



OFFICIAL REPORT
AITHISG OIFIGEIL

Constitution, Europe, External Affairs and Culture Committee

Thursday 11 September 2025

Session 6



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CONSTITUTION, EUROPE, EXTERNAL AFFAIRS AND CULTURE COMMITTEE
22nd Meeting 2025, Session 6

CONVENER

Clare Adamson (Motherwell and Wishaw) (SNP)

DEPUTY CONVENER

*Jamie Halcro Johnston (Highlands and Islands) (Con)

COMMITTEE MEMBERS

*George Adam (Paisley) (SNP)

*Neil Bibby (West Scotland) (Lab)

Keith Brown (Clackmannanshire and Dunblane) (SNP)

*Patrick Harvie (Glasgow) (Green)

*Stephen Kerr (Central Scotland) (Con)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Alasdair Allan (Na h-Eileanan an Iar) (SNP) (Substitute Member)

Tony Lankester (Edinburgh Festival Fringe Society)

Anne Lyden (National Galleries of Scotland)

Alistair Mackie (Royal Scottish National Orchestra)

Alison Turnbull (Historic Environment Scotland)

CLERK TO THE COMMITTEE

James Johnston

LOCATION

The Robert Burns Room (CR1)

Scottish Parliament

Constitution, Europe, External Affairs and Culture Committee

Thursday 11 September 2025

[The Convener opened the meeting at 09:01]

Pre-budget Scrutiny 2026-27

The Deputy Convener (Jamie Halcro Johnston): Good morning, and welcome to the 22nd meeting in 2025 of the Constitution, Europe, External Affairs and Culture Committee. We have received apologies from Clare Adamson and Keith Brown. Alasdair Allan is joining us as a substitute.

Our first agenda item is to begin taking evidence as part of our pre-budget scrutiny of the 2026-27 Scottish budget. We are joined in the room by Alistair Mackie, chief executive of the Royal Scottish National Orchestra; Anne Lyden, director general of the National Galleries of Scotland; Alison Turnbull, director, external relations and partnerships, Historic Environment Scotland; and Tony Lankester, chief executive, Edinburgh Festival Fringe Society. Welcome to you all.

I will begin by asking a couple of questions before I bring in other members. As you will be aware, the committee is taking a consultative, communicative approach to its budget scrutiny during this session of Parliament. Our previous pre-budget reports have recommended that progress should be made towards mainstreaming culture across portfolios and developing cross-portfolio funding for culture. What progress has made towards that across the Scottish Government?

I will come to Alison Turnbull first and then we will work our way across the panel.

Alison Turnbull (Historic Environment Scotland): There has been progress, but we would welcome further support from the Scottish Government on that. The historic environment is a vital part of Scotland's cultural, economic, environmental and social infrastructure. Mainstreaming is important for recognising heritage and culture as part of the solution and not treating it as an isolated issue. It allows funding to be delivered more efficiently across portfolios. We would welcome a whole-Government approach in which heritage is factored into regeneration, economic inclusion, jobs, education, housing, planning and skills. There have been some efforts in that area, but more work is needed to realise the full value of the historic environment. That would be a more effective use of public resources.

The Deputy Convener: There is some mainstreaming, but you do not feel that there is enough and there could be opportunities for more. Will you give us an example of where that is happening?

Alison Turnbull: An example is education. Other examples are city region deals and regeneration—regeneration is being placed at the heart of areas such as Paisley and Dundee. The nature of funding, including Government funding, is that it tends to be siloed into portfolio areas. If there is to be more mainstreaming, we would need Government help to work across portfolios.

Alistair Mackie (Royal Scottish National Orchestra): We are part of a cultural ecosystem. What has already been done with the support for Creative Scotland has made a huge difference. The RSNO has 80 members, but we also have 300-plus freelance musicians working for us. Improving and supporting the ecosystem is incredibly important.

We do a huge amount of music education now, which we provide through digital platforms and by sending musicians into schools. Our focus is primary schools, where there are few qualified music teachers. Those teachers might be enthusiastic, but they need a lot of support. We are supporting them, and students, too. Our aspiration is to bring world-class music making into every classroom in Scotland and to support education.

A lot of cultural organisations are doing a lot in the health and wellbeing space. The important point is that music and culture does not live in isolation from the wider economy. We are about to publish an economic impact survey showing that every £1 of Scottish Government funding in this area will return £6 in economic benefit. That helps to drive not only the creative economy but the wider economy. The more integrated that we are with the funding, and the more connected that we are within the broader education and culture ecosystem, the stronger we will all be.

The Deputy Convener: Thank you for that. You mentioned music teachers in schools. How do decisions that are being made elsewhere impact on your ability to meet those objectives and targets?

Alistair Mackie: This is about joining up strategies on instrumental teaching in schools with what we are doing through our digital platform. We could probably be more co-ordinated. Great work has been done in primary school music education, but we need to do more. I was absolutely thrilled to see an announcement this week that screen studies will now be taught throughout the education system, from primary school to secondary school. A lot of our work recently has

been on Hollywood film tracks. I hope that we can get some of the Hollywood composers who we get coming to Glasgow to support education for music for screen through our primary school digital offering. It is about joining it up, co-ordinating it and maximising what we are all doing.

Anne Lyden (National Galleries of Scotland): Morning, everybody. Thank you for having me here.

There is continuing appreciation for the additional £100 million that has been allocated to culture, but there needs to be more mainstreaming of that fund so that it goes to other areas within the culture portfolio. The National Galleries of Scotland has been significantly underfunded over many years. Most of our activities are funded through self-generated income. That does not come from our grant in aid; 93 per cent of our grant-in-aid goes towards staffing costs. That said, the areas that we work across—education, health and social justice—are important and feature in the national performance framework. We are very happy to contribute towards that.

We, along with the other national collections bodies—National Museums Scotland and the National Library for Scotland—very much consider that the nation of Scotland is our remit. We have ambitions to reach every school-age child through our programmes. We also have various programmes that promote health and wellbeing, including one that is dementia friendly. The statistics show how much of an impact that that has on people's lives. We are also working across class stories and making sure that there is access to culture across all areas and regions of Scotland.

I will be completely honest: in order to do that, we need a significant increase in the funding that we receive. I would be really interested in exploring further how that might be achieved through those funding streams and with cross-portfolio working. We are all working towards the same outcome, but we could be doing much more and helping the Scottish economy and the Scottish people, and preserving our culture while doing that.

The Deputy Convener: Thank you. One issue that comes up repeatedly across Government and those organisations that are supported by Government is the need for multiyear funding and the consistency of funding. With regard to mainstreaming culture funding and cross-portfolio working, how might the current funding approach impact some of the organisations that you work with, given that lack of consistency and the concerns about the ability to make longer-term decisions?

Anne Lyden: I think that all of us on the panel representing organisations here today would

argue in favour of multiyear funding. It brings about security and an ability to plan that, ultimately, means that the public purse is spent more efficiently. The annualised budget is a real challenge. It places constraints on projects from the design stage to tendering to construction. Trying to manage all that in a 12-month period is extremely difficult.

Having funding certainty over multiple years means that you can start to plan. For us, that means that we can look at organising big international exhibitions and touring with them. Again, that helps with representing Scotland's art and culture on the international stage; it is also a valid form of income generation for us. We find that very difficult to do on an annualised budget. I am sure that my colleagues here would say the same in relation to bringing in talent from abroad. It is difficult to do that if you are working within a set figure.

I appreciate that the Scottish Government receives an annualised budget, so I am aware of the challenges that are presented to it. However, we know what we are doing and what we want to do. We are asked about our budget intentions for the next few years, so there is an awareness of that. There can be an agreement on and a commitment to helping us to achieve what we need to do in that ground-breaking way.

Tony Lankester (Edinburgh Festival Fringe Society): Thank you for the opportunity to be here. I will start where Anne Lyden left off and echo the point about multiyear funding. It is true that multiyear funding is exponentially more impactful than multiple single-year funding cycles. A three-year grant has more impact than one-year grants that are received for three years. Of all the things that Anne Lyden mentioned, particularly in relation to planning, our having a clearer line of sight of what the future holds means that you are able to invest in programmes that might not deliver immediate returns but are likely to do so over an 18-month or two-year period. We would absolutely endorse that view.

