

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	3 rd July
EXEMPT	No Appendix 2,3 & 4 contains exempt information as described in paragraphs 4,6 & 9 of Part 1 of Schedule 7A of the Local Government (Scotland) Act 1973, enacted by the Local Government (Access to Information) Act 1985.
CONFIDENTIAL	No
REPORT TITLE	Culture Delivery and Funding Review
REPORT NUMBER	CR&E/24/203
EXECUTIVE DIRECTOR	Gale Beattie
CHIEF OFFICER	Julie Wood
REPORT AUTHOR	Mark Bremner
TERMS OF REFERENCE	2 & 21

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to present the completed Culture Delivery and Funding Review with recommendations on issues identified, including, building capacity and resilience within the creative sector, and providing clarity of vision.

2. RECOMMENDATIONS

That Council;

- 2.1 Notes the findings and recommendations of the Cultural Funding and Delivery Review Report as detailed in Appendix 1;
- 2.2 Note the progress in developing a Culture Investment Framework and application process, which will be presented to August Finance and Resources committee for approval; and
- 2.3 Instruct the Chief Officer- City Development and Regeneration to undertake work to develop the Creative Industries Action Plan to build capacity and resilience within the creative sector and provide clarity of vision.

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 To deliver on this an external consultant was appointed to undertake a review of the current investment and organisations supported and analyse the Council’s current approach and rationale for support. An interim version of the culture review was presented as part of a report to the meeting of the Council on 7th February to inform the budget process in respect to funding for cultural activities going forward. The review included 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 fiscal years 2024/25 – 2029/30, reflecting any requirements for structural change.

An interim report was presented on the 7th February to satisfy the instruction, This report presents the completed review and summarises a number of actions being undertaken to respond to its recommendations as well as follow up actions to the instructions from the 7th February Council meeting.

COUNCIL VISION AND PRIORITISATION OF CULTURE

- 3.3 The Review comments that 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. The Review recommends further work is undertaken to define Council cultural priorities and support the development of stronger leadership.
- 3.4 To address this a new Cultural investment framework (The Framework) is being developed to replace the current Council culture grant programmes. The Framework will be aligned to the refreshed Local Outcome Improvement Plan’s Stretch Outcomes and Key Drivers. The priorities for investment will be informed under the principles of participation in culture being a preventative measure towards positive socioeconomic impacts. To evidence this new monitoring and data gathering processes is being developed with support from Data and Insight, using the standardised metrics that are applied to The Population Needs Assessment.
- 3.5 The Review notes that Aberdeen already has a cultural strategy for the city, ‘Culture Aberdeen’, facilitated by The Council and owned by the sector but it is long overdue a refresh and unlike the Events 365 Plan it has no correlation

to informing commissioning intentions. In light of the Review and limited progress on the strategy refresh, a new plan for culture should be developed. There is an opportunity to progress this new plan to deliver The 'Strong Communities and Culture Identity' programme of the refreshed Regional Economic Strategy. 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.

- 3.6 The development of the plan would be led by the establishment of a new regional Communities and Culture leadership group; this would present an opportunity to develop champions and advocates for culture who have a wider reach across sectors both locally and nationally. Officers have engaged with the sector around the notion of developing champions for culture and the response has been positive, there is a common view it could enhance the city's cultural profile, attracting tourism and cultural investments, boosting the local economy, strengthening community cohesion, and stimulating creativity and innovation.

CLARITY AND TRANSPARENCY

- 3.7 The Review has identified the need for a clearer decision-making framework criteria for making investment decisions. This is being addressed by The Framework, which will replace current arrangements and introduce a new application process providing greater clarity on funding priorities and expectations of performance. As part of the framework development consultation is being undertaken with the sector stakeholders, Equalities networks and the wider public to determine the investment priorities and processes. This is intended to provide greater clarity on why the Council invests in culture, the expectation placed on investment recipients as well as what public benefits can and should be realised.

