

Ref: CW/GB

11 July 2005

Dear

Strategic Review and Core Funding Application

I have pleasure in enclosing an application for core funding. Please complete and return to your lead officer by the deadline of 30 September 2005.

Your funding for 2006/07 has already been confirmed, as detailed in your offer letter of (date) and funding figure agreed as £(amount).

As you know the Scottish Arts Council has started a Strategic Review to consider how resources can be best used to meet our aims. The Council is strongly of the view that the status quo is not an option. The discussion and consultations so far have arrived at outcomes which are outlined in the enclosed paper.

The next stages of the review are listed in the timetable below. This application process will provide us with the information we need to enable us to assess your continued status as a Core Funded Organisation (CFO) and possible support level in the coming 3 years.

CFO Funding Timeline 2005/06

Application information to CFO	11 July
CFO Day 5	25 August
CFO Application submission	by 30 September
SAC Lead Officer Assessment	1 October – mid November

As funding for 2006/07 has already been confirmed, we will not conduct the traditional annual review meetings with CFOs.

Creative and Performing Arts Committees discussion on CFO Plans and Assessments	mid November
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Council discussion on recommendations and decisions	13 December
Feedback meetings with CFOs	9 January – 28 February
Feedback from CFO meetings to Council Council Decisions	March 2006

Context

The Strategic Review is to find out how best to use our resources to meet our aims.

Now that the Cultural Commission has submitted its final report to the Minister, we are happy that its recommendations anticipate the Council's vision for the long-term development of the arts. For example, its call for increased resources confirms our strongly held view that many artists and arts organisations are unable to focus on producing excellent work because they are concentrating on managing limited resources. We intend to continue our current ambitious work, until we are sure that the future will provide the best solution for the arts in Scotland.

However, currently, 80% of our budget from the Scottish Executive, around £32 million pounds, is immediately committed to the range of core-funded organisations that we support. The room for manoeuvre is limited, and the opportunity for new entrants, for refreshing the pool of talent, for risk-taking, is positively microscopic. And we are certainly aware of the increased demands we ask of our clients; we know that squeezing in an education post, or building an audience development plan is often done willingly, but without the resources to sustain it indefinitely. In the coming three years, our income from the National Lottery will reduce by £5 million per year. That is 12% of our income. The franchise for the lottery, its purpose and the beneficiaries of its income are once again to come under scrutiny. Now with the success of the London bid for the Olympic games, income levels are likely to fall again. As lottery income declines, the opportunity to support certain types of work will also shrink; investment in artists, organisations or projects that have a real, long-term, sustainable future, will increasingly form part of our thinking.

Our Strategic Review process is at the stage where we are developing a number of scenarios to respond to the outcomes in the enclosed paper. These include an optimum scenario which will be the basis of our Comprehensive Spending Review (CSR) bid to the Scottish Executive in the autumn, and mirrors the aspiration for increased investment expressed by the Cultural Commission.

The information you provide in describing your artistic vision for the next 3 years, such as how the work of your organisation fulfils a significant function in an international, national, regional, and/or local context, will inform a positive bid to the Scottish Executive for the CSR.

Similarly, the role you play in relation to a particular artform/s; how your vision contributes to our aims and policy development areas, and to wider strategic considerations is required to help us present a strong case to the Scottish Executive.

We hope that together with the recommendations from the Cultural Commission we will achieve something in what we anticipate will be a difficult “spending round”.

We also have to consider a scenario that is based on standstill or reduced funds (as required by the CSR) and scenarios that reduce the proportion of funds that are committed to CFOs.

The Scottish Arts Council has published strategies: Artforms, Education, Audience Development, Cultural Diversity and you should refer to these in your responses to the aims outlined in the Scottish Arts Council Business Plan for 2005/06.

We look forward to the next CFO meeting on 25 August, which will allow us to discuss the Cultural Commission’s Report and update you on the process of our Strategic Review. An Agenda will follow soon.

Yours sincerely,

Graham Berry
Chief Executive