I go back to your original question. I would hope that, in a room like this, we share common cause that arts and culture have an impact that goes way beyond that moment of culture in broader society. Certainly, we have witnessed some progress towards more joined-up thinking. Recent comments and engagements with both the First Minister and the Deputy First Minister have given us hope that there is more of that thinking from Government. We have seen progress in some areas to do with culture's role in tourism, in raising our international profile and in place making. That role is obvious and evident.

Perhaps less evident and in need of work is realising the impact of culture on, for example,

health and wellbeing, place-based regeneration, education and employability. Organisationally, we want to contribute to all that from our side. What we need from the Government's side is recognition that that work spans multiple departments and that there is a need to break through the siloed thinking, so that those things do not become just an incidental, nice by-product of what we do as the regular course of business but become part of the reason that we do business in the first place. That kind of thinking is much more valuable.

The Deputy Convener: Before I bring in colleagues, I have a question about alternative funding models. The committee has previously recommended that alternative funding models to support the culture and heritage sector, such as a percentage for the arts scheme, should be explored. Can you tell us a little about what those alternative models might look like? Historic Environment Scotland has adopted a new funding model, in which it has traded an annual reduction in Government grant in aid for the ability to retain surplus commercial income.

I will start with Tony Lankester. Can you give any examples of where such models are working?

Tony Lankester: There are a couple of areas where that is happening, some of which we touched on in our submission. I will tease out a couple of those. One of the projects that the fringe society has run pretty successfully is the "Keep it fringe" fund, whereby a sizeable contribution goes into a centralised pot that we manage and disburse to the people who need it most within the fringe ecosystem—in other words, the artists. An issue that has been discussed, and which might be discussed at today's meeting, is the expense of bringing a show to Edinburgh during the fringe. Artists and venues face debilitating and often crippling expenses in trying to stage work here.

09:15

The "Keep it fringe" funding model that we established is a very light-touch, easy-to-access yet high-impact funding model. By acting as the disburser of funds to the fringe community, we have taken away some of the complexity and the difficulties that the Government had had in the past in providing microgrants, if I can call them that, to a vast number of people. We have taken a lot of the bureaucracy and admin out of the process and made it very simple and streamlined. The "Keep it fringe" fund has been hugely successful over the years. We would ask for the Government to recognise that we have that capacity within our organisations. We have the case studies, and we have tested these things. That is pivotal.

It is also worth mentioning the transient visitor levy, which is in the process of being implemented. The hope is that the use of that as an alternative funding model will result in some funds flowing back into the sector. Those funds will come from the people who benefit most from the activities of the sector. To a large extent, big festivals—I am speaking on behalf of the fringe today, but I think that this is true of most big festivals—too often get taken for granted as the fuel in the tank of the tourism economy. Although we are happy to play that role, we are happy to do so only if we see some of the benefits of the tourism economy coming back to benefit the participants in the event itself. The TVL is one clear path that has been established, and we look forward to seeing the results of that.

Anne Lyden: Picking up on what Tony Lankester said, I think that the idea of providing more opportunities for microloaning and repayable investment schemes, which can bring in much-needed capital at an early stage for organisations, could be explored further, while still taking on board the idea of simplifying the process for those involved.

For the national collecting bodies, it would be great if we had the ability to have a flexible carryover of funds from one fiscal year to another. As well as building resilience within the organisation, that would help us when it comes to some of the smaller challenges that could easily be resolved. It would also be good for us to have borrowing powers akin to those that our sister institutions down in England have. The national institutions in England have the ability to build up reserves by carrying over funds from one year to another and by being able to borrow. That provides a bit more security and certainty, particularly in relation to unexpected occurrences such as an issue to do with the estate that has to be dealt with. We all have ageing estates, the fabric of which is in dire need of attention. That should be considered.

The Deputy Convener: I am not sure about the situation down south, but have there been examples in which borrowing has been overstretched? Have on-going problems been caused by bodies in the sector overborrowing?

Anne Lyden: Do you mean in England?

The Deputy Convener: Yes.

Anne Lyden: I do not think that they have overstretched in their borrowing. If anything, that ability has enabled them to move forward, whether in relation to pay policy, shortfalls or national insurance increases. Having that cushion allows an organisation to be resilient.

There are also alternative funding models to consider in the context of strategic cross-sector

partnerships, which we have already talked about. We need to think about what outcomes we want to achieve and how we can work together to achieve those across the sector and across portfolios. We know that culture and art are preventative in the realm of healthcare. We at the National Galleries of Scotland very much regard engagement with art as a health behaviour. It can increase lifespan and delay the onset of dementia and cognitive disabilities. Overall, it improves one's wellbeing. Ultimately, we are talking about things that delay costs to our vital national healthcare system. I would like that aspect to be explored further across portfolios. That will involve looking at how we can work together.

My final point relates to support for what has been termed "back of house" functions, which are the functions within our institutions that largely go unnoticed but are fundamental to everything that we do. I am referring to things such as the cataloguing, the digitising and the proper storage of our collections. Those functions are essential in enabling us to do everything else that we do in engaging with our audiences and preserving our legacy for future generations.

Alistair Mackie: I want to talk about endowment funds. I think that a pillar of financial security in the future will be cultural organisations building endowment funds. It is worth considering a system of match funding for individuals who want to put money into an endowment fund. For generations, culture in the US has been dependent on building endowment funds. I was previously employed by the Philharmonia Orchestra in London. There was a time when the national lottery, through Arts Council England, had match funding for endowment. In one year, we managed to generate an additional £1 million of support from our donors, which was match funded by Arts Council England and put into an endowment fund.

The RSNO is incredibly fortunate when it comes to the generosity of our individual donors, but there are points in people's lives when—whether by selling a company, selling a house or getting a bonus—they have the capacity to give single larger gifts. I do not mean in relation to revenue, or year-on-year, funding; I am talking about building something for the long-term financial security of organisations. That is almost a new way of funding. I recognise that people have endowment funds, but I do not think that there has been enough focus on them in the United Kingdom. If there was any financial support available that could be used for match funding, that area of donor development could be exploited much more than it is. I saw it work very successfully at the Philharmonia Orchestra in London, and I would like the same approach to be taken in Scotland.

Last year, we were fortunate to receive the largest single individual gift, which was a living legacy. We have used that to start an endowment fund. We are trying to tell the story around that to grow that. Endowment funds will not replace the public subsidy that we rely on, but if we want to move away from relying so heavily on public subsidy, they will be an incredibly important piece of the future funding jigsaw that we must talk about and build financial structures to support.

The Deputy Convener: Thank you. Colleagues will probably press you a little further on that.

Alison Turnbull: I wanted to start off by talking about the historic environment as an economic driver, but you mentioned HES's new business model, which came into place in January. Members had questions about that at the most recent meeting that we attended. We are in the first year of the new model. A baseline of grant in aid is required to unlock its potential. For £74 million of Government investment, the economic impact is £1 billion, and we are looking to grow that in the next three years. As well as wanting to reduce our reliance on public funding, we want to have the ability to retain our surplus and to look for multiyear funding.

That requires us to diversify our income. Currently, 50 per cent of our income is commercial. We are looking to grow those commercial sources of income by 6.5 per cent. Like other colleagues, we are also looking at philanthropy and fundraising. We are a charity, too. In relation to cross-organisational working, we have been talking to the National Galleries of Scotland about that. We want to increase funding from non-Government sources by 20 per cent in 2028, but we are also looking at an annual reduction of 3 per cent through efficiency measures.

As colleagues have said, we are part of a wider cultural ecosystem. We are happy to share learning with others, but we are conscious that our model might not work for everyone.

I will finish by mentioning the impact of the historic environment sector. It contributes £1.6 billion to the Scottish economy, which is partially made up of jobs and heritage tourism.

The Deputy Convener: I am sure that a number of the issues that have been raised will be covered by colleagues. At this point, I will bring in Alasdair Allan.

Alasdair Allan (Na h-Eileanan an Iar) (SNP): I want to pick up on the point that was made about mainstreaming and the point that was made about health by Anne Lyden, who anticipated my question. In the past, the committee has taken an interest in what more we can do to more fully mainstream funding in the sector, so that we reap

not only the health benefits but the benefits relating to people being actively involved in their communities, volunteering and so on.

