

Culture, Tourism, Europe and External Relations Committee

Creative Scotland – Regular Funding 2018-21

Written submission from Creative Scotland

1. Introduction

Creative Scotland 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.

We enable people and organisations in Scotland to work in and experience the arts and creative sectors. We do this by helping others to create culture through developing great ideas and bringing them to life.

“We want a Scotland where everyone actively values and celebrates arts and creativity as the heartbeat for our lives and the world in which we live; which continually extends its creative imagination and ways of doing things; and where the Arts, Screen and Creative Industries are confident, connected and thriving.” [Unlocking Potential, Embracing Ambition](#), a shared plan for the arts, screen and creative industries, 2014.

We aim to achieve this vision through four key functions:

- **Funding** support for individuals and organisations working in the arts, screen and creative industries.
- **Advocacy** on behalf of these sectors, both nationally and internationally.
- **Development** support for these sectors so that they can continue to grow and thrive.
- **Influencing** others to understand the value that the arts, screen and creative industries deliver.

Creative Scotland’s overall budget for 2017/18 is £74m, which we receive from the Scottish Government (62%) and the National Lottery (38%). We distribute this funding to the sectors we serve through [three funding routes](#): Regular Funding over three years for organisations; Open Project Funding for individuals and organisations for programmes of work for up to two years; Targeted Funding to support specific sectors, projects and initiatives (including Film & TV production).

In April 2014, we published our Strategic Plan, [Unlocking Potential, Embracing Ambition](#), which presents a shared vision for the arts, screen and creative industries for the next 10 years.

At the heart of this plan is a set of ambitions and priorities that provide a focus for our work and reflect what we want to achieve, in collaboration with the sectors we support.

Supporting this 10 year plan, are distinct but complementary strategies for the [Arts](#), [Screen](#), and wider [Creative Industries](#). Developed in consultation and collaboration with the sectors they serve, these strategies set out the priorities for these sectors and how our work supports them.

2. Our submission to this call for views

Creative Scotland welcomes this call for views by the Culture, Tourism, Europe and External Relations Committee (CTEER) on Regular Funding 2018-21. This follows the appearance before the Committee on 22 February 2018 when our Chief Executive, Janet Archer said:

“I completely recognise that the Regular Funding process has been more challenging this time round than it needed to be – for both those applying and for our staff.

We understand that the final stage of the process has created real difficulties, none of us want to repeat the experience, as it stands, in three years’ time.

That’s why, as we have already announced, we are committed to a root and branch review of how we fund. We will – importantly - do this in full collaboration with the people and organisations we support.”

On this basis, we welcome the Committee’s call for views and the important feedback and opinion that it will gather from the people and organisations that we are here to support.

This will be invaluable in helping to shape the review of how we fund in future across all routes to funding, which we intend to develop in full view of, and collaboration with, the sectors we support and our partners.

As such, this submission from Creative Scotland does not aim to pre-empt the views currently being gathered by making commitments for the future at this point in time. Rather, this submission aims to clearly set out the role of Regular Funding, the chronology of the decision-making process and what we see as key learnings at the time of writing.

In addition to our commitment to review our strategy and funding, we will also carry out a specific analysis of the 2018-21 Regular Funding process.

This is our normal practice with any major programme. It will take place once the process has been fully completed (i.e. funding negotiations for all 2018-21 RFOs are completed).

This review will draw upon the following:

- Analysis of the views submitted to the Committee in this inquiry, and consideration of the Committee’s conclusions
- Analysis of all feedback made directly to Creative Scotland
- Analysis of formal complaints
- Feedback from our Staff and Board
- Survey of successful and non-successful applicants

The review of the 2018-21 Regular Funding process will help inform how we fund in the future. We will then go on to develop our new overall approach to funding in consultation with all of our stakeholders which include artists, arts and creative organisations, audiences and participants, local authorities, partner trusts and foundations, other national public bodies, and the Scottish Government.

