

Museums Galleries Scotland response to the Constitution, Europe, External Affairs and Culture Committee 'Pre- Budget Scrutiny 2023-24: Funding for Culture'

About Museums Galleries Scotland

Museums Galleries Scotland is the National Development Body for Scotland's museum sector. We support 449 museums and galleries through strategic investment, advice, workforce development and advocacy.

This year our sector embarked on a new strategic context which presents strong opportunities not just for museums and galleries, but the culture and heritage sector as a whole. The new Strategy for Scotland's Museums and Galleries for 2023-2030, launched with support from the Minister, has been warmly welcomed for its ambition, its alignment with Scotland's strategic outcomes, and for the practical way in which its priorities will be delivered.

MGS's role is to lead and support all of the sector to deliver the strategy. A key part of that role is to make connections with other strategies and organisations, including aligning activity where appropriate in delivery of Our Past Our Future, the historic environment strategy. Our role is also about ensuring that museums make a strong contribution to delivering the ambitions of Scotland's Culture Strategy, therefore, we see the outcomes of this Committee's inquiry as central to how we can work further with the Scottish Government to take forward solutions and innovative approaches.

1. *In our pre-budget report last year, the Committee described the operating environment of the culture sector as facing a "perfect storm" of long-term budget pressures, reduced income generation, and increased operating costs. How has this evolved over the last 12 months? What impact has the Budget for 2023- 24 had on the culture sector?*

There is a misalignment in Scotland's culture policy ambitions and the current lack of investment in museums and galleries – a key component to Scotland's culture and tourism economy.

Museums and galleries are a vital component to Scotland's culture and tourism economy and are cited as a reason visitors come to Scotland. They have a strong international reputation and many of our organisations are actively involved in conducting international research and collaboration, therefore also contributing to Scotland's international footprint. Art Fund Museum of the Year – the world's largest museum prize – celebrated the Burrell Collection as the 2023 winner and Scapa Flow Museum as a 2023 finalist. Having two Scotland based museums shortlisted for such a prestigious prize demonstrates the ability of museums in Scotland to deliver world-leading work that serves local communities and attracts visitors from further afield. Yet, over a decade of shrinking budgets is creating a challenging context for these organisations, despite their proven ability to innovate at scale.

In the last 12 months, the cost of living crisis has made it extremely challenging to attract visitors which is compounded by the fact that the cuts are impacting on the quality of what these organisations can offer and their ability to maintain the buildings that house these important collections. In a recent survey, when asked about budgets cuts or loss of income, more than half of our respondents reported cuts or losses, with some seeing reductions of more than 50%. Most (91%) of our respondents reported increases in buildings and operational costs - these ranged between 1-10% and some even over 50%. The last 12 months have seen many organisations left with no option but to cut into their reserves reporting just 3 to 4 months remaining and some organisations with less than that. With no core funding to fall back on this makes their future financial position extremely precarious.

In a recent Scotsman article quoting ASVA, a startling drop in domestic visitor numbers as a result of the cost-of-living crisis was highlighted, in particular this is

hitting areas that rely on local visitors hard – such as Perth and Kinross, Dundee & Angus and Dumfries & Galloway. Dundee & Angus and Dumfries & Galloway recorded significant decreases of [32 per cent](#) and [39 per cent](#) respectively for the year to date for domestic visits; they are also reporting loss of income between 30 per cent to over 50 percent in these areas.

The drive to increase income generation is offset by the increasing unaffordability of labour due to the cost of living crisis – avenues to help raise funds such as marketing, conservation, events and exhibitions have to be carefully managed or stopped completely in an effort to meet budget savings targets, which in turn reduces the ability to raise income and drive visitors.

In the absence of alternatives, some organisations have cited a need to consider whether they can charge for admission to create income. This is a real concern as this goes against the ambition and sentiment for Scotland's culture to be accessible to all people and would further inequality, particularly at a time when the cost of living and energy crisis are hitting households hard. There needs to be a recognition of the value of free museums spaces; last winter, many museums in Scotland transformed into "warm and welcoming spaces" for people who could not afford to heat their homes. Museums are in a unique position to cater to the public in this way, as many are free to enter and are a hub in their community. It is likely there will be a similar need this winter but with continued cuts to museum funding, fewer museums will be in a position to offer this service.

