

Table of Contents

The future of the arts in Scotland - a briefing paper on Creative Scotland 1

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ByVariant - <http://creativescotland.blogspot.com>

Creative Scotland is the proposed merger of the public bodies the Scottish Arts Council and Scottish Screen into a private company. Culture Minister, Linda Fabiani, recently insisted of Creative Scotland: "We all want to get this up and running." In truth, this apparent urgency conceals a major ideological fault line between public and private provision in Scotland. A recent artists-led meeting in Glasgow brought practitioners together to discuss the proposed formation and develop a broader understanding of its implications. This coincides with the setting up of <http://creativescotland.blogspot.com> as a platform to gather information, inform debate and facilitate a response from the artistic community who has, so far, been largely excluded from discussions relating to the proposed changes. This briefing paper from Variant outlines the issues as they relate to the arts and the provision of public infrastructure in Scotland.

CREATIVE SCOTLAND

There is much confusion over the formation of Creative Scotland and its remit, responsibilities and functions. What the proposed changes will mean for artists is being still further confused in what appears to be inter-agency horse trading. In the absence of transparency, the need for "confidence" in the "process" is much invoked. Here is what we think is actually going on...

The Scottish National Party (SNP) form the minority government of the Scottish parliament. Like the Labour Party before, the SNP have pledged a streamlining of the numerous Enterprise Agencies that are "responsible for implementing the economic development strategy of the government". This Network was to be streamlined to remove "wasteful duplication and overlap".

The current remit of Scottish Enterprise includes support of creative enterprises, some of which is delivered through its funding of the Cultural Enterprise Office, which provides a "Business Development Service for creative and cultural practitioners and micro businesses". Other creative industry pushers in Scotland include Highlands and Islands Enterprise, HI-Arts, the local authorities, NESTA (The National Endowment for Science, Technology and the Arts), Creative & Cultural Skills, Demos, Creative Industries Forum, Arts & Business, Scottish Cultural Enterprise, The Creative Entrepreneurs Club, Voluntary Arts Scotland, Scotland's Futures Forum, The British Council, and a plethora of training/advice/development agencies/companies all of whom will directly or indirectly receive public funding, which is not to begin to map agencies explicitly involved in the music scene, audience development, tourism, and think wonkery...

Creative Scotland has been proposed as the abolition of the Scottish Arts Council (SAC) and Scottish Screen. If the Scottish government get their way, having previously failed to get the Bill passed, these two Non-Departmental Public Bodies (NDPB) are to be superseded by a single body, Creative Scotland.

We are now told Creative Scotland will firstly take the form of a "publicly owned limited company" -- Creative Scotland was registered as a company at Companies House on 20 January 2006 -- after which it will be established as a statutory NDPB through the Public Services Reform Bill in early 2009 (which will deliver a 25% cut in Scottish public bodies and scrutiny bodies by 2011 if it is passed). This we believe is the same set up as Scottish Screen -- the Scottish Arts Council differs in that it is

incorporated via Royal Charter, which we understand provides it additional protection (Scottish Screen has an in-house legal team).

EXPANDED REMIT

'Creative industries' is the central new feature in the remit for Creative Scotland. This remit is substantially expanded on previous roles to now include: "advertising; architecture; crafts; design; designer fashion; film; interactive leisure software; music; performing arts; publishing; TV and radio; and visual arts". The grant in aid from the Scottish government will not be increased to meet the increased remit.

The Culture Minister, Linda Fabiani, has stated Creative Scotland will "evolve complementary specialist advice and information services for creative enterprises. [...] In order for it to do that, I can confirm today that the resources that are devoted to that purpose by Scottish Enterprise will, from the beginning of the next financial year, transfer to creative Scotland." And the 'Public Support for Creative Industries Report', which the government has accepted, states Creative Scotland "will be the lead agency for the arts and creative enterprises in Scotland".

