

South Ayrshire Council

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

Subject: Scottish International Airshow 2018-2020

1. Purpose

- 1.1 The purpose of this report is to seek Council approval to work within a legal Minute of Agreement with The Airshow (Scotland) Ltd (the current Airshow organisers), to provide a financial package of up to £450,000 towards the delivery of the Scottish International Airshow in 2018 and 2020 in Ayr.

2. Recommendations

2.1 It is recommended that the Panel:

- 2.1.1 Approves funding of up to £450,000 to support two Airshow events, one in 2018 and one in 2020, subject to appropriate conditions of grant including those listed at paragraph 4.8 below;
- 2.1.2 Approves earmarking of £100,000 from the 17-18 Economic Development Budget for funding of the 2018 Airshow
- 2.1.3 Delegates to the Executive Director – Resources, Governance and Organisation the negotiation and entering into of appropriate legal agreements between the Council and The Airshow (Scotland) Limited to regulate the relationship; and
- 2.1.4 Agrees that the Council's Economic Development Team works with The Airshow (Scotland) Limited to support the delivery of the Airshow and its future financial sustainability beyond 2021.

3. Background

- 3.1 The Scottish International Airshow has demonstrated over the past four years that it is a key event for the Ayrshire area, with a positive net economic impact rising from circa £1.5 million in 2014 to circa £4.8 million in 2017, providing a return on investment of public spend of £1:£22.44 and with visitor numbers peaking at between 110,000 – 150,000 (2017).
- 3.2 The Airshow provides not only a quality, fun, family-friendly, educational and exciting event but also very real benefits for local people, businesses and promotion of Ayrshire on a worldwide stage.

3.3 The event takes place the first weekend in September, and usually runs over a 2 day format. Information provided by The Airshow (Scotland) Limited notes that the cost of delivering the event in 2017 was £[REDACTED], with income of £[REDACTED]. This income included a grant from the Council of £200,000, with the rest being raised through other sponsorship, sales and grants. [REDACTED]

3.4 To date the Council has been the main sponsor of the event providing £25,000 in 2014; £75,000 in 2015; £120,000 in 2016 and £200,000 in 2017, as well as in-kind support estimated at a value of approximately £36,000 in terms of operational activity such as Project Planning, Waste & Facilities Management, Promotion, and use of public land and County Buildings.

3.5 Since the approval of the 2017 funding by the Council at its meeting on 15 December 2016 there have been extensive discussions between The Airshow (Scotland) Ltd and the Council's Economic Development Team regarding the future development and sustainability of the Scottish International Airshow, and the Council's continuation as the main sponsor.

3.6 [REDACTED]

3.7 A breakdown of estimated costs for the Airshow 2018 is attached as Appendix 3 to this report.

3.8 Discussions have taken place with Legal Services to consider the most appropriate approach to support the event, taking into account State Aid implications and independent research into how air shows are delivered elsewhere in the UK. Options are attached to this report as Appendix 1, but in summary are as follows:

- Option 1: The Council tenders for the delivery of an Airshow;
- Option 2: Setup a Joint Venture Company or similar; or
- Option 3: Contractual arrangement between the Council and The Airshow (Scotland) Ltd including conditions of grant.

3.9 Any future funding by the Council must be structured in such a way as to be covered by the State Aid block exemption which allows Local Authorities to support "art or cultural events and performances festivals and exhibitions and other such cultural activities".

4. Proposals

4.1 In terms of governance it is recommended that Option 3 best meets the aspirations of the Council, in terms of protecting the public purse, increasing the local economic benefit and delivery on an Airshow; it also provides the best basis for a sustainable Airshow. It is further recommended that the package of support is as follows:

Funding

4.2 Provide a contribution of up to £450,000 in the form of a grant for the period 2018 to 2020, to support a 2 day event in 2018 and a three day event in 2020, with any surplus funds from the 2018 being ring fenced to support the event in 2020.

4.3 Unlike in previous years, there will be no in-kind contributions and any services provided by for example Waste Management will be recovered from the event organisers

4.4 In terms of the longer term sustainability of the Airshow it is proposed that the Economic Development Team will work closely with The Airshow (Scotland) Limited to assist its development as a business and in particular in the identification and application for other funding sources.

4.5 It is proposed that funding for the 2018 Airshow will comprise: £45,000 will come from 17-18 Economic Development budget for spend during 17-18 and the remainder of £155,000 is made up of earmarked funds from 17-18 (£100,000) and the balance from the tourism development budget for 18-19.

4.6 It is therefore requested to earmark £100,000 from the 17-18 Economic Development budget. This is based on latest information which indicates that an underspend will occur within Economic Development budget in 17-18. It should be noted that this underspend does not feature in the Budget Monitoring Report elsewhere on this agenda as it has just recently been identified.

4.7 It is proposed that funding for the 2020 Airshow comes from the major events budget within the overall economic development budget (£150,000, based on the current accrual rate of £75,000 per annum) with the remainder coming from the management of event and tourism development budgets during 19-20 and 20-21.

Structure

4.8 There would be a Minute of Agreement between The Airshow (Scotland) Ltd and South Ayrshire Council established with appropriate Conditions of Grant. Conditions of Grant are to be finalised, [REDACTED]

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[REDACTED]

[REDACTED]

Project Governance

- 4.9 The Council would require that the event continues with the project governance arrangements established in 2016 and utilised to good effect again in 2017. The arrangements will again include a Gold Group, as a strategic group, chaired by the Chief Executive to provide gravitas to the partnership. The Gold Group would meet at least twice before the Airshow takes place.

