

South Ayrshire Council

Report by Assistant Director - People to Partnerships Panel of 23 March 2022

**Subject: Ayr Gaiety Partnership Performance Report and
Funding Request**

1. Purpose

- 1.1 The purpose of this report is to invite members of the Panel to scrutinise the performance of the Ayr Gaiety Partnership (AGP) and to consider the funding request as set out in [Appendix 1](#).

2. Recommendation

2.1 It is recommended that the Panel:

- 2.1.1 **considers the performance of the Ayr Gaiety Partnership in delivering the activities required as part of the agreement for Council funding; and**
- 2.1.2 **considers the request for additional funding and requests officers, if appropriate, to refer the matter to the Leadership Panel for consideration.**

3. Background

- 3.1 In March 2012, the Council agreed to support a partnership between the Council, AGP and the University of the West of Scotland. As part of this agreement and working to lever in other external funding, AGP were asked to deliver:

- the theatre as a community resource and a performance and display space for local arts organisations;
- a centre of excellence for education and training;
- links with UWS to deliver an education programme and re-enforcement of Ayr as University town; and
- volunteering opportunities.

- 3.2 In December 2017, Council agreed a 3 year funding package for AGP:

- 2018/19 £125,000;
- 2019/20 £115,000; and
- 2020/21 £100,000.

- 3.3 In September 2021, the Partnerships Panel discussed the future viability of AGP and requested that a briefing note be circulated to the Panel prior to the end of the year relating to this matter.
- 3.4 In addition to this previously agreed financial support and due to the impact of the Covid-19 pandemic, the Council agreed to provide £100,000 to the Gaiety Theatre from the Covid-19 Business Support discretionary fund plus a further £200,000 from Council general reserves.
- 3.5 The Council previously agreed a secured loan of £650,000 at a rate of 2.5% over 5 years. This is being drawn down in 4 tranches and 2 tranches have previously been paid to the Gaiety. Given the unprecedented effects of the Covid-19 pandemic the Council agreed to amend the repayment terms and period of the loan. There is currently a payment holiday in place until April 2022.

4. Proposals

- 4.1 The AGP is an important partner in delivering the Council's strategic objectives to increase access to arts and culture in South Ayrshire. A summary of progress is set out in [Appendix 1](#).
- 4.2 The Gaiety is currently running at reduced capacity and AGP anticipates that it will not be until 2023 that historic audience numbers will return. The budget set out in [Appendix 1](#) details expected outturns for 2021, and projections for 2022 and 2023. While AGP is confident of being able to secure some income from increased fund raising and other sources, they consider that SAC support for 2022-24 remains essential. Indeed, the AGP believes that SAC support will remain essential in the long term as commercial stand-alone operation for theatres outside major conurbations is not possible.
- 4.3 AGP is requesting assistance from SAC to recover from the Covid-19 pandemic in the form of an annual investment of £150,000 from 2022 onwards for a period of three years.
- 4.4 Members of the Partnerships Panel do not have authority to approve the request for financial assistance outlined at 4.3 and, accordingly, if they thought appropriate, would require to refer the matter on their recommendation to the Leadership Panel.

5. Legal and Procurement Implications

- 5.1 There are no legal implications arising from this report.
- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 There are no direct financial implications arising from this report. However, if the Panel agrees to refer the request for additional funding to the Leadership Panel, then there would be a requirement to address the financial implications in any report.

7. Human Resources Implications

- 7.1 Not applicable.

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

8.1.1 There are no risks associated with adopting the recommendations.

8.2 *Risk Implications of Rejecting the Recommendations*

8.2.1 There is a risk that rejecting the recommendations will mean that the Council will not be able to evidence scrutiny of the external funding to AGP.

8.2.2 There is also a risk that rejecting the recommendations will mean that the Council would not be able to consider the request for additional funding requested by the AGP.

9. Equalities

9.1 The proposals in this report have been assessed through the Equality Impact Assessment Scoping process. There are no significant potential positive or negative equality impacts of agreeing the recommendations and therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as [Appendix 2](#).

10. Sustainable Development Implications

10.1 ***Considering Strategic Environmental Assessment (SEA)*** - This report does not propose or seek approval for a plan, policy, programme or strategy or document otherwise described which could be considered to constitute a plan, programme, policy or strategy.