But the Minister has also stated, "It is not proposed that creative Scotland will take on the role or activities of the business gateway or Scottish Enterprise. That would just muddy the landscape".

And therein lies much of the confusion.

DUPLICATION

The Minister has stated, "we also propose that creative Scotland will build on and evolve existing good practice -- in the cultural enterprise office, for example -- in providing complementary tailored services for creative entrepreneurs in the first stages of business development", and elsewhere that Creative Scotland, "will be the national development body for the arts and culture, working in partnership with other organisations to support the creative industries."

Apparently, Scottish Enterprise's £50 million cultural budget will not be transferred to Creative Scotland. The administrative funding of £100,000 is being transferred from Scottish Enterprise to Creative Scotland for the Cultural Enterprise Office.

Just what is meant by "resources" and just what is or isn't being discussed regarding Scottish Enterprise and Creative Scotland all depends on which conflicting account you read.

Whether Creative Scotland or Scottish Enterprise should be the lead strategic body that receives the public funding for support of creative industries has via the "creative industries working group" (stacked with Enterprise Agencies) now been passed on to the creation of a "creative industries forum, which will include all such agencies [and now also believed to include COSLA] and answer the question about who takes which decisions."

CONSULTANCIES

The Cultural Commission, established in 2004 to gather "views and opinions from the people of Scotland on where and how culture in Scotland should be supported", cost us around £500,000. What is the justification and expense of the plethora of policy-based consultancies from 'A National Cultural Strategy for Scotland', by Bonnar Keenlyside, in 2000 right up to today, simply to end up at this juncture?

Anne Bonnar is today the Transition Director of Creative Scotland, for which the public pays her £10,000 a month. She was appointed in November 2007, 13 months ago. To date, a further nine consultancy firms at the cost of up to an additional £200,000 have been involved in the transition, including: John Knell, Intelligence Agency; Tom Fleming, Creative Consultancy; Lesley Thomson, Liddell Thomson management consultancy; Lettoch Associates; Miles Harrison; David Teasdale; Deloitte Touche; Mike Kidd Associates; The Hayes Group. (£100,000-plus Creative Scotland consultancy cost under fire, The Herald, November 27 2008)

The Scottish Artists Union has established 82% of visual artists earned £5,000 per year (gross) or less from their artistic activity, and 29% earned nothing at all from making art.

CUTS

Initial transition costs for Creative Scotland were given at £700,000 in its Financial Memorandum, they were then raised to £1.4 million, and now they are speculated as being anything from £2m to £7m. These costs are expected to come out of Creative Scotland's grant in aid budget. The parliamentary Finance Committee is reported having said the transition costs were "not sufficiently detailed and had not taken consideration of issues such as the potential cost of redundancies (particularly regarding senior staff), pension issues, senior staff recruitment or office relocation. The estimate also contained no margin of uncertainty and gave no details on the assumptions upon which it had been based."

We are told Creative Scotland will inherit the £50 million grant in aid of the Scottish Arts Council and Scottish Screen. It will also receive an increase of £5m, effectively a stand still in line with inflation over the first 2 years. Whereas the Sunday Herald has reported that the combined budgets amount to nearly £70m today (Creative crisis: the arts world in revolt, December 09, 2008), which would amount to a £20m cut in provision before we even start.

Section 99. of the 'Stage 1 Report on the Creative Scotland Bill' is worth quoting in full regarding Creative Scotland's budget:

"The Finance Committee noted that the new body will have the same grant in aid that would have been provided to the Scottish Arts Council and Scottish Screen despite Creative Scotland having 'new and wider functions than its antecedent bodies'. The Finance Committee received written evidence from the PCS and Unite trades unions, which represent staff at the Scottish Arts Council and Scottish Screen. The unions expressed concerns regarding the possible effects that an increase in remit without an increase in budget could have on the workforce, stating that it could put 'considerable pressure on the budget for staff and workloads' and that it would be 'left to an increasingly demoralised workforce to create something new and radical'."

