Scotland has a wide range of arts and creative organisations through which artists and creative people can deepen and deliver their work, their engagement with the public, and their professional networks.

Regular funding is one of the key means by which the ambitions, priorities and connecting themes highlighted in the Creative Scotland 10 Year Plan should be addressed. The aim of this funding was to provide stable support for a range of organisations/consortia across Scotland who make an important contribution to the development of the arts, screen and creative industries, enabling them to plan and deliver activities over a 3 year period.

The programme was launched on 9 April 2014, and the decision on the first [recipients of the regular funding](#) was announced at the end of October 2014 and the funds were awarded for the period April 2015 – March 2018.

The overall budget for the programme was expected to be £100m over the 3 year period from April 2015 to March 2018. The budget was made up of a mixture of Scottish Government and National Lottery funding. The minimum amount of funding available through regular funding was £150,000 over 3 years per organisation/consortium.

119 organisations received the regular funding: 20 were new to long term funding, 31 moved from annual funding, 26 moved from 2 year funding and 42 remained on 3 year funding.

[Geographically](#), the funded organisations covered 21 of Scotland's 32 Local Authorities, the geographic spread of previous iterations of regular funding had reached to 17 Local Authorities.

In its latest annual report CS stated, “There were 118 organisations receiving regular funding in 2016/17, and £26.9 million was allocated from grant-in-aid to the portfolio from the 2016-17 budget.”

Analysis of the regular funding 2015-18

In November 2014, the management consultants, Bonnar Keenlyside, produced an [Analysis of Creative Scotland's Regular Funding to Organisations 2015-2018](#). The report looked at the types of organisations which received funding, the art forms covered and the geographic spread.

There does not appear to have been any public criticism of the regular funding decision in 2014, although the Bonnar Keenlyside analysis did point out some potential [issues](#) which it thought Creative Scotland should consider:

“Even when using the 14 larger health board areas as opposed to the 32 local authorities, there are some parts of Scotland where Creative Scotland's funded organisations are scarce – Ayrshire and Arran, Fife and Lanarkshire or, in the case of the Scottish Borders, non-existent . By the same token, the Islands, Highland and Tayside have attracted relatively high amounts.

There are a number of factors which contribute to this: a place's tradition of engagement in the arts and culture and in encouraging arts organisations; where artists have found support; where local authorities and civic leaders have weighed in – and some great applications. Equally, there might be a dearth of compelling applications from artistic organisations in those areas which have not attracted support.

In making this historic three year commitment to a national portfolio, Creative Scotland now has the opportunity to look at gaps and to work with the members of its portfolio, its funding streams and its partners including the Scottish Government, national performing companies and local authorities to support artistic and cultural activity where there is little.”

Regular Funding April 2018 – March 2021

The application process for the second three year round of regular funding was launched in January 2017 with a closing date of April 2017.

A copy of the [Regular Funding Programme 2018-21 Application Guidance](#) is provided in Annex A of this paper.

Decision making

The decision making process used is outlined in the guidance (see Section 5 in Annex A) and predominantly involved Creative Scotland staff and the Creative Scotland Board.

All applications went through a five-stage process of assessment, before final decisions were made.

- **Stage 1** - Initially they were checked for completeness and basic eligibility by the Funding Team.
- **Stage 2** - They were assessed by Specialism Officers with relevant expertise.
- **Stage 3** - Creative Scotland could share the application with the relevant Local Authority (LA) and ask for its comment, especially if the applicant was expecting financial support from the LA. Next, all applications and assessors' recommendations were reviewed by Specialism Teams responsible for each art form and creative area.
- **Stage 4** - Then a panel of senior Creative Scotland staff looked at the applications with a view to developing a network to cover all sectors, specialisms, and geographic areas.
- **Stage 5** - Finally the full list of applications and the finalised list of recommended awards were considered by the Creative Scotland Board.

Creative Scotland sought to ensure a good geographic spread of funding, in conjunction with other criteria, such as art form spread and type of organisation, as set out in the Balancing the Network stage of the process, in section 5 of the guidance (see Annex A).

Applications were expected to be assessed during the summer of 2017 with an announcement on the new portfolio expected by the end of the year. However, this deadline was dependent on the Scottish Government confirming Creative Scotland's budget for 2018-19. As there was delay in the Scottish draft budget process due to the date of the UK Spending Review, Creative Scotland's announcement of its regular funding decision was not made until January 2018.

Regular Funding Network 2018-2021

Creative Scotland [announced](#) its decision on the Regular Funding Network on 25 January 2018.

The 2018-21 Regular Funding Network consisted of 121 organisations, of which 19 were new to Regular Funding and 102 continued their Regular Funding relationship, supported by £101.6m Grant in Aid funding and a three-year budget commitment from the Scottish Government.

Criticism

Criticism of Creative Scotland's regular funding decision was immediate, led by bodies which had been in receipt of regular funding between 2015 and 2018 but were unsuccessful in the new round.

There was particular criticism of the decision not to fund children's theatre groups, such as Catherine Wheels Theatre Company. An [open letter](#) to Creative Scotland on behalf of Catherine Wheels was signed by "150 Members of the Artistic Community in Scotland and Beyond".

Another group of people disappointed by the Board's decision were disabled people. Another [open letter](#), regarding the fate of Birds of Paradise Theatre Company & Lung Ha Theatre Company, which supports disabled artists, was signed by 50 disabled people, including the Chief Executive of Glasgow Disability Alliance.

Following the announcement of Creative Scotland's funding decision, two members of the Board, Ruth Wishart and Professor Maggie Kinloch, resigned with immediate effect.

Transition Funding

Creative Scotland hoped to help organisations which had been funded through Regular Funding (2015-18), but were unsuccessful for the period 2018-21, by providing some transition funding. But this could not be confirmed until it had received its budget confirmation from the Scottish Government.

In its 25 January announcement Creative Scotland confirmed that all organisations which had previously benefitted from Regular Funding, but were not part of the 2018-21 network, would be offered transition funding for 6 months to the end of September 2018. Five touring Theatre companies which were not recommended for the Network 2018-21, would receive 12 months' transition funding to take current funding levels to the end of March 2019. These organisations were Mischief La Bas, Catherine Wheels, Fire Exit, Rapture Theatre and Visible Fictions.

Creative Scotland's response to criticism

On 2 February 2018, following an emergency Board meeting, the Creative Scotland Board announced [Additional funds to enhance 2018-21 Regular Funding Network](#).

The decision made included:

- **£2.6m of additional funds** to be allocated to Regular Funding 2018-21, in order to enhance the network. The funds would be transferred from Creative Scotland's targeted budget and from a saving in transition funding made through adding organisations to the Regular Funding network.
- Following a review of all applications, in line with the published application criteria and decision-making process, the additional funds would be focused on excellence and experimentation; theatre for children and young people; and companies led by and working with disabled people.
- A further five organisations were included in the network. These are **Birds of Paradise (£450,000)**, **Catherine Wheels (£641,250)**, **Dunedin Consort (£300,000)**, **Lung Ha (£440,455)** and **Visible Fictions (£660,000)**.
- Stellar Quines, already included in the 2018-21 network, would have their budget returned to standstill levels (£409,333 to £528,000, an increase of £118,667)

As of 2 February, the Regular Funding network 2018-21 consists of 121 organisations receiving funding of £101,623,507 over the three-year period April 2018 – March 2021.