While we focus this submission on Regular Funding, we also provide additional perspective on some of the broader questions asked by the Committee in this call for views in the final sections of this submission.

3. The purpose and importance of Regular Funding

[Regular Funding](#) is one of Creative Scotland's three routes to funding for arts, screen and creative organisations and sits alongside [Open Project Funding](#) and [Targeted Funding](#), as well as [funds delivered on our behalf by partners](#), which together provide a comprehensive mix of funding support for individuals and organisations across a range of scale, art-form and across all parts of Scotland.

In 2018/19, Regular Funding will account for £33.9m of Creative Scotland's overall budget and 54% of the funding we receive from the Scottish Government.

Regular Funding is used to help support core costs for an organisation including staffing, costs for creating new work, support for a wide range of programme activity, and costs to help an organisation strengthen itself through change and business development.

Regularly Funded Organisations (RFOs) are a vital 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 shape and deliver Scotland's cultural ambition.

In this funding round, we received 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 sector development organisations, we understand and accept that the relevant 'audience' may include professionals, practitioners and peers. Successful applicants are funded to undertake the activities set against Creative Scotland funding contained within their agreed three-year Business Plan.

4. The Regular Funding 2018-21 application and decision-making process

The Regular Funding 2018-21 programme opened for applications on 16 January 2017, with a deadline of 3 April 2017. Full guidance was published on our website in November 2016 and was freely available throughout the process: <http://www.creativescotland.com/funding/latest-information/funded-organisations/regular-funding-2018-21/the-process>

The timings for both application and assessment were set in response to feedback from both the sector and our Staff after the previous application round in 2014.

Our original intention was to announce decisions in Autumn/Winter 2017. However, the timing of both the UK and Scottish Government budgets meant that final decisions needed to be delayed until after Creative Scotland's budget settlement was known (in mid-December 2017). The recommended network of organisations was presented to the Creative Scotland Board for approval on 18 January 2018.

In the interests of transparency, a series of regular public communications and updates were provided throughout the process via our website and directly to applicants, for example: <http://www.creativescotland.com/what-we-do/latest-news/archive/2017/10/update-on-regular-funding-october-2017>

Once applications were received, there was a careful and thorough five-stage decision making process:

- **Stage 1:** Checks for eligibility and completeness
- **Stage 2:** Objective assessments (Specialism Officers)
- **Stage 3:** Specialism scenario planning (Specialism Teams)
- **Stage 4:** Consideration of all recommended applications from Stage 3, holistically and, from the anticipated budget available, selection of organisations covering the broadest network across sectors, specialisms, and geographic areas. The aim was to establish the best possible range and mix of organisations contributing to the delivery of our published 10-year plan, Ambitions and Connecting Themes. To achieve this, we used our knowledge, expertise and professional judgement based on an overview of Scotland, the sectors and applications before us.
- **Stage 5:** Board decisions and approval of final Network.

More detail on this process is provided on pages 18 and 19 of the Funding Guidance published on our website on 2 November 2016.

The original timeline for this process was clearly communicated in the application guidance as follows:

<p>Regular Funding process and timeline at a glance</p> <p>November 2016:</p> <p>Guidelines and Application Form published</p> <p>December 2016 – February 2017:</p> <p>Information Sessions (please see Section 6 for further details)</p> <p>16 January 2017:</p> <p>Regular Funding opens for applications</p> <p>3 April 2017:</p> <p>Deadline for applications</p>
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April 2017:

Stage 1: Checking for eligibility and completeness

May – July (extended to August) 2017:

Stage 2: Specialist officer assessments; Stage 3: Specialist team discussions

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.

In addition, two equality impact assessments were conducted, the first in relation to the application process and the second in relation to the final network of organisations.

In the application process, all organisations needed to clearly demonstrate their vision and purpose and how their work helps to deliver our first two ambitions: 'excellence and experimentation' and 'access and enjoyment'. In addition, organisations were asked to demonstrate how their work contributed to Creative Scotland's connecting themes; to the broader development of the sector; commitment to fair pay; that they have effective governance and leadership in place; that they are financially resilient and robust; and that they have a commitment to Equalities, Diversity and Inclusion (EDI).

