



Constitution, Europe, External Affairs and Culture Committee

Resource Spending Review

COSLA Submission, February 2022

The Convention of Scottish Local Authorities (COSLA) is the voice of Local Government in Scotland, representing all 32 Councils in Scotland. We are a Councillor-led, cross-party organisation which champions Councils' vital work to secure the resources and powers they need to deliver effectively. COSLA works on Councils' behalf to focus on the challenges and opportunities they face, and to engage positively with Governments and others on policy, funding, and legislation.

Summary of Key Points

- Local Government is a key part of the culture and leisure sector – directly and indirectly.
- The culture and leisure sector is integral to achieving successful outcomes in each of the key priority areas set out in the Resource Spending Review.
- Income generation for the sector is likely to be adversely impacted for some time due to the pandemic, with knock-on implications for other council services.
- Only fair funding for Local Government will enable ongoing and sustainable investment in cultural and leisure services to support recovery and ensure wider benefits including improvement mental health and wellbeing are enjoyed by communities.

Introduction

1. COSLA welcomes the opportunity to provide views to the Committee on the Scottish Government's Resource Spending Review. Whilst COSLA will respond in full to the Scottish Government's Consultation in due course, we can offer the Committee some initial views on how budgetary decisions can support the mainstreaming of culture across the Scottish Government, including the impact on health and wellbeing.
2. Scottish Local Government, and Arm's Length External Organisations (ALEOs) where they are the delivery vehicle, provide a very broad range of cultural and leisure services. While library, leisure, museum and art gallery buildings across all our communities dominate public perceptions of the municipal role, many Councils also operate theatres and support community halls and other venues. Councils also provide strong support to local third and independent sectors, in the form of direct grant support as well as indirect mechanisms such as peppercorn rents. Some two thirds of the 'regular funded organisations' supported by Creative Scotland receive Local Government funding.
3. The maintenance of, and access to, these services and venues is critical to address inequality, poverty and improved educational attainment. The culture sector is also a key driver in Scotland's local and national economy as a key contributor to tourism as well as

the wellbeing and educational benefits it delivers. These venues and services are also key to realising human rights, in particular the right to cultural life and the right to the highest attainable standard of physical and mental health which are to be incorporated into law during this parliamentary term following the recommendations from the National Taskforce on Human Rights Leadership.

4. Local Government invests significantly in cultural services. Local Government direct net expenditure on culture was £194m in 2019/20. For context, the entire Scottish Budget for the culture portfolio (excluding external affairs) is £337.1m for 2022/23¹, which demonstrates how much additional and added-value investment is made by Local Government across all communities in Scotland.
5. For Local Government, the biggest area of net revenue expenditure on culture was library services, taking half of the cultural expenditure (£95.6m). The remaining Local Government expenditure on culture was for 'Other Cultural and Heritage' (£56.1m) and 'Museums and Galleries' (£42.5m)². It should be noted that the £194m expenditure does not include significant additional spending which is relevant to the cultural sector, such as community centres and other recreation and sport facilities. In addition, Councils have an important role as a steward of local, regional and national cultural and historical assets, for example Stirling Council operates the Wallace Monument, but also many buildings that house cultural assets are themselves listed buildings and cultural assets in their own right. It needs to be remembered that the cost of preserving and maintaining these needs to be met even if the assets are not accessible to the public. For example, Glasgow Life displays, stores, maintains and preserves around £1 billion worth of art and artefacts. It is also important to highlight the preventative nature of much of the spend on culture and leisure and further information on this is set out in the sections below.
6. Local Government has been under significant and sustained financial challenge over the past decade. Councils have seen a real terms reduction in core funding. The Local Government Settlement is once again extremely challenging for 2022/23 demonstrating a £251m real terms cut in core funding. An explanation of this real terms cut can be found in Appendix A. The Settlement also does not take into account inflation, pay, increased demand and significantly this year rising costs such as energy. Sustainability of cultural and leisure services therefore remains challenging for both Councils and the ALEOs. Ring-fencing, national policy initiatives and protections in education and health and social care continue to mean that Councils have limited flexibility over local spend and unprotected areas, including cultural and leisure services and venues, are subject to a higher proportion of cuts. Evidence³ shows that over a period of 8 years before the pandemic, the investment in the collective cultural area decreased by nearly a quarter. Councils and the ALEOs that deliver cultural and leisure services have sought to manage these budget reductions in ways that minimise the impacts on services, but the cracks are starting to show, for example some are having to cut back on exhibitions, learning and outreach programmes and reducing opening hours. During this same 8-year period, satisfaction levels in libraries, museums and galleries all fell.
7. Cultural and leisure services across all Council areas have also been badly affected by the COVID-19 pandemic, with most culture and leisure services unable to operate either at all or at usual capacity for the last 22 months. COSLA has worked to identify the level of income lost across services in Local Government including ALEOs. This was estimated to be around £200m for all ALEOs and direct cultural and leisure services in 2020/21, increased from earlier estimates due to restrictions needing to be strengthened

