

## ABERDEEN CITY COUNCIL

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<b>COMMITTEE</b>	Council
<b>DATE</b>	7 <sup>th</sup> February
<b>EXEMPT</b>	No Appendix 1 contains exempt information as described in paragraphs 4 & 9 of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973, enacted by the Local Government (Access to Information) Act 1985.
<b>CONFIDENTIAL</b>	no
<b>REPORT TITLE</b>	Culture Delivery and Funding Review
<b>REPORT NUMBER</b>	COM/24/040
<b>DIRECTOR</b>	Gale Beattie
<b>CHIEF OFFICER</b>	Julie Wood
<b>REPORT AUTHOR</b>	Mark Bremner
<b>TERMS OF REFERENCE</b>	2 and 21

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### 1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to advise members on the progress to date of the Culture Delivery and Funding Review commissioned on July 2023, including consultation, undertaken with cultural partners in respect to options for funding allocation to the cultural sector in 2024/25 to inform the budget process.

### 2. RECOMMENDATION(S)

That the Council: -

- 2.1 Notes the findings and recommendations of the Interim Cultural Funding and Delivery Review Report as detailed in Appendix 1, in respect to informing 2024/25 budget decision;
- 2.3 Note the Culture Delivery and Funding Review final report will be completed on 10<sup>th</sup> February 2024 and the funding to external cultural organisations for 2024/25 will be set through the Council budget process on 6<sup>th</sup> March;
- 2.4 Note the social and economic benefits identified through investment in external cultural organisations as set out in the Investment in Culture report, Appendix 2 and;
- 2.5 Instruct the Chief Officer – City Growth to begin work on an investment framework and application process for cultural funding, informed by the Culture Review recommendations and to report back to The Finance and Resources Committee in 2024 for approval.

### **3. CURRENT SITUATION**

- 3.1 At the meeting of the Council on the 1st of March 2023, the following instruction was given to the Chief Officer - City Growth “ In consultation with partner organisations, such as Aberdeen Performing Arts (APA), to bring back a report on how best to allocate funding to cultural organisations from both the General Fund and Common Good budgets and to report back to Council before the end of the financial year 2023/24”.
- 3.2 Following this instruction, Officers initially engaged with APA and Culture Aberdeen on a consultation process. At the request of the sector representatives, it was agreed that the Council would commission an independent review of its investment in culture, with a facilitated consultation process which would identify opportunities for efficiencies aligned to sustainable investment models supporting the sector’s long-term resilience whilst delivering best service and value for the people of Aberdeen.
- 3.3 Culture plays an integral role in Aberdeen’s economic and social wellbeing, with a wealth of evidence demonstrating culture’s value as a preventative measure to support residents’ health and wellbeing. Culture is acknowledged as essential to city centre recovery, be it revitalising our high streets or providing unique destination experiences to attract visitors and businesses to the city. The importance of culture and its role in positive change and placemaking is increasingly highlighted in local and national plans and policies, from Council political priorities to the national cultural strategy and national performance framework.
- 3.4 Aberdeen has seen considerable capital investment in cultural infrastructure in recent years, including a £333m conference and events centre, The Exhibition Complex Aberdeen (TECA), which was completed in 2019. The Aberdeen Art Gallery, Cowdray Hall and Remembrance Hall complex underwent a £36m redevelopment and reopened in 2019. The Music Hall, operated by APA, underwent a £9m redevelopment, reopening in December 2018.
- 3.5 The sector contributed £382m in Gross Value Added (GVA) to the economy of the region in 2018 (the most recent available data), an increase of 58% on 2008. It also accounted for 6,120 jobs in 2019 across 1,515 businesses. As an identified growth sector, creative industries accounted for 2% of employment in region.
- 3.6 The Council invested approximately £12m in cultural activity in 2021, ranging from its museums, galleries, library, and music services, the ALEO Aberdeen Performing Arts (APA), festivals and events, as well as grants to external cultural organisations. Of this, the recurring expenditure to external organisations represents nearly £2m through both the Council revenue budget and Common Good Fund.
- 3.7 Over the past three years the culture sector has experienced a ‘perfect storm’ of financial challenges, from Covid to the Cost-of-Living crisis and rapid rise in

energy costs, which has already seen the collapse of CMI and the closure of Aberdeen's Belmont Cinema in 2022. With recovery ongoing even standstill funding is not a sustainable position for some organisations given their current operating models; fundamental changes are required.