The application was centred on the Business Plans of organisations, supported by an application form and any supplementary material.

It is important to note that this process was taking place against a backdrop of budget uncertainty in terms of our future Grant in Aid budget from the Scottish Government and declining income from the National Lottery.

As such, we were clear in our regular communications that we would not be able to use National Lottery income to support Regular Funding in the future; that it was likely that we would be able to support fewer organisations through this funding route; and that we were planning, on the advice of Scottish Government officials, against scenarios of a reduced budget of between -5% and -30%.

In the end, the budget settlement from the Scottish Government, announced in December 2017 included £6.6m, ring-fenced for Regular Funding. This was a direct replacement for the shortfall in National Lottery income.

Although the additional £6.6m was welcomed, it must be remembered that it meant our total budget for Regular Funding 2018-21 remained broadly the same compared to 2015-18.

The budget settlement was good news in that we did not have to face the -5% to -30% budget scenarios we had previously modelled. However, it still meant we had to make difficult decisions. The applications we received totalled some 50% more than our available budget.

184 applications were received requesting a total of £153m. In our August 2017 Regular Funding update, we said that *“it is unlikely that there will be an uplift in funding to many RFOs, and overall the number of RFOs is likely to be reduced.”*

Once budgets were announced, we were able to conclude the process and make final decisions resulting in the announcement, on 25 January 2018, of 116 organisations which would form the network of Regularly Funded organisations for 2018-21: [Regularly Funded Organisations \(RFOs\) for 2018-21](#)

The full news release accompanying this announcement is available to read here: <http://www.creativescotland.com/what-we-do/latest-news/archive/2018/01/three-year-regular-funding-awarded-to-116-organisations>

All organisations who had previously benefited from Regular Funding, but who were not part of the 2018-21 network, were offered transition funding for 6 months to the end of September 2018.

Alongside the announcement of the Regular Funding Network, 2018-21, we also announced the creation of a strategic Touring Fund, supported by the National Lottery, which would be one of our Targeted Funds for 2019/20, to support touring companies to work with venues to grow audiences. In that context, the touring companies who had previously benefited from Regular Funding but who were not recommended for the 2018-21 network, were offered 12 months transition funding to take current funding levels to the end of March 2019.

The new touring fund will support projects from April 2019 and will be open to performing arts organisations, including those not included in the Regular Funding network, and offer a further potential source of funding support, alongside Open Project funding and other Targeted funds.

This approach reflects the recommendations made in 2016’s [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.

5. Post-announcement activity

Following the strength of negative reaction to some aspects of the decisions that were announced on 25 January, and the feedback we received from individual organisations as well as sector representative bodies – played out in a high-profile

manner in the media and on social media - our Chief Executive, Janet Archer issued the following statement on 30 January:

“We are listening carefully to everything everyone is saying. We're doing that through one to one meetings with organisations and correspondence directly with us.

“Given the strength of views being presented, we will be bringing forward the Creative Scotland Board meeting, originally scheduled for 15 February. At this meeting, we will be taking stock of the decisions made regarding organisations not included in the Regular Funding network, and the options available.

“We will make a further announcement as soon as we can next week, following this meeting.

“It's important to note that this will not affect any of the 116 organisations, or the transition arrangements, already announced as part of the network.”

In light of the above, a further meeting was called to enable the Board to take stock of the situation, of Creative Scotland's 2018-21 RFO decisions and consider whether to increase the Regular Funding budget to, potentially, include further organisations for this period.

As a result, the Creative Scotland Board met on 2 February to discuss a subsequent course of action. Specific aspects of the original decisions and announcement discussed at this Board meeting included:

- The commitment to, and announcement of, a Touring Fund and the accompanying decisions not to include some theatre companies in the Regular Funding network 2018-21 with a view to them being supported through other funding routes.
- A revisiting of the Equalities, Diversity and Inclusion profile of the network as announced on 25 January.
- The availability of any additional budget to support further organisations and enhance the Regular Funding network.
- Formal approval of the minutes of the Board meeting of 18 January.