5. Legal and Procurement Implications

- 5.1 The proposals in this report are consistent with legal requirements and reflect appropriate advice. A Minute of Agreement would be required to be drawn up, negotiated and agreed to include the conditions of grant and other requirements.
- 5.2 There are no procurement implications arising from this report.

6. Financial Implications

- 6.1 Funding of up to £450,000 is proposed to support the Airshow (Scotland) Ltd to produce 2 Airshows – one in 2018 and one in 2020. Funding for 2018 will be £200,000 and for 2020 will be up to £250,000. The additional £50,000 funding will be dependent on the show running for three days.
- 6.2 It is proposed that funding for the 2018 Airshow will comprise: £45,000 will come from 17-18 Economic Development budget for spend during 17-18 and the remainder of £155,000 is made up of earmarked funds from 17-18 (£100,000) and the balance from the tourism development budget for 18-19.
- 6.3 It is therefore requested to earmark £100,000 from the 17-18 Economic Development budget. This is based on latest information which indicates that an underspend will occur within Economic Development budget in 17-18. It should be noted that this underspend does not feature in the Budget Monitoring Report elsewhere on this agenda as it has just recently been identified
- 6.4 It is proposed that funding for the 2020 Airshow comes from the events development fund within the overall economic development budget (£150,000, based on the current accrual rate of £75,000 per annum) with the remainder coming from the management of event and tourism development budgets during 19-20 and 20-21.

7. Human Resources Implications

- 7.1 There are no human resource implications arising from this report

8. Risk

8.1 *Risk Implications of Adopting the Recommendations*

- 8.1.1 There are risks associated with the delivery and funding of the Scottish International Airshow. Mitigations include the establishing of the Minute of Agreement and continued use of successful project governance structure.

8.2 Risk Implications of Rejecting the Recommendations

8.2.1 The risk associated with rejecting the recommendation is that the current organisers may consider relocating in its entirety to another local authority area and the loss of a significant event for the area.

9. Equalities

9.1 The proposals in this report have been assessed through the Equalities Impact Assessment Scoping process, and there are no significant positive or negative equality impacts of agreeing the recommendations, therefore an Equalities Impact Assessment is not required. A copy of the Equalities Scoping Assessment is attached as Appendix 4.

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 was performed and is attached to this report as Appendix 1.

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: “Businesses and social enterprises are supported to set up, thrive and expand”; and “Tourism, culture and heritage opportunities are developed and promoted”.

12.2 The activities also contribute to the Council’s A Programme for Effective Governance 2017-22 through contributing to the delivery of the strategic objective to “Make the most of the local economy”.

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 Douglas Campbell Council Leader, and Councillor Brian McGinley Portfolio Holder for Economic Development, Tourism & Leisure.

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:

<i>Implementation</i>	<i>Due date</i>	<i>Managed by</i>
Conclude minute of agreement	31 January 2018	Jill Cronin, head of Enterprise, Development & Leisure

Background Papers Scottish International Airshow 2017 – South Ayrshire Council, 15 December 2016 ([link here](#))

Scottish International Airshow 2018 – 2020 – South Ayrshire Council, 5 October 2017 ([link here](#))

Person to Contact **Jill Cronin**
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Date: 9 November 2017

Appendix 1 Options

	Option	Reasoning	Implications (+ or -)
1	Council tenders for the delivery of an Airshow	<ul style="list-style-type: none"> • Transparency of process • Council stays in control • Value for money possibly • Addresses State Aid implications and best value concerns 	<ul style="list-style-type: none"> • Organisers (who own and have established the brand) would likely go to press. We would have to establish a different Airshow • The Scottish International Airshow would seek an alternative location • Negative reputation for the Council within the Community/members
2	Setup a Joint Venture Company or similar	<ul style="list-style-type: none"> • Partnership approach • More control of the public purse • Transparency of process 	<ul style="list-style-type: none"> • Too long a process • Would not resolve State Aid implications
3	Legal Minute of Agreement between SAC and TAS Ltd	<ul style="list-style-type: none"> • Legal contract approach • Council representation on Board of the Air Show company • More control of the public purse • Transparency of process 	<ul style="list-style-type: none"> • Establish "Conditions of Grant" following an application process • Positive approach which both parties should agree to • State Aid implications addressed through block exemption • Council continues to have control and oversee how the public purse is being spent • Planning and delivery timing issues can be addressed • Transparent accounting and procurement can be a requirement of the contract

Business Development and Growth Plan Proposals

Financials

[Redacted]

[Redacted]

[Redacted]	[Redacted]	[Redacted]	[Redacted]	[Redacted]
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South Ayrshire Council Equality Impact Assessment Scoping
1. Proposal details

Proposal Title : Scottish International Airshow – 2018 to 2020	Lead Officer: Jill Cronin
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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 proposal? 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	No	Yes
People from different racial groups, ethnic or national origin.	No	No
Women and/or men (boys and girls)	No	No
People with disabilities	No	No
People from particular age groups for example Older people, children and young people	No	No
Lesbian, gay, bisexual and heterosexual people	No	No
People who are proposing to undergo, are undergoing or have undergone a process to change sex	No	No
Pregnant women and new mothers	No	No
People who are married or in a civil partnership	No	No
People who share a particular religion or belief	No	No
Thematic Groups: Health, Human Rights, Rurality and Deprivation.	No	No

3. Do you have evidence or reason to believe that the proposal 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 groups in public life	Low
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

Is a full Equality Impact Assessment required? (A full EIA must be carried out on all high and medium impact proposals)	YES <input type="checkbox"/> NO <input checked="" type="checkbox"/>
Rationale for decision:	
Signed :Jill Cronin.....Head of Service	
Date: 06 December 2017	Copy to equalities@south-ayrshire.gov.uk