## **The Review Process**

3.8 A consultant review team was appointed through an open tender process. The team, led by Charlotte Wilson Research includes consultancy expertise in culture, audience analysis, asset management, financial and business planning. The Cultural Funding and Delivery Review (The Review) aimed to evaluate the effectiveness of current Council funding for the delivery of culture initiatives. By examining the current funding structure, the review aims to identify areas for improvement and suggest strategies to optimise the allocation of resources and reduce demand where applicable, as well as identify opportunities to leverage further external funding. The review which will conclude in February 2024 includes the following work packages:

- Analysis of current investment in culture, including full review of funded external cultural organisations
- Profile and assessment of the cultural estate.
- Analysis of alternative models for culture delivery.
- Revised performance indicators and evaluation matrix for effective monitoring.
- Recommendations for culture budget allocation in financial years 2024/25 – 2029/30, reflecting any requirements for structural change.

3.9 The long-term goal of the review is to identify changes which will enhance the quality and accessibility of cultural programmes for Aberdeen, establishing a more sustainable long-term efficient model for culture that ensures Council funding is being used to its fullest potential

## **Consultants' Report Findings and Recommendations**

3.10 To date the consultants have undertaken a review of the current investment and organisations supported and analysed the Council's current approach and rationale for support. Organisations and initiatives subject to the review include APA, Castlegate Arts, Peacock Visual Arts, Citymoves Dance Agency, Sound Festival, Jazz Scotland, SPECTRA Festival, Nuart Aberdeen and the open application project fund, Creative Funding. As part of the process the Review team have carried out consultations with all 'core' funded cultural organisations, Council cultural service managers, Creative Funding recipients, Culture Aberdeen, Visit Aberdeenshire, Aberdeen Inspired, COSLA and national public sector funders. Surveys have also been conducted with around 40 Creative Funding grant recipients.

- 3.11 It should be noted that it is the opinion of the review team that all tasks outlined above are interdependent and only the final report will address the full intention of the commissioned review as instructed by the Council. Interim analysis on the Council's current investment in external cultural organisations has identified a number of challenges and areas for improvement.
- 3.12 **Council vision and prioritisation of culture:** While culture is referenced in both Council and regional plans and strategies, currently there is no clear 'golden thread' linking objectives and measures, nor specific actions or budgets to support interconnectivity. Further work is required to establish a joined-up approach to cultural leadership in the city that embeds a clear direction of travel and criteria for investment and recognition of culture's regeneration potential.
- 3.13 **Clarity and transparency:** The Review has identified the need for a clearer decision-making framework or criteria for making investment decisions. The investment in culture, including the level of support to individual organisations (with exception to the creative funding open application process) are based on historic arrangements and budget saving decisions over multiple years and not tied to specific measurable outcomes.
- 3.14 **Value of people and capacity building:** Council investment in capital projects related to cultural venues has been significant, as has funding for major festivals and events delivered by external bodies. This is in contrast to lower investment in support to local workforces or to community capacity building, where more long-term benefits and inclusive growth could be realised. Such investment would build Aberdeen's capacity to be a producer and exporter of cultural and creative product and reduce overall dependences on importing cultural provision and delivery.
- 3.15 **Long term approach:** The current annual cycle of budget saving proposals fuels uncertainty within cultural organisations and impacts their ability to plan long-term and adapt. Regardless of potential budgetary challenges, a revised funding framework should take a long-term approach, and establish multi-year funding agreements with clear milestones and review periods to improve planning and return on investment.
- 3.16 **Fundraising challenge:** The cultural sector has experienced a slower recovery post Pandemic due to susceptibility to recent economic shocks, but these have been exacerbated in Aberdeen by historic national funders underinvestment in the city. A number of cultural organisations in the city are currently in the process of applying for Creative Scotland Multi-Annual grants. This will go some way to redress this imbalance. Creative Scotland is the executive Non-Departmental Public Body for the arts in Scotland and the principle national public funding body for culture

<b>Council and Creative Scotland Supported organisations</b>	<b>2022/23 Council annual funding</b>	<b>2022/23 Creative Scotland annual funding</b>
APA	£1,106,000	£333,333
City Moves (inc Dancelive)	£96,475	£100,000
Aberdeen Jazz Festival (Jazz Scotland)	£11,000	£54,965
Peacock and the Worm	£46,000	£256,666
Sound	£12,000	£98,000
<b>Total</b>	<b>£1,271,475</b>	<b>£842,964</b>

Table 1, Aberdeen Cultural organisations in receipt of Creative Scotland annual funding

3.17 Analysis of Creative Scotland historic grant awards to Aberdeen across its various open funds and targeted schemes shows that in comparison to other Scottish cities, Aberdeen receives the lowest amount per a head of population at just £7.68, standing in stark contrast to Edinburgh (£53.06) and Glasgow (£40.56).