The Board considered the availability of additional funding, from the broader Creative Scotland budget, to support additional organisations and enhance the Regular Funding Network, 2018-21.

Three options were discussed:

- **Option 1:** reaffirm the decisions made and announced on 25 January and make no further changes.
- **Option 2:** increase the budget available for Regular Funding in order to include a number of additional organisations using scoring and criteria to establish priority, consistent with the published process.

- **Option 3** increase the budget available for Regular Funding in order to reintroduce some theatre touring organisations to allow for a longer lead in time to respond to the outcomes of the Touring Review.

At the meeting on 2 February, the Board decided not to pursue the first option, option 3 was discussed at length, but it was agreed to pursue **Option 2**.

The Board considered the list of all fundable, but previously unsuccessful organisations that had applied, with a summary assessment of their applications. This was debated fully in the context of our published process which allows for balanced, strategic decision making at every stage, in the context of individual art-form sectors and the overall cultural landscape of Scotland.

Following the meeting, we issued this statement:

“Following the decisions announced last month awarding Regular Funding to 116 organisations, Creative Scotland has been listening carefully to feedback from across the arts sector and the wider public.

Creative Scotland’s Board met on Friday 2 February to take stock of its position. The Board has decided the following:

- *It reaffirmed its commitment to the 116 organisations already awarded funding.*
- **£2.6m of additional funds** will now be allocated to Regular Funding 2018-21, in order to enhance the network.
- *These funds will 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 our review of all applications, in line with the published application criteria and decision-making process, the additional funds are focused on excellence and experimentation; theatre for children and young people; and companies led by and working with disabled people.*
- *A further five organisations will be included in the network, alongside the 116 organisations already announced. These are **Birds of Paradise, Catherine Wheels, Dunedin Consort, Lung Ha and Visible Fictions.***
- *Stellar Quines, already included in the 2018-21 network, will also have their budget returned to standstill levels.*

We confirm that there is no change to the decisions regarding the 116 organisations, or the transition arrangements, announced in January.

The Board has also renewed its commitment to the roll-out of a Touring Fund, details of which will be developed in collaboration with the touring sector. We aim to open

the fund for applications later this year, and to set a budget to support this fund from April 2019 onwards.

Creative Scotland will undertake a review of current funding models and processes, in collaboration with the sectors we support, to gather further feedback and ideas that will help improve the way that we fund in the future. This work will be taken forward openly and transparently by the leadership and staff of Creative Scotland.

The Regular Funding network 2018-21 now consists of 121 organisations receiving funding of £101,623,507 over the three-year period April 2018 – March 2021. See the [full list of organisations in the network](#).

The additional £2.6m to support Regular Funding 2018-21 will be made up of £667,000 annually; transferred from our targeted budget, and from a proportion of transition funding that will no longer be required (£0.6m). The targeted budget for 2018/19 will remain the same as for 2017/18.”

Overall, we have been able to fund 121 of the 184 applications we received, across Scotland and across art-forms. This constitutes a 66% success rate which is more than double that of other Creative Scotland funding programmes.

We are also grateful to the Scottish Government for confirming budgets for Regular Funding for three years in our recent [Draft Budget letter](#) from the Cabinet Secretary.

At one point last Autumn, we thought we might have only been able to fund approximately 60 Regular Funded Organisations, because of the potential for budget cuts resulting from the substantial decrease in National Lottery Funding and the potential for a reduced Scottish Government grant.

Instead we are able to provide three-years’ security for a network of 121 organisations which is rich in creative excellence, extensive in its geographic reach and which includes new organisations which increase opportunity for people who wouldn’t ordinarily have the chance to access the arts to do so.