Open project funding

Available to both individuals and organisations working across Scotland in the arts, screen and creative industries, Open Project Funding replaced most of the project based funding programmes previously operated by Creative Scotland.

Open Project Funding supports a wide range of projects and activity including:

- Projects that develop skills or artistic practice

- Projects that create something new and of high quality
- Projects which either present work to audiences, or which try to develop and reach new audiences (including those hard to reach)
- Projects which encourage more people to get involved in artistic and creative activity

Support is available for activity and projects of different size, scale and duration – and for up to 2 years in duration. Awards are in the range £1,000 to £150,000.

Funding was initially awarded from November 2014 (for a period up to 2 years).

In its latest annual report Creative Scotland recorded that the fund awarded 525 grants consisting of £375,000 of grant-in-aid and £11 million of National Lottery funding during 2016/17.

Targeted Funding

With its targeted funding Creative Scotland aims to address specific activities and the development needs in a sector, specialism, or geographic area. This includes activities funded from ring-fenced Scottish Government GIA (grant in aid) funds, the capital programme and the Film and Television Funding Programme.

In its [annual report for 2016/17](#) Creative Scotland provided key examples of targeted funding during that time period:

- The Youth Music Initiative (YMI) continued to create access to high quality music making opportunities for young people, offering them the chance to achieve their potential through music making, and supporting the development of the youth music sector. Creative Scotland distributed £7 million in funding from the Scottish Government in support of YMI.
- Phase 3 of a three year programme for the Cashback for Communities initiative with a total budget of £3 million commenced in 2014/15. This initiative sees funds recovered through the Proceeds of Crime Act, reinvested back into communities to benefit Scotland's young people. This was the final year of the current phase, with £550,000 of funds distributed.
- The Production Growth Fund is jointly funded by the Scottish Government and Creative Scotland's National Lottery Distribution Fund, and an additional £250,000 was allocated during 2016/17 from Scottish Government funds to continue to incentivise film and high-end TV production in Scotland. Two awards of £125,000 were allocated to the titles Keepers and Kiss Me First.
- £500,000 was allocated from core grant-in-aid for development work undertaken in support of the Creative Industries Strategy, which was published in May 2016. This strategy aims to support the development of sustainable creative businesses through a range of infrastructure, research and events projects. During the year 41 projects received funding, including alternative finance events, research into credit unions and studio provision and professional development activities for the design and games sectors.

Place Programme

Another form of targeted funding is the [Place Programme](#).

Creative Scotland's Place Programme operates at a strategic level with Local Authorities and other partners. Through place working Creative Scotland aims to engage more deeply with local partners over time to build and maintain a good working knowledge of local authority areas and their creative communities. The Place Programme includes the Place Partnership Programme and devolved funding for [Visual Arts and Craft Maker Awards](#) (managed by local partners).

Each year a small number of local partners (e.g. Local Authorities, Cultural Trusts) are invited to submit an outline proposal for a Place Partnership. The principles used for inviting a proposal are:

- locally initiated conversations with Creative Scotland on developing the cultural opportunities within the region indicating local readiness and understanding of the potential.
- a clear ambition and vision for developing creative opportunities.
- indication from local partners that they could match Creative Scotland's funding contribution.

There are currently 13 place partnerships, including: Dumfries and Galloway, North Ayrshire, Scottish Borders and South Ayrshire.

Full list of targeted funds

A full list of the targeted funds can be found in the Annual Plans:

- [2014-15 Annual Plan](#)
- [2015-16 Annual Plan](#)
- [2016-17 Annual Plan](#)
- [2017-18 Annual Plan](#).

Strategic Touring Fund

In January 2018, Creative Scotland announced the creation of a Strategic Touring Fund, supported by the National Lottery, which would be one of its Targeted Funds for 2019/20, to support touring companies to work with venues to grow audiences.

This fund will support projects from April 2019 with a provisional budget of £2m, it will be open to performing arts organisations and will provide those performing arts organisations not included in the Regular Funding Network with a further potential source of funding support, alongside Open Project funding and other Targeted funds.

This approach was seen as reflecting the recommendations made in the 2016 [review of the challenges facing touring of theatre and dance in Scotland](#) and subsequent work led by the Federation of Scottish Theatre and other performing arts organisations.

Funds Delivered by Partners

As part of its work with a wide range of partners, some of Creative Scotland's funds are delivered by other organisations. They receive funding from Creative Scotland to run funding programmes, delivering training initiatives, offering prizes and awards, or supporting residencies which either specific aims or are targeted at sections of the arts community.

The Creative Scotland website includes a [list of the programmes](#) which have been supported by Creative Scotland and delivered by other organisations during 2017/18. They include:

- [Culture & Business Fund Scotland](#), it aims include: entice back businesses that have not sponsored the arts or heritage in Scotland within the previous two years; attract non-Scottish based companies to sponsor arts and heritage activities in Scotland; and encourage businesses to sponsor arts and heritage activity within Scotland with a two and three year commitment.
- [Hit the Road](#), a touring project for 14-19 year old aspiring performers at an early stage in their music making. Hit the Road aims to present five tours of Scotland, themed by music genre. It is run by the Scottish Music Centre, and is supported by Creative Scotland's Youth Music Initiative (YMI) programme, and the Young Start Big Fund.
- [Nurturing Talent - Time to Shine Fund](#), aims to support young people aged 14-20. The fund provides financial support to help nurture talent in a number ways. Applications are assessed by a Grants Panel comprising of young people from the National Youth Arts Advisory Group and staff from Young Scot and Creative Scotland.

Support for commercial organisations

Creative Scotland also delivers a modest portfolio of investment to commercial organisations able to repay their funding, enabling Creative Scotland to recycle subsidy and benefit others. Creative Scotland is also interested in exploring how it might develop an approach to resourcing creative capital, helping artists and creative people develop and refine ideas which can feed their work and help sustain an economic base for growth and development.

Review of funding

In August 2016, Creative Scotland published its [Arts Strategy 2016-17](#). One of the commitments for the year will be to ensure that its:

“funding approach is fit for purpose, allowing artists to access a range of opportunities that offer resource, training and skills development in order to be able to develop their work.”

So by September 2017, Creative Scotland was to re-evaluate its funding approach in order to support a diverse range of artists at various stages. This will be done by:

- Undertaking an impact analysis on Open Project Funding in relation to support for individual artists and producers including gathering feedback from artists and cultural producers

- Exploring ways, in partnership with other organisations, to support professional, talent and skills development for other key roles within the arts such as designers, directors, technicians, stage managers, marketers and administrators.

Francesca McGrath
SPICe

**Annex A:
Edited version of Creative Scotland's Regular Funding Programme 2018-21
Application Guidance**

Section 1: Introduction

Regular Funding is one of Creative Scotland's three main routes to this funding, sitting alongside the **Open Project Fund** and **Targeted Funds**.