Those without the option of using reserves are having to implement extreme savings targets that mean cutbacks on workforce, reduced opening hours, programming and community outreach activity. Some are even considering ability to pay buildings and contents insurance.

The diminishing value of museums services, real-terms reduction in funding for the culture sector as evidenced by last year's [Committee report](#) as inflationary pressures persist, is in misalignment with what Scotland's ambitious culture strategy aims to achieve in developing our international image as a progressive and dynamic cultural destination.

The cuts are having a direct impact on the ability of museums and galleries to connect Scotland's communities to their places

Museums and galleries have an important role in providing access to culture in local communities. Our civic museums, run by local authorities and arms lengths

bodies, are particularly well placed to engage underrepresented groups or those who experience barriers to cultural access in communities, because local government remains the most significant funder of local cultural activities across Scotland.

Overall, organisations across our entire sector provide programming beyond their basic services, to engage communities through, for example, outreach programs and community activities run by experienced staff and learning practitioners. In doing so, museums and galleries, are integral to connecting all who live in Scotland's communities to their places.

However, the ongoing rising costs of labour and energy prices have made it very difficult to provide these additional services and activities in a museum, as many museums report cutting back on staff as one of the immediate ways of managing cuts. We are seeing the loss of roles beyond the basic staffing requirements to keep a museum open. For example, the loss of experienced curatorial staff to run tailored exhibitions to community interests and participation, community workers that are required to run outreach programmes and proactively engage with the local communities, learning practitioners and specialist educational leads that support the learning and development of young people in the community and wellbeing needs of the community.

We are also seeing the loss of collections management and archival staff who undertake specialist training to act as custodians of collections on behalf of the public, fundamental to protecting and preserving these important collections and the local history. For example, the budget pressures on Glasgow City Council have seen Glasgow Life having to make staffing cuts by around 30 per cent that have mainly implicated its technical and specialist capacity staff. They suffer a predicament common to many local authority museums over Scotland where, as a non-statutory service, they have no protection from the impact of council cuts, often seen as a 'nice to have' than a 'need to have', despite delivering on a wide range of impacts for statutory priorities such as education, climate justice, and health. Where local authority museums are generating profits, the money is invested into the wider local authority and not given back to the museum or ring-fenced for future use, which means they can't save or plan for future years.

The hollowing out of museums services in this way has a strong negative impact on the overall quality of the service and what it can offer to communities and visitors. It also begs the question of what defines an 'adequate' cultural service in a local area. Without a definition of the minimum requirements of these non-

statutory services, public funding is cut without consideration of the key public and community needs that are being lost in the process. This includes schools outreach, apprenticeship schemes, dementia care, health and wellbeing targeted programming and sustainability and conservation programmes.

Running and operating depleted, basic museums services to keep the doors open does not echo the sentiment and ambition of the culture strategy in Scotland; there is a disconnect as in order to achieve more, a sector needs to be in a position of growth. The 2023-24 budget has meant that less can be done with the same amount of money, growth has been limited, and many organisations continue to be at operational risk.

There is an urgent workforce and service delivery crisis which needs strategic ring-fenced investment and support in order to realise national outcomes

Museums welcome Fair Work First to address historic low pay issues but the requirement to pay the Real Living Wage across the board is out of reach for some without making cuts elsewhere, mainly on staff and programming. Public sector grants, including MGS's own grants programmes, with the limited funding we have available, have been re-purposed and targeted towards supporting work that is responsive to the increasingly harsh economic conditions and energy crisis. The grants process is becoming highly competitive but also limited, as it does not cover the core operational costs of an organisation and is limited in how it can offer or sustain longer-term staffing issues.

Of concern is how this is affecting our workforce, morale is dropping as workloads become insurmountable and the inability to recruit new staff will reduce important community outreach and engagement work. Museums and galleries have also cited that the last 12 months have presented challenges for volunteer recruitment and retention; their loss is felt through increasing pressure and workload on permanent staff.