¹ Scottish Budget: 2022-23

² 2019/20 LFR 02 - Culture

³ Local Government Benchmark Framework

and in place for longer. This represents 30-90% of budget for some organisations and services depending on structure and service offer. It is not expected that service usage will return to pre-pandemic levels, and therefore income, for a number of years as behaviour has been impacted by the pandemic. The pandemic will also have affected service user behaviour and service delivery in some, as yet, unquantifiable ways.

8. Given the erosion of Councils' core funding, it is anticipated this lost income will need to be addressed through efficiencies, service redesign and considering any fees or charges – meeting future pay awards and inflationary pressures will compound this challenge.

Resource Spending Review

Resource Spending Review Priorities

9. The Resource Spending Review Framework sets out three priorities:
 - To support progress towards meeting our child poverty targets
 - To address climate change
 - To secure a stronger, fairer, greener economy
10. Local Government's role is integral to achieving successful outcomes in each of the key priority areas and this should be recognised. It is critical that the cultural and leisure services provided by Local Government are recognised in this context.

Equality and Child Poverty

11. Local Government has the overarching role in assuring that culture is accessible to all. This accessibility of cultural services and assets is critical to promoting equality within our society – it cannot be that only those that can afford to are able to access the enrichment cultural service offer, there is a key role in promoting equality, including addressing the poverty attainment gap, that cultural services and assets provide. The National Performance Framework (NPF), co-signed by COSLA and the Scottish Government in recognition of the need for partnership working between local and national government to support its delivery, includes culture as one of our national outcomes. The Framework acknowledges the importance of our arts and culture being expressed and enjoyed *widely by everyone*, and the social and economic benefits that stem from Scotland celebrating and supporting its diverse creative talent, traditions and culture. In turn, this will help us make progress to meet the three UN Sustainable Development Goals related to this outcome, namely Reduced Inequalities, Sustainable Cities and Communities and Gender Equality.
12. Culture, as well as contributing to tackling inequality, contributes significantly to developing the confidence and sense of identity in young people which contributes to addressing the poverty related attainment gap. Culture has a significant role in removing barriers to learning, for example in Aberdeenshire giving a place for Doric in schools and community engagement has increased the confidence of young people who speak Doric at home, thus helping their overall learning. On a very local level libraries help equalise society and address child poverty through 'book bug' joint reading with children, acting as a venue from which employability services are provided and amongst other things by providing support to people making benefit claims.
13. Critically, the accessibility of the culture sector and services should not be seen as an add-ons, when possible. Instead it is essential to promoting equality and fostering connections within society. In turn this can help revitalise local communities and tackle

the impacts of social isolation and loneliness across all ages, stages and groups in our society, which will have been exacerbated by the Covid pandemic.