This is the second round of Regular Funding from Creative Scotland and will provide funding for a network of organisations from April 2018 to March 2021. This guidance will take you through:

- what Regular Funding is
- what we're looking for from a Regularly Funded Organisation (RFO)
- the assessment criteria and how to apply
- the support available to help you prepare your application, and
- how the decision-making process works

This guidance, when read in conjunction with the supporting appendices and any applicable links to further information on our website, provides all the information you will need to apply for Regular Funding and should be read prior to completing your application. We recommend that you read **Creative Scotland's 10-year plan** to give you the context of our aims, ambitions and connecting themes.

What is Regular Funding?

Regular Funding is one of Creative Scotland's three routes to funding for arts, screen and creative organisations. This funding can be used to help support core costs for the organisation including staffing, costs for creating new work, support for a wide range of programme activity, and costs to help the organisation strengthen itself through change and business development.

Regularly Funded Organisations (RFOs) are part of Scotland's cultural sector and are significant contributors to society – culturally, socially and economically. They are a network of organisations across Scotland that individually and collectively help to deliver Creative Scotland's ambitions, connecting themes and strategic priorities. You can see the current list of RFOs for 2015-18 on **our website**.

We expect to receive applications from a variety of organisations, some of which will be delivering directly to audiences and some which support the development of the arts, screen and creative industries through working with individual practitioners and organisations. For those network or sector development organisations, we understand and accept that the relevant 'audience' may include professionals, practitioners and peers.

Successful applicants will be funded to undertake the activities set against Creative Scotland funding contained within their agreed three year Business Plan. As a consequence of overall budget pressures, RFOs **will not** be eligible to receive support through **Open Project Funding** in the future, but may be eligible for some **Targeted Funds**. Information about whether or not RFOs are eligible will be included in the funding guidelines for each Targeted Fund.

For some organisations our other funding programmes, including the Open Project Fund which provides flexible project-based funding, may be a more appropriate form of support than Regular Funding.

Current context

Financial

This round of Regular Funding comes at a time when Creative Scotland, like many other public bodies, is expecting its budgets to reduce and come under pressure in the next few years. As a consequence we may fund fewer organisations in future.

We do not know at this stage what future Regular Funding budgets will be, however we have decided to open for applications now to enable enough time for the application, assessment and decision-making process. We will not make final decisions prior to receiving budget confirmation from the Scottish Government – currently expected in Autumn 2017.

We are asking applicants to submit three-year Business Plans covering the period April 2018 to March 2021 in order to fully understand organisations and their ambitions and to help with our own forward planning. Business Plans for a period shorter than three years will not be eligible for support through the Regular Funding programme. Applicants should be aware that we expect demand for Regular Funding will greatly outstrip available funding and we will not be able to support every application.

Funding Agreements for each year will be subject to variation depending on our budget settlements which are currently delivered on an annual basis. Any annual or in-year cuts may be passed on to all organisations receiving Regular Funding.

Resilience and sustainability

We will seek to fund organisations which deliver artistic and creative quality with skilled, strong, effective and connected leadership able to deliver excellence and generate high quality public engagement. In a challenging budget context, we encourage organisations to innovate to build resilience and help ensure future sustainability. Applicants should reflect on their current organisational models and focus on consolidating and protecting their core strengths, both through their own delivery and through working in partnership with others.

The criteria in the guidance and application form are shaped by this context and drawn from Creative Scotland's ambitions, connecting themes and strategies. Demonstrating how you will meet these criteria will enable us to understand the contribution that your organisation will make to the delivery of the 10-year plan within this changing environment.

Section 2: What is expected from Regularly Funded Organisations (RFOs)

This section is provided to help you understand more about what is expected of RFOs and help you decide if it is right for you to apply for Regular Funding at this time. Being an RFO requires you to strive for best practice within your field and carries significant reporting requirements as follows:

Vision and Purpose

All RFOs are expected to have a clearly defined vision and purpose that expresses why the organisation exists, what it plans to achieve and who benefits from its activity. Across the network of RFOs we expect to fund a wide variety of organisations which deliver a wide range of artistic and creative work for and with people across Scotland.

Contribution to our Ambitions

All RFOs will make a strong contribution towards delivering the outcomes of Creative Scotland's ambitions, focussed on Excellence and Experimentation and Access and Enjoying Creative Experiences, as set out in Creative Scotland's 10-year plan. We welcome contributions to the other three ambitions (which focus on Place; Skills and Leadership; and International) as relevant. We do not expect all RFOs to deliver equal emphasis across all five ambitions.

Contribution to our Connecting Themes

RFOs are expected to embed each of our four connecting themes across their organisation and its work. These are: Equalities, Diversity and Inclusion; Creative Learning; Digital; and Environment. Organisations should clearly outline how their work will help deliver the outcomes set against each of the connecting themes in their Business Plans.

Contribution to the development of the sector

The network of RFOs should demonstrate how well they contribute to overall sector developments in relevant art forms or areas of creative practice. Examples of this could include an organisation's role in delivering:

- high quality art form or creative development
- professional development programmes
- socially inclusive artistic or creative programmes
- imaginative creative learning programmes
- new collaborative business models designed to generate more efficient working methods
- innovative partnerships across the cultural, wider public, voluntary and private sectors

Commitment to fair pay for artists, creative practitioners and staff

We expect all funded organisations to pay industry standard rates when paying artists and creative practitioners, and to support paying a Living Wage for staff employed by the organisation. For more information see our **Guidance on Industry Standards**.

Governance, management and leadership

Organisations must have effective governance and management systems in place, including appropriate controls and strong committed leadership. Management structures should be clearly defined, robust and fit for purpose, including demonstrating that Board

members (where applicable) and Senior Staff are suitably qualified and/or have appropriate experience. We expect work programmes to be clearly set out, with responsibility for each area of work identified, including relevant delivery by any partner organisations. We are also interested in what measures have been put in place to ensure that partnerships can thrive.

Artistic visions of organisations are unlikely to be achieved in the absence of sound management and good governance. For guidance on current good practice, our guide *Care, Diligence and Skill* which is currently being updated and will be available on our website in late 2016.

Financial health

Organisations should have appropriate audit and financial controls in place. Organisations should also be able to evidence a track record of attracting income from sources other than Creative Scotland, and demonstrate that they have plans in place to maintain the organisation in good financial health across the funding period 2018-21.

Equalities, Diversity and Inclusion (EDI)

Organisations should clearly demonstrate a commitment to EDI across their structure and work. This should include the diversity of Boards (where the organisation has a Board), leadership and governance, staff and volunteers, artistic and creative programmes of work. We also require a positive commitment to diversifying engagement with audiences and participants. Funded organisations will be required to provide an Equalities, Diversity and Inclusion Action Plan or state their commitment to developing one by March 2019.