In Norway, there is a word for the moral sense of responsibility to volunteer that all Norwegians feel: *dugnad*. I am not sure that we have quite reached that point in Scotland, but are we making progress in that direction? I am thinking about big public agencies, such as the national health service, remembering culture in the way that they structure what they do. I address that question to anyone who feels that it is relevant, but the point was first mentioned by Anne Lyden.

Anne Lyden: My microphone light is on, so I am happy to start.

At the National Galleries of Scotland, we are incredibly committed to effecting positive change to the health and wellbeing of the population. For us, that is about providing experiences and engagement with art collections. One of our main drivers for that is the completion and delivery of the art works facility, which will be located in north Edinburgh. That is part of a regeneration project in an area of the city that has been underserved historically. We know that providing more access to the collection—which, ultimately, belongs to the people of Scotland—can lead to positive health outcomes, but we need the funding to be able to complete that project. Our fundraising will help to complete it, but we need the Government to commit to following through in that regard.

The facility will be a research and collections-based centre. We are partnering with other cultural organisations in the sector so that it will become a hub. That will allow people to engage with it, but it will also act as a distribution centre, with the collection being sent out across the country.

On the point about people wanting and deserving access, it is not just about people being able to come to Edinburgh, or north Edinburgh, to visit such sites; it is about people across the whole country having such access, whether that is through mobile libraries or the exchange and loans programmes of museums and galleries. The national collections bodies take that issue very seriously.

There is a numerous amount of evidence, research and statistics to prove that such access has a positive impact. It would be good to move the conversation on from the one that started at the Healing Arts conference that took place last year in Scotland, which was formidable in bringing together NHS and Public Health Scotland leaders and various arts organisations in Scotland. There have been baby steps, but we need the support of the Government and other public sector bodies to help to achieve an impact.

Alison Turnbull: On health and wellbeing, we did a research study that showed that 86 per cent of people reported a wellbeing benefit from engaging with heritage—probably in all of your constituencies. The NHS was mentioned specifically. I can come back to you with detail on that, because I know that colleagues in my team have been engaging with the NHS.

Volunteering represents another key opportunity. There is a very high level of heritage-related volunteering opportunities across Scotland.

I also want to mention social prescribing. HES has a pilot relating to that, and I can come back to you on that, too. There are really good social prescribing models across the heritage and culture sector.

09:30

Alistair Mackie: The benefit of culture on health and wellbeing has been proven time and again, so I do not think that we need to discuss it. The financial benefits of preventative spend are out there.

I will make two points. First, along with the other national companies, we get more or less the same funding as we did in 2008-09. All the opportunities that are now presenting themselves to do more on health and wellbeing require resources and income, but we are doing more and more important work with the same funding as we had in 2008-09.

We recognise the importance of that work and are committed to it. We have been scaling up our community singing programmes, because we know how good singing is for health and wellbeing. There are community singing programmes, buggy choirs, workplace choirs and community choruses in Glasgow and Dundee. I would love to scale that up nationally and provide such programmes in every big town in Scotland.

Secondly, for as long as I have been in the culture sector, no one from a health provider has ever said to me, “Would you do this for us?” Cultural organisations are seeing opportunities and going to health and wellbeing providers, but I would love to see it happening the other way round. If somebody wants musicians and some singing programmes, I would like them to come and ask me.

In NHS England, having link workers across culture and health has worked really well. They look at opportunities and bring people together. NHS England scaled up the number of its link workers—initially, during the pilot, there were 1,000, but I think that there are more than 4,000 now. Such decisions are based not so much on outcomes but on finances and economic benefits,

which are clearly demonstrable. Those positions pay for themselves in economic return and preventative medicine. We need more funding to do more of that. I would love to have link workers connecting us all together a little bit better than is the case at the moment.

Tony Lankester: There is a saying: if you are holding a hammer, everything looks like a nail. For all of us, the hammer that we hold is arts and culture. As I said, we find common cause in saying that culture has a ripple effect and provides benefits to society way beyond what happens in that moment of culture. All our organisations—and, I imagine, most cultural-based organisations in Scotland—have, as part and parcel of their everyday business, a range of projects that lend themselves to providing the broader impact that we are talking about.

We are asking the Government for two things to help to facilitate and amplify what we are doing. We would like something along the lines of a culture-as-prevention fund or awareness campaign that takes what we instinctively know and practise and puts it more firmly into the consciousness not just of the public but of policy makers and lawmakers. That could be surfaced through quite a visible campaign.

Secondly, we would love culture-related key performance indicators to be embedded across portfolios, so that, when there are conversations within the Government about the allocation of budgets, departments beyond those directly related to culture need to tick that box. It would be great to see culture-related KPIs, and then Alistair Mackie might start to get calls from other Government departments, because they would have objectives that needed to be met, too.

Stephen Kerr (Central Scotland) (Con): Good morning. Clearly this is a meeting about finances and money, so I will stick firmly to the remit of talking about the money dimension. Alison Turnbull, you are in the company of three chief executives, but you are the director of external relations and partnerships. Is that right?

Alison Turnbull: That is correct.

Stephen Kerr: You are not responsible, in the first instance, for the finances of HES, are you?

Alison Turnbull: No, I am not.

Stephen Kerr: It is interesting that the director of finance and corporate services is not at the table today. To ask you a simple question: why is the finance director sitting not at the table but somewhere else in this room?

Alison Turnbull: At the moment, our chief executive is out of the business, and on balance—

Stephen Kerr: Yes, and the chairman has resigned.

Alison Turnbull: That is correct.

Stephen Kerr: That is why I am asking this.

Alison Turnbull: The Scottish Government is looking into it.

When we looked at our submission to the committee, we decided, on balance, that I would come and represent HES. However, if there are any questions, we can follow them up.

Stephen Kerr: I find that a bit strange, to be honest. If we are going to talk about money, the money person should really be sitting at the table. That is my view, which I have expressed.

You have already mentioned that the chief executive is off on long-term illness. We had her before the committee previously and we discussed the new financial model with her. It has just been announced that the chairman is leaving—he is leaving before his time is due.

I am going to refer to some press reports about HES that suggest that there seems to be some form of crisis in the organisation. “Toxic” working environments have been mentioned. What is going on in HES?

The most recent report I have here says that the Government has launched a probe into the internal controls of HES. This meeting is all about money, just to be absolutely clear. How much public money did you say you receive?

Alison Turnbull: We receive £74 million.

Stephen Kerr: In any organisation, internal control and culture around internal control is critical to the management of public money. What is happening inside HES?

Alison Turnbull: As I mentioned before, the chair has left. It is the Scottish Government’s responsibility to interview for a replacement, which it is doing, along with interviewing for chairs other public bodies.

You asked about what is happening. I want to mention that staff wellbeing is a first priority. You used the term “toxic” culture, and I want to come back on that, because we have evidence from the independent staff surveys that we run every two years. The most recent staff survey shows quite high marks: 7.6 for overall employee experience and 7.4 for pride.

You asked also about what we are doing and what controls are in place. In the interim period, the executive leadership team, of which I and my colleague are members, has ensured continuity of leadership and operational stability. We have done that via a duty director system, and through

working very closely with the HES board and our sponsor team at the Scottish Government.

Our commitment to deliver our corporate plan and sector strategy is unchanged. We have reviewed our deliverables for Q1 and we are on track. However, it has been a difficult time and I am very proud of the staff team.

Stephen Kerr: Are there issues? I am not clear from your response. Are there the issues that have been reported in the media? According to the media—I am putting this to you so you can clarify the issue—there is some kind of Government probe or inquiry.

Alison Turnbull: You would have to ask the Government about that.

Stephen Kerr: You do not know about any Government inquiry into the running of HES.

Alison Turnbull: You will have to ask the Government about that. HES is going ahead and delivering business as usual.

Stephen Kerr: Culture, obviously, is a critical factor in internal control. One whistleblower is reported to have claimed that board members at Historic Environment Scotland

“walk around like they own our castles”

while ignoring staff complaints.

Alison Turnbull: I can comment only on the evidence that I know about. I mentioned our staff surveys and the various ways that we gather information. We also have a people strategy, through which we respond to that information. There has been a lot of activity, including going out and engaging with our colleagues on site.

The Deputy Convener: Mr Kerr, if I can step in quickly. This is a discussion about the budget. It is perfectly reasonable to ask questions about the responsible use of money and how any issues in the organisation affect the efficient use of money, but can we focus on the finance side?

