

**South Ayrshire Council**

**Report by Head of Enterprise, Development and Leisure  
to Leadership Panel of 28 November 2017**

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**Subject: Support to Ayr Gaiety Partnership**

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**1. Purpose**

- 1.1 This report seeks agreement to future funding support to Ayr Gaiety Theatre to ensure delivery of agreed outcomes over the next three years.

**2. Recommendations**

**2.1 It is recommended that the Panel:**

- 2.1.1 **Agree the package of support to Ayr Gaiety Theatre as set out in Section 4 of this report, including a secured loan, subject to satisfactory conclusion of all necessary legal agreements;**
- 2.1.2 **Delegates to the Executive Director – Resources, Governance and Organisation, the negotiation and conclusion of all necessary legal agreements; and**
- 2.1.3 **Nominate a Councillor to serve as a second Council representative on the Board of the Ayr Gaiety Partnership, noting that this nominee will be subject of Council “C” paragraph approval at its meeting in December 2017.**

**3. Background**

- 3.1 On 7th October 2009 South Ayrshire Council approved the appointment of the Ayr Gaiety Partnership (AGP) as the “Preferred Bidder” for the Gaiety Theatre. On 22 March 2012 Members agreed to support the partnership established between the Council, Ayr Gaiety Partnership and University of West of Scotland to deliver access to cultural activity and develop opportunities for the development of skills and employment within the environment of the performing arts. Ayr Gaiety Theatre re-opened to the public on 11 December 2012.
- 3.2 As part of this agreement a revenue funding package of £150,000 per year over a five year period was approved by South Ayrshire Council. In addition to providing essential core funding this investment allowed AGP to then lever in additional investment from Creative Scotland, Heritage Lottery and other various funding bodies. As a requirement of this 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 a University town; and
- volunteering opportunities.

3.3 The Council also agreed to provide a loan of up to £300,000 to AGP at 0% interest which could be drawn down as required to support the theatre in the initial years of it being reopened.

The loan was advanced as follows:

Dec 2012 £50,000  
 Dec 2013 £50,000  
 January 2015 £200,000

A total of [REDACTED] has been paid back to date, in line with the loan agreements. One of the loans was repaid in full in November 2017 and the second will be fully repaid on 7 December 2019.

3.4 There has been significant progress along these lines with the theatre:

- Having a well developed volunteer programme;
- Being a teaching theatre and the outlet for UWS technical theatre course;
- Developing outreach activity in rural and deprived areas;
- Working with the Council and Ayr Renaissance to deliver Tamfest and other town centre activity;
- Providing employment; and
- Having a positive economic impact on town centre business as reported by those businesses.

3.5 Ayr Gaiety Partnership is an important partner in delivering the Council's priorities to increase access to arts and culture in South Ayrshire, to develop work with communities and to bring increased tourism and economic regeneration to the area. The theatre is developing as a centre of excellence for performance, education and training and is now an important community resource.

3.6 In addition AGP is involved in developing audiences and providing additional services to assist the Council and other partners to deliver a quality arts and cultural offer for residents, communities and visitors to South Ayrshire. AGP provides a programming service for Council venues and is a key partner in delivering South Ayrshire's Place Partnership Plan.

3.7 Success to date has been achieved at a time of on-going capital investment. The theatre being closed for 9 months last year for internal refurbishment, and the drop in Council funding has meant that AGP is not in the financial position they had anticipated.

#### **4. Proposals**

4.1 A three year programme of funding from the Council to support cultural development activity and the skills and employment programmes would put AGP in a strong position to secure the future operation of Ayr Gaiety Theatre and to achieve the outcomes set out by the Council.

4.2 It is proposed to provide three years funding sourced partly from Economic Development funds and partly from uncommitted reserves.

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

4.3 In addition to this support it is proposed that the Council offers a further secured loan of £650,000

The Council loan would be repaid over a 5 year period at a rate of 2.5%.

The Council currently has a security over the building in respect of a buy-back option, and will require a new security over the building for the new loan.

4.4 Progress of Ayr Gaiety Partnership in continuing to deliver Council objectives will be scrutinised through Partnership Panel on an annual basis and it is proposed to strengthen Council representation on the Board by appointment of an additional Councillor representative. Appointment of members to serve on external bodies is a matter reserved to Council. It is proposed that approval of the Councillor nominated by Leadership Panel to serve on the Board of AGP is sought via a "C" paragraph approval of the minute of this meeting at the Council meeting in December.

#### **5. Legal and Procurement Implications**

5.1 If approved, the terms of the loan will be set out in a legal agreement to be agreed between the parties prior to the loan funds being advanced.