Reporting requirements

RFOs are required to provide substantial statistical data on an annual basis, covering a number of areas including employment, finance, environment, EDI, audience demographics and activities delivered. For reference, the current Annual Statistical Survey for RFOs can be downloaded as an Excel file from **our website**. Please note that we are continuing to look at ways to monitor the benefits delivered through the work of RFOs and will expect the network to work with us to implement any changes to annual monitoring, as appropriate. RFOs should also provide quarterly updates for their Lead Officer, share all Board and Committee Papers, and invite their Lead Officer to experience and review their work and observe Board meetings.

Section 3: How to apply

Regular Funding process and timeline at a glance

- November 2016: Guidelines and Application Form published
- December 2016 – February 2017: Information Sessions (please see Section 6 for further details)
- 16 January 2017: Regular Funding opens for applications
- 3 April 2017: Deadline for applications
- April 2017: Stage 1: Checking for eligibility and completeness
- May – July 2017: Stage 2: Specialist officer assessments; Stage 3: Specialist team discussions
- July – September 2017: Stage 4: Scenario Planning/Balancing the Network

- Autumn/Winter 2017: Stage 5: Approval by Creative Scotland's Board
- Stage 6: Announcement of decisions
- Announcement of the awards will follow the announcement of the 2018/19 budget by the Scottish Government.
- We anticipate that this will be between October and December 2017

What do you need to submit?

You are required to provide the following three parts to your application:

- Part 1: A three year Business Plan
- Part 2: A completed application form
- Part 3: All relevant supporting documents from the Document Checklist on page 4 of the application form

You must submit the materials outlined above and ensure that your application form is **complete, signed and submitted** by the deadline of 3 April 2017. We will not accept late or incomplete applications.

It is your responsibility to ensure that you have submitted everything required and to ensure that all information is accurate, especially that all figures across your application form, budget and financial pro-forma match. Failure to do so may impact on the eligibility of your application or its progression to assessment.

Who can apply?

The following types of organisations can apply:

Registered Charities	Registered charities and other non-profit making organisations based in Scotland and undertaking activity related to the arts, screen and creative industries.
Artists' Groups	As long as you already have an appropriate management structure in place, a written constitution that clearly demonstrates that you are a not-for-profit organisation, and have dedicated UK banking arrangements.
Companies Limited by Guarantee	You should clearly demonstrate that your programme of work will promote the public good and will not be solely for private or commercial gain.
Consortia	One of the organisations must take the lead and assume responsibility for managing the application and any funding award made. Once we have made an award, you cannot change the lead organisation to which the funding has been paid without the prior written consent of Creative Scotland. All consortia that are successful in applying for funding must provide a legally binding partnership agreement.
Cultural and Leisure Trusts and Local Authorities	Organisations that manage venues or deliver services in the arts, screen or creative industries in Scotland on behalf of Local Authorities. Cultural and Leisure Trusts, and Local Authorities, must demonstrate in their application that the

funding they are applying for is additional and not a substitution for their own resources.

Community Interest Companies

CICs must be registered at Companies House and we would expect to see provisions in the articles or memorandum of

association that prohibits the distribution of profits or other assets.

Who cannot apply?

You will not be eligible to apply for funding if:

- You are applying for activities that are not directly related to the arts, screen or creative industries
- You are applying for funding for activities that do not mainly benefit artists, creative practitioners, audiences or participants in Scotland
- You do not have a registered address within Scotland – other than in exceptional circumstances when you deliver a clearly demonstrated benefit to the people of Scotland (e.g. an organisation which has a UK wide remit and a dedicated Scottish office, but the main registered address is outside Scotland)
- You are a Company limited by shares – the only exception to this is where it can be proven that any profits cannot be paid to shareholders
- Your organisational structure allows you to pay any profits made to members or shareholders or you are applying for funding for activities that are aimed at making a profit to be distributed to members or shareholders

Please note – Regular Funding is only open to constituted organisations. Applications are not accepted from individuals or unconstituted groups

How much can you apply for?

The minimum amount you can apply for through Regular Funding will be **£150k** over three years per organisation/consortium. There is no maximum amount, but given the limited resources likely to be available, please be realistic about the amount you are requesting from Creative Scotland. The budget may comprise a mixture of Scottish Government and National Lottery funding.

When can you apply?

- We will accept applications from **16 January until 3 April 2017**.
- A copy of your three year Business Plan, completed application form, and relevant documents from the document checklist must be submitted in one batch by email **no later than 3 April 2017** to: regularfunding@creativescotland.com

On submission you will receive an email notification of receipt. We will not accept late applications.

Section 4: Application criteria and guidance

This section outlines our criteria for Regular Funding, and helps explain what we are looking for in your application. Please read this section in conjunction with the application form and appendices.

What are the key criteria for Regular Funding?

We will assess your application against the following criteria:

1. How well you contribute to the Ambitions – particularly our Ambitions for Excellence and Experimentation, and Access and Enjoying Creative Experiences.
2. How embedded the Connecting Themes – Equalities, Diversity and Inclusion, Creative Learning, Digital and Environment – are in your plans
3. Your track record and the quality of your work
4. How well you approach:
 - Contributing to the development of the sector and other policy areas
 - Governance and management
 - Paying artists, creative practitioners and staff
 - Ensuring financial health

How will you show us that you meet our criteria?

The main focus of the application and our assessment process will be on the information you supply in your Business Plan and we encourage you to take the time to present a clear, considered and detailed plan for the three years of the funding programme.

The application form is designed to enable you to give us a brief summary, with specific questions asking you to explain how you meet the criteria.

When answering the questions in the application form, please ensure that you **signpost the relevant pages in your Business Plan or documents from the Document Checklist where we can find the detailed evidence.**

Part 1 – Business Plan

Whilst we expect that you will already have a Business Plan, there are specific elements which we require you to include, such as information about your planned programme of work, your financial plans and management, your governance and your commitment to things such as Fair Pay for artists and creative practitioners. Please read our guidance on the detailed information we want to see in your Business Plan, in **Appendix 1.**

Part 2 – Application Form

This section sets out what we are looking for in each section or question of the application form.

Regular Funding specific questions

Each answer in this section should clearly reference the specific relevant section(s) in your Business Plan where further details are set out. We will use the evidence which you point to in your Business Plan and documents from the Document Checklist to assess how well you have met each criteria.

Question 1. Please describe what your unique contribution will be to the art form(s) or creative area(s) in which you work. Please also outline how your organisation's work will also contribute to your sector as a whole?

We are seeking to understand how different organisations contribute in different ways to their sector. Your answers should clearly outline what your organisation's contribution is and the activity which will deliver that contribution. Examples of this could include:

- art form or creative development
- exploring and implementing cooperative and collaborative models that create efficient working methods
- delivery of programmes that are shaped by communities
- delivery of professional development programmes.

Question 2. Only if applicable, please outline how your organisation's work will contribute to any areas outwith your sector.

Please only answer this question if it is applicable to your organisation's work. If it does not apply, please state N/A in the application form.

We are looking for anything which your organisation delivers that contributes to wider society, such as education, health, the environment or justice. An example may be that you are working with partners outwith the arts, screen and creative industries sectors, or delivering in different settings, not associated with your sector.

Question 3. Please outline any research, evaluation or consultation you have undertaken to inform the creation of your plans.

