



**The strategic review  
Outcomes and Recommendations**

**Tuesday 24<sup>th</sup> January 2006**

**1. Introduction**

1.1 Throughout the last year council have supported a process of strategic review. The aim of the process was to ensure the application of our resources to maximum effect in relation to our corporate plan and specifically our three aims:

- *To increase participation in the arts*
- *To support artists to achieve their creative and business potential*
- *To put creativity at the heart of learning*

and four key policy areas:

- *Equalities*
- *International*
- *Creative Industries*
- *Traditional Arts*

1.2 The corporate plan has been acknowledged, since its creation, as an agenda for change and therefore the review has challenged how the council addresses the development and support of the arts in Scotland and the way in which it delivers services to artists, arts organisations and the people of Scotland.

**2. Context**

2.1 The review has taken place within a difficult political context including the establishment of the Culture Commission, its review process and the publication of its final report. We have at all times kept the minister and the Scottish Executive informed of our own internal processes which now ironically coincide with the Minister's response to the commission which covers the whole culture sector including the future role of the Council.

- 2.2 Acknowledging these external influences the review has been based on the following assumptions:
- The Scottish arts infrastructure is a complex set of interdependent relationships between individual artists, arts organisations, funding bodies, audiences and participants.
  - That the present core funded organisations [CFOs] have had an important role in developing and sustaining the present artistic environment, and we have increased the number of CFOs to reflect the changing nature of the art forms, and emergent policy priorities, over the last ten years.
  - That each of the art form's 'eco systems' is different and at varying stages of development.
  - That the nature of our relationships with the sector and the individual organisations needed to be re examined to ensure our staff expertise and financial resource is applied to best effect.
  - That we need to develop further our approach and role in relation to judging and ensuring quality, across all the areas of work that we support through public funds and to develop a consistent approach across the whole arts sector.
  - That we need to release a higher percentage of our funds as flexible development rather than as recurrent funding to CFOs, to allow us to continue to support new and innovative developments.
  - That we need to develop a more sustainable CFO funding model, including considering our relationship with other funding partners and particularly with local authorities.
  - To consider the changing nature of activities supported by the National Lottery Funds, including reviewing the approved integration of the work supported by both Lottery and voted funds to take account of the reduction in funds available from the Lottery within a changing policy context.
- 2.3 Based on these assumptions we developed planning guidance to create future scenarios based on three budget options: [Council paper S/CO5m3p1June 2005]
- Optimum
  - Standstill
  - Reduced [-15%]

### **3. Process**

- 3.1 In November 2004 Council agreed that the status quo was not an option and approved a two year commitment [05/06 and 06/07] to our present core funded organisations (excluding 7/84).

- 3.2 This allowed us to create a reasonably stable environment for the review process to take place and for adequate notice, [12 months] to be available to bring about any changes that the review recommended.
- 3.3 In January 2005 arts council staff began to review and describe their work and the state of the sector through an 'eco culture' analogy as presented by DEMOS [June 2004]. This work was further refined and developed through a series of workshops and presentations involving both council and committee members [February and April 2005].
- 3.4 At the council meetings in both March and June 2005 the framework and time table for the review was approved, including the application process for current core funded organisations, which was framed within the context of addressing our three aims and the four policy areas.
- 3.5 As part of the process, art form and departmental managers had their scenarios interrogated by groups of special advisors, committee members and other relevant experts.
- 3.6 In March, June and August the core funded organisations were brought together and briefed about the process including its potential outcomes.
- 3.7 In both the August and October meetings of council the quality frame work, establishing the performance criteria, on which the assessment of the CFOs would be based was reviewed and approved.
- 3.8 In October both the performing arts and creative arts committees were briefed as to their role in the process.
- 3.9 Due to delays in the ministerial announcement in response to the culture commission the committee and council meetings where recommendations and decisions were to be made were delayed and rescheduled.
- 3.10 However the committees met prior to Christmas and have formalised a set of comments and recommendations on art form scenarios and CFO placements for council's consideration on 24<sup>th</sup> January 2006.

#### **4. Outputs**

- 4.1 The planned output of the strategic review was a clear set of priorities for the future to deliver effectively against the 2004-2009 corporate plan with options depending on resources available
- 4.2 **Optimum [see appendix 1 for budget outline]**
  - 4.2.1 As outlined above it is clear that over the years the arts infrastructure and the nation's expectations have changed and grown. This growth has seen Council, and the sector, respond positively to new demands manifest in policy areas such as equalities. The success of the lottery capital programme, and lottery project funding, along with additional funds from the executive, underpinned this work,

but has resulted in issues of long term sustainability. In particular it has become clear that much of the monies allocated to CFOs have not been spent on the art but on keeping the organisation afloat, with many organisations living from hand to mouth.

