

Audit and Governance Panel – 9 November 2022

Call-In – Item 6a: Proposal to Deliver an Airshow in September 2023, 2024, 2025, 2026 and 2027

Received from:	Councillor William Grant
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	<i>Reason/ Question</i>	<i>Response/ Feedback</i>
1.	The paper proposes the Council host an Airshow for 5 consecutive years at a total cost of £1.5m: however, the costs outlined appear only to be the payment to the partner organization and take no account of the costs of operating' the event village.	After an open procurement processes, the successful bidder was the SKYLAB and they were appointed as the Council's strategic partner on 28 September 2022. The cost for this contract will be met through the existing significant events fund. The detail of the £300,000 will be included as part of approving the Council budget.
2.	We agree that a proportionate degree of public subsidy for an event that claims to significant economic benefit is justifiable. Evidence is therefore requested on the anticipated income streams that would realise the break-even position in year suggested by portfolio carriers during the meeting.	Officers are now working on proposals for the event village and the use of various commercial opportunities to generate income from the event itself such as food and beverage, car parking charges, VIP ticketed packages and other forms of land based entertainment. Officers are also developing proposals for sponsorship packages and work will soon progress on this along with our charity partner the Royal Air Force Benevolent Fund. Having reviewed previous financial statements from the company who previously delivered an air show, Officers are confident that we will be able to reach a break even or income generation level over the first few years. This detail will be presented as part of the 2023/24 budget process.

	<i>Reason/ Question</i>	<i>Response/ Feedback</i>
3.	<p>What assurances are factored into the initial funding that will ensure that over time the event will move towards being self-sustaining, and why would this still necessitate a flat rate £300k expenditure by the council for each of the five years?</p>	<p>The contract we have entered into with SKYLAB is a 2+1+1+1 year contract which allows for a break in contract after year 2. This will allow us to continually assess our income maximisation from the event and plan accordingly with the intention of reaching break even or income generation over the first few years. There is significant financial outlay required in advance of the event itself and having a base budget of £300,000 allows the required deposits and payments to be made.</p>
4.	<p>Should income projections prove to be unachievable, what risks have been assessed in SAC's ability to fund this event for the full five years, given other increasing pressures on revenue budgets and the current financial instability (inflation, spiraling costs etc)?</p>	<p>The previous organisers of the air show were given an annual grant of £250,000 to run the air show. The increase of this budget to £300,000 reflects the potential increase in costs. This requirement will be reviewed annually as part of the budget process.</p> <p>The event will be fully marketed through all the appropriate channels. We have expressed interest in a range of military aircraft including:</p> <ul style="list-style-type: none"> • The Red Arrows • The Typhoon • The F35 Role Demonstration • RAF Falcons Parachute Display Team • Battle of Britain Memorial Flight – Spitfire, Hurricane and Lancaster • Chinook Transport Helicopter • Apache Battlefield Support Helicopter • Grob Tutor Elementary Basic Trainer <p>A range of enquiries have also been made in relation to civilian aircraft. It is anticipated that, if we are able to secure such a diverse and exciting range of aircraft, that we will attract national and international visitors.</p>

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		There are a number of other ground based attractions under development that could also increase the number of visitors to the event.
5.	What measures have been considered to maximise the benefit of the event to local businesses, and in particular to ensure that we attract visitors from outwith Ayrshire and that visitors generate significant footfall in the town centre and not just at the Low Green?	It is the Council's intention to engage with local businesses to ensure that they are able benefit from the event by either being involved in the village itself, providing accommodation, or promoting their businesses through our website. We want to ensure that opportunities are offered to local businesses to take part. We anticipate that the event will be delivered over three days – a Friday evening VIP event, the main event on the Saturday, with the village event still running into the Sunday to maximise the time that people can spend and encourage overnight stay.

Received from:	Councillor Duncan Townson
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	<i>Reason/ Question</i>	<i>Response/ Feedback</i>
	The proposal outlines a plan for Council to host the Airshow for 5 years at a total cost of £1.5m.	
1.	In the current economic climate, and with a budget cut of around £14m to be identified, in what terms can this proposed be regarded as best value and good use of public funds?	Having reviewed previous financial statements from the company who previously delivered an air show, Officers are confident that we will be able to reach a break even or income generation level over the first few years. However Members have still to take a decision on funding as part of the budget process.
2.	<p>What is the rationale for committing the Council to 5 year funding when:</p> <p>(a) The first show has not taken place;</p> <p>(b) Partners and event organisers have no track record in operating a show of this magnitude; and</p> <p>(c) We do not know the state of Council finances or structure, 5 years out.</p>	Partners and Event Organisers have experience in the delivery of air shows. After the 2023 event Officers will review all the performance and economic impact data and will present a report to Council. However air shows must be planned more than 12 months in advance and so if we were to run an air show in 2024 we must begin to plan for that before the 2023 event takes place. The contract we have entered into with SKYLAB is a 2+1+1+1 year contract which allows for a break in contract after year 2. This will allow us to continually assess our income maximisation from the event and plan accordingly with the intention of reaching break even or income generation over the first few years. There is significant financial outlay required in advance of the event itself and having a base budget of £300,000 allows the required deposits and payments to be made

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3.	What are the budget implications of adding this £300k to the budget process in 2023/24?	Funding of £300,000 would require to be identified through the budget setting process.
4.	What are the financial contributions from partner organisations?	Officers are now working on proposals for the event village and the use of various commercial opportunities to generate income from the event itself such as food and beverage, car parking charges, VIP ticketed packages and other forms of land based entertainment. Officers are also developing proposals for sponsorship packages and work will soon progress on this along with our charity partner the Royal Air Force Benevolent Fund.
5.	What are the expected level of contributions from sponsors and what arrangements are in place if these levels do not materialise?	Various sponsorship packages have been developed and Officers are waiting on confirmation that they can progress with these.