11. Options Appraisal

11.1 An options appraisal has not been carried out in relation to the subject matter of this report.

12. Link to Council Plan

12.1 The matters referred to in this report contribute to Commitment 4 of the Council Plan: South Ayrshire Works/ Make the most of the local economy.

12.2 The Gaiety have mapped their activities onto the Council's strategic outcomes and this is shown in [Appendix 1](#).

13. Results of Consultation

13.1 There has been no public consultation on the contents of this report.

13.2 Consultation has taken place with Councillor Chris Cullen, Portfolio Holder for Economy and Culture, and the contents of this report reflect any feedback provided.

Background Papers **Report to Partnerships Panel of 15 September 2021 – [Ayr Gaiety Performance Report](#)**

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Date: 14 March 2022

Ayr Gaiety Partnership request to SAC 2022-25

This paper summarises the value for money provided by AGP to SAC over the current funding agreement. It goes on to outline the outcomes AGP will deliver over the next period. And it updates future projections and restates the request to SAC for £150,000 per year funding from 2022-25. This request was made in discussions on funding for 2021-22 and represents a reduction of 25% on the 2021-22 figure despite major ongoing challenges for the theatre sector.

AGP has provided excellent value for money 2018-21

Over the last four years, SAC has supported AGP with £540,000 in total, on a tapering basis (18-19: £125,000, 19-20: £115,000, and 20-21: £100,000). AGP was able to secure other emergency income over 2020-21 and therefore avoided making any additional call on SAC in that first period affected by Covid. SAC then provided increased support of £200,000 to support AGP during the second year of Covid impacts. SAC was also able to secure for AGP a further £100,000 in Covid-related recovery funding. AGP secured significant additional emergency funding from other sources over the period too. AGP was therefore able to continue to operate and deliver despite the theatre building being closed. Overall AGP has delivered outstanding value for money and major results in terms of cultural life, economic impact and wellbeing, including:

- Levering the Council's contribution by around 9:1 to secure around £4,500,000.
- Delivering around 130,000 live audience experiences in the two years 2018-19 and 2019-20.
- Engaging around 3,000 people of all ages in creative learning.
- Raising South Ayrshire's profile and reputation through national events and media coverage.
- Achieving £1.8 million per year economic impact: 40+ jobs, footfall and visitors to the Town (up to March 2020).
- Sustain 14 jobs over the Covid period.
- Secure over £300,000 of funding to 16 community groups delivering Covid-19 emergency responses and wellbeing support (including practical support to the groups).
- Reaching over 20,000 individuals in over 40,000 separate participations over Covid.
- Reopening the theatre with Covid-safe precautions for Autumn 2021.
- Securing funding for and initiating a series of long-term creative engagement initiatives, in partnership with SAC, VRU, and many others, meeting growing success with:
 - Young people and families in Wallacetown;
 - Care experienced young people with the Champions Board;
 - People with dementia and their carers with Dementia Prestwick; and
 - Communities in Maybole and Girvan

Recovery will take two to three years

Any return to normal for theatres is some way off. The Gaiety is currently running at reduced capacity and we still anticipate that it will not be until 2023 that historic audience numbers will return. The attached budget showing expected outturns for 2021, and projections for 2022 and

2023 show the picture. While AGP is confident of being able to secure some income from increased fund raising and other sources, SAC support for 2022-24 remains essential. Indeed SAC support will remain essential in the long term as commercial stand-alone operation for theatres outside major conurbations is not possible. Outside (and possibly including) the circumstances of the pandemic, The Gaiety continues to receive far less public funding than any other similar theatre in Scotland.

Over 2022-24 AGP is committed to grow its community and outreach activity as well as continuing to run the theatre. Success in securing funding and delivering results for community activity over the Covid period is a strong basis for doing this. So AGP expects to significantly increase its impact as well as recovering from the setbacks during Covid.

Outcomes

Over 2022 (and growing each year that follows) AGP will deliver:

- Over 100,000 creative participation experiences in the theatre and in communities;
- Financial leverage for the Council's investment of 10:1 or better;
- Economic impact in excess of £1.8 million each year, including jobs, training opportunities, attracting visitors to the Town and growing South Ayrshire's profile; and
- Improved wellbeing for key target communities including Wallacetown, Girvan and Maybole, young people and older isolated people across South Ayrshire.

In the context of Council priorities, AGP will deliver the following.