- 4.2.2 The idea behind the development of an optimum scenario was to produce an evidence based case that would quantify what was needed in Scotland in 2006 and beyond for the sector to flourish. The review's timetable coincided with the comprehensive spending review [CSR] and so would act as the council's submission to this exercise.
- 4.2.3 Unfortunately the CSR has been delayed by a year; however the call for extra resources by the commission and the continued and widespread deficit position in the sector means that the detailed work will be used over the coming months with the executive in line with any changes they have planned .
- 4.2.4 The work on the optimum scenario has identified the following:
- A budget requirement of £134 million which would lead to a stable and sustainable financial position for individuals and organisations, leading to more performances, exhibitions, sales, tours and festivals accessible to the whole nation and showcasing more of Scotland's artists overseas
  - An improvement in the range and quality of art across the whole country for a greater variety of people, including all of our children, to enjoy both as audience members but also as active participants.
  - The sector would therefore employ more people and enable the establishment of a consistent set of pay and conditions for artists and arts workers.
  - However without this level of funding it is difficult to see how we can deliver on our corporate plan as originally intended with all three aims growing and developing equally and in parallel.

#### 4.3 **Standstill [see appendix 2 for budget outline]**

- 4.3.1 It highlights that we cannot sustain present levels of activity within current resources.
- 4.3.2 It also means that the process does not deliver on the review requirement to achieve a higher level of flexibility and renewal within the budget nor the sustainability of key organisations.
- 4.3.3 In essence it does not allow us to introduce any change and realignment of our strategic focus.

#### 4.4 **Reduced [see appendix 3 for budget outline]**

- 4.4.1 A simple across the board reduction of 15% based on present spending patterns does free up 5 million of voted funds.
- 4.4.2 However it applies equal misery to all and given the fragility of many organisations' financial positions it would probably lead to protracted financial sustainability issues.
- 4.4.3 It also fails to reassert any new strategic focus.

#### 4.5 **Synthesis**

4.5.1 As each department developed and tested their art form scenarios, Council turned its attention to the overall strategic direction that began to emerge. Consideration was given to several possible shifts in strategic focus. This included considering the relative merits of scenarios that led on the interest of the artist, the participant, different art forms, or different policy priorities. The conclusion was that a 'synthesis' of the artists and participant scenario was best suited to aim to become more of a development organisation rather than just a funding body. This is described in diagram 1 and would entail:

#### 4.6 **Increasing the scope and quality of our support for artists.**

4.6.1 As the national arts development agency one of our unique roles and responsibilities must be to support and nurture those that are at the heart of the creative process, for its own sake, and as a resource and inspiration for the wider community. The process of the Strategic Review ran parallel to the work of the Cultural Commission, and there were many areas of common interest, not least the role and status of our artists. This was evident in our discussion with CFOs, in our consultations on the principle of artists' rights, and is affirmed in the statement that was arrived at a meeting of interested parties in Parliament.

4.6.2 This ambition, to better support our artists, applies to those who work in collaboration in the performing arts as well as those who more traditionally work as individuals in the creative arts. In both areas we also value the creative producers, curators, publishers and so on who form a vital part of the cultural dynamic. In addressing this ambition we will narrow the focus of our intervention to maximise its impact. Our role is described in diagram 2, and the types of support that we would offer include:

- Traineeships
- Bursaries
- Fellowships
- Start Up
- Continuing Professional Development – travel and training
- Research and Development
- Artists Awards

4.6.3 This focus aligns strongly with the Minister's expectations for 'Creative Scotland' in developing talent. There would be an opportunity to develop a consistent corporate approach to support for artists that reflect the work already considered in the 'artists charter', and a review of artists awards may also follow. The project activity which we have proposed for enhanced support is outlined in appendix 5 in this vein includes;

#### **4.7 Securing the foundation of Scotland's artistic development.**

4.7.1 For many arts organisations the day to day is a matter of survival. We must break the hand to mouth cycle of project funding for those organisations that are essential for the cultural well being of the nation. We will fund, to an optimum level and in the long term, a group of organisations whose reach and role have a national impact. Some may have a unique role in the practise of an art form with an international resonance. Many will have a coherent and integrated approach to the quality of the artistic programme, the audience interest, and learning about the arts. Some will be development agencies that work across the art forms, across the cultural sectors, or address specific policy themes. All of them will be expected to achieve and maintain the highest level of quality in all of their activities, artistically and managerially.