Stephen Kerr: I am going to be very specific now, if I may. I have been approached by a number of whistleblowers and other people who have brought certain things to my attention. I have a list, but I will give you one example that causes me some concern about attitude, culture and internal control.

It has been brought to my attention by a number of people that on 11 August, one of the directors of HES had a dinner with a companion in the Queen Anne building at Edinburgh Castle. The Queen Anne building is a facility that is reserved for parties of up to 40 people and it can cost up to £12,000 to hire—I am not sure whether that includes the catering, but I think that maybe it does. Someone said to me that of that £12,000,

£9,000 would come directly back into Historic Scotland. However, two people, a director and a companion, dined in that space alone, which apparently—this is why it has been brought to my attention—is very irregular.

When I read reports that the directors have the attitude—this is an allegation—that they

“walk around like they own our castles”,

and then people said to me that on 11 August, during the time of the tattoo, a director and a companion ate alone in that very prestigious and expensive room, alarm bells rang. You will understand that. A director is treating that property as if it is their own.

If I do a freedom of information request—I intend to do this, by the way; I am giving you advance notice—to discover the circumstances of that event in the Queen Anne building, what will I discover? I think that I might discover that they paid a token amount. Instead of £12,000, did they pay £50 or £100, or maybe nothing at all? Can you understand why I am concerned about internal control and the directors’ attitude towards managing the public finances when that sort of thing is brought to my attention?

Alison Turnbull: I am not aware of the specific instance, so I do not know whether by directors you are meaning the executive leadership team or—

Stephen Kerr: A board director.

Alison Turnbull: All I can do is take that back, look into it and respond.

The Deputy Convener: I do not know whether you have any specific questions around the budget, Stephen. That is an issue that you can take further.

Stephen Kerr: I am raising the issue in order to highlight the fact that £74 million of public money is given annually to Historic Environment Scotland, and there seems to be a collection of evidence that adds up to something not being right in HES. Something needs to be uncovered here. I am hoping that the cabinet secretary is involved in all this and I am hoping that he is looking very carefully at the reports that I am referring to.

I have other questions, but I recognise that we are running out of time.

The Deputy Convener: Very briefly, because we are obviously tight on time.

Stephen Kerr: I will move on talk about staff costs. Anne Lyden, you mentioned staff costs when you were in front of the committee before. Could you bring us up to speed on what the impact of increased staff costs has materially meant to you? When we last spoke, it was in

advance of, for example, employer national insurance contribution increases and full implementation of the fair work requirements. What has been the impact on your budget because of those?

Anne Lyden: As I reported at the January meeting of the culture committee, the costs of the 35-hour working week, national insurance increases and pay awards effectively totalled £1.75 million, and that is something that we have had to take on board. In the budget that we were allocated for this financial year, there was an increase of 9 per cent, which totalled £1.75 million.

Stephen Kerr: Therefore, that increase has gone.

Anne Lyden: It has gone. I go back to my earlier point that all of our activities are funded through self-generated income and through sponsorship and fundraising.

Stephen Kerr: You mentioned, the last time that you gave evidence, that it might be necessary to close wings and galleries and that it would perhaps be necessary to restrict opening hours. Has any of that happened? Could you bring us up to speed?

Anne Lyden: I am happy to say that we have not had to close any of our operations. We were successful in managing a balanced budget for this year, but we have very valid concerns for the coming years and what we will be able to do. Such measures remain on the table. We have been honest and transparent with our colleagues about the difficult financial situation that we are in, and we have encouraged everyone to be mindful of their budget management and accounting of that. I have no hesitation in saying that everyone is doing amazing work on very little.

We are also trying to move into a space where there is more of a commercial mindset and an opportunity to raise funds, because we know and anticipate that there will be a shortfall. Within those contingencies and measures, the last thing that we would want to do would be to have any closures. However, I cannot rule that out, particularly without knowing what the budget will be for the next year.

Stephen Kerr: Has the head count remained the same or have you had to reduce it?

09:45

Anne Lyden: The head count has gone up, because we have had to take on extra staff as a result of the 35-hour working week. We require 24-hour staff security at our sites and we have multiple sites. Also, we have a project at the moment called project kickstart. Through external funding, we have been able to bring in additional

positions for that project. That is purely working in the space of income generation. Invest to earn, essentially, is what we are looking at and trying to do.

As I have said before, there has been systemic underfunding over many years and so we are working with a minimal staff profile. Even though it has increased, it is still not enough for what we need to do and for what we should be doing for the people of Scotland.

Stephen Kerr: Let us talk about the maintenance backlog. Last time we spoke, it was £17.5 million. It is probably the same or more now. What is it?

Anne Lyden: We are actively in the process of gathering that data, but our current estimate is that it is around £20 million.

Stephen Kerr: It has gone up to £20 million.

Anne Lyden: Yes.

Stephen Kerr: What are the three high-risk maintenance issues that you are looking at?

Anne Lyden: Effectively, it is our ageing estate. Like many cultural bodies, particularly the national collections, are working in amazing buildings, many that date from the 19th century, but they are not necessarily fit for the climate crisis in which we find ourselves. They are using ageing systems, whether that is gas boiler heating or electrical systems that need rewiring and repair. There is a long list.

We need about £4 million a year to tackle that backlog. Last year we received £1.9 million. That accounts for the increase in the backlog that I mentioned.

Stephen Kerr: Could you mention the three highest-risk issues?

Anne Lyden: Our main gallery—the national gallery on the Mound—needs support for its fabric and infrastructure. Again, there is a real concern to address leakages. The plant system is really not fit for purpose, and that is critical when thinking about future proofing the organisation. However, the art works proposal has granted us a new build, which is Passivhaus, so that is being future proofed in terms of its carbon footprint. That is an essential component, because we need to be able to effectively store our collection. Ninety-seven per cent of our collection is currently held in store and we want to be able to open that up to our audiences. However, we also need to ensure that the collection is safely secured and stored. To address the challenges at the Mound gallery, we need a safe store location to decant that collection into.

Stephen Kerr: There are lots of other questions that I could ask you, but time does not allow it.

The Deputy Convener: I am going to move on. I have been quite generous with time, and I will hopefully bring you back in shortly.

Stephen Kerr: I have some more questions, if it is possible to ask them.

The Deputy Convener: Of course.

George Adam (Paisley) (SNP): Good morning. For those of you who have been here before, my questions will be similar to the ones that I have asked you previously. I get how important culture is and how it can be used as a tool to regenerate and reinvest in challenging areas such as my constituency in Paisley.

I will start with Alistair Mackie from the RSNO, to develop the idea of endowment funding. How do you see that working?

Here, I should probably make a declaration, deputy convener. A long time ago, back in 1999, I worked for a car manufacturer that was one of the RSNO's sponsors back in the day. The car manufacturer is no longer with us, so it has nothing to do with me now and, as I said, I left there a long time ago.

My point is that, at that time, a basket of measures was used, which included public funding, commercial funding and sponsorship by commercial partners like the one that I worked for. How do you see endowment funding working? Earlier you mentioned national lottery funding. How do you see that working alongside public funding? I am just trying to get my head around that idea.

Alistair Mackie: The arts had a lot of commercial sponsorship in the past, but it is harder and harder to secure such sponsorship now. Much of it has gone to sport, so it has been drawn away from the arts. Thank you for your support in the past.

George Adam: You were very helpful, because I was able to take customers along to many of your shows.

Alistair Mackie: That is great. We still do that, but the funds that we raise from it are minimal in comparison with what we were able to raise in the past.

People want to secure the long-term future of the arts organisations that they love. However, there is a very different mindset now. Giving money this year, to put on a concert, or even to keep the lights on, is one thing, but doing something really meaningful to secure an organisation's long-term financial stability is very different.

We are unlikely to achieve significant gifts for in-year revenue funding. However, as I said earlier, there are opportunities in people's lives—they

might be celebrating life events or other occasions such as achieving bonuses or house sales—when they have a chunk of money and they want to do something meaningful with it. If we can give them a narrative and some encouragement to put that money into an endowment fund, that would bring more individual funding. That is not a new area, because it has been happening, but developing it is really important.

We often talk about the taxation system in the United States. I know that the system there is different, but it does encourage endowment giving. I do not know whether encouraging such giving here would be done through national lottery funding, the Scottish Government or a combination of means, but if there were to be matched funding for endowment funds it would be helpful.