DISPLACING FUNDING

Given what will be, if not initially then quite quickly, a shortfall, Fabiani has stated: "If formed, Creative Scotland will add to the range of funding sources available to artists and creative practitioners. As well as grants, it will develop a wider portfolio of funding methods including loans and investments." This is reinforced further in the same Sunday Herald article: "A spokeswoman from the Creative Scotland transition team said: 'Creative Scotland will be looking at a range of alternative investment models, with the aim of finding and increasing sources of funding.' Tax incentives, venture capital, loans and corporate investment are all potential models previously mentioned by the transition team."

This is a fundamental ideological shift.

The SAC has now put out yet another consultancy tender, for "21st Century financing for the arts and creative industries in Scotland Study" to report back within 6 months, which "should include an examination of taxation policies, and other fiscal measures" for both "the arts and creative industries in Scotland". This leads to question exactly what the SNP's evidence-base was in Scotland for promising 'artists' reduced income tax liability, coupled with a funding model which is to incorporate attracting resources from philanthropists, venture capitalists and corporate sponsorship?

INEQUALITIES

Before the credit crunch and the property bubble bursting, there was a received notion (via Richard Florida) that there is such a thing as a 'creative class' intensely interested in cultural goods of many kinds, which in turn gave rise to the idea that cities must 'invest' in and through culture; supposedly-benign terms such as 'creative cities' and 'creative clusters' have become increasingly prevalent as a way of describing culture-led regeneration strategies that appropriate the 'moral prestige' of the creative artist.

An abstract rhetoric of creativity has also become increasingly important to the fueling of labour markets marked by irregular, insecure and unprotected work; this argument in turn has had much wider implications in that it has pushed education policy much more strongly in the direction of a discourse of skills, on the basis that future national prosperity depends upon making-up for a supposed lack of creative, innovative workers. But Creative Industries policy, while seeming to offer a certain freedom of creative autonomy and self-realisation for workers, is in fact explicitly bound up in finding new articulations of existing power relations -- the way in which notions of passion for, and pleasure in, work serve as disciplinary devices, enabling very high levels of (self-) exploitation, noting the extremely low levels of union organisation in most cultural industries.

This unqualified policy and theory using the term Creative Industries tends to be based on arguments which all too often come close to accommodating, if not explicitly endorsing, rising inequality and a considerable degree of exploitation associated with contemporary neoliberalism -- and now its failure. With 'Creative Industries' policy there is a lack of attention to the way capitalist markets repeatedly work with other processes to produce inequalities of access and outcome in the domain of culture, as in many other aspects of society. Ultimately, the limits of the discourse appear to serve policies that reinforce both economic and cultural inequalities in our societies and diminish real social freedoms which remain enshrined in UNESCO universal declarations. Something the formation of Creative Scotland has no choice but to address, at some level.

EXTRACTING THE VALUE

We believe that Creative Scotland will look to generate income streams (for itself) through the exploitation of cultural institutions and cultural workers, particularly through increasing the burden of debt. Increasingly, they will be treated as the consumer base for a new financialised system of commercial 'creative' exploitation -- indebting artists and organisations whilst exploiting retention of Intellectual Property Rights.

NESTA was the outcome of such an exploration of copyright- and profit-orientated approaches to investment -- set up with Lottery funding to help people turn bright ideas into products, services or techniques with social and commercial benefit. NESTA advocates its retention of patent rights for intellectual property resulting from publicly funded work and the wider state exploitation of IPR. This is a significant shift from previous public sector models of support (however partial and problematic they continue to be with regard to elite power and their exercise of cultural taste) to a commercial

model of exploitation still ultimately based on monopoly power.