Regular Funding 2018-21 constitutes 54% of our overall Scottish Government grant, with a further 35% spent on targeted activities such as the Youth Music Initiative and Screen sector support, and 11% on other activities and running costs.

It’s also worth noting that, across the network of 121 organisations supported through Regular Funding, 2018-21, this funding constitutes 24% of their overall budgets, with the remainder coming from other sources, both public and private.

6. Regular Funding Learning and future action

At Creative Scotland’s appearance before the CTEER Committee on 22 February, Creative Scotland’s Chief Executive Janet Archer said:

“It’s clear that the introduction of the Touring Fund, while based on a review of touring which included consultation, did not chime with everyone in the theatre sector and is not seen as a replacement for Regular Funding. That’s one of the reasons that the Board decided to take stock, increase the budget available for Regular Funding and add organisations into the network.”

While we are still committed to developing a better way to support performing arts touring in the future, and will work with sector representatives to do so, we also recognise that, ahead of the announcement on 25 January, the specific impact of this on Regular Funding decisions should have been discussed in more detail with the people and organisations impacted through this funding round.

However, we agreed that such discussions could only happen post-announcement given the requirement to treat all applicants equally and announce all funding decisions at the same time.

It is also clear, from communications that we have received, that the performing arts sector supports the idea of dedicated support for touring, but that it was not anticipated that this would impact on Regular Funding decisions.

At the Committee hearing on 22 February, our Chief Executive also said:

“We understand that this final stage of the process has created real difficulties, none of us want to repeat the experience, as it stands, in three years’ time.

That’s why, as we have already announced, we are committed to a root and branch review of how we fund. We will – importantly - do this in full collaboration with the people and organisations we support.”

This funding review will begin as soon as we have completed our review of the Regular funding 2018-21 process, and will be informed by the learning that emerges from it.

There has been much media and social media debate on the Regular Funding Process and we have also received feedback from individual applicants.

We are responding to individual feedback through meetings with all applicants as requested to explain the rationale for decisions.

In the context of a fast-moving environment, a further learning point, particularly regarding increasing the budget available for Regular Funding and the subsequent introduction of more organisations into the Regular Funding network, is that our Specialism Leads should have been given the time and space to contribute to this additional decision-making meeting.

We have also received significant feedback from our own Staff as regards their experience and concerns regarding the Regular Funding process. It is recognised that not all of our Staff agree with the final decisions made by the Board, or feel comfortable with the additional decision-making stage outlined above (Section 5 of this submission). We are working with Staff to address the issues that have been raised.

We also recognise that many organisations which were unsuccessful in their application for Regular Funding feel that they have, in a sense, experienced rejection twice – first through the decisions announced on 25 January and then again through the further decisions announced on 6 February. While there were solid reasons for the Board to seek to increase the budget available for Regular Funding and include

additional organisations in the Network, we do appreciate that this was challenging for both our Staff and for the broader sector.

As our Chief Executive went on to say at the Committee:

“We welcome all of the constructive communications that we have received – of which there have been a significant amount - and much dialogue that has emerged. We are meeting with sector representative bodies – such as Scottish Contemporary Art Network, Federation of Scottish Theatre, Literature Alliance Scotland and others, whom we already work closely with - in the coming weeks to shape how we approach this review.

Finally, I want to recognise the dedicated, hard-working and knowledgeable staff at Creative Scotland who work every day to make a positive difference to art and culture in our country. Many have recently joined us after high profile careers in the sector. Others have built up immense knowledge over many years of service. They have worked thoughtfully and diligently on this Regular Funding round, dedicating a great deal of time, energy and care to the process.

We are all committed to doing things differently in the future, many ideas have been surfaced as we’ve been working through our difficult decisions and we’re looking forward to sharing these as we enter into dialogue over the coming months.”

We are committed to following up on the above, reviewing our funding approaches and working with all of our stakeholders to ensure that we fund in the best possible way.

The feedback that is received by the Committee as part of this call for views, alongside the feedback we have already received internally and externally, will play a vital part in helping us achieve that and, as such, we look forward to reviewing these and responding appropriately.