We are interested in finding out what, if any, evidence you have used to inform the development of your Business Plan and whether or not you have consulted with others in the development of your work.

Question 4a and b: Contribution to Ambitions

When applying for Regular Funding you are required to demonstrate how you will meet the first two Ambitions of the five Ambitions set out in Creative Scotland's 10-year plan: *Unlocking Potential, Embracing Ambition*. If applicable, you can then choose to outline how you will contribute to any or all of the remaining three Ambitions.

The ambitions are:

Ambition 1 – Excellence and experimentation across the arts, screen and creative industries is recognised and valued (required)

Ambition 2 – Everyone can access and enjoy artistic and creative experiences (required)

Ambition 3 – Places and quality of life are transformed through imagination, ambition and an understanding of the potential of creativity (optional)

Ambition 4 – Ideas are brought to life by a diverse, skilled and connected leadership and workforce (optional)

Ambition 5 – Scotland is a distinctive creative nation connected to the world (optional)

Clicking on each Ambition above will take you to a summary of the priorities and outcomes for each, on our website. You should use the sections under each ambition headed “What does success look like” to answer this question. We do not expect you to address every outcome under each ambition you will contribute to. Please select and clearly highlight which of the outcomes you will be addressing through your work and then signpost to the detail in your Business Plan.

Question 5: Contribution to connecting themes

You must demonstrate how you will contribute to each of the connecting themes. Separate guidance has been provided for each of the connecting themes in **Appendix 3** which sets out the outcomes and criteria that you must meet.

The connecting themes are:

- Equalities, Diversity and Inclusion
- Creative Learning
- Digital
- Environment

Data

The final section of the application form asks you to provide us with data and information about your proposed programme of work. This will help us understand the planned focus and reach of your work and assist us in creating a balanced network of organisations across Scotland.

Equalities, Diversity and Inclusion data

By ‘specific focus’ through your programming we mean projects or productions where these groups or their culture(s) are central to the content of work, rather than simply instances where people from these groups were involved.

Further information and definitions about each of the groups can be found on the **Equality and Human Rights Commission** website.

Looked after children and young people are as defined by the Children (Scotland) Act 1995) and care leavers as defined by the Children and Young People (Scotland) Act 2014. For more detail visit the **Scottish Government** website.

Projected engagement figures

Please give your best estimate for each of the applicable categories. Only give us figures for the categories which apply to the work which you will be undertaking. If it does not apply, simply write N/A.

Please do not assume that high numbers will mean a stronger application. It is the quality of the experience, as well as the number of people engaged, that we will consider in our assessment.

Reach and Delivery

These questions are being asked so that we can understand the national or international reach of your organisation. In this section, we are also asking you to list the Local Authority areas that you propose to directly work in.

The focus of your work

We are asking you to give us your best estimate about how much of your work will focus on each of the categories listed. Please cross the box with the nearest estimation of the proportion of your work in each of these areas. It will not be detrimental to your application if you are not delivering across all of these categories.

Part 3 – Document Checklist

Please use the document checklist on page 4 of the application form to submit the following.

To see details of the formats we would like to receive the information in, go to:

www.creativescotland.com/funding/preferred-formats

Evidence of the quality of your work

We are looking for examples that show the quality of your work. Due to the varied nature of activity carried out across art forms, creative areas and in a range of different settings 'work' can mean:

- the direct production and presentation of artistic or creative work for public audiences
- creative approaches and activity that supports the development of the sector, which may be aimed at specific audiences such as participants or professional peers

Examples of the quality of your artistic or creative work can be provided through a combination of the following. Please provide examples from the last three years that will enable you to demonstrate a track record and to highlight recent work:

- web links to examples of your work online (up to three)
- short letters or extracts from reports or correspondence that endorse the quality of your work; ideally these should be from impartial sources outwith your organisation (up to two)
- responses to your work from audiences or participants; these may be drawn from feedback relating to particular artistic productions and/or from your evaluation of particular creative activity (up to two)
- independently published critical writing about your work and its engagement with audiences or participants (up to two articles, features or reviews).

Organisations currently receiving Regular Funding should note that this evidence cannot include any Reviews which have been completed as part of Creative Scotland's Artistic and Creative Review Framework. This is to ensure a fair and consistent process for all applicants.

Equalities, Diversity and Inclusion

Please provide a copy of:

- Your Equal Opportunities Policy
- Your Equalities, Diversity and Inclusion Action Plan or a clear statement to developing a plan by March 2019. See the **EDI Action Plan Toolkit** for guidance about what will need to be included in your action plan
- Your Child Protection Policy or Protection of Vulnerable Adults Policy. This is **optional** and should only be submitted if you will be working with children and young people or vulnerable adults. See **Creating Safety** for guidance about creating a Child Protection Policy

Financial

Please provide a copy of:

- Your budget for April 2018 – March 2021, showing each financial year separately with accompanying narrative in the financial section of your Business Plan
- A completed financial pro-forma.

We have provided a financial pro-forma for you to record the information we require (see **Appendix 2**). Please complete both the “income/expenditure” and “cash-flow” tabs on the pro-forma.

- Your statutory accounts: For Companies (including Community Interest Companies (CICs)) this should be the latest annual reports and accounts that you have filed at Companies House or, if a Scottish Charitable Incorporated Organisation (SCIO), are filed with OSCR.

Your most recent management accounts if you have them. These do not need to be prepared especially for us.

- for Consortia and Artist’s Groups – if you are not a legally constituted partnership, then ideally, every partner should submit their accounts according to the financial section above. At the very least, the lead organisation should submit their accounts.

Governance

- Your current memorandum and articles of association and your constitution or equivalent legal documentation
- For an existing consortium, including Artist Groups, applicants must provide a copy of their legally binding partnership agreement and letters of commitment from all members
- For a proposed consortium, applicants must provide letters of commitment from all members. A legally binding partnership agreement will only be required if a formal offer of award is made by Creative Scotland

How will we assess your application?

We will assess your application using the information provided in Parts 1, 2 and 3 of your application form. We will also draw on our knowledge of other funding support which you may have received from Creative Scotland, comments from Specialist Teams within

Creative Scotland and, where relevant, comments from external partners, such as Local Authorities, to inform our decision making.

Contribution to the development of the sector and other policy areas

We will use your answers to questions 1 and 2 and the information in the relevant sections of your Business Plan to assess this. We will be looking for a clearly set out contribution to your art form or creative area, to the sector as a whole and beyond, as appropriate. We will be looking for clear evidence that you are contributing at a level which strategically supports the development of the art form, creative area and sector as a whole.

Contribution to Ambitions

We will use your answers to questions 4a and 4b in the application form and the relevant information you signpost us to in your Business Plan. We do not expect individual organisations to focus equally on every outcome under each Ambition, however our final funding decisions will reflect our commitment to ensuring that there is a good spread and balance across the overall RFO network. You will therefore be assessed on how well you meet the outcomes which you have selected.