VALUE OF PEOPLE AND CAPACITY BUILDING

- 3.8 The review identified a frustration that Council investment focused on capital projects and 'bought in' festivals and events rather than supporting the local workforce or community capacity building. The Framework will address this feedback in particular embedding the empowering principles of community wealth building, investing in good cultural enterprises, fair work and shorter supply chains taking advantage of the wealth of talent in the city.
- 3.9 To further unlock production capacity potential and realise the Regional Economic Strategy's growth aspirations for creative industries an action plan is required. To progress this Officers would propose instruction is given to map and research the current state and needs of the sector, develop partnerships and networks among relevant stakeholders, and design an action plan to address the identified challenges and opportunities.
- 3.10 Existing figures show that Aberdeen ranks third in Scotland for employment and economic activity for Creative Industries, behind Glasgow and Edinburgh

and ahead of Dundee, this is despite having a lower profile and no established strategy for creative industries. Employment is led by successful commercial services companies supporting the energy sector, including marketing agencies, graphic design, film, and media companies, as well as growing digital and tech sectors and existing cultural businesses or creative practitioners. The existing baseline activity presents a solid foundation to further develop Creative Industries with a cross sectoral approach to building networks, collaboration and actions aimed at delivering key economic outcomes regionally.

FUNDRAISING CHALLENGE

3.11 The interim Review report highlighted the historic underinvestment from national funders in the city. While the report specifically referenced Creative Scotland allocation, further analysis in respect to national funding allocations reveals this is not isolated to one national funder. Additional data and funding breakdown has been provided by Creative Scotland following on the previous instruction from Council to write to the organisation to confirm rationale for current allocation.

Table 1. 2022/23 Creative Scotland application award data

Local Authority	No. Applications	Funding request	No. Successful	Value Awarded	Success rate
All	2636	£83,084,951	1466	£48,796,984	56%
Aberdeen City	47	£1,281,235	20	£722,529	43%
Dundee City	56	£1,253,291	27	£626,360	48%
City of Edinburgh	660	£23,179,915	349	£13,410,404	53%
Glasgow City	874	£28,432,463	549	£17,997,663	63%
Perth and Kinross	26	£520,413	11	£370,222	42%
Stirling	51	£1,235,926	35	£860,958	69%
Highland	114	£2,812,144	61	£1,289,340	54%
Outside Scotland	102	£4,927,950	77	£3,260,616	75%

Source: Creative Scotland

- The number of applications submitted to Creative Scotland from Aberdeen city over the past 5 years averages around forty-three annually with a similar success rate, below the average success rate and significantly below the volume of Glasgow and Edinburgh (see Table 1)
- At present no national cultural funding body in Scotland has geographic allocation quota, funding distribution in most cases are driven by application demand against criteria.
- Both Glasgow and Edinburgh have a higher concentration of arts organisations, including those delivering national programmes as well as benefiting from dedicating fundraising staff.

- Despite some perception Aberdeen City Council expenditure per a head on Culture and Heritage is significantly higher at £43.29 per head than other cities with the exception of Glasgow £57.68 (see Table 2).
- External public funding for culture contributes only 15% of total funding for the Aberdeen City local authority area as opposed to Glasgow (41%) and Edinburgh (67%)
- Capacity, criteria eligibility, and skills has been identified as current barrier to increasing volume of applications from Aberdeen.

3.12 At this time seven Aberdeen cultural organisations have submitted Stage 2 applications to Creative Scotland multiyear Funding, if the majority are successful that would go some way in readdressing the balance if not completely resolving the discrepancy in investment.

Table 2. Cultural expenditure by sources Scottish cities

Local Authority	LA Culture and Heritage spend LFR	Creative Scotland	National Heritage Lottery Fund	Dept Culture, Media & Sport (UK Gov)	External Funding Total
Aberdeen City Council	£9,696,000	£1,700,433	£43,175	£0	£1,743,608
Dundee	£5,434,000	£3,439,889	£295,501	£0	£3,735,390
Edinburgh	£14,423,000	£27,247,947	£2,197,232	£902,385	£30,347,564
Glasgow	£35,804,000	£25,214,237	£2,859,403	£39,443	£25,253,680
Perth and Kinross	£3,045,000	£1,320,550	£290,324	£0	£1,610,874
Stirling	£2,944,000	£1,003,246	£563,046	£0	£1,566,292
Inverness/ Highlands	£2,889,000	£987,023	£1,617,306	£16,500	£987,023
Total	£74,235,000	£60,913,326	£3,389,278	£941,828	£65,244,432

Sources: Local Finance Return 2022, Creative Scotland, National Heritage Lottery Fund, DCMS Annual reports

3.13 In terms of tackling this issue the data available indicate this is a pattern which has developed over a number of years and will take time to address and requires a multi-level approach, through effective leadership to enact intervention strategies from micro to macro level. Examples work ongoing and planned to address this include-

- Developing a programme of funding workshops to raise awareness of grant opportunities, provide application support to ensure proposals are bid ready and increasing fundraising skills and confidence amongst the sector.
- Establishment of cultural leadership/ advocacy champion(s) has the potential to raise the profile of the sector and to solicit a greater allocation

of national funding as well as a more coordinated approach to inward investment.