#### **6. Financial Implications**

6.1 The overall funding package to be provided to AGP by the Council to support its activity over the three year period 2018/19 to 2020/21, is as follows:

**Table 1**

<b>Element of funding</b>	<b>£</b>	
Core Economic Development funding	150,000	Split evenly over the three year period met from current budget Funds from the economic development budget are via diversion of £50,000 per annum that had previously been allocated to support the Entrepreneurial Spark which has stopped operating.
Uncommitted reserves	190,000	Requires to be incorporated into budget setting process (£2018/19 - £75,000, 2019/20 - £65,000 and 2020/21 £50,000).
Secured Loan (2.5% fixed rate)	650,000	To be repaid over a five year period on a stepped basis.
<b>Total</b>	<b>990,000</b>	

## 7. Human Resources Implications

7.1 Not applicable

## 8. Risk

### 8.1 *Risk Implications of Adopting the Recommendations*

There is a risk that the Ayr Gaiety Partnership will default on loan payments, however, this is judged unlikely given their previous record in repayment of loans to the Council and will be mitigated by the terms of the security to be sought for the loan. It should be noted however that the consent of other creditors will be required to the new security that the Council will require. There is a risk that Ayr Gaiety Partnership will not achieve the outcomes for which funding has been allocated and this will be monitored by Council representation on the Board and via scrutiny from the Partnerships Panel.

### 8.2 *Risk Implications of Rejecting the Recommendations*

If the recommendations are not approved there is a risk that the outcomes noted at 3.1 and 4.1 above are not achieved.

## **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 1.

## **10. Strategic Environmental Assessment**

- 10.1 The proposals in this report do not represent a qualifying plan, programme, policy or strategy for consideration for SEA. There exists therefore no obligation to contact the Scottish Government Gateway and no further action is necessary. An SEA has not been undertaken.

## **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 the Council strategic objective of 'Maximising the potential of our local economy' and within that to the outcomes 'More People of working age, across all communities are employed or engaged in volunteering; Businesses and social enterprises are supported to set up, thrive, and expand' and 'Tourism, culture and heritage opportunities are developed and promoted'.

## **13. Results of Consultation**

- 13.1 There has been no public consultation on the contents of this paper
- 13.2 Consultation has taken place with Councillor Brian McGinley, Portfolio Holder for Economic Development, Tourism and Leisure and with Councillor Peter Henderson, Portfolio Holder for Resources and Performance.

## **14. Next Steps for Decision Tracking Purposes**

- 14.1 If the recommendations above are approved by Members, the Head of Enterprise, Development and Leisure will ensure that all necessary steps are taken to ensure full implementation of the decision within the following timescales, with the completion status reported to the Leadership Panel in the 'Council and Leadership Panel Decision Log' at each of its meetings until such time as the decision is fully implemented:

<b><i>Implementation</i></b>	<b><i>Due date</i></b>	<b><i>Managed by Head of Enterprise, Development and Leisure</i></b>
Funding arrangements concluded	End Jan 2018	Head of EDL

**Background Papers**      **Report to South Ayrshire Council on 7<sup>th</sup> October, 2009**  
**Report to South Ayrshire Council on 22<sup>nd</sup> March 2012 (link [here](#) )**

**Person to Contact**      Jill Cronin, Head of Enterprise, Development and Leisure  
County Buildings, Wellington Square, Ayr  
Tel: 01292612473 Email: [jill.cronin@south-ayrshire.gov.uk](mailto:jill.cronin@south-ayrshire.gov.uk)

**Date:**    **14 November 2017**

## South Ayrshire Council Equalities Scoping Template

### 1. Policy details

Policy Title: Support to Ayr Gaiety Partnership	Lead Officer Jill Cronin, Head of Enterprise, Development & Leisure
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### 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, Groups of People or Themes	Negative Impacts	Positive impacts
The whole community of South Ayrshire		Yes
People from different racial groups, ethnic or national origin.		Yes
Women and/or men (boys and girls)		Yes
People with disabilities		Yes
People from particular age groups for example Older people, children and young people		Yes
Lesbian, gay, bisexual and heterosexual people		Yes
People who are proposing to undergo, are undergoing or have undergone a process to change sex		Yes
Pregnant women and new mothers		Yes
People who are married or in a civil partnership		Yes
People who share a particular religion or belief		Yes
Thematic Groups: Health, Human Rights, Rurality and Deprivation.		Yes

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

General Duty and other Equality Themes	Level of Negative and/or Positive Impact (high, medium or low)
Eliminate discrimination and harassment faced by particular communities or groups	Low
Promote equality of opportunity between particular communities or groups	Low
Foster good relations between particular communities or groups	Low
Promote positive attitudes towards different communities or groups	Low
Increase participation of particular communities or	Low

groups in public life	
Improve the health and wellbeing of particular communities or groups	Low
Promote the human rights of particular communities or groups	Low
Tackle deprivation faced by particular communities or groups	Low

#### 4. Summary Assessment

<b>Is a full Equality Impact Assessment required?</b> (A full EIA must be carried out on all high and medium impact policies)	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
<b>Rationale for decision:</b> This package of support will allow the Gaiety to maximise its outcomes to the benefit of a range of communities within South Ayrshire.	
Signed : .....Lesley Bloomer, Executive Director	
Date:            22 November 2017	Copy to <a href="mailto:Equalities@southayrshire.gov.uk">Equalities@southayrshire.gov.uk</a>