Contribution to Connecting Themes

We will use your answers to question 5 and the relevant information which you signpost us to in your Business Plan. You will be assessed on how well you meet the criteria for each Connecting Theme. We do not expect every organisation to deliver equally well across all Connecting Themes, but you should tell us how you will meet the criteria, both through what you are currently delivering and your plans for any future development.

Quality of your work

We will assess the quality of your artistic and/or creative work by considering the examples you have provided, your proposed work programme, and evidence you have presented in your Business Plan. We will seek to understand these in relation to the level of relative risk involved in planning, programming, and delivering the work.

Track record

We will assess your track record based on information you have supplied in your Business Plan and examples of previous work, and consider if you have the experience to deliver the programme of work outlined in your application.

Governance, management and leadership

We will use the current memorandum and articles of association and your constitution or equivalent legal documentation, details of your Board (where applicable) and Senior Leadership and information contained under the “Governance and Leadership” and “Delivery and Management” sections in your Business Plan. We will also assess whether your overall work programme is realistic and deliverable and take into account information which you have included in your Risk Assessment, including the SWOT analysis done as part of your Business Plan.

We are looking for a robust organisational management structure, with diverse and appropriately experienced people in place, both at Board and Senior Leadership level. Roles and responsibilities should be clearly outlined for the delivery of each aspect of

work. Clear management structures should be in place for delivery of the programme of work, financial management and reporting.

Commitment to fair pay for artists, creative practitioners and staff

For this, we will use the information in your budgets and Business Plan. Creative Scotland is committed, through any activities we support, to ensure that artists and those professionals working in the creative community are paid fairly and appropriately for their time and effort. We would therefore ask that all organisations seeking Regular Funding be clear about the costs you allocate in your budgets for paying the people involved in delivering your work.

When working with artists and creative professionals, we would encourage applicants to reference relevant industry standards on rates of remuneration – such as those outlined by the Musicians Union, the Scottish Artists Union, EQUITY, BECTU, or the Writers Guild. For more information see our **Guidance on Industry Standards**. With regards to your own staff, as a minimum, we would expect all RFOs to commit to pay a Living Wage, according to the Living Wage Foundation, to all core workers.

We would encourage all organisations to provide pay policies or clear statements that describe how they aim to support and ensure fair pay for artists, creative practitioners staff and other creative professionals they work with.

Financial health

We will use your financial pro-forma, budget and financial management section in your Business Plan to assess this. We will also use information which is contained within your Risk Assessment and SWOT analysis and information about how you will financially manage your organisation.

As a public funder we have to check that applicant organisations will be in reasonable financial health for the proposed period of funding.

We will look at:

- Income and cost trends
- Restricted and unrestricted reserves levels
- Cash levels
- Levels of deficit or surplus
- Other items that may affect financial sustainability

We will look at these in conjunction with your supplied accounts and will assess your organisation in terms of its financial sustainability risk as high, medium or low.

The financial pro forma is not a replacement for the budget section of your Business Plan but is a standardised way for us to assess each organisation's financial health. We will check that the financial pro-forma and the Business Plan financial information agree so that we have a joined-up view of your organisation's plans, how much it will cost, how it is likely to be funded and its likely financial health over the whole proposed period of funding 2018-21. We will also consider how you have planned your income and expenditure for this funding period alongside your management accounts for this current year (where relevant). We do not have a required reserves policy, as it will be specific to the circumstances of your organisation however, many organisations recognise the benefits of building reserves to help improve their overall resilience.

Section 5: Decision making process

This section sets out each stage of the assessment and decision making process, who will be involved in each stage and what will happen.

Stage 1: Checking for eligibility and completeness

Once your application has been submitted, our funding team will check applications for eligibility and completeness, and log them onto our system. It is important that either the Lead Contact or the Secondary Contact are available during this period, as further information or clarification may be required.

Please note it is your responsibility to ensure that you submit all required material listed in the 'What do you need to submit' in Section 3 of this guidance. Please use the document checklist in your application form to help you do this.

At this stage, if your application is not found to meet the eligibility criteria for Regular Funding, it will not be assessed. You will be notified of this, and the reasons why, by email.

Applications submitted without all the required materials and documents will be considered incomplete and ineligible to proceed. In this case you will be notified by email that your application is incomplete. You will be given a fixed period to submit the missing materials. If you fail to submit the requested material within the timeframe specified, your application will be considered ineligible and will not be assessed.

Stage 2: Specialism Officer assessments

All complete and eligible applications will be assessed by specialist Creative Scotland Officers. We will only contact you during this stage if we need clarification on any of the information you have provided. We will not seek any new or additional information. Please note it is still possible at this stage that an application can be found to be ineligible. If this is the case, we will notify you of this decision, and the reasons why, by email.

We may share the information in your application with the Local Authority in which you are based, or are planning to work in, and ask for their comment, especially if you are expecting financial support from them.

Stage 3: Specialism Team discussions

The third stage will be undertaken by Specialism Teams within Creative Scotland responsible for each art form or creative area. They will take into account: the Business Plan, application form and supporting materials; Stage 2 assessments of individual applications; our knowledge and expertise, Creative Scotland strategies and sector reviews. We will consider applications on their own merit and within the strategic context of their art form or creative area. Some applications may have been assessed as not having sufficiently met the criteria and would not be expected to progress beyond this stage. Those which have been assessed as meeting the criteria will be discussed by Specialism Teams who will then make recommendations about which applications should be prioritised at this stage.

Stage 4: Scenario Planning/Balancing the Network

Creative Scotland's Leadership Team and Specialism Leads will be involved in this stage. We will consider all recommended applications from Stage 3 holistically and, from the

anticipated budget available, select organisations which will cover the broadest network across sectors, specialisms, and geographic areas.

Our aim in balancing the network will be to establish the best possible range and mix of organisations able to contribute to the delivery of our published 10-year plan, Ambitions and Connecting Themes. To achieve this we will use our knowledge, expertise and professional judgement based on an overview of Scotland, the sectors and applications before us. We will also take into consideration the following:

Diversity – The network of RFOs must reflect the diversity of contemporary Scotland. Our unique history provides us with a range of rich and diverse cultures and communities. We want to create the conditions in which a breadth and range of artistic and creative experiences are available to everyone

Range of art forms, creative areas and roles – We want to support a range of art forms and creative practices. Some organisations may not directly produce or present art or creative work, but they play strategic roles (for example supporting professional development, development of audiences, markets or opportunities.)

Size and type – We want to support a mix of sizes and types of organisations. This includes a mix of large and small organisations which support art forms or creative practices, including those which pioneer innovative practice. We anticipate the network will include a range of organisations, including building-based organisations, touring and commissioning companies, development and support organisations, venues and organisations working through creative technology

Geographical spread – We want to support a network of RFOs that has the capacity and reach to support the development of the arts, screen and creative industries and which engages people across the whole of Scotland

Financial health – We will fund organisations which are in different positions regarding financial health, but we will ensure that there is an appropriate balance across the network

With finite resources, we will be unable to support all applications which have been assessed as fundable, nor support every recommended organisation at the level requested.

As we will still be awaiting budget clarity from the Scottish Government at this stage, we will consider a number of financial scenarios as part of developing a balanced network. As a conclusion to this stage, the final network and proposed grant amounts will be recommended to the Board for approval, once budget certainty has been provided.