- National funders road shows, using programme to invite funding representatives to engage with the sector and build more strategic partnerships with the City.
- Establish leverage targets for future culture spend through The Framework and other programmes.
- Explore AI grant assistance options, from grant alert chatbots through to application writing support.
- Providing supporting for the development of more consortium approaches to fundraising, combining the skills, resources, and experiences of partners, building on the experience of the Culture Collective model.
- Refining metrics and data gathering for Council cultural investment, aligning with national data metrics will provide better evidence of impact for funders (and increasing eligibility for other funding sources) as well streamlining the volume of reporting requirements for Aberdeen applicants.

LONG TERM APPROACH

3.14 The Review highlighted the current annual cycle of budget saving proposals fuels uncertainty within cultural organisations and impacts their ability to plan long-term and adapt. Furthermore, Local Authority match funding support is frequently a requirement for national funders. Regardless of potential budgetary challenges the Review recommends that: “The Framework takes a long-term approach and establishes ‘in-principle’ multi-year funding agreements with clear milestones and review periods to improve planning and return on investment”. Despite the financial pressures there is rationale for favouring the recommendation.

- Multi-year funding does not mean standstill, an approach would be to align The Framework to the Council’s Medium Term Financial Strategy Forecast and TOM, providing a gradual reduction and dependency.
- Multi-year funding (up to maximum 3 years) would allow more realistic leveraging targets and support diversification plans to be developed.
- A more consistent and Longitudinal approach can be applied to data gathering and monitoring, providing more robust evidence of impact to inform future commissioning intentions and budget setting.
- Multi-year approach aligns to Common Good Fund budget process, with 75% of Council’s investment in external cultural activities now sourced through the Fund.

CULTURAL ASSETS

3.15 Analysis that the City’s cultural assets stock is generally suitable for purpose and the majority are structurally sound. there is significant pressure faced by the sector to be more sustainable but with increased operational costs evident across the board, opportunities to undertake repair and improvements are tempered by the prioritisation of balancing the books to stay afloat. The cost

to improving energy efficiency is a particular barrier for those operating older buildings, including Council owned venues.

- 3.16 The review recommends that the Council continues to support the planned developments and investments around Beach Ballroom and Library, consider ways to increase investment in sustainability support for older venues and encourages more sharing of spaces and services where possible.

CULTURE MODELS AND LEADERSHIP

- 3.17 In light of the sectors financial and sustainability challenges The Review was tasked with high level analysis of alternative delivery models for culture, exploring the relative benefits and weaknesses of the options available. Over twenty Scottish Local Authorities use Arm's Length External Organisations to deliver cultural services on their behalf, some are combined Sports, culture and leisure operators while others are stand-alone cultural trusts operating theatre, concert, museum and library venues as well as managing development and grant programmes. The Review analysis indicated that at present there is no clear preferable alternative model at present, further work would be defining the priorities to identify the options which would best work. Recommendations to progress this include;

- Building capacity and knowledge within local authority leaders to understand the benefits and advocate for investment in the city's cultural vitality, social cohesion, and economic prosperity.
- Work collaboratively with stakeholders to review the Cultural Strategy in the context of the LOIP, defining a clear and comprehensive cultural vision for Aberdeen.
- Embrace the idea that the strength of Aberdeen's cultural development may lie in the integration and constructive collaboration of multiple models. Acknowledge that distinct aspects of the cultural sector may benefit from diverse approaches rather than one size fits all.
- Align Cultural Delivery Model options with Local Vision and Priorities.

FINANCIAL IMPLICATIONS

- 4.1 Investment to external cultural organisations is budgeted in 2024/25 at £1,633,075 (£1,241,000 contributed through Common Good).
- 4.2 The costs to the Council related to its buildings operated by cultural partners are retained 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.

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.
- 5.2 The review makes reference to Scottish Government plans to introduce a new Human Rights Bill. The Bill will incorporate a range of economic, social and ‘cultural rights’ into Scots law for the first time, including the ‘right to take part in cultural life and enjoy the benefits of scientific progress’. The definition of culture will be broad and will include artistic expression, cultural heritage and participation in cultural life which are recognised within the UN treaty definitions. These changes could have significant impacts for Local Authorities as Duty bearers in ensuring any plans constitute a deliberate, concrete and targeted way of improving people’s rights.