4.7.2 Foundation Funding would have the following key characteristics:

- Long term funding relationship at an optimum level linked to our five year planning cycle
- Distinctive and unique role in relation to the art form, policy priority and/or place
- May include support to a development agency in a service level agreement
- May involve devolved funding responsibility
- May include a 'hub' with an agreed development role in relation to SAC's aims

4.7.3 The organisations that we are proposing for Foundation Support are attached in appendix 4

#### **4.8 Creating a more flexible and responsive dynamic in the sector.**

4.8.1 We are determined to help create an artistic environment where the new and innovative can flourish. Council's mantra, repeatedly confirmed in discussion throughout the process, has been; the status quo is not an option. Again this echoes the national context and the outcome of the Cultural Commission. In a modern Scotland we must create space in the funding system for different ways of doing things, for the needs of different audiences, for new forms of practise, for those traditionally on the margins of mainstream arts funding, to have access to public support.

4.8.2 We also need to move towards following the drive of the creative individual or team; our priority is the work that is produced and the audience that it serves, not necessarily the organisation that accrues around that process.

4.8.3 This is perhaps the most challenging area of the Strategic Review, where we will shift the investment patterns of many years, and will reduce or cease funding some activity. It is impossible and inappropriate to maintain revenue funding for the same companies year after year. We will create a pool of project funding that will allow us to respond in a variety of time scales to the creative proposals that

emerge as tastes, practice and needs change. This approach would apply even if we are successful in attracting the optimum level of investment that is our goal.

- 4.8.4 Diagram 3 outlines our different funding relationships with organisations in this approach.
- 4.8.5 In the flexible funding category we aim to achieve the dynamism and renewal that has been one of the drivers for the Strategic Review process, and was strongly reinforced as an aspiration by during the Committee meetings in December. While this approach creates flexibility it is within a reduced budget; the cost of achieving Foundation Funding and the increased support to artists significantly limits the amount of flexible funding, and our capacity to support organisations in that context.
- 4.8.6 This is a key issue for Council. For example we would not be able to maintain a revenue commitment to many organisations that previously had CFO status.
- 4.8.7 The Minister's announcement of an additional £20m for her portfolio from 07/08 becomes critical in this context. If we are able to plan on growth we can take this into account in the approach to commitments from the flexible funding category.

#### **4.9 Increasing our investment in the transformational power of the arts**

- 4.9.1 We believe in the power of the arts to change our lives, and we believe that it is our responsibility, to apply public funds to create opportunities of this kind. An environment where we have well supported artists and strong arts organisations nationwide, allows us to work with partners to bring these resources to best effect in the places that have greatest need and least opportunity.
- 4.9.2 This will become the focus for our National Lottery Funds, and will have a key role in progressing our work in two key areas of interest; equalities and work with children and young people. We will be truly ambitious in the scale of this work, and will seek committed partners from the public, private and voluntary sector that share our commitment to making real the benefits that participation in the arts can offer. This will make real the fulfilment of cultural rights that is central to the Scottish Executives ambitions for the country.
- 4.9.3 This refreshed approach has particular implications for the allocation and use of our lottery funds. There are risks involved in this that Council need to be aware of and comment upon. In essence the thrust of our lottery strategy will be in support of opportunities for people to enjoy and benefit from **participation** in the arts. This aligns strongly with our last lottery consultation exercise and the lottery policy from DCMS. The risk relates to the sustainability of the work that we would support beyond the period of the known budget, and the renewal of the lottery license. The risk in this approach would be mitigated through an assertive advocacy and communication strategy that would aim to secure our role as lottery distributors, and the amount of funds allocated to the arts. The Minister's announcement regarding Creative Scotland is a positive first step in this regard.

4.9.4 The proposal for the shape of the lottery budget, sitting alongside and complimenting the focus of our voted funds, would have the following key characteristics within the broad heading of participation;

#### 4.10 **Support for the voluntary sector**

4.10.1 This will involve key organisations that support and enable opportunities for people to enjoy and benefit from participation in the arts. This will include in principle commitments as follows;

- Voluntary Arts Network
- NEAT
- PAN
- Scottish Traditions of Dance Trust
- Enterprise Music Scotland
- Traditional Music and Song Association

#### 4.11 **Support for equalities**

4.11.1 This will involve the continuation and enhancement of our support for work in the areas of arts and disability and cultural diversity. This will compliment the mainstream commitments in these areas and that will be reflected in departmental targets. In some instances individual organisations will also be funded through this commitment, for example Artlink (Central).

#### 4.12 **Support for youth arts development in the informal sector**

4.12.1 In virtually every department there are organisations with a national remit for working with young people. Beyond simply gathering them together in one budget category, we believe there is an opportunity to look afresh at how they may become greater than the sum of the parts, and where there may also be gaps in current levels of provision. The organisations that would be funded through this route, to an optimum level, would be;

- Scottish Youth Theatre
- Promote YT
- Y Dance
- National Youth Orchestra of Scotland
- National Youth Choirs of Scotland
- Feis Rois
- National Youth Pipe Band
- National Youth Brass Band

4.12.2 One area of activity where we would explore the development of a new agency would be in the arena of contemporary popular music.