Stage 5: Approval by Creative Scotland's Board

This stage involves the Creative Scotland Board. A full list of applications and the finalised list of recommended awards from Stage 4 will be considered by the Board and a final list of successful applicants will be decided. Applicants will be notified of the Board's decision by email as soon as possible, following the announcement of the draft Scottish Government budget for 2018/19 onward which we anticipate will be between October – December 2017.

Stage 6: Announcement of decisions and awards process

All applicants will be notified by email to the named applicant/lead on the application form.

For those applications that are successful, any decision to offer funding will be conditional and subject to:

- Discussion and finalisation of a detailed contract, called a Funding Agreement, which may include specific conditions. Funding Agreements will agree expectations and define the measures of success.
- In some cases where an organisation has been successful in applying for funding but a high level of risk in an aspect of their application has been identified (e.g. because of the need to secure matching finance, the availability of appropriate managerial or artistic skills etc.), we will use the Funding Agreement to define how we will work with that organisation to mitigate, minimise or remove the identified risk.
- For consortia, a signed partnership agreement will be required. It is one of our standard terms and conditions of funding that any organisation with which we have a Funding Agreement cannot subcontract any of the agreed activities/work to other organisations without our prior written agreement. If we award funding to a lead organisation wishing to work with partner organisations, we must approve a partnership agreement between the lead organisation and the other partners involved in the project. If you are successful we will provide broad guidance on what your partnership agreement should include, but we recommend that any partnerships seek their own legal advice, if necessary

We anticipate that Agreements will be negotiated between January and March 2018 and come into effect from 1 April 2018 with the first payment being released to successful applicants in mid-April 2018. Agreements will then be renewed annually and will be contingent upon Creative Scotland's available budget. You will be assigned a Lead Officer, who will be your contact point for the duration of the funding period.

For those eligible applications that are not successful, we will provide an explanation of why you have been unsuccessful in the email informing you of the Board's decision. You will also have the option to:

- See the individual assessment of your application and
- Request a feedback meeting with Creative Scotland staff

section 6: Further advice and information

If you have any questions regarding this Guidance or the application process, you can refer to the **FAQs section** on our website, which will be updated regularly throughout the application stage of the RFO process.

We will also be running a series of information sessions during the period December 2016 – January 2017, providing an opportunity for potential applicants to find out more about the Regular Funding process. If, having read the guidance, you want to find out more about Regular Funding, we would encourage you to attend one of these events. For more details of the dates and locations, and to sign up, please visit the Creative Scotland website.

If you have any general enquiries about the application process, Guidance or Application Form, please contact our Enquiries Service

Section 7: Complaints procedure

If you are not happy with the way we dealt with your application, you can access a copy of our **complaints procedure on our website**.

Please note that you can only complain if you believe we have not followed our published process when dealing with your application. You cannot use the complaints procedure to appeal against the decision.

SECTION 8: FREEDOM OF INFORMATION (FOI)

Creative Scotland is committed to being as open as possible. We believe that the public has a right to know how we spend public funds and how we make our funding decisions. You can see details of our FOI policy, **here**.

We are listed as a public authority under the Freedom of Information Act 2000. By law, we may have to provide your application documents and information about our assessment to any member of the public who asks to see them under the Freedom of Information Act 2000.

We may not release those parts of the documents which are covered by one or more of the exemptions under the Act. Please see the Freedom of Information website at www.foi.gov.uk for information about freedom of information generally and the exemptions.

We will not release any information about applications during the assessment period, as this may interfere with the decision-making process.

Section 9: State aid

State Aid rules are set by the European Commission (EC) for all member states. Ignoring the rules can lead to the EC viewing the aid as unlawful and possibly subject to repayment by the aid recipient. All of Creative Scotland's income originates from public funds (Scottish Government and National Lottery) and can therefore potentially be State Aid. Creative Scotland therefore must be mindful of the State Aid regulations before awarding any funding or making any commitments relating to payments.

Further details are available on the Scottish Government website.

Culture, Tourism, Europe and External Relations Committee

4th meeting, 2018 (Session 5) Thursday 22 February 2018

Sustainable funding for arts and creative organisations in Scotland

Ahead of the evidence session with Creative Scotland, the following organisations submitted written evidence:

- Sector Network Contact Group
- Federation of Scottish Theatre
- Scottish Contemporary Art Network

Written submission from the Sector Network Contact Group

Over the last five years, the sector network contact group has met regularly with Creative Scotland's Senior Management Teams to discuss issues and concerns raised by our members and shared across artforms.

Over this period we have pushed for:

- Inclusive and collaborative working
- Transparency of process at all levels
- Peer review in decision making
- Appropriate scales of support

In particular, we have consistently urged Creative Scotland to create fora whereby national arts policy can be tested, discussed and informed by relevant sector experts who have many years' experience of actually delivering it. We believe that, had such an exchange been made possible, Creative Scotland would not currently be in the situation it is.

Amongst the immediate concerns raised by our members are:

- The introduction of a major strategic shift taking place mid-way through the RFO process, and a lack of consistency in relation to RFO assessments
- The reversal of strategic decisions for some, but not all, applicants - with no explanation why
- The continuation of standstill funding for the majority of regularly-funded organisations - a real-term drop in funding of around 15% since 2014
- The long delay between submitting applications in March 2017 and the outcome being announced in January 2018, with less than 3 months to go to the new financial year
- The instability, anxiety and distress caused by having a substantial proportion of the arts and culture sector being effectively put on notice every three years
- The lack of clarity in communications around the new strategic approach taken towards the end of the RFO funding process

The Federation of Scottish Theatre and Scottish Contemporary Art Network are providing more detail on the concerns raised by their respective members in separate submissions to the Committee.

Moving forward, collectively our members have indicated that they would like to see the following:

- That future strategies from Creative Scotland are co-produced by artists and the creative community, with shared ownership

- That CS change its approach to draw more clearly on practitioner and sector expertise in policy making, in processes, in decision making through peer review and in communications
- That the current approach to providing support to artists and arts organisations is reviewed, as it seems to reward skills in application writing and campaigning rather than artistic and creative excellence.

Our members have also asked us to urge Creative Scotland to be more proactive in seeking engagement with policy areas beyond the arts - e.g. preventative health measures, attainment funds, social security, reducing offending – to support wider understanding of the practical benefits of embedding arts and culture in these fields. We have been encouraged by their initial response in this area and we are committed to continuing to engage with Creative Scotland on behalf of our members to help create the conditions for arts and culture in Scotland to continue to flourish.

Jan-Bert van den Berg, SCAN, Artlink; Seonaid Daly, Scottish Contemporary Arts Network; Jude Henderson, Federation of Scottish Theatre; Marc Lambert, Literature Alliance Scotland; David Watt, Arts & Business Scotland

Written submission from the Federation of Scottish Theatre

Federation of Scottish Theatre is the membership body for the professional performing arts in Scotland. Our 200+ members span producing theatres, dance companies, arts venues and individual producers and producing artists, and collectively they turnover more than £100m a year.