Just to be clear, for the endowment funding that we are now setting up, there will be a restriction on how much we could draw down against an individual gift: it can be no more than 10 per cent of capital plus interest in any given year. That will not be raided to cover an in-year deficit; instead, it will be used to support the organisation in the long term. We can invest it well, grow that money and get it to work.

For narrative and all sorts of other reasons, we should focus more on that approach, build structures that support it, and encourage it a little more than we do at the moment.

George Adam: That is interesting. My next question is for all our witnesses. Every year, we talk about doing cross-portfolio work and about what your organisations can deliver towards what the Scottish Government wants to achieve.

I will use an example from my own area. You will all be aware that Paisley has used cultural regeneration as a major tool. The council has invested in the museum, the library in the town centre, and the town hall, all of which bookend the high street. Its approach has been about reinventing the high street, making it fit for the 21st century and using culture as the key to getting footfall back into the town centre. It would be nice if the RSNO made a wee visit.

Alistair Mackie: We have been to Paisley town hall, and we were in Paisley abbey this year.

George Adam: Nobody told me that, and I live across the road.

Alistair Mackie: I am sorry about that. I will make sure that we tell you next time.

George Adam: Because such events create footfall, they help with the restaurant and nightlife sectors as well. What are you doing as part of that cross-portfolio work? Please give me examples. Governments work on data, so if you have data to

prove to me that you are doing work in this or that portfolio, that will support the arguments that we can make to the Government. We will be able to ask, "Have you looked at doing this and working with them in that way?" I agree with the idea of looking at culture across portfolios and asking, "What is the impact? How can they help? How can we make a difference?". However, we need the data, because we have to follow it.

Tony Lankester: I will respond to that. The data most readily available to us shows that, in 2022, Festivals Edinburgh—the umbrella body that looks after the 11 major festivals in the city—commissioned an economic impact study. One of the great ironies is that we do not have the funds to commission a new study, so we have to rely on the 2022 figures. In that year, the net expenditure in the city of Edinburgh was £169 million, around half of which went on accommodation and about 25 per cent of which went on food and drink. Therefore, around 76 per cent of the net expenditure in the city in the course of the year, largely as a result of the activity of the festivals, went straight to the tourism and hospitality sector.

The follow-on question is: how can we use that data to ensure that the bedrock of activities that attract people to the city and encourage them to spend here is supported continuously?

The transient visitor levy, which I referenced earlier, is one such mechanism. It would be great if there were other creative ways of doing something similar. Data on the economic impact of such approaches exists, particularly in travel, tourism and hospitality. It is less easy to get quantitative data on health and education, but it should not be beyond us to start harvesting some of that data and trying to draw a solid line between the benefits of culture, particularly to health and wellbeing. One can do so purely on the basis of case studies and examples of where such an approach has been successful in the past. That would allow us to begin to make the case to other departments for culture to be front and centre in their activities and in budget planning as well.

Anne Lyden: I can provide the committee with more detail after the meeting, but, to give members some sense of what I will describe, National Galleries of Scotland has been working directly with the NHS, and in particular with the sick children's hospital and with child and adolescent mental health services here in the city. We provide a service that gives art and creative workshops for patients, ahead of appointments and critical operations that they require. Data shows that the workshops help to calm the patients and prepare them for whichever treatment they are facing. The service has benefited not only the patients themselves and their families but the

surgical and medical staff concerned. That is just one programme that we offer.

In the past year, we have also conducted audience surveys, as we do every year. A steady percentage of visitors—the figure is consistently in the mid-80s—report that visiting works of art improves their wellbeing. This year, we have drilled down into the figures and have explored aspects of neurodivergence, anxiety, depression and the impact on individuals of visits to the galleries or other forms of engagement with art. I will be happy to furnish the committee with the detail afterwards, but suffice it to say that audience engagement has had a positive impact right across the board.

Alison Turnbull: I have already spoken about the historic environment as a driver in Scotland's economy in relation to jobs in heritage tourism. I can provide more evidence and data on your specific question about planning and regeneration. HES has supported townscape heritage projects that have brought vacant buildings back into life and back into use, and that supports local businesses and communities.

Heritage skills are essential for achieving our net zero ambitions in construction. On employment, in the next decade we will need about 10,000 new jobs if we are to care for Scotland's historic buildings. In that context, we might think about youth employment and pathways into employment. I was recently involved in interviews for our apprentice of the year award. That made me think about how the different pathways available to people who are leaving uni or going in straight from school will be an important element for future generations. We can provide more facts on that aspect.

George Adam: The skills that you offer in that scenario are quite impressive. If I can make another Paisley-centric point, the town has more historic buildings than anywhere else in Scotland outwith Edinburgh, so that skill set is very much needed in other parts of Scotland.

Alison Turnbull: We should think about offices as well as homes. A high number of offices were built before 1919, so taking account of those would further promote green jobs.

The Deputy Convener: Just before I bring in Patrick Harvie, I have a couple of quick supplementaries—one from me and one from Alasdair Allan.

Alistair Mackie, what size of endowment do you foresee or envisage? What is achievable?

Alistair Mackie: I would like to set an initial target of £10 million for the RSNO. The Philharmonia in London reached £6 million in a relatively short space of time. A target of £10

million would probably give the RSNO between £500,000 and £1 million a year in potential revenue funding.

The Deputy Convener: Over what period?

10:00

Alistair Mackie: I would want to be ambitious. Let us say three to five years. We have not scoped out those numbers, but I have a number of £10 million in my head.

I would like to make a more general point. Conversations about mainstream funding, cross-portfolio funding and all those other aspects are incredibly important. However, if I might say so on behalf of the national companies, we have a problem. We just do not have enough money, full stop. We are at 2008 funding levels.

Also, we want to see diversity in culture. To get that, we need jobs, not freelance arrangements, and such jobs need to pay properly. We can be as entrepreneurial and as inventive as we can, but that difficulty will remain. Since 2018-19 we have increased our income by 50 per cent. We have tried to cut our costs, but we are at the end of the road with that. People will not going accept going into £100,000 of student debt—which is what they will acquire for six years of higher education training to become a musician—only to earn £34,000 at the end of it, unless they come from a financially secure background. That will not advance diversity.

I was hoping that you would ask me questions about money, because it is just so important.

The Deputy Convener: We might get to that, but I am conscious of the time. I will bring in Alasdair Allan for a brief supplementary.

Alasdair Allan: I want to pick up on what Tony Lankester said about the economic and tourism benefits of arts events. I hasten to add that I do not believe those to be the only benefits that culture provides. I will also pick up on Anne Lyden's point about 97 per cent of collections not being on display. I offer no criticism of that, because I understand that that is how museums and galleries have to work.

I am curious to know whether you all feel that the financial or budgeting climate in which you operate promotes loans of art, whether it be of art works or objects in museum collections on loan around the country, or on tour around the country, in a way that brings cultural benefits, and the economic benefit that you described, to other bits of the country.

Anne Lyden: As a national collecting body, our remit is the entire nation of Scotland. We actively lend the permanent collection across the country.

This summer, we held an exhibition about mining and Scottish miners. It started here in Edinburgh, at the Scottish national portrait gallery, went on to Kirkcaldy and finished its tour at Cumnock in East Ayrshire.

We also have the artist rooms collection, which has a clear mission to take stellar artworks by major artists, such as Andy Warhol, Vija Celmins and Louise Bourgeois, and tour it all over the country, to places such as Dunoon burgh hall and An Lanntair. We absolutely stand by that commitment.

To answer your question, we are somewhat restricted in what we can share, because of our funding situation. We would love to see more of the collection going out to our various partners, in museums and communities across the nation. To repeat a phrase that has already been used this morning, we are an ecosystem. For us to share the national collection, we need partners in community and local authority museums up and down the country, all of which require funding.

We tried to take the exhibition about miners, which I have just mentioned, on tour to former mining communities, but that was touch and go because some of the host institutions did not know whether they would receive funding to enable them to take it. We would love to be in a position where we could help with that. Perhaps it needs to be explored whether, if the necessary funding is provided to the national collections, it is for us to be able to distribute the collection to those partners. That would mean helping with those loan exhibitions. It is about sharing the assets and tapping into the community culture that already exists, while also being able to share those national objects.