Council priority	Gaiety activity
<i>Reduce Poverty and Disadvantage</i>	Work with schools, care experienced young people, rural and low income areas, UWS and Ayrshire College projects
<i>Health and Care Systems that meet People's Needs</i>	Work with older people in care homes, Dementia friendly programming, accessibility work, rural work
<i>Make the most of the Local Economy</i>	£1.8million economic impact, 40+ jobs, footfall and visitors to the Town
<i>Increase the Profile and Reputation of South Ayrshire and the Council</i>	International and national artists and companies, national profile for Creative Learning & Engagement, national youth arts festival, regular press and TV, significant social media
<i>Enhanced Environment through Social, Cultural & Economic Activities</i>	Theatre shows, rural touring, creative learning, Tamfest – 100,000+ engagements, 1,000 young people and 200 volunteers

Request to South Ayrshire Council

AGP is therefore requesting assistance from SAC to recover from the Covid-19 pandemic in the form of:

- An annual investment of £150,000 from 2022 onwards; and
- Continuation of the current loan agreement as already agreed.

2021

The 2021 projected outturn is still uncertain, depending on the final sales for the Christmas panto – less any returns and cancellations that may result in the case of the cast falling ill. The projected deficit for the year of -£116,516 is of the order of the funds carried forward at 31st December 2020 of £104,574. The net funds position at the end of 2020 will therefore be approximately zero.

The reserves policy is to retain sufficient to repay all customers for future shows and overheads for around 3 months operation. The former goal is met within these projections (this amount appears on the balance sheet within creditors). But the latter is not – a further £175,000 of net funds would be required to achieve the amount, so this remains a future goal.

2022

Key assumptions in 2022 are:

- That sales build over the course of the year, achieving historic levels by the end of the year.
- That the proportion of show income retained (other than for the in house panto) is 25% - a low figure that reflects the low ticket sales projected and the consequent need to provide a higher proportion of takings to promoters, particularly early in the year. (For Autumn 2021, the proportion of ticket sales retained is well under 10% and it will take some time to build back from this if, as we assume, audiences return only gradually.)
- Fund raising income shows a total of £200,000 – which is double the historic levels prior to Covid. This reflects recent increased success in securing grant aid from other sources and a staff restructure that has resulted in more time and expertise being devoted to this activity. It remains a challenging target.
- Energy costs increase well above the rate of inflation.
- Other costs increase to different extents, recognizing that some costs have been reduced over 2021 due to lower activity.
- Loan repayments are met from the one-off £100,000 discretionary Covid recovery grant received and retained for this purpose.

2023

Key assumptions in 2023 are:

- That sales achieve historic levels for the full year with modest increases for the panto – based on its higher quality (compared with pre-2019).
- That the proportion of show income retained (other than for the in house panto) is restored to 38% consequent on sales having returned to historic levels. This is because the higher the levels of overall sales, the greater the proportion of income we can negotiate to retain.

- Energy costs continue to increase well above the rate of inflation but other costs rise around 5%.
- Loan repayments are met from trading surplus as was the case prior to the pandemic.

Note that the surplus generated still falls short of achieving the Trustees reserves policy target.