Our members' concerns about the 2018 Regular Funding process, announcement and subsequent revised announcement include:

- The **introduction of a major strategic shift in support for theatre**, with some of Scotland's leading companies having their Regular Funding removed (which provides stability over three years) and instead told they could apply to a new project-based Strategic Touring Fund which would be developed in consultation with the sector. It is not clear why Creative Scotland did not consult the sector before they introduced this new strategy.
- This **strategic shift taking place mid-way through a process** and behind closed doors. This meant companies were told that although their application had initially been assessed as deserving of funding, the goal posts had since changed and their application no longer met the criteria for theatre – which did not exist when they applied. The thinking behind this approach is unclear.
- The outcome of this strategy meaning that **children's theatre and disabled theatre sectors were particularly hard-hit**. Scotland has a strong international reputation in both these fields, but the sector is not large and these regularly-funded organisations provide an enormous amount of behind-the-scenes practical support for others working in it. Their removal from regular funding seriously threatened the survival of not just these companies but the sector as a whole, and was viewed with disbelief around the world.

This is the Year of Young People and that Creative Scotland has published commitments to equalities, diversity and inclusion; the reasons for these decisions and the apparent initial failure to understand their wider impact remain hard to understand.

- **Reductions in funding for several theatre buildings**, all outwith the Central Belt. This is particularly concerning given the well-documented pressure on local authority budgets – according to Audit Scotland, culture spend dropped by 12% between 2013-14 and 2016-17. The extent to which Creative Scotland engaged with local authorities during the assessment process about these reductions, and the wider impact of the strategic shift more generally, has not been made public.
- Why the **revised decisions reversed the strategic shift for some, but not all**, applicants. We have many members whose applications were initially deemed successful but then removed because of the new theatre strategy. It is unclear whether all applications were included in the review of decisions which led to the reinstatement of some companies, or only those previously in receipt of regular funding. Not even all of these were reinstated and again, the reasons for this have not been made public.
- Continuation of standstill funding for the majority of regularly-funded organisations. By the end of this period of funding this means a **real-terms drop in funding of around 15%** since 2014. As running costs continue to rise there is widespread concern about the impact on Scotland's performing arts sector of this continued erosion of support.
- **Lack of consistency** in relation to assessments, with some members reporting inaccuracies and examples of assumption and speculation indicative of a lack of understanding about how companies, and the sector more broadly, work today. It is vital that Creative Scotland has a clear strategy to ensure that all relevant staff have up to date experience of current business and artistic practices.
- **Lack of clarity in communications**: particularly around the new strategic approach to touring theatre and dance and also in relation to the differing transitions arrangements and details of new alternative funding routes being offered to those companies removed from the regularly funded portfolio.
- **Length of time and amount of resources spent on the process**. Creative Scotland's initial intention was to carry out this process with a view to announcing funding results well in advance of the start of the funding round in April 2018. In practice results were finally announced less than 3 months before the start of the next financial year.

We have raised these concerns initially with Creative Scotland and we are now gathering detailed feedback from our members about their experiences and their views on future funding. This will help us to engage, as we remain committed to doing, in a positive and constructive dialogue with Creative Scotland as it begins the review of its funding announced alongside the revised decisions. We are also members of the sector network contact group which continues to meet with Creative

Scotland on behalf of its members to raise issues and concerns shared across artforms. A primary concern is the need for Creative Scotland to involve practitioner and sector experience and expertise in both strategy development and decision-making processes more explicitly than it has done to date.

We are rightly proud of the massive contribution that our performing arts make to the lives and culture of our country, and the worldwide recognition they bring. Our government consistently says that it values culture and we warmly welcome its public support for the intrinsic worth of the arts for their own sake as well as the additional funds made available in the last Budget specifically to support the regular funded network .

Our members are entrepreneurial, responsive, collaborative, imaginative and creative: they take relatively small amounts of government investment and turn them into one of the fastest growing and most vibrant sectors in the country. They must be meaningfully involved in future in the strategy, policy and decision-making processes that determine the Scottish Government's support for the work they do.

Written submission from Scottish Contemporary Art Network

SCAN is a member led network committed to championing and supporting the contemporary art sector in Scotland.

We have over 200 named members working in publically funded and commercial art galleries, artist-led organisations, production facilities, local authority museums and higher education institutions and those working independently as artists, educators and curators.

In the context of recent events regarding Creative Scotland members have highlighted a number of key concerns, including;

- It is clear there is an almost unanimous agreement from artists, organisations and Creative Scotland itself that the current funding models urgently need overhauled. SCAN, through its members, has been raising these issues for several years. Members question why a full Funding Review was not prioritised to happen before this current RFO round.
- The length of time that the RFO process takes is unnecessary and debilitating with final decisions coming less than three months before the financial year end, effectively undermining the operation of many organisations as a going concern. Venue based visual arts organisations are already very fragile with the majority not owning their premises, having very small staff numbers and limited capacity to develop significant reserves. Almost all the exhibitions presented by our gallery members are free to the public.
- There is a lack of transparency and strategy in the final decision-making process. Many feel that the reversals of some decisions have been heavily influenced by public outcry and not by a clearly informed strategy or rationale. Some decisions were reversed and others were not with no clear explanation.

- New 'strategic funds' have now been publically committed to but a lack of clarity, timescale or any apparent strategy behind these new funds has created confusion, anger and increased stress for many of those affected.
- The majority of visual arts organisations were awarded standstill funding deals. By the end of this period that means a real term drop in funding of around 15% since 2014. Organisations have worked hard to mitigate these real term reductions by leveraging in other resources but are frustrated by the lack of a more strategic approach by Creative Scotland to maximise the potential for cultural investment and explore art form strategies with the sector directly.
- Following the international public outcry that followed the news that Transmission Gallery (delivering one of the most culturally diverse contemporary visual arts programmes) had not been successful, Creative Scotland then confirmed plans to create a new fund, better suited to supporting artist-led practice. However, this proposed lifeline is not yet in place and no consultation has taken place with the sector affected. Almost all artist-led organisations are run by small voluntary committees and uncertainty like this throws already under pressure volunteers into a period of heightened stress and anxiety. Co-production and peer review should be at the heart of Creative Scotland's approach.
- The far-reaching support for Transmission shows how integral artist-led organisations are to their communities. Acknowledging their central importance to the sector, Creative Scotland stated in the [2016 Visual Arts Review](#): "Artist-run initiatives make a significant contribution to the distinctive culture of the visual arts in Scotland, generating a critical mass of energy, energy, enquiry, experimentation and expertise."
- There is serious concern that although Equalities, Diversity and Inclusion is a strategic priority of Creative Scotland, a lack of care or understanding has been shown towards significant and vital organisations that prioritise addressing these themes. For example, many members feel that the timing of the decision to defund Transmission sends a very negative message to artists of colour based in Scotland. The guidance from Scottish Government to Creative Scotland emphasizes the importance of clear and coherent actions in relation to inequalities, inclusion and community empowerment. Members fail to see how these are acted upon clearly by Creative Scotland.