<b>City/Region</b>	<b>Population</b>	<b>Funding Amount</b>	<b>CS Funding Proportion</b>	<b>Funding per head of Population</b>
<b>Aberdeen City</b>	224,000	£1,721,208	2%	£7.68
<b>Glasgow City</b>	620,700	£25,176,592	35%	£40.56
<b>Edinburgh City</b>	512,700	£27,205,528	38%	£53.06
<b>Dundee City</b>	148,100	£3,439,889	5%	£23.23
<b>Perth &amp; Kinross</b>	150,800	£1,320,550	2%	£8.76
<b>Stirling</b>	92,600	£1,003,246	1%	£10.83
<b>Inverness &amp; Nairn</b>	89,755	£987,023	1%	£11.00

Table 2, Creative Scotland Funding Distribution

3.18 Further analysis indicates the culture sector has been disproportionately impacted by the pandemic and cost-of-living crisis in comparison to other sectors (outwith hospitality) as audiences are yet to return to pre-pandemic levels, and many people have broken the habit of attendance - potentially for the longer-term. As a result of this it is now more challenging for organisations to break-even or meet income targets, relying on depleting reserves to continue trading. To that end the outcome of the Creative Scotland Multi-Year Funding process will determine if many of Aberdeen's cultural organisations will have a future.

3.19 **2024/25 Transition year standstill Funding.** The consultant's final recommendation is for 2024/25 funding to remain at standstill, treated as a

transition year with new cultural funding programme devised and implemented for 2025 onwards. This recommendation is made in light of 2024 being a critical year for national funding, with the Council supported cultural organisations listed in table 1, all submitting bids to the Creative Scotland Multi-Year Funding programme. Organisations are seeking in the region of £1,414,631 annually from Creative Scotland (an increase of £571,667 on current levels of investment). This would equate to potential investment of £4,984,988 over 3 years. Council investment will play a significant factor in Creative Scotland's funding assessment and any reductions at this stage would likely have negative consequences on leveraging in national cultural funding to the City.

### **Culture Impact assessment 2022/23 Findings**

- 3.20 To contextualise the Culture Review's findings in respect to the Council's objectives for the socio-economic development of the residents and businesses of Aberdeen, officers have produced an impact report on Council investment in culture with a specific focus on externally managed venues, cultural events, and projects supported by the Creative Funding programme. The assessment highlights the monetary value of the social and economic benefits generated through the funded activity which took place between April 2022 to March 2023 and is included as appendix 2 to this report.
- 3.21 In terms of economic impact, Council investment of just over £2m to external organisations leveraged a further £1.5m of other public funding, which combined with other income including trusts, foundations and trading activities led to a turnover of £15.5m. This represents a return on investment of £6.58 per every £1 of Council investment. There is however scope for improvement in the leveraging of other public funding, with a current match of £0.74 per every £1 of Council spend, this could significantly improve if the Multi-Year Funding bids are successful, seeing a match of £1.11 for every £1 of Council investment.
- 3.22 Below is a summary of some of the key findings in respect to Council investment in external cultural organisations. The full report includes detail on the methodology applied as well as the results when applied to internal Council cultural services.
- Council investment supported 266 direct jobs (166 Full-time Equivalents (FTE) generating £3.75m Gross Value Added (GVA).
  - Factoring in regular partners and supply chain supporting a further 80FTE, generating a total of 246 FTEs with a GVA of nearly £7m
  - Supported activities generated 1,356 temporary employment opportunities for artists, technicians and other creative professionals
  - The total audience for cultural activity was 603,976, generating a gross visitor value of £28m to the local economy.
  - Cultural activity provided over 19,078 participation opportunities ranging from school workshops to employability activities.

- Supported cultural activity in 2022/23 engaged 325 volunteers generating 9,743 volunteer hours towards good causes.
- Applying wellbeing savings metrics (reduced visits to GPs for social reasons) generates an audience wellbeing impact to the value of £1.7m net.
- Health and Wellbeing impacts from participation is also significant, £213,734 net benefit per an annum, £20.9m when extended over a lifetime.