Without ring-fenced funding for culture, and upfront investment and long-term budget settlements, organisations have nowhere left to turn. A multi-year funding model will create benefits such as greater security, more effective forward planning, make it easier to recruit staff and volunteers, enable partnerships to be cultivated and allow organisations to achieve a greater impact by focusing on sustainable work.

There is an ongoing urgent need to address the investment in museums buildings and maintenance, especially if we are to reach net zero targets

We are grateful to the Scottish Government for the recent sum of £1 million in capital investment for the museums and galleries sector which has enabled us to target our grants funding towards projects that directly increase the resilience of museums by increasing energy efficiency, reducing running costs or preventing increases in maintenance and repair costs.

However, with 63% of museums housed in historic listed buildings, many of which urgently need investment, the funds are insufficient to meet the scale of investment needed across Scotland.

Organisations are currently reporting an increase of between 1 and 20% in capital costs, however, there are some organisations experiencing costs at over 50% for urgent capital works. Part of these costs will include the rises in energy spend, where we have received reports of increases between 40% and 120% on energy bills.

There needs to be urgent consideration of dedicated and targeted funding for capital works for museums and galleries in Scotland. Despite there being a very clear case for this, there is no equivalent to the MEND (Museum Estate and Development) fund offered by Arts Council England that provides dedicated and targeted support for non-national Accredited and local authority museums in England. In 2022/23 £37.6m in resource funding went to English museum services, plus £63.3m for specific capital funding through MEND, plus ACE project funding on top of these figures (the only part for which MGS has any equivalent).

In this current context, not only is the funding in Scotland insufficient to meet the scale of demands of the sector for basic repairs and modest energy efficiency measures, but it does not even allow for consideration of the kind of upfront investment that would be needed to meet net zero policy targets for the whole sector.

ACE has also targeted funds through MEND in line with UK Government's Levelling Up agenda, which means that museums in more socioeconomically deprived local authority areas receive adequate investment according to the degree of economic and social deprivation, thereby ensuring a level of consistency of quality across

museums services.

There is a risk of managed decline in museum services across Scotland and without responsive and targeted core and capital funding, there is an inevitable inconsistency in service between areas resulting in a sort of 'postcode lottery' of access to collections and programming. There is a risk that those living in areas of greatest social deprivation will be the ones most likely to feel the scale of the impacts of cuts and lack of investment.

2. *[Our report](#) also concluded that that this crisis provides an opportunity to accelerate innovative solutions to the budgetary pressures within the sector. What progress has been made on this in the last 12 months? And at a time of limited resources, what other innovative approaches could the Scottish Government take forward to support the culture sector?*

MGS supports the appetite to explore shared and innovative solutions to the budgetary pressures, in particular, we would be supportive of a more joined-up approach to deliver museums services.

It is clear that more coordination and collaboration across the culture sector and across sectors that museums deliver significantly to – such as education and wellbeing, will be needed to ensure the survival of these services at a time of limited resource. However, upfront investment would be needed to scope out potential options. The current funding deficit must be addressed first to break the cycle of negative impacts felt by the continuation of standstill funding.

It is also important to recognise that innovation grants funding and project funding alone is limited and we would want to avoid a scenario where organisations are only provided one-off rather than recurring funds, as activities become difficult to sustain once innovation funding has ended.

We must avoid a scenario where we just manage the decline of our sector, especially after all the progress that has been made. There has been little progress on thinking to develop and implementing the solutions which the Committee previously highlighted in the 2022-2023 pre-budget exercise.

It is clear that, without the implementation of multi-year funding packages, as per the Committee's recommendation from last year, there can be little progress in finding solutions to the current crisis.