Achieving a Just Transition to Net Zero

14. Local Government is committed to a Just Transition to net zero and delivery of the 2030 and 2045 emissions reduction targets. The successful delivery of these targets will be put at risk if Local Government is not properly resourced. Energy efficiency and heat decarbonisation are critical to a Just Transition, as well as focus on waste reduction and a circular economy.
15. The leisure estate is a huge user of energy and water as well as a producer of waste, making a significant contribution to Councils' carbon emissions. Investment is required to decarbonise the leisure estate and improve resource efficiency. This will be crucial to help achieve net zero targets locally; however, with cuts to capital funding this will be challenging. Individual programme or project funding is not adequate and not effective in addressing the many interlinked issues and challenges linked to addressing the climate emergency. Local Government needs non-ringfenced and more flexible capital *and* revenue which it can invest in local projects and programmes.
16. Physical activity services also have a key role to play in helping people change behaviours and feel confident and fit enough to be more active locally, as well as to switch from cars to cycling, walking or wheeling to nearby destinations whenever possible. As the joint COSLA-Scottish Government route map⁴ for a 20% car kilometre reduction by 2030 recognises, our current level of car use is unsustainable. A reduction in car kilometres will need to take place as part of a broader set of societal shifts in order to support the shift to net zero – active travel will play a role, alongside demand management, improved access to local services and enhanced public transport.
17. In addition to the physical and mental health benefits of physical activity to the individual, there is evidence that safe walking and cycling can have wider population benefits including reductions in traffic congestion leading to reduced air pollution, noise and road casualties. Physical activity can also have a direct impact on the economy thanks to job creation and employment opportunities, but also reducing staffing costs thanks to a healthier and more active population.
18. Consideration should also be given to the potential role of cultural and creative industries in enabling significant changes in thinking towards economic growth given the climate emergency and the need to shift from consumption-led towards wellbeing-led models via innovation.

Contributing to a stronger, fairer, greener economy

19. Cultural and leisure services are significant contributors to local and national economies. Whether directly provided, through ALEOs or a combination of these working in alliance with the third and independent sector, the cultural offering also support schools, colleges, universities and local economies by providing educational resources, key visitor attractions providing a driver of tourism in cities, towns and rural areas and broadly increasing access and participation across the local population. Activities, such as curating and lending collections as well as performing arts support international relations and understanding.

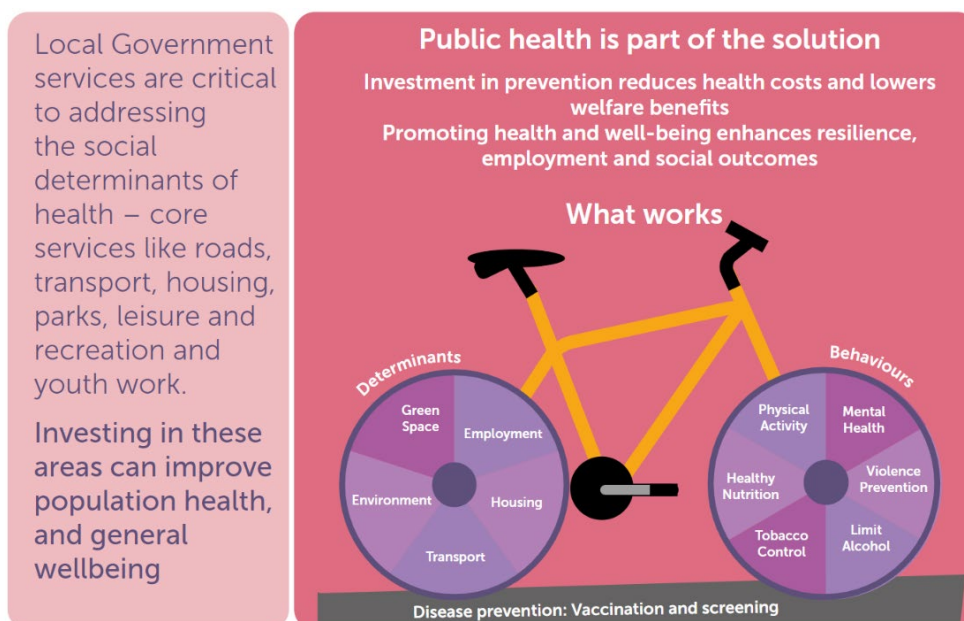
⁴ <https://www.transport.gov.scot/publication/a-route-map-to-achieve-a-20-per-cent-reduction-in-car-kilometres-by-2030/>

20. In addition, the role culture has to play in local and wider employment economies can create a strong pipeline of talent, job and training opportunities. These services therefore have a key role in driving a stronger, fairer, greener economy.