Alasdair Allan: You mentioned exhibitions, but I was also thinking about the long-term loan of objects and artwork around the country.

Anne Lyden: We have long-term loans from our collection at Duff house in Aberdeenshire and Paxton house down in the Borders. Such loans can be made for up to three years and can be renewed for various partner institutions across the country. Therefore, that is possible.

Tony Lankester: I will add a point from the perspective of a performing arts festival, which differs from that of a visual arts entity. Clearly, we cannot loan artworks, but I guess that the equivalent in the world of the fringe is providing onward touring opportunities for artists.

This year at the Edinburgh fringe, 1,770 producers, representing 68 different countries, attended specifically to shop for work to take to their own festivals, institutions and theatres around the world. That provides a massive economic and social benefit to the participants in the fringe. The

scale of the shopping ground is one of the things that makes the Edinburgh fringe unique globally. There are legions of stories about artists who have brought their work to the city and used it as a stepping stone to go on to bigger things in their careers. The fact that the global arts marketplace is rooted here in Edinburgh is hugely significant.

Just to echo what has already been said today, the risk of the lack of multiyear funding, and of not having a clear line of sight of what our future holds on funding, jeopardises those benefits. For us, it is business as usual, but for the world it is one of the things that makes the event special. The risk is that it will gradually start to wither and then other festivals around the world could elbow their way into that space. That goes back to the narrative about the need to protect our core asset before we start thinking about big, new, bright, shiny things, because the asset that we have is pretty significant in its own right.

Patrick Harvie (Glasgow) (Green): Good morning. A couple of you have touched on the challenges of climate and net zero, but I want to focus on the issue a little more.

Obviously, we face hugely significant challenges around older buildings, newer buildings or, indeed, investment in replacements. Anne Lyden, you might want to talk a little bit about the Granton project, which has still not been given construction funding, unless there has been a change since you raised that issue in your submission.

The argument that is put around multiyear funding is relevant to pretty much every aspect of this topic, and capital investment, in particular, is difficult even to plan for in the absence of that long-term certainty. The lack of a capital funding stream specifically from Creative Scotland has been flagged up.

Can you tell us a little bit about how your organisations, or the wider sector, can even begin to grapple with the challenges of climate and sustainability in the absence of that long-term certainty? What kind of delivery model would be effective in giving you the ability to do that, particularly in light of the argument that the National Galleries submission makes that delaying decisions on projects such as the Granton one increases costs?

Anne Lyden: In general, it is fair to say that there is an ambition and a willingness to achieve net zero and to future-proof our buildings and estates, but the demand for money with which to do the necessary work outstrips the available funding from Government. I believe that the funding stream that was available last year had to close because the demand was so great that it was used up. Therefore, we have had to self-fund our studies and continuation of that work, because

we know that that work is critically important. Accordingly, I would make a general plea for more Government funding to help organisations across the public sector achieve net zero goals and targets.

As Mr Harvie mentioned, we have plans for the Art Works facility in north Edinburgh, which I touched on earlier. It is at the construction stage—we are shovel ready, and we just need the funds to be able to literally break ground and get going. The project involves a Passivhaus building of a size and scale that will make it the first of its kind in Scotland. We are thinking about it as a future-proofing project, not just for our organisation but for the collection that it will contain for the people of Scotland. As a passive house, it will have less of a carbon footprint than other buildings. Overall, National Galleries of Scotland has managed to reduce our carbon footprint by 60 per cent, and I know that we are joined in that effort by the other collecting bodies, the National Library of Scotland and National Museums Scotland, which have managed to reduce their carbon footprint by 70 per cent.

We are all taking the challenges very seriously. Indeed, the Art Works project is part of public sector reform with regard to a collection storage pipeline to meet the critical storage needs across the culture sector, because we need to find solutions to the issues that are posed by our ageing infrastructure.

Patrick Harvie: You would expect me, as a Green politician, to be a big fan of things such as Passivhaus building projects that will massively reduce carbon emissions and energy costs. However, reducing energy costs is also a good business choice for the long term. Such projects require capital investment, but as well as reducing carbon emissions, they will save money, particularly for energy-hungry buildings.

You have made the case that the Granton project is a multi-disciplinary and cross-portfolio project, as it meets health, education, culture and climate objectives. However, I think that a lot of committees would reflect on the difficulty, in good times and bad economically, of getting joined-up decision making for projects that will deliver multiple objectives for the Government, and that that can be a barrier to getting projects over the line. Has that been a major issue?

Anne Lyden: Yes, it has. I have no doubt that the cabinet secretary has supported this project and would like to see it happen, but there is a question around whether the rest of the Cabinet and Government can see how it will perform in those areas and agree that, because it will deliver those cross-portfolio benefits, it requires investment from those portfolios.

Earlier, we talked about social prescribing, and we have all shared the relevant statistics. There has to be some way to unlock that funding in a way that will have benefits across the portfolios for the Government and for the people of Scotland. Along with National Museums Scotland, the National Library of Scotland and everyone else in the culture cluster of public sector reform, we are actively looking at ways in which we can be more efficient in how we are using the public purse, but we need support from across the other areas. It cannot just be from within culture, because we are not working only within culture.

Patrick Harvie: Can the other witnesses add anything about how your organisations and the sector are dealing with the net zero challenge, or what needs to change to enable you to do it better?

Alistair Mackie: I will talk about the screen sector, which is doing well in Scotland, and highlight the project post fund, which is a good initiative that Screen Scotland created in April this year.

We worked on two major productions that are coming out: "Nuremberg", with Russell Crowe; and "Now You See Me: Now You Don't", both of which are big international releases that represent substantial contracts for the RSNO. However, not one person left Los Angeles to do the music. We installed the technology in the control room in Glasgow so that we can link up around the world with composers, supervisors, and film directors.

As Scotland progresses its ambitions in film, looking at the end point of the making of a film—the post-production side, which the project post fund is now encouraging—is an incredibly important evolution. Location shooting means bringing many trucks and hundreds of people from around the world to shoot in Scotland. I hope that that does not stop, because Scotland is a great place to make films, but the growth of post-production facilities in Scotland is important. There are great skills here, not just in music but in special effects. Halon Entertainment has relocated from LA to Glasgow, and it is encouraging to see that.

Post-production is a huge area, and it does not involve people flying around the world if you get the tech right. Capital investment in tech and financial stimulants for the post-production side of film making are a really good approach for Scotland to pursue.

Patrick Harvie: I think I feel a local visit in Glasgow coming on.

Alistair Mackie: Please come. You are very welcome.

10:15

Alison Turnbull: I would like to come in on that. HES has a climate action plan and a sector strategy, which are both aligned to Scottish Government targets. We are committed to reducing our greenhouse gas emissions by 33.6 per cent by 2028, but Scotland cannot meet its net zero targets without tackling the issue of its historic buildings. We estimate that 80 per cent of buildings that will be in use in 2050 are standing today, so, with sustained capital investment and skills support, heritage can be an enabler for Scotland's just transition.

As an organisation, we have invested in energy-efficient measures across our sites. We have piloted solar panels at Edinburgh castle, and we are embedding climate action into our operations. Also, we are going to launch a retrofit centre to support the adaptation of traditional buildings, which will support the wider sector—I see our wider-sector role as being about training, advice and guidance. Retrofit creates green jobs, but it is also essential for housing stock. Investment in retrofit connects to skills and supply chains as well.

The sector is ready, and it is a matter of putting the enabling conditions in place for the cross-government approach.

Patrick Harvie: I will put my final question on this theme to Tony Lankester, because it is perhaps more relevant to the Edinburgh festival fringe and to other aspects of performance arts.

There are challenges around the approach of productions to the circular economy and to achieving sustainability by reusing resources. Many productions have a bad track record of repeatedly buying new and throwing away. Whether it is stage or screen, a great many productions in the sector could do a great deal better with regard to embedding circular economy approaches.

I recently met ReSet Scenery, which is doing its best to try to get people throughout the sector to reuse materials. However, that kind of activity is going on at a low level. Is there any element of conditionality on culture funding, as there is in some other sectors of the economy, whereby, if the Government is going to support something, it sets environmental standards and conditions and drives those up over time, so that something like the circular economy becomes the norm rather than the exception?

Tony Lankester: That is an interesting point. I do not think that it is directly relevant to much of the Edinburgh festival fringe world, because, for most of the productions that we stage, the set is one person and a microphone.