AGP – estimated outturn for calendar year 2021 and projections for 2022 & 23

	Estimated outturn 2021			Projected 12 months to 31/12/22			Projected 12 months to 31/12/23		
	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total	Unrestricted	Restricted	Total
INCOME									
NOTE									
Earned income									
General ticket sales	74,000	-	74,000	500,000	-	500,000	650,000	-	650,000
Gaiety productions ticket sales	62,000	-	62,000	355,000	-	355,000	380,000	-	380,000
Theatre tax relief	25,000	-	25,000	40,000	-	40,000	45,000	-	45,000
Café Bar	-	-	-	50,000	-	50,000	50,000	-	50,000
Booking and transaction fees	357	-	357	15,000	-	15,000	20,000	-	20,000
	161,357	-	161,357	960,000	-	960,000	1,145,000	-	1,145,000
General income									
South Ayrshire Council	175,000	-	175,000	150,000	-	150,000	150,000	-	150,000
CS - PAVRF1	-	62,500	62,500	-	-	-	-	-	-
CS - PAVRF 2	240,000	150,000	390,000	-	-	-	-	-	-
CS - Culture Collective	-	60,000	60,000	-	97,000	97,000	-	107,000	107,000
SCF, CRF 1a, CRF1b, CRF2	-	231,572	231,572	-	-	-	-	-	-
Adapt and Thrive	-	75,000	75,000	-	-	-	-	-	-
Summer Play	-	7,000	7,000	-	-	-	-	-	-
Sundry other income	90,000	-	90,000	40,000	-	40,000	60,000	-	60,000
Revenue fundraising	30,000	50,000	80,000	200,000	-	200,000	220,000	-	220,000
Restoration levy	787	-	787	-	-	-	-	-	-
	535,787	636,072	1,171,859	390,000	97,000	487,000	430,000	107,000	537,000
TOTAL	697,144	636,072	1,333,216	1,350,000	97,000	1,447,000	1,575,000	107,000	1,682,000
EXPENDITURE									
Shows and productions									
Salaries (inc pension)	135,000	-	135,000	140,000	-	140,000	150,000	-	150,000
Artists' fees - received shows	74,000	-	74,000	375,000	-	375,000	403,000	-	403,000
Artists' fees & prod'n costs- Gaiety productions	100,000	256,381	356,381	215,000	-	215,000	225,000	-	225,000
Merchandising	-	-	-	7,000	-	7,000	10,000	-	10,000
Other direct costs	-	-	-	-	-	-	-	-	-
	309,000	256,381	565,381	737,000	-	737,000	788,000	-	788,000
Creative Engagement & community									
Salaries (inc pension)	31,115	28,885	60,000	35,000	37,000	72,000	40,000	40,000	80,000
Artists' and freelancer fees	-	106,234	106,234	-	60,000	60,000	-	67,000	67,000
Grants to other organisations	-	199,572	199,572	-	-	-	-	-	-
Other direct costs	-	-	-	-	-	-	-	-	-
	31,115	334,691	365,806	35,000	97,000	132,000	40,000	107,000	147,000
Building costs:									
Salaries (inc pension)	36,000	-	36,000	40,000	-	40,000	42,000	-	42,000
Water charges	6,000	-	6,000	7,000	-	7,000	8,000	-	8,000
Insurance	20,000	-	20,000	22,000	-	22,000	23,000	-	23,000
Energy	35,000	-	35,000	60,000	-	60,000	80,000	-	80,000
Cleaning materials	6,000	-	6,000	10,000	-	10,000	11,000	-	11,000
Repairs and renewals	40,000	-	40,000	35,000	-	35,000	35,000	-	35,000
	143,000	-	143,000	174,000	-	174,000	199,000	-	199,000
Administration and development:									
Salaries (inc pension)	127,000	-	127,000	150,000	-	150,000	165,000	-	165,000
Telephone	4,000	-	4,000	5,000	-	5,000	5,500	-	5,500
IT	10,000	-	10,000	7,000	-	7,000	7,700	-	7,700
Printing, Stationery and Postage	5,000	-	5,000	7,000	-	7,000	7,700	-	7,700
Licenses	1,500	-	1,500	2,000	-	2,000	2,200	-	2,200
Staff training and support	8,000	-	8,000	6,000	-	6,000	7,000	-	7,000
Consultancy, and fund raising costs (A&T)	-	35,000	35,000	-	-	-	-	-	-
Other (A&T)	-	10,000	10,000	-	-	-	-	-	-
Trustee Indemnity	1,200	-	1,200	1,200	-	1,200	1,300	-	1,300
Bank charges	1,500	-	1,500	3,000	-	3,000	3,000	-	3,000
Credit card charges	5,000	-	5,000	10,000	-	10,000	11,000	-	11,000
Professional fees	9,000	-	9,000	5,000	-	5,000	6,000	-	6,000
Box office system	8,000	-	8,000	8,000	-	8,000	8,000	-	8,000
Bad debt	-	-	-	-	-	-	-	-	-
Contingency/Misc	30,000	-	30,000	18,000	-	18,000	24,000	-	24,000
	210,200	45,000	255,200	222,200	-	222,200	248,400	-	248,400
Marketing:									
Design, print, promo, ads etc	38,345	-	38,345	70,000	-	70,000	80,000	-	80,000
Salaries (inc pension) and associated costs	52,000	-	52,000	78,000	-	78,000	82,000	-	82,000
	90,345	-	90,345	148,000	-	148,000	162,000	-	162,000
Finance charges (incl leasing)	30,000	-	30,000	25,000	-	25,000	18,000	-	18,000
TOTAL	813,660	636,072	1,449,732	1,341,200	97,000	1,438,200	1,455,400	107,000	1,562,400
SURPLUS (DEFICIT) BEFORE DEPRECIATION	(116,516)	-	(116,516)	8,800	-	8,800	119,600	-	119,600
Additional discretionary Covid grant held over				100,000		100,000			
Loan repayments				90,000		90,000	120,000		120,000
Retained surplus after loan repayments				18,800		18,800	(400)		(400)

**South Ayrshire Council
Equality Impact Assessment
Scoping Template**

Equality Impact Assessment is a legal requirement under the Public Sector Duty to promote equality of the Equality Act 2010. Separate guidance has been developed on Equality Impact Assessment's which will guide you through the process and is available to view here: <https://www.south-ayrshire.gov.uk/equalities/impact-assessment.aspx>

Further guidance is available here: <https://www.equalityhumanrights.com/en/publication-download/assessing-impact-and-public-sector-equality-duty-guide-public-authorities/>

The Fairer Scotland Duty ('the Duty'), Part 1 of the Equality Act 2010, came into force in Scotland from 1 April 2018. It places a legal responsibility on Councils to actively consider ('pay due regard to') how we can reduce inequalities of outcome caused by socio-economic disadvantage, when making strategic decisions. See information here: [Interim Guidance for Public Bodies](#) in respect of the Duty, was published by the Scottish Government in March 2018.

1. Policy details

Policy Title	Ayr Gaiety Partnership Performance Report and Funding Request
Lead Officer (Name/Position/Email)	Laura Kerr, Coordinator – Destination Promotion and Inclusive Participation - laura.kerr4@south-ayrshire.gov.uk

2. Which communities, groups of people, employees or thematic groups do you think will be, or potentially could be, impacted upon by the implementation of this policy? Please indicate whether these would be positive or negative impacts

Community or Groups of People	Negative Impacts	Positive impacts
Age – men and women, girls & boys	-	Yes
Disability	-	Yes
Gender Reassignment (Trans/Transgender Identity)	-	Yes
Marriage or Civil Partnership	-	Yes
Pregnancy and Maternity	-	Yes
Race – people from different racial groups, (BME) ethnic minorities and Gypsy/Travellers	-	Yes
Religion or Belief (including lack of belief)	-	Yes
Sex – gender identity (issues specific to women & men or girls & boys)	-	Yes
Sexual Orientation – person's sexual orientation i.e. LGBT+, lesbian, gay, bi-sexual, heterosexual/straight	-	Yes
Thematic Groups: Health, Human Rights & Children's Rights	-	Yes

3. What likely impact will this policy have on people experiencing different kinds of social disadvantage? (Fairer Scotland Duty). Consideration must be given particularly to children and families.

Socio-Economic Disadvantage	Negative Impacts	Positive impacts
Low Income/Income Poverty – cannot afford to maintain regular payments such as bills, food, clothing	-	Yes
Low and/or no wealth – enough money to meet Basic living costs and pay bills but have no savings to deal with any unexpected spends and no provision for the future	-	Yes
Material Deprivation – being unable to access basic goods and services i.e. financial products like life insurance, repair/replace broken electrical goods, warm home, leisure/hobbies	-	Yes
Area Deprivation – where you live (rural areas), where you work (accessibility of transport)	-	Yes
Socio-economic Background – social class i.e. parent’s education, employment and income	-	Yes

4. Do you have evidence or reason to believe that the policy will support the Council to:

General Duty and other Equality Themes Consider the ‘Three Key Needs’ of the Equality Duty	Level of Negative and/or Positive Impact (High, Medium or Low)
Eliminate unlawful discrimination, harassment and victimisation	Low Impact
Advance equality of opportunity between people who share a protected characteristic and those who do not	Low Impact
Foster good relations between people who share a protected characteristic and those who do not. (Does it tackle prejudice and promote a better understanding of equality issues?)	Low Impact
Increase participation of particular communities or groups in public life	Low Impact
Improve the health and wellbeing of particular communities or groups	Low Impact
Promote the human rights of particular communities or groups	Low Impact
Tackle deprivation faced by particular communities or groups	Low Impact

5. Summary Assessment

Is a full Equality Impact Assessment required?	YES <input type="checkbox"/>
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(A full Equality Impact Assessment must be carried out if impacts identified as **Medium and/or High**)

NO X

Rationale for decision:

Support for the Ayr Gaiety Partnership will have a positive impact, however it will be a low impact and it doesn't give rise to equality considerations related to a particular protected group.

Laura Kew

Signed : _____ **Coordinator**

Date: 14/02/22