



The Collective Voice of Scotland's Cultural Sector

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11th October 2017

Derek Mackay MSP

Cabinet Secretary Finance and Constitution

The Scottish Government
St. Andrew's House
Regent Road
Edinburgh
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Dear Cabinet Secretary

BARCLAY REVIEW: Section 24. Charity Relief (Arm's Length External Organisations)

Culture Counts is the national collective voice of the cultural sector in Scotland, with more than 40 organisations covering every aspect of our rich cultural life. I write now to add our voice to the Barclay Review on Business Rates regarding the proposal to remove rates relief from Arms' Length External Organisations (ALEOs).

The cultural sector at local level is inextricably linked to Scotland's creative economy which as you will be aware contributes £3.7 billion to the Scottish economy each year¹. Local cultural opportunities offer many people their first step into the creative economy via code clubs, historical societies, music groups and local theatre companies. If the removal of rate relief threatens, as we believe it has the potential to do, introductory opportunities at local level we will see the negative outcome of this in our creative economy in the years that follow.

As you will know, in many cases local authorities across Scotland moved to the ALEO structure to secure the future of local culture and leisure services. This was especially urgent after the impact of the 2008

financial crash and subsequent continued reductions in local authority budgets, as in other areas of public finance.

We know from our membership that ALEOs across Scotland are already financially struggling to provide even the most basic of local cultural opportunities for citizens and that any further reductions in funding could lead to closures of local theatres, galleries, libraries and museums. This would put equality of access to culture at particular risk as these venues and services are charged with reaching out to the most vulnerable and excluded in our society. As noted above, it also has the potential to damage the development of creative industries, as well as increasing the existing disparity in access to careers in this sector.

We consider that the evidence in the Barclay Review' as regards the issue of 'competition' around ALEOs remains incomplete. Glasgow Club leisure services are based locally in, for example, Drumchapel and Easterhouse and are aimed at improving the public health of local communities; whereas private gyms such as Virgin Active and Nuffield Health are based in the city centre and are aimed at professionals who are going to the gym from or before work. They are of course similar services but on closer inspection, they do not have the same purpose, aims or clients.

It is also our understanding that in many cases leisure services are intrinsically financially linked to cultural services through the local ALEO structure. By removing rates relief to ALEO leisure services, the Scottish Government could be reducing the local cultural budget available and as a result unintentionally reducing access to the creative industries and cultural opportunities.

The Barclay Review asks the Scottish Government to consider its estimate of £45 million in rates relief to be removed in-relation to the entire local authority budget of £10.4 billion, and of course in this context £45 million may appear a relatively low amount. We urge you to consider £45 million in terms of the cultural sector and related creative industries, where its impact can more easily be seen: Creative Scotland's entire discretionary grant in aid budget for 2017-18 is just over £32 million. This figure demonstrates the significance of what is being proposed: a loss of this magnitude could be a disastrous blow to a sector which has consistently demonstrated its ability to make real difference to the economy and to the lives of people in Scotland.

We recognise that this is one element of a broader and complex review of our finances for the future. If you do decide to implement this recommendation, it is the collective view of the sector (members listed below) that it is vital that £45 million would need to be re-invested back into the sector to prevent the negative consequences as we have set out above.

We would be pleased to meet you or your officials or to provide further information if that would be helpful. Please do not hesitate to contact me using the contact details above.

Yours sincerely,



Jennifer Hunter

Executive Leader, Culture Counts

cc Shona Robinson MSP; Aileen Campbell MSP; Maureen Watt MSP; Fiona Hyslop MSP; Angela Constance MSP; Keith Brown MSP

Culture Counts Members 2017

ALVA
Architecture & Design Scotland
Arts and Business
BECTU
Creative and Cultural Skills
Creative Dundee
Creative Edinburgh
Craft Scotland
Culture Republic
Equity
Federation of Scottish Theatre
Festivals Edinburgh
Literature Alliance Scotland
Making Music
Museums Galleries Scotland
Musicians Union
National Galleries of Scotland
National Library of Scotland
National Museums Scotland
National Theatre Scotland
National Trust Scotland
One Dance UK
PACT – Producers Alliance for Cinema & Television
Publishing Scotland
RCAHMS – Royal Commission on Ancient & Historic Monuments
Regional Screen Scotland
Royal Scottish National Orchestra
Scottish Artists Union
SCAN – Scottish Contemporary Art Network
Scottish Ballet
Scottish Chamber Orchestra
Scottish Council on Archives
Scottish Film
Scottish Games Network
Scottish Libraries and Information Council
Scottish Music Industry Association
Scottish Opera
Theatres Trust
TRACS – Traditional Arts and Culture Scotland
Traditional Dance Forum of Scotland
UK Theatre
Voluntary Arts Scotland
Writers Guild
Youth Theatre Arts Scotland

¹ DCMS Creative Industries Focus on Employment 2016