#### 4.13 **Support for capital projects**

4.13.1 The reducing lottery funds, and the new strategic focus being proposed, suggest that we need to reconsider the role and scope of our capital programme. The Capital Committee and Officers have already explored some of the possibilities in

this regard. In focusing on participation one of the possibilities is to prioritise the upgrading of community venues, which would align strongly with the focus on participation.

## 5. New Vision

5.1 This would lead us to suggest a new vision for the Council which fits well with the vision and remit of Creative Scotland as outlined in the executive statement:

5.2 To be **the national arts development** agency which:

- *Develops and supports a broad range of sustainable high quality work across the nation;*
- *Supports artists and arts organisations to produce bold, inspiring and inspirational work which can excite and revitalise our country and communities;*
- *Takes risks and contributes to an environment which encourages artists and our partners to do likewise.*

## 6. Recommendation

6.1 Council are asked to:

6.1.1 **Endorse** the new model as indicated in the 'synthesis'

6.2.2 **Approve** in principle the list of foundation organisations and priority projects

20 January 2006

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## Appendix 4

### SCOTTISH ARTS COUNCIL Foundation Organisations

An Lanntair	Cross Council
An Tobar	Cross Council
An Tuireann	Visual Arts
Arches Theatre	Drama
Association of Scottish Literary Studies	Literature
Citizens Theatre	Drama
City Moves	Dance
craftscotland	Crafts
Crawford Arts Centre	Visual Arts
Dance Base	Dance
Dumfries and Galloway Arts Association	Cross Council
Dundee Contemporary Arts	Visual Arts
Dundee Repertory Theatre	Drama
Eden Court Theatre	Cross Council
Edinburgh International Book Festival	Literature
Edinburgh International Festival	Dance
Edinburgh Sculpture Workshop	Visual Arts
Equalities - Artlink	Visual Arts
Equalities - Project Ability	Visual Arts
Feisean nan Gaidheal	Music
Feisean nan Gaidheal (Music Managed Funds)	Music
Fruitmarket Gallery	Visual Arts
Gaelic Books Council	Literature
Glasgow Print Studio *	Visual Arts
Glasgow Sculpture Studio *	Visual Arts
Hi Arts	Area Development
Hi Arts	Cross Council
Imaginate	Drama
MacRobert Arts Centre	Cross Council
New Media Scotland	Visual Arts
North Lands Creative Glass	Crafts
Peacock Visual Arts *	Visual Arts
Perth Theatre	Drama
Pier Arts Centre	Visual Arts
Proiseact nan Ealan	Music
Puppet Animation Festival	Drama
Royal Lyceum Theatre	Drama
Scottish Book Trust	Literature
Scottish Dance Theatre	Dance
Scottish Ensemble	Music
Scottish Music Centre	Music

## Appendix 4 Cont'd

Scottish Poetry Library	Literature
Scottish Storytelling Forum	Literature
Shetland Arts Trust	Cross Council
Street Level	Visual Arts
Taigh Chearsabhair	Visual Arts
Theatre Workshop	Drama
Tramway	Dance
Transmission Gallery	Visual Arts
Traverse Theatre	Drama
Tron Theatre	Drama

## Appendix 5

### SCOTTISH ARTS COUNCIL Projects

Artists Fellowships	Visual Arts
Arts in the Community - to include	Cross Council
- regular funding for arts centres, urban and rural,	
- sig festivals (to be identified) and,	
- a separate commissioning fund	
- current small grant fund	
CFO support conference	Education
CFO support project funds	Education
Commissioning New Work	Music
Creative Development	Dance
Creative Development - Artists Awards	Visual Arts
Creative Development - Research and Development	Visual Arts
Creative Development - Writers Bursaries	Literature
Creative Development and New Work	Music
Creative Hubs	Drama
Creative links posts - national partners	Education
Creative Producer Scheme - Cross Arts (dance & drama)	Dance
Creativity and Technology fund (incorp film and video)	Visual Arts
Curatorial and Programme Development Initiative	Crafts
Devolved Awards	Crafts
Devolved small grants scheme	Visual Arts
Direct Awards	Crafts
Drama - New commissions and writing	Drama
Edinburgh UNESCO City of Literature (New)	Literature
Fellowships	Drama
Glasgow Grows Audiences	Audience Development
International arts / education conference	Education
Literature Festivals and Events	Literature
New Moves Ltd	Dance
New Projects/ New Work fund	Visual Arts
New Work - Music	Music
Own Art	Visual Arts
Programme Publishing	Literature
Provider number 3	Audience Development
Service Provider Model	Audience Development
Support National Collecting Scheme Scotland	Visual Arts
The Audience Business	Audience Development
Training	Education
Writing Fellowships	Literature