"[T]he cultural industries are seen as complex value chains where profit is extracted at key nodes in the chain through control of production investment and distribution and the key 'creative' labour is exploited not, as in the classic Marxist analysis of surplus value, through the wage bargain, but through contracts determining the distribution of profits to various rights holders negotiated between parties with highly unequal power (Caves 2000). [For example, through the exploitation of Intellectual Property Right, as NESTA advocates & promotes] ... [T]he political economy approach placed its major emphasis on the technologies of distribution, on the ways in which key economic and regulatory debates were to be seen as struggles over access to distribution under shifting technological conditions without any necessary effect on either the nature of the product being distributed or the relation with the audience. In particular, this analysis stressed the ways in which the profits of the whole process were returned to controllers of technological distribution systems rather than to the original producers of the cultural products or services." ('From Cultural to Creative Industries: An analysis of the implications of the "creative industries" approach to arts and media policy making in the United Kingdom', Nicholas Garnham, International Journal of Cultural Policy Vol 11, No. 1 2005)

Liberal MSP Jeremy Purvis challenged Fabiani over the "provision to provide loans for business enterprise, although we still do not know how that will be delivered, or, indeed, what priority the new organisation will give to business support -- as opposed to acting as a grant-making organisation for arts bodies -- as there must be some form of financial assistance and there will be a cost in creative Scotland providing such services." Indeed, a significant aspect of the financial crisis has been "financial institutions that aren't banks from a regulatory point of view but nonetheless perform banking functions." (Guardian Weekend, Dec 6 2008) It is doubtful a coincidence that Ewan Brown, an ex-banker complicit in 'greed is good' demutualisation and deregulation of financial services, has been placed in charge of overseeing Creative Scotland Ltd and its metamorphosis.

CRUNCH

If Creative Scotland mirrors other European models, and given what the Culture Minister has said to date, the likelihood is that in Scotland, too, there will be significant financial pressure to replace grants with a system of credit or loans for both artists and organisations. Adopting an exploitative commercial model for 'creative' production would immediately place Creative Scotland at ideological odds with cultural organisations and services in Scotland established as not-for-profit. Furthermore, given the economic climate is predicted to worsen, such a move is sure to be ruinous for the organisations and infrastructure reliant on grant funding. There is evidence. A credit/loans system for arts organisation has only recently been tried and tested in Europe, before the height of the credit crunch. It failed. The Catalan Department of Creative Industries is currently under investigation for their calamity.

As the state seeks to reorganise and in part withdraw its already limited forms of public sector support and economically mobilise culture, cultural institutions are being given the task of attracting inward investment and contributing to cultural tourism and urban regeneration. We are, then, caught in the midst of various forms of neoliberal enclosure and restructuring, which is seen by competing individuals, networks and agencies to offer openings for a range of agendas seeking to gain purchase on institutional structures/bureaucracies. It is precisely this meshing of market interests that effaces any significant debate of the underlying economic antagonisms in Scotland.

So what of the 'creatives' that are to be the consumer base for any new financialised system of commercial 'creative' development? A study by Push.co.uk, the student guide, in August 2008 expects undergraduate students to be more than £21,500 in debt by the time most graduate in 2011. The

normally Labour-loyal NUS has said: "It is clear that many students are sleepwalking into financial crisis. As the credit crunch kicks in, and with food and fuel costs set to rise even further, we can expect more and more students to get into serious financial difficulty, with many having to resort to taking out [additional] commercial loans..." The Council of Mortgage Lenders reported in October that 45,000 homes in the UK are expected to be repossessed by the end of this year.

It is widely accepted that a cause of the current financial crisis was the rampant free-market exploitation of debt/credit and the introduction of speculation and risk into an otherwise marginally more stable affair. With regard to Creative Scotland, we can detect no acknowledgement of this global tectonic shift and the deepening international financial crisis, and how it will affect artists in Scotland.

<http://creativescotland.blogspot.com>

Variant magazine: <http://www.variant.randomstate.org>

Scottish Artists Union: <http://www.sau.org.uk>

SAU response to Creative Scotland:

<http://www.sau.org.uk/admin/uploadedFiles/CreativeScotlandBillSAUResponse.pdf>