## Next Steps

- 3.23 The final Culture Review report is to be submitted by the 10<sup>th</sup> February 2024 and will provide recommendations on the future model for cultural delivery and investment, including a 5 year budget with savings options, revised application process and metrics to determine levels of support to organisations going forward. The Interim findings demonstrate a clear need for a joined-up, strategic approach to cultural investment that identifies clear priorities and maximises the opportunities for impact and leverage of external investment. To that end the Review recommends the development of an Action Plan which identifies intended outputs, outcomes, resource allocation, stakeholder engagement, leverage ambition, and ownership. The Review report states the plan should clearly connect and reference existing strategies, but it should be developed as the master document for cultural planning and priorities, clearly setting out long-term outcomes for cultural, social, and economic impact which can be measured by the Council and cultural sector alike.
- 3.28 Officers have identified an opportunity for this to be progressed through the next stages of the Regional Economic Strategy (RES), specifically the need to develop an action plan for Programme Four, 'Strong Community and Cultural Identity'. This area of the strategy recognises the value of culture for the North East's sense of wellbeing and identity but also the economic potential of the creative industries sector as we diversify towards a net zero economy. Up to this point the cultural and creative sector has not had the same level of focus or support as other growth sectors, such as the Opportunity North East 'Sector Boards' for Food and Drink, Digital etc. or access to a framework of public and private investment to support growth objectives.
- 3.29 The development of an action plan aligned to the RES has the potential to address some of the other key issues and recommendations from the Review and provide a more focussed approach to Council investment in culture going forward;
- Need to identify long-term outcomes, RES 10-year framework provides that,
  - Clearer objectives and priorities for cultural sector growth and its alignment to local plans such as the LOIP as well as wider national strategies and plans,

- Increased commitment and engagement from the Universities, as members of the Regional Economic Partnership they would be required to participate in the delivery of the objectives,
- Increasing leverage potential of Council investment in culture through access to RES framework and future City Region Deals or forms of growth investment,
- Establishing baselines for impact, with outcome focussed investment and a more consistent monitoring process, demonstrating the socioeconomic return on investment,
- RES framework provides opportunity for developing new structures and partnerships, moving away from a perception of Council dependency to a more Place based sustainable model for culture.

Progression of an action plan will be subject to the timescales for the updated Regional Economic Partnership model of governance.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1 Investment to external cultural organisations is budgeted in 2023/24 at £1,662,127 through City Growth (£984,928 contributed through Common Good).
- 4.2 The costs to the Council related to its buildings operated by cultural partners are contained by those partners if liabilities remain with them through current lease. However, should possession fall back to the Council, annual Non-Domestic Rates liabilities equating to £724,950 would revert to the Council. This figure does not include associated costs for repairs for wind & watertight as well as plant equipment, energy costs, water, security and insurance premiums.
- 4.3 The consultant's recommendation is for 2024/25 to be a transition year with standstill funding, on the basis savings can be secured long term subject to a new funding framework and confirmation supported Aberdeen cultural organisations are successful in their Creative Scotland Multi Year funding applications. Funding for external cultural organisations will be set through the Council budget process on 6<sup>th</sup> March.

#### **5. LEGAL IMPLICATIONS**

- 5.1 Under section 14 of the Local Government and Planning (Scotland) Act 1982, the Council has a duty to "ensure that there is adequate provision of facilities for the inhabitants of their area for recreational, sporting, cultural and social activities". The Council also has a duty under section 1(3) of the Education (Scotland) Act 1980 to secure for pupils in attendance at schools in their area "the provision of adequate facilities for social, cultural and recreative activities and for physical education and training". These duties require adequate provision and do not stipulate precisely what facilities must be provided.

#### **6. ENVIRONMENTAL IMPLICATIONS**

- 6.1 There are no direct environmental implications arising from the recommendations of this report.
- 6.2 The completed Culture Delivery and Funding Review Report will include an assessment of the current cultural estate, this will include assessment of current environmental impacts and plans towards net zero operations.