Resource Spending Review – Additional Considerations

Health and Wellbeing

21. In addition to the three priorities set out in the Resource Spending Review, cultural and leisure services are also important to the wellbeing of individuals and communities and have huge physical and mental health benefits. These services play a significant role in preventing poor health outcomes and reducing demand on health services, as well as helping to enhance recovery and improve the quality of life for people with long term conditions. These services encourage active engagement and help people to connect with and contribute to their communities, helping to reduce social isolation and loneliness and improve resilience. Cultural and leisure services are critical in addressing the social determinants of health, along with other core Local Government services such as roads, transport, housing, parks and youth work. There needs to be more upstream investment in preventative approaches such as social prescribing and working with physical activity, sport and cultural organisations locally.
22. Councils' core budgets are where spending on prevention takes place, on cultural and leisure services as well as local nurture programmes and English for Speakers of Other Languages (ESOL), all of which contribute to health, wellbeing and attainment. With erosion of councils' core funding, ever greater levels of funding being directed toward the NHS and reduced investment in preventative work, this simply exacerbates the problem and takes us further away from key priorities, especially around tackling child poverty. Simply putting more resource into health is not the answer. The Spending Review should recognise that health and wellbeing are interrelated and that investment is needed in the 'whole system' – that improving these outcomes depend on the building blocks being in place. These are housing, education, employment to name a few. The World Health Organisation (WHO) has made this case for wider thinking about public health⁵.



⁵ <https://www.euro.who.int/en/health-topics/Health-systems/public-health-services/publications/2015/the-case-for-investing-in-public-health>

23. The health and wellbeing benefits of cultural participation could be further recognised and enabled through the National Performance Framework. As set out above, this is particularly important with regard to mental health recovery, closing the education attainment gap, the local economy, local placemaking, and individual and community resilience.

Workforce

24. Local Government cultural and leisure venues and services also employ a significant workforce. Our employees deliver services but are also members of the community and rely on the services we deliver. Our staff also directly contribute to the local economy. The long-term pressures faced by the public sector over the past decades, as set out above, affects the sustainability of Local Government having significant impact on recruitment and the retention of our workforce as the sector is continuously undervalued.

25. The inability to invest progressively in our current workforce and attract new talent ultimately has a negative impact on our communities and the essential services we deliver. The lack of investment further disregards our role as often the largest employers in our areas and the lead we take as Fair Work employers. The influence of the Public Sector Pay Policy and the Living Wage Foundation's "real" living wage has resulted in compression or removal of points on our pay scales. This has narrowed or removed the pay differentials between basic roles like cleaners and roles that have greater responsibility and qualification requirements such as lifeguards.

Need for Sustainable Funding

26. There needs to be fair funding to Local Government to enable ongoing and sustainable investment in culture and leisure services, both revenue and capital, to support recovery and ensure wider benefits such as physical and mental health are enjoyed by communities. This must be a critical part of 'whole system' thinking, and about addressing the social determinants of health. Local Government and the wider public sector are anticipating significant challenges over the next few years as we recover from the pandemic, which is likely to place additional pressures on budgets.

27. It is therefore critical that Local Government is sustainably funded to deliver not only Scottish Government policy priorities, but all of the everyday essential services that enhance quality of life including theatres, museums, sports facilities to name a few, which should be recognised for the value that they add to our communities and to recovery.

Appendix A: Real terms budget reduction – Explanatory note

- COSLA's [Budget Reality](#) document highlighted a **£100m revenue shortfall** (cash terms) in the settlement for Local Government, once all funding for Scottish Government policies (transferred from portfolios across SG) is taken into consideration. (Note: COSLA always bases its Budget Reality document on cash comparisons)
- This shortfall is mainly due to the fact that the budget pressure created by the National Insurance Contribution increase and Council tax reduction change have not been funded.
- The **core** revenue budget for 22/23, as presented in the [Scottish Budget](#) (table 5.13) is £10,496m (the revenue settlement presented in Budget Reality was £11,791m as this included transfers in from other portfolios to cover Scottish Government policies). However to make real terms comparison, we need to use the core budget figure, allowing a like for like comparison.
- When comparing the core revenue budget for 21/22 (£10,495m) with 22/23 (£10,496m), and applying GDP deflators, we see a 2.58% real terms cut, equating to £272.9m (comparable to the analysis done by SPICe in their recent [blog](#)) However, if the £100m policy shortfall is also factored in, then the real terms shortfall is **3.51% real terms cut, equating to £371m**
- Following the publication of the Scottish Budget, an additional £120m for Local Government was announced. This still leaves a real terms shortfall of £251m. This additional funding is also not recurring.