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 The Review Report includes an assessment of the current cultural estate, with much of the sector operating listed historic venues and makes recommendations to support efforts towards net zero target going forward. The revised priorities and criteria for culture investment will include targets and metrics to support reducing Aberdeen's carbon emissions and adapting to the impacts of our changing climate.

7. RISK

Category	Risks	Primary Controls/Control Actions to achieve. Target Risk Level	*Target Risk Level (L, M or H) *taking into account controls/control actions	*Does Target Risk Level Match Appetite Set?
Strategic Risk	Council investment in culture is misaligned to Council Delivery plan and priorities.	Culture Review considers this in the recommendations to make a case for strong alignment.	L	Yes

Compliance	Risk of not complying with legislative duties concerning provision of cultural services.	Full IIA will be undertaken for new Framework. Further information is required to understand Human Rights Bill implications, but 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.	L	Yes
Operational	Reduction in funding would impact staffing, buildings and programmes, having implications for Council services.	Culture Review considers this in the recommendations and any savings options presented to minimise long term impact.	L	Yes
Financial	Council may not achieve saving's targets if it does not reduce cultural spend.	Culture Review recommends funding allocation process is established which factors in the 5-year timeline for savings.	M	Yes
Reputational	Risk of citizens perceiving a reduction in services.	Culture Review considers this in the recommendations and funding options presented to minimise long term impact	M	Yes
Environment / Climate	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

COUNCIL DELIVERY PLAN 2024-25

Impact of Report	
<p>Aberdeen City Council Policy Statement</p> <p><u>Working in Partnership for Aberdeen</u></p>	<p>The proposals within this report support the delivery of the following aspects of the policy statement: -</p> <p>Vibrant City- We will work tirelessly to make 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"> • Refresh our tourism and culture strategies for the city. • Aim to make Aberdeen a premier destination for festivals, productions, conferences, bands and events. • Support Aberdeen Performing Arts and other cultural providers to offer the widest possible arts programme for all across our communities. • Seek to make Aberdeen a UNICEF Child Friendly City.
<p align="center"><u>Aberdeen City Local Outcome Improvement Plan 2016-26</u></p>	
<p>Prosperous Economy Stretch Outcomes</p>	<p>The recommendations within this report support the delivery of LOIP Stretch Outcome 2 – 74% employment rate for Aberdeen City by 2026 and key drivers, supporting labour market to recover from impact of Covid-19 on employment, Increasing the number of people in Aberdeen in sustained, fair work and Fewer employers reporting skills gaps.</p>
<p>Prosperous People (Children and Young People) Stretch Outcomes</p>	<p>The proposals within the report support the delivery of Stretch Outcome 6. 95% of all our children, including those living in our priority neighbourhoods (Quintiles 1 & 2), will sustain a positive destination upon leaving school by 2026/</p>
<p>Prosperous People</p>	<p>The report references evidence of arts and culture being able to support the delivery of Stretch Outcome 10. Healthy life expectancy (time lived in good health) is five years longer by 2026.</p>

Prosperous Place Stretch Outcomes	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
Community Empowerment Stretch Outcome	50% of people report they feel able to participate in decisions that help change things for the better by 2026 and key driver social connections and networks working together is supported and encouraged.
Regional and City Strategies	This report support Culture Aberdeen, the City's Ten-Year Cultural Strategy and its five key objectives. 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 promote national and international exhibitions and programmes.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	<i>No assessment required. I confirm this has been discussed and agreed with Julie Wood, Chief Officer – City Development and Regeneration on 29th May 2024</i>
Data Protection Impact Assessment	Not required
Other	Not required

10. BACKGROUND PAPERS

10.1 Culture Delivery and Funding Review, COM/24/040, Council 7th February 2024

11. APPENDICES

11.1 Appendix 1 Culture Delivery and Funding Review Executive Summary

11.2 Appendix 2 Culture Delivery and Funding Review EXEMPT

11.3 Appendix 3 Culture Assets Review EXEMPT

11.4 Appendix 4 Models of Culture Delivery EXEMPT

11.5 Appendix 5 Population Market Analysis

11.6 Appendix 6 Audience Analysis

12. REPORT AUTHOR CONTACT DETAILS

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