The case that you make is a valid one. Within the fringe economy, there is a lot of recycling of props, sets and costumes—that activity is evident in what the fringe does. However, the point that you make about large-scale productions is absolutely true. I cannot think of anyone who works for a cultural institution who would walk away from the possibility of saving money by recycling a set or props or costumes rather than throwing them away, so I think that the appetite for that approach would certainly be there among arts organisations. I cannot speak for arts organisations other than my own—I can tell you only what the fringe does—but we are happy to pass some of those learnings and skills on to some of our colleagues in other institutions, if that becomes relevant.

Buildings have come up quite a lot in the conversation, and a lot of you will know that the Edinburgh Festival Fringe Society is moving to new headquarters, which we hope will open at the start of next year. That building is currently being refurbished, with funding coming largely from the UK Government. The planning around it has absolutely put front and centre our environmental principles and the fact that we have been and remain committed to being as close to carbon neutral or zero as we can by 2030. Together with other festivals in Edinburgh, we have signed up to the carbon reduction route map, and it is also one of our core developmental goals, which underpin everything that we do. In the planning and design of that building, issues around that route map are asked at every stage of that redevelopment process.

Patrick Harvie: Do you think that the sector more broadly—beyond the areas where it is just a person with a mic—could tolerate the idea of some conditionality around public funding to drive up the use of circular economy approaches, so that they become the norm?

Tony Lankester: Again, I do not want to speak on behalf of the whole sector—I am certainly not mandated to do so—but, I think that, if a conversation had to happen between funders, arts institutions and cultural organisations concerning a requirement that, as far as is practically possible, the repurposing of sets, costumes and props should be a condition of grants, there would probably be an appetite for that from the sector. However, as I say, I cannot speak on behalf of the whole sector.

Neil Bibby (West Scotland) (Lab): Good morning to the panel. I, too, have some specific questions on the budget for Ms Turnbull. As a committee, our job is to scrutinise the Government's financial decisions and the financial performance of bodies that rely on Government funding. That is even more the case when there

are calls on the Government to increase that funding. The last time that HES gave evidence to the committee, we heard about the new business model and the plans to increase its income by £10 million while, at the same time, experiencing a reduction of £2 million in its grant-in-aid funding. You mentioned income. How is HES currently getting on with that target of raising an extra £10 million in income?

Alison Turnbull: The target is to increase our income by 2 per cent year on year. This is our first year, so it is at an early stage. It means that we are more vulnerable to market conditions, but the benefit of it at the moment is the ability to multiyear plan and to retain surpluses, which is useful. I can come back to you on our mid-year position.

Neil Bibby: That would be helpful as we scrutinise the budget. It would also be very helpful to understand the position that HES is in. My understanding is that there is currently a £3 million shortfall in reaching that target.

Alison Turnbull: We are managing that in-house. We have prioritised projects and we are looking at efficiency savings. So, at the moment we are managing that.

Neil Bibby: It would be helpful if you could come back to us with the details. You are having to manage a significant shortfall.

Alison Turnbull: As I said, we have put measures in place to manage that by prioritising projects and looking at efficiency measures. We are comfortable that we have the right measures in place at the moment.

Neil Bibby: Clearly, it is a challenging period. You have to put measures in place and make efficiency savings in your organisation. Money is tight, and you have a considerable number of staff—around 1,800. With all of that in mind, why did HES agree a new pay and grading framework in April that will see a new top grade of employee, presumably directors, who will have their earnings potentially increased by between 16 and 18 per cent? If the organisation is looking for efficiency savings, why is the organisation introducing that top band?

Alison Turnbull: The new pay and grading was factored into our budget. It was externally conducted, and it was benchmarked against other organisations in the public sector in Scotland. An independent company conducted that, and the amendments in the pay and grading have been put in place in our budgets.

Neil Bibby: You must understand why people might raise their eyebrows at an organisation having financial difficulties and, at the same time, increasing its directors' pay by up to 18 per cent.

We regularly discuss skills shortages, and you mentioned earlier the skills issue that the sector faces. We know about the shortage of apprenticeships, and we know about the shortage of tradespeople. There is not necessarily a shortage of directors, perhaps, but there is certainly a shortage of apprenticeships and tradespeople. At the same time as directors' pay has been hiked by between 16 and 18 per cent, the increase for apprentices within the pay and grading framework that has been agreed by your organisation is between 3.5 and 5.4 per cent—which is a significant difference. The increase for skilled tradespeople is between 0 and 0.7 per cent. How is that fair?

In the context of the issues around culture that were mentioned earlier, maybe the fact that the pay increases are so significantly different explains why there are concerns within the organisation. Going back to the point about the budget, how is the organisation tackling the skills shortage by focusing on increasing pay for those at the top but not by as much for apprentices and tradespeople?

Alison Turnbull: I will get back to you with some specifics on the pay and grading framework, which seeks to resolve quite a few issues that we had with different allowances and supplements. It was actually about having fairer pay across the piece. The skills shortages that I was talking about were in and around the wider sector. I do not have the figures to hand, but some of the increases that you mention are not as great as they appear, because there were additional allowances and supplements. I will get back to you on that.

Neil Bibby: That would be very helpful.

This is my last question on pay and financial planning. I understand that, in June 2024, HES budgeted for a 2 per cent increase in pay despite the Scottish Government having set out a public sector pay policy just two months before that suggested an increase of 3 per cent in the public sector. Is that correct? Is that your understanding? What does it say about your organisation's financial planning if it is not adhering to the Scottish Government's pay policy?

Alison Turnbull: We do adhere to the Scottish Government's pay policy. I am not aware of the instance that you mention. We will get back to you on that.

The Deputy Convener: Stephen Kerr, I think that you wanted to come in, further to your questions to Anne Lyden about the fabric of the buildings and so on.

Stephen Kerr: Yes, deputy convener. Within the time limitation that we have, I think that I owe it to Alistair Mackie to allow him to talk a bit about some of the issues relating to costs and

budgeting, because I think that he has something to say and I am anxious to hear it.

I would also like to hear from Tony Lankester, who, in his initial statement, alluded to the costs that artists bear. Perhaps he could address the concern that is expressed about freelancers and artists not getting a fair share of public funding. You might want to address that if that is relevant to you, Tony.

However, I am keen to hear first from Alistair Mackie about the challenges that his organisation is facing.

Alistair Mackie: We have managed to increase our income significantly since 2018-19. We have not posted a deficit for a number of years, but the price of that has been a huge suppression of pay and conditions for our staff—our musicians. Just two weeks ago, the BBC made a commitment that it would not pay any musician less than £40,000, and the starting salary at the BBC Scottish Symphony Orchestra is now £41,000. Our starting salary is £34,800, and we have pulled that up from £29,000 just three or four years ago. I cannot compete with an orchestra on the other side of Glasgow, never mind orchestras down south or in London.

I do not think that Scotland's national orchestra should be benchmarked against English regional orchestras. Our benchmark should be the London Symphony Orchestra. That is the level that we should play to. We should have international-level culture in Scotland, and I believe that, artistically, we are there. We are winning incredible contracts for touring. We are winning contracts with Hollywood. We have set generationally high ticket sales for our season. Artistically we are flying, but that is not sustainable on the salaries that we pay.

I would argue that we have been as entrepreneurial as we can be. We have been inventive in capturing orchestra tax relief from Westminster, and we have restructured in order to get more. We have done everything that we can. We have squeezed every budget line, but the only way that we can be fiscally responsible is by paying salaries that I think are way too low. When it is benchmarked against the pay of instrumental teachers in Scottish schools, classroom teachers or those in any comparable profession—and they do not take six years of training, by the way—the pay in my orchestra is, I am sorry to say, appallingly low, but we cannot be fiscally responsible and pay more.

I would argue that the reason we can win a Hollywood contract is that we have a world-class orchestra and a world-class facility, and we have those because of Scottish Government support. I want to call it seed funding because it is seed funding—it generates so much good work. I do not

have any more tricks—I do not know how to earn more money now—but, if we can get more support through the Scottish Government, we can multiply the impact and the reach. We can elevate the orchestra, I believe, to a genuinely competitive international level alongside the London Symphony Orchestra. However, I do not think we can do that without more support from the Scottish Government. I would argue on our track record that we have a fighting chance of delivering that with not much more funding, but it is crucial.