There is clear evidential support for UK-wide dedicated funds, such as the Museums and Galleries Exhibition Tax Relief (MGETR) and the DCMS energy bills relief scheme extension, as powerful forms of support that supplement other funding sources and target specific needs. There needs to be continued support and advocacy from Scottish Government with the UK Government to enable these schemes to continue support for the Scottish museums sector. However, these are not the solutions to managing long-term budgetary pressures. We need to set an ambition to make change and have a budget that supports change, yet Scotland's spend on culture as a percentage of GDP still remains one of the lowest in Europe as cited by Culture Counts [published in the Committee's previous report](#).

A formalised whole-systems approach identified from last year's Committee report is a key area in which innovation can be made in the sector.

While there has been an increase in conversations that favour a dialogue and intent to work cross-departmentally we have not seen the impact of this in practise and a silo still exists between cultural departments/culture portfolio and cross-Governmental departments.

There has been a suggestion of a fixed percentage for culture funding from every Government departmental budget which MGS would fully support, but there has been little political will to drive forward on this.

We have some successful examples of organisations delivering on projects that have important cultural benefits but are funded by departments other than culture. For example, one of our organisations has indicated that some of their core work is currently funded by the Equality and Human Rights Fund – there should be a clear route and understanding for how other departments contribute to culture in Scotland and potential opportunities for funding and support that comes outside of the culture portfolio but supports cultural work and cultural gain for a community.

Similarly, the recent human rights strategy consultation highlighted how opportunities and investment as a result of international work enhances and supports cultural activities and can be used as a way to support the culture sector beyond the limits of culture spend.

3. *[The Committee called for the forthcoming refreshed Culture Strategy Action Plan to provide a clear and strategic sense of how the Scottish Government is working to ensure a more sustainable future for the sector. How should the refreshed Culture Strategy Action Plan help to inform future budgetary decisions within the culture sector?](#)*

Whilst the refreshed culture strategy actions have not yet been published, it is difficult to comment on what impact those refreshed actions would have. MGS however fully supports the development of updated actions that are responsive to the current and longer-term challenges for the culture sector.

MGS supports and champions the vision for the Scottish Government's Culture Strategy to place culture as a central consideration across all policy areas, including health and wellbeing, economy, education, reducing inequality and realising a greener and more innovative future. However, a survey of the sector indicates very little understanding and engagement with the strategy, which is explained by the feeling that without an associated framework for how the actions can be sustainably funded and invested in, the strategy has less of a meaningful role to play in the sector's work.

We recommend that due diligence is given to ensure that the refreshed actions for the culture strategy can be meaningfully delivered by developing an associated framework of investment, allocation of resource and governance against the key objectives of the strategy.

In particular, with reference to the suggested approaches for innovation outlined in question 2 above, there is a need for the culture strategy to consider the funding relationships between the cultural sector actions and other policy outcomes for health, education, climate and other key areas that are central to our sectoral contribution towards wider policy outcomes. There must also be a mechanism for these funds to be delivered more effectively and quickly in response to sector needs and therefore an implementation plan is essential. A funding implementation plan should also consider and address the discrepancies that exist between cities and rural regions. For example, the Committee's previous inquiry identified that transport and access in more rural areas was often a limiting factor to participation in cultural activities. Appropriate resource should be provided that takes these factors into account.

As mentioned at the beginning of this response, the museums and galleries sector has recently launched and embarked on a new strategy - the Strategy for

Scotland's Museums and Galleries for 2023-2030, supported by the Minister for Culture, Europe and International Development.

The strategy is mindful of the challenging times we collectively face, and we aligned the grant outcomes to the strategy as a key means of supporting the sector to deliver its ambitions while building resilience. This model provides a framework that ensures funding relationships with delivery outcomes and we would welcome the same approach with the new actions for the Culture Strategy. Our sector strategy also sets out clear actions to support museums and galleries to connect with their communities and bring social impact for all.

Having this new strategy and strong alignment across the sector is a valuable opportunity that we are keen to continue positive momentum on. Part of this momentum will be dependent on the national strategy for culture and its ability to develop and identify opportunities for cross-sector and cross-policy collaboration, the ability to share learnings, efficiencies, plans and priorities across culture sector partners supported with long-term, strategic investment and agile mechanisms by which to channel resource.