## 7. RISK

<b>Category</b>	<b>Risks</b>	<b>Primary Controls/Control Actions to achieve Target Risk Level</b>	<b>*Target Risk Level (L, M or H)</b>  <small>*taking into account controls/control actions</small>	<b>*Does Target Risk Level Match Appetite Set?</b>
<b>Strategic Risk</b>	Risk that the current provision of services delivered through cultural partners is reduced to take account of reducing resource and that this impacts on the delivery of our strategic outcomes	Culture Review considers this in the recommendations and savings options presented to minimise long term impact.	L	Yes
<b>Compliance</b>	Risk of not complying with legislative duties concerning provision of cultural services.	This risk is being mitigated by working to identify options which will enable the provision of services to continue longer term within a smaller funding envelope. Full integrated impact assessments will be undertaken as part of the process to ensure our Public Sector Equality Duty is met.	L	Yes
<b>Operational</b>	Reduction in funding	Culture Review considers this in the	L	Yes

	would impact staffing, buildings and programmes, having implications for Council services.	recommendations and any savings options presented to minimise long term impact.		
<b>Financial</b>	Council may not achieve saving's targets if it does not reduce cultural spend  Risk of negative impact on the Council in terms of non-domestic rates	Culture Review recommends funding allocation process is established which factors in the 5-year timeline for savings.  Provided current lease arrangement remain valid, rates liabilities would remain with cultural organisation tenants. The final Culture Review report will consider rates implications for culture estate in full.	M	Yes
<b>Reputational</b>	Risk of citizens perceiving a reduction in services.	Culture Review considers this in the recommendations and savings options presented to minimise long term impact	M	Yes
<b>Environment / Climate</b>	Risk that decisions taken do not contribute to Net Zero targets.	Interim report identifies no issues at this time, the final Culture Review report will consider environment/climate implications for culture estate in full	L	Yes

## 8. OUTCOMES

<u><a href="#">COUNCIL DELIVERY PLAN 2022-2023</a></u>	
<b>Impact of Report</b>	
<b>Aberdeen City Council Policy Statement</b>  <u><a href="#">Working in Partnership for Aberdeen</a></u>	The proposals within this report support the delivery of the following aspects of the policy statement: -  Vibrant City- We will work tirelessly to make

	<p>Aberdeen a more attractive place to live, work, report and visit with a vibrant cultural offering.</p> <p>Arts Matter - Our city should become distinguished by the range and depth of active creative expression and artistic enjoyment experienced by those who live here and by visitors. By supporting and working with cultural partners, we will ensure there is richness and diversity of arts activities.</p> <ul style="list-style-type: none"> <li>• Support Aberdeen Performing Arts and other cultural providers to offer the widest possible arts programme for all across our communities</li> <li>• Seek to make Aberdeen a UNICEF Child Friendly City.</li> </ul>
<p><a href="#">Aberdeen City Local Outcome Improvement Plan 2016-26</a></p>	
<p>Prosperous Economy Stretch Outcomes</p>	<p>The proposals within this report support the delivery of LOIP Stretch Outcome 2 – 400 unemployed Aberdeen City residents supported into Fair Work by 2026 and key driver 2.1 Supporting labour market to recover from impact of Covid-19 on employment.</p>
<p>Prosperous People Stretch Outcomes</p>	<p>The feasibility report and the proposal of activity in this report supports Stretch Outcome 8 Child friendly city, through Key driver 8.1 Secure required six UNICEF badges to gain Child Friendly City status in culture. As part of the Culture Review work, the experience and view of children and young people as audiences, participants and users have informed the recommendations.</p>
<p>Prosperous Place Stretch Outcomes</p>	<p>The proposals within the report support the delivery of LOIP Stretch Outcome 13, Addressing climate change by reducing Aberdeen's carbon emissions by at least 61% by 2026 and adapting to the impacts of our changing climate. The Culture Review has considered delivery of the Climate Change Plan 2021-25 as net zero within the objective of the process.</p>
<p><b>Regional and City Strategies</b></p>	<p>This report support Culture Aberdeen, the City's Ten-Year Cultural Strategy and its 5 key objectives.</p> <p>Regional Economic Strategy - Programme 4 Support development of projects and delivery of Culture Aberdeen Plan and Support and promote the arts and cultural venues of the North-East to attract and</p>

	promote national and international exhibitions and programmes
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## 9. IMPACT ASSESSMENTS

Assessment	Outcome
<b>Integrated Impact Assessment</b>	<i>New Integrated Impact Assessment has been completed Previous Integrated Impact Assessment relating to Cultural Delivery and Funding Review has been reviewed and no changes required</i>
<b>Data Protection Impact Assessment</b>	Not required
<b>Other</b>	Not required

## 10. BACKGROUND PAPERS

10.1 Council Decision 6.2, Council , 1<sup>st</sup> March 2023

## 11. APPENDICES

11.1 Appendix 1: Culture Delivery and Funding Review EXEMPT

11.2 Appendix 2: Cultural Impact Report 2022/23

## 12. REPORT AUTHOR CONTACT DETAILS

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