

ABERDEEN CITY COUNCIL

COMMITTEE	Council
DATE	15th March 2017
DIRECTOR	Gayle Gorman
TITLE OF REPORT	Aberdeen International Youth Festival Governance Review
REPORT NUMBER	ECS/17/013
CHECKLIST COMPLETED	Yes

1. PURPOSE OF REPORT

To update Elected Members of the current position regarding the proposal to dissolve the existing Aberdeen International Youth Festival (AIYF) and incorporate AIYF within Castlegate Arts Ltd; and the arrangements for AIYF should it not be incorporated within Castlegate Arts Ltd.

2. RECOMMENDATION(S)

- i. That Council agrees to note the contents of the report, in particular that the proposal to incorporate AIYF within Castlegate Arts Limited is no longer a viable option
- ii. To request that the Trustees of AIYF investigate the options laid out in section 5.7, providing an achievable project plan which considers the future governance of the organisation and the delivery model for AIYF
- iii. To request that the Trustees of AIYF submit this project plan to the meeting of Council on 21 June 2017 to ensure that all funding provided by ACC is appropriately spent.

3. FINANCIAL IMPLICATIONS

- 3.1 In the financial year 2016/17, the Council awarded a total of £147,393 to Aberdeen International Youth Festival. In addition, the Council annually provides in-kind support of free office rental within its premises, and accounting and administration services by the Corporate Governance Directorate. AIYF also receive £1,500 to manage the Mary Garden Opera Fund on behalf of the Council.
- 3.2 In the 2016/17 financial year, the Council awarded Castlegate Arts Ltd (CAL) a total of £98,000.

- 3.3 In 2016 a plan was prepared to incorporate AIYF into CAL. AIYF and Castlegate Arts Ltd indