

PERTH AND KINROSS COUNCIL**Environment and Infrastructure Committee****21 March 2018****EVENT FUNDING APPLICATION – PERTH FESTIVAL OF THE ARTS****Report by Executive Director (Environment)**

This report outlines the funding application received from Perth Festival of the Arts to support the 2018 Festival and recommends funding support, subject to the budget review process for both 2018 and 2019 Festivals.

1. BACKGROUND/MAIN ISSUES

1.1 Applications from event organisers for financial assistance over the value of £10,000 are subject to the approval of the Environment, Enterprise and Infrastructure Committee. Perth Festival of the Arts has been delivering high quality cultural programmes across a range of genres and the Council has provided annual financial support towards its programming, operational and marketing costs. Until 2012, the financial support from the Council's events budget was £23,500. This was reduced to £18,800 from 2013. This 20% reduction in funding was in line with the Council's approach at that time to funding external bodies. The former Enterprise and Infrastructure Committee on 20 January 2016 (Committee Report 16/4 refers) approved funding of £18,800 for both the 2016 and 2017 festivals. Perth Festival of the Arts has submitted a funding application for its 2018 Festival and is seeking a grant contribution from the Council of £18,800.

1.2 Total ticket sales performance for recent Festivals is as follows:

	2012	2013	2014	2015	2016	2017
Ticket Sales	7,617	8,879	8,760	8,815	8,076	8,515

1.3 In 2017, the Perth Festival of the Arts recorded ticket sales of 8,515 which was a slight increase on the previous year. There is a total audience estimate of 11,500 once free events and schools attendances are taken into account. With Perth Theatre re-open, the organiser is confident the Festival will scale up again.

1.4 In 2017 a broad Festival programme included 28 concerts and 1 art exhibition over the 12 days and nights of the Festival with performances by Nigel Kennedy, Nicola Benedetti, The View, Justin Currie, Moscow Philharmonic, English Touring Opera, Jools Holland, and Scottish Opera Pop-Up Opera Road Show. The Festival is particularly keen to encourage young people to participate and attend events. As such, it facilitated participation in schools' concerts, a performance by English Touring Opera at Fairview School, and attendance at concerts with free tickets. A total of 956 children attended events free of charge at the 2017 Festival.

- 1.5 Total income for the 2017 Festival was £371,701 of which the ticket sales accounted for £163,888 and with the balance from a range of trusts, sponsorships, donations, and public bodies including Perth & Kinross Council. Total expenditure amounted to £391,121 resulting in a net loss of £19,420. This loss was covered by a legacy fund and from a restricted reserve.

2. FESTIVAL IMPACTS

- 2.1 The Festival calculated the economic impact based on estimated expenditure by attendees as well as the Festival's own expenditure in the local economy in order to stage the Festival in 2017. This estimated a direct economic impact of £427,400.
- 2.2 A media evaluation was last undertaken of the Festival in 2013 which assessed print, broadcast and on line coverage in terms of advertising value equivalent (the cost of purchasing advertising time or space equivalent to that denoted by the coverage). This estimated coverage equivalent to an advertising value of £223,294.

3. PROPOSAL

- 3.1 For its 47th year, the Festival is scheduled to run from 17 to 26 May 2018 with a programme in the principle venues of Perth Concert Hall, Perth Theatre and St John's Kirk. Key events include:
- The Dresden Philharmonic Orchestra
 - English Touring Opera: "The Marriage of Figaro"; "This is My Bed" and "Shackleton's Cat" (2 operas for children to be performed at Fairview and North Muirton Schools)
 - Children's Classic Concerts: "Peter and the Wolf"
 - Ruby Wax "Frazzled"
 - Revd Richard Coles
 - Val McDermid in conversation with Fred MacAuley
 - Jools Holland and His Rhythm & Blues Orchestra (plus special guest Marc Almond)
 - The Royal Northern Sinfonia
 - Festival Service with Perth Youth Orchestra
 - The ArTay exhibition
- 3.2 In addition, the organiser is scheduling a return visit of the Scottish Opera Pop Up Roadshow which offers free access to short operatic performances in the Scottish Opera mobile unit in the city centre. There will also be a free science and arts event for young people, "Soapbox Art and Science", in the city centre. The Festival organiser is also engaged with the BBC regarding collaboration as this year's Festival coincides with the BBC "Biggest Weekend" event at Scone Palace which takes place on the Festival's final weekend (25 and 26 May).
- 3.3 The Festival's Executive Committee has produced a 5 year plan for the period 2018 – 2022 which sets out the priorities and strategic direction for the

Festival with particular reference to its 50th anniversary in 2021. This is supported by a marketing plan which outlines the approach to growing and diversifying the audience with a focus on younger people and those with less access to quality arts experiences. The committee is committed to growing the ticketed sales to approximately 12,000 by 2021. To do so, it recognises that there are challenges and the main driver is the number of high quality performances within the programme and the diversity of these. In terms of artistic direction, the “core” of the Festival will continue to be large, high profile concerts of different genres with Perth Concert Hall as the primary venue for these events. Around this “core”, the Festival intends to create an increasingly diverse programme to attract a broader range of attendees. Perth Theatre will become the “hub” of the Festival where the majority of events will be held. The Festival also intends to provide a platform for young local talent and will seek additional ways to encourage young people beyond local schools concerts.

- 3.4 In terms of management, the Festival’s Executive Committee has created a Business and Strategy Group to steer and progress all business and strategic aspects of running the Festival including overseeing implementation of the 5 year plan. In addition, a new Marketing Group has also been created to guide and manage sales and marketing activities. The Festival’s plan recognises the funding challenges and risks that it faces in the coming years, particularly in relation to its 50th anniversary year in 2021. A key objective is therefore to increase the ticketed audience and reduce the per event venue costs. After artists’ fees, venue hire is the second biggest area of expenditure. In relation to the 5 year financial plans, it has been assumed that funding from public, charitable and commercial sponsors will continue at least at current levels, but that other efforts will be needed including seeking new funding sources and increasing sales conversion (tickets available/tickets sold). It is a key aim of the Marketing Group to raise this conversion rate.
- 3.5 The foregoing indicates that the Festival is conscious of the need to evolve in terms of its strategic priorities and the structures required to support its future development. The 50th anniversary of the Festival provides a particular focus, however the need to develop new audiences while not alienating a loyal, core audience is recognised. The 5 year plan states that the Festival Committee is committed to exploring ways in which the Festival can help generate economic value. In addition while the Committee is delighted that the Festival brings commercial benefit to Perth that is not the primary purpose of the Festival. In recent years, the Festival has made efforts to increase its reach to audiences from outside Perth and Kinross – currently approximately 40% are from outside Perth and Kinross. The Marketing Plan states that there is scope to increase sales across the central belt of Scotland in particular. Nevertheless, the Festival has to achieve a balance between the provision of a high quality, leading edge artistic programme that appeals to a visitor market and targeting a local and, increasingly, a younger audience.

- 3.6 Continued support for the Festival of the Arts fits the objectives of the Council's Events and Festivals Strategy and the following identified priorities:
- We will build on our strengths and competitive advantage in relation to the great outdoors and our culture and heritage
 - We will promote our area's events and festivals offering to target audiences and visitor markets
- 3.7 The Festival is identified within the Strategy as a key feature of the area's annual calendar. It also complements the Perth City Plan's strategic themes "the Perth Experience - Big Move 6: Animating the City" and "the Visitor Economy – Big Move 7: Cultural Attractions".
- 3.8 For 2018, the Festival has requested funding support of £18,800 to the Festival. In addition to ticket sales, income is projected from the Gannochy Trust (£75,000), Creative Scotland (£10,000), trusts and donors (£52,700) and commercial sponsors (£10,000).
- 3.9 The projected budget for the 2018 Festival (with actual income and expenditure figures for 2017) is summarised below:

Item/Description	2018 (Projected) £	2017 (Actual) £
Income		
Ticket sales	£192,500	£163,888
Grants, donations, sponsorships	£189,500	£201,693
Other income	£3,730	£6,120
Total Income	£385,730	£371,701
Expenditure		
Artists fees, venues and production	£304,905	£313,420
Marketing	£27,300	£27,135
Administration	£53,525	£50,566
Total Expenditure	£385,730	£391,121
Projected/Actual Surplus/(Deficit) for the Festival	£0	(£19,420)

- 3.10 In 2017, the Council contribution represented approximately 9% of all grants, donations and sponsorships income. The Festival is currently projecting a break even position for 2018. If a deficit arises, this would be met from the Festival's restricted reserve and legacy fund.
- 3.11 It is acknowledged that the landscape for funding high quality cultural programming remains challenging. The Festival organiser reports that it is faced with increasing fees for performers and venues as well as pressure to maintain high quality programming that is appealing to a wide audience, while also being accessible and affordable. Of the total expenditure of £313,420 on artists' fees, venues and production etc in 2017, £216,076 (69%) was for artists' fees and expenses. In view of the Festival's journey towards its 50th anniversary in 2021 and in line with the ambitions in its 5 year plan it is

proposed at this point that the Committee considers funding of up to £18,800 for the Festival for 2018.

It is also proposed that agreement is made in principle, and subject to the 2019/20 budget review process, for this level of funding to be considered also for the 2019 Festival.

- 3.12 It is acknowledged that the Perth Festival of the Arts has made efforts to adapt and refine its programming in line with audience trends. Over the years, it has featured comedy acts and has increased its popular music content, particularly to reach a younger and more diverse market while also offering free access to the arts for school children. It is clear that it still reaches a predominantly local market. The Executive Committee of the Festival is committed to evolving the Festival programme to appeal to an external audience as well as a younger one. This is clearly articulated in the Festival's five year plan and marketing plan. The Festival organiser has responded to feedback and support from Council officers. It is proposed that officers continue to work with the administrator and members of the Festival's Executive Committee along with its Business and Strategy and Marketing Groups to support and develop the Festival's offer as it approaches its 50th anniversary year.

4. CONCLUSION AND RECOMMENDATION

- 4.1 The Committee is asked to:

- i) Note the performance in recent years of the Perth Festival of the Arts
- ii) Approve that Council officers continue to work with the administrator and members of the Festival's Executive Committee to support and develop the Festival's offer.
- iii) Consider funding of up to £18,800 towards the 2018 Perth Festival of the Arts subject to the 2018/19 budget review process
- iv) Consider funding of up to £18,800 towards the 2019 Perth Festival of the Arts subject to the 2019/20 budget review process

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Approved

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ANNEX

1. IMPLICATIONS, ASSESSMENTS, CONSULTATION AND COMMUNICATION

Strategic Implications	
Community Plan / Single Outcome Agreement	Yes
Corporate Plan	Yes
Resource Implications	
Financial	Yes
Workforce	None
Asset Management (land, property, IST)	None
Assessments	
Equality Impact Assessment	Yes
Strategic Environmental Assessment	None
Sustainability (community, economic, environmental)	None
Legal and Governance	Yes
Risk	Yes
Consultation	
Internal	Yes
External	None
Communication	
Communications Plan	None

1. Strategic Implications

Community Plan / Single Outcome Agreement

1.1 The Perth and Kinross Community Planning Partnership (CPP) brings together organisations to plan and deliver services for the people of Perth and Kinross. Together the CPP has developed the Perth and Kinross Community Plan which outlines the key things we think are important for Perth and Kinross.

- i) Giving every child the best start in life
- ii) Developing educated, responsible and informed citizens
- iii) Promoting a prosperous, inclusive and sustainable economy
- iv) Supporting people to lead independent, healthy and active lives
- v) Creating a safe and sustainable place for future generations

1.2 It is considered that the strategy and related actions will contribute to the following objective: Promoting a prosperous, inclusive and sustainable economy.

Corporate Plan

1.3 The Council's Corporate Plan 2013-2018 outlines the same five Objectives as those detailed above in the Community Plan. These objectives provide a clear

strategic direction, inform decisions at a corporate and service level and shape resource allocation. It is considered that the actions contained in the report contribute to objective (iii) outlined in paragraph 1.1 above.

2. Resource Implications

Financial

- 2.1 Subject to the budget review process the Council would provide financial support of up to £18,800 to the 2018 Perth Festival of the Arts and up to £18,800 to the 2019 Festival.

Workforce

- 2.2 There are no staff resource issues for Perth and Kinross Council.

3. Assessments

Equality Impact Assessment

- 3.1 An Equality Impact Assessment needs to be carried out for functions, policies, procedures or strategies in relation to race, gender and disability and other relevant protected characteristics. This supports the Council's legal requirement to comply with the duty to assess and consult on relevant new and existing policies.
- 3.2 The function, policy, procedure or strategy presented in this report was considered under the Corporate Equalities Impact Assessment process (EqIA) with the following outcome:
- (i) Assessed as **relevant** and the following positive outcomes expected following implementation:
- The needs of equality groups are addressed in the programming and venue arrangements undertaken by the Festival of the Arts

Strategic Environmental Assessment

- 3.3 The Environmental Assessment (Scotland) Act 2005 places a duty on the Council to identify and assess the environmental consequences of its proposals. However, no further action is required as the proposals do not qualify as a PPS as defined by the act and are therefore exempt.

Sustainability

- 3.4 Under the provisions of the Local Government in Scotland Act 2003 the Council has to discharge its duties in a way which contributes to the achievement of sustainable development. In terms of the Climate Change Act, the Council has a general duty to demonstrate its commitment to sustainability and the community, environmental and economic impacts of its actions.

Legal and Governance

- 3.5 The consideration of the report is in line with the Council's Scheme of Administration and specifically the role of the Enterprise and Infrastructure Committee in developing measures to support and promote economic activity and to plan and promote tourism development activity.

Risk

- 3.6 Risks and the controls required to mitigate any risks will be reported through the Council's risk management process where the Council is the lead on individual projects.

4. Consultation

Internal

- 4.1 The Head of Economic Development and the Head of Finance have been consulted in the development of the report.

2. BACKGROUND PAPERS

- 2.1 The following background papers, as defined by Section 50D of the Local Government (Scotland) Act 1973 (and not containing confidential or exempt information) were relied on to a material extent in preparing the above report.
- Event Funding Application - Perth Festival of the Arts 2016 - Report by the Depute Director (Environment) to the Enterprise and Infrastructure Committee (ref: 16/4)