Stephen Kerr: What is the comparative public funding for the top-class orchestras in London, for example, which you want to see the RSNO set against?

Alistair Mackie: First, London orchestras—I was in one myself for 23 years—are in an incredibly privileged position because the musicians are basically self-employed, whereas I am fighting to keep employed status for our musicians. You will not bring the best to Scotland and keep the best in Scotland unless you offer a salary, not freelance work. London orchestras are allowed to operate a freelance model. If I pay a musician £100, it costs me £120. If the London Symphony Orchestra pays a musician £100, it costs it £100.

10:30

The London Symphony Orchestra is also in the City of London and gets phenomenal financial support from the City of London, alongside what it gets from Arts Council England. We used to get local authority funding. In 2008, we got £575,000 from local authorities, but we have just lost £150,000 of Glasgow City Council grant and our local authority funding is less than £10,000 now. I will give a shout out to Dundee City Council, though, which still gives us a little bit of money despite the enormous stressors that it has. We are privileged to be able to go to Dundee.

We want to tour, and we have been incredibly successful, but it costs so much more money to get an orchestra out of Scotland. There are dynamic air fares and we have to leave a day earlier, whereas London orchestras can just hop across on Eurostar. Our costs are much higher, our employment costs are much higher, and the amount of money that we can generate in Scotland is much less.

Stephen Kerr: What does the picture that you are painting say about the future status of the RSNO and about the talent that is going to drift, presumably, across the city or even—

Alistair Mackie: It is inevitably going to drift if someone can earn £10,000 more by being an instrumental teacher in a school. I lost a member of staff just last week to the Edinburgh

International Festival, where they are being paid £7,000 more for doing exactly the same job. I cannot increase my staff pay as I want to. I cannot pay the same as a BBC orchestra in Glasgow, never mind a BBC orchestra in London. I believe that the RSNO is artistically in great shape. That is important to our musicians, and I believe they will stay because of that. However, in the long term, they have to pay a mortgage.

I am glad that you wanted to talk about money, because we cannot avoid it.

Stephen Kerr: That is the whole point of this session—we are supposed to talk about money.

Alistair Mackie: I think that we feel—I personally feel—a pressure to be entrepreneurial and inventive and to try to square a circle, but we are at the end of the road. Without seed funding, there is a limit to what we can do. The flipside of that is that, with an increase in funding, it is unbelievable what Scottish culture can do.

Stephen Kerr: You talk about needing an increase in funding and say that nothing has changed since 2008—in terms of value, you are on the same as you were on in 2008. What would it take?

Alistair Mackie: The statutory accounts for 2008-09 show that the RSNO got just over £4 million from the Scottish Government. This financial year, we got £4,150,000 plus—

Stephen Kerr: Oh—you mean in actual pounds.

Alistair Mackie: Yes, in cash terms.

Stephen Kerr: The value has been completely gutted from the—

Alistair Mackie: Yes, and local authority funding has virtually disappeared. As I said, back in—

Stephen Kerr: That is from 2008. The funding was £4 million in 2008 and it is still £4 million.

Alistair Mackie: It is £4,150,000. Look at our statutory accounts.

Stephen Kerr: You have had to absorb the costs of employing the musicians, not just having to pay their wages, and you have also absorbed the employer national insurance contributions increase. Are you also bound by the fair work requirements of the Scottish Government?

Alistair Mackie: Yes, quite rightly. I mentioned diversity—we want a diverse cultural sector—but let us not kid ourselves: people do not accumulate all the debt from education to earn poor salaries or to go into an incredibly insecure freelance profession. It will become a middle-class business; there is no other way to see it. You have to be blunt about it. I would not be doing my duty if I did

not say it as bluntly as I have tried to say it this morning. It takes funding.

What has happened with Creative Scotland has been absolutely magnificent.

Stephen Kerr: So, for 2026-27, what would you what would you ideally be looking for—I mean, being realistic?

Alistair Mackie: Being realistic, we would probably need another £1.5 million to restore the foundation, which would allow us to keep people in employment and match the BBC salaries. To be honest, given what we could do in the regions of Scotland, internationally, in music education and in health and wellbeing, I would hope that, once we had rebuilt the foundation, we would not stop there. What would be the point in building a foundation without putting something on top of it? I would certainly like to see more on top of that. We are so well placed to do such amazing work, but we have to repair the foundation of our finances.

The Deputy Convener: We have already started to overrun, so I will ask Tony Lankester to come in.

Stephen Kerr: It is a conversation that I would have liked to have more of, because it is interesting to see the entrepreneurship that has had to be applied by the RSNO and the fact that the level of funding is the same in actual pound notes as it was—

Alistair Mackie: I could send you the exact numbers.

Stephen Kerr: That would be helpful.

Tony Lankester: Although the fringe is underpinned by a business model that is different from those of other institutions, many of the dynamics and the pressures are the same. I would imagine that, of the 3,800 productions that come to the fringe, the lion's share—90 or 95 per cent of them—would consider themselves freelancers, but, in our model, they are the ones taking the risk. We hear stories of artists coming to Edinburgh and selling 50 to 60 per cent of their available capacity but still leaving having lost money. They are not even achieving the national minimum wage—they are working at a loss.

There are other benefits to performing at the fringe. As I alluded to earlier, there is the opportunity of getting seen, being spotted or signing for some onward touring opportunities. That does not take away the fact that the performers still have to have pretty deep pockets to subsidise their trip to Edinburgh. Similar to what Alistair Mackie was saying, that could potentially result in the arts or the fringe becoming a place where only middle and upper-class performers feel at home.

Part of the solution has to be the micro-grant scheme that I referenced earlier, which gives some relief to performing artists. At the moment, we are building a tourism economy on the back of those who are taking the risk to bring work to the fringe—the artists, the venues and the producers. They are the ones putting up the cash and invariably running at a loss, yet the tourism economy is benefiting in quite a significant way on their backs. We would argue for a rebalancing of that.

The fringe society's role is simply to sit in the middle and try to galvanise the conversation and pull the right levers at the right time. As an entity ourselves, we do not receive a huge amount of public funding at all. This year, we received £300,000 directly from the Scottish Government, but it was earmarked for two very specific and important projects.

It goes back to the argument that, whether you call it the foundation, as Alistair did, or the core, as we call it, if you are not investing in it and maintaining it, you are on a hiding to nothing. You cannot be expected to thrive, flourish, expand, innovate and grow into all of the things that a responsible funder, such as the Scottish Government, would expect the beneficiaries of the funding to be thinking about.

Stephen Kerr: So, what is your specific ask?

Tony Lankester: We are currently formulating our specific ask. We are working with various agencies of the Scottish Government—VisitScotland and Creative Scotland—and we are in conversations with the cabinet secretary, to see how we can turn what we received this year, which was the £300,000 grant, into something more substantial and multiyear, to address some of the issues that we have spoken about already today.

We receive money through the expo fund, which literally channels through us predominantly to the artists who present work at the fringe. In terms of investment in the core, in the next month or two we are going to be approaching the Government with an ask for next year's budget.

Alasdair Allan: Alison Turnbull, I am conscious that there has been a lot of interest in the internal workings of HES. You will be more than aware that there is also a lot of interest in the outcomes in communities from the money that is being spent. Specifically, people are keen to see much-loved historic buildings in their communities reopen. I am conscious that there has been a high-level masonry survey and all sorts of other things going on, but there is an awful lot of interest in finding out what the outputs are and whether those buildings are reopening to the public.

Alison Turnbull: I know that the committee has asked previously about the high-level masonry

programme. In April 2022, we started to inspect sites with masonry above 1.5m. It was a proactive response to climate-driven deterioration and safety risks, as over 95 per cent of our sites are fully or partially accessible. The inspection programme is progressing well and we hope to complete it by Easter 2026. We were one of the first heritage bodies to see it as a challenge. It will inevitably impact more widely on the historic environment, so we are keen to share learning with others as well, but it was a safety decision first and foremost.

Alasdair Allan: What I am driving at is this: how many buildings that were open pre-pandemic are still to reopen?

Alison Turnbull: I will get back to you with precise figures on that.

The Deputy Convener: It would be helpful if you could.

As there are no other questions, that concludes our session this morning. Thank you very much to the panel for coming. There was a slight overrun, but we learned some interesting information today.

Meeting closed at 10:39.

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