7. Additional points

This final section of our submission provides responses to some of the broader questions asked by the Committee as part of this call for views.

7.1 The challenge that Creative Scotland faces in allocating funding when applications for funding exceed the funds available.

This is a constant challenge for Creative Scotland and, indeed, for any public funder of culture in the UK or across the world. The level of creative potential and ambition in Scotland far outstrips the public funds available to support it, across all art-forms and across all parts of the country.

We communicate strongly why [Creativity Matters](http://www.creativescotland.com/what-we-do/creativity-matters) to Scotland to encourage everyone to invest in Scotland’s culture and creativity across all of its forms (<http://www.creativescotland.com/what-we-do/creativity-matters>)

In an attempt to set realistic expectations in terms of what we can do directly, we regularly communicate the levels of over-subscription that we experience across all of our funding routes.

For example, as regards Open Project Funding, we state on our website:

“The fund is very popular and currently Creative Scotland receives many more applications than we are able to fund. At the moment, we’re only awarding funding to around 30% of all applicants – so before applying, check if this is the fund for you, and be realistic about your chances of success.”

As regards Regular funding, we received 184 applications requesting a total of £153m. In our August 2017 Regular Funding update, we said that *“it is unlikely that there will be an uplift in funding to many RFOs, and overall the number of RFOs is likely to be reduced.”*

In the end, thanks to the Scottish Government’s budget settlement, we have been able to support 121 organisations through Regular Funding for 2018-2021, to a value of £102m over the three-year period. 19 of these are organisations new to Regular Funding. This short film on one of them, Tinderbox, produced by Creative Scotland (<https://vimeo.com/263347208>) illustrates how we have extended our reach to young people through Regular Funding.

Working within published guidelines and criteria, our dedicated teams of knowledgeable and specialist staff work every day to make decisions on our funding and to ensure that it is carefully and constructively disbursed. Everyone at Creative Scotland is fully aware of the significance of public funding to individuals and organisations and, as public servants, we take these decisions very seriously indeed.

However, with additional funds, we would always be able to support more creative activity across all of our funding routes and achieve even greater cultural, social and economic impacts.

7.2 The extent to which Regular Funding supports the arts and creative organisations throughout Scotland.

Creative Scotland is deeply committed to ensuring that our funding supports cultural provision and practice across all parts of Scotland and to working with Local Authorities and other partners to achieve this.

Through all our routes to funding, Creative Scotland supports the arts, screen and creative industries in all parts of Scotland and in all 32 Local Authorities.

With their home bases in 21 Local Authorities, three-quarters of the 121 Regularly Funded Organisations for 2018-21 work Scotland-wide, including through touring. It’s important to note that we did not receive applications for Regular Funding from any organisations based in 8 of Scotland’s Local Authorities.

In addition to Regular Funding, our Open Project Funding supports artists and creative projects in every part of Scotland and our Targeted Funding supports nationwide projects such as the Youth Music Initiative and Cashback for Creativity.

In addition, we have 13 live Place Partnerships with Local Authorities which are specifically aimed at developing cultural provision locally, including in some of Scotland’s most challenged areas.

More information on our support for places and communities across Scotland is provided in our latest [Annual Review](#) (page 40 onwards).

7.3 The impact of awards for Regular Funding on other funding streams

As stated earlier in this submission, vital though Regular Funding is, it does constitute a significant part of Creative Scotland's budget for 2018/19 - £33.9m - and 54% of our overall Scottish Government grant, with a further 35% of that grant being spent on targeted activities such as the Youth Music Initiative and Screen sector.

We have also committed to maintaining funding for Screen, to support the expanded budget of £20m, including the work to be delivered by the new Screen Unit.

As a consequence, the levels of flexibility that we have in our overall budget each year is limited, focused on Open Project Funding and a small number of Targeted Funds, supported primarily through the National Lottery.

This will be another consideration in our forthcoming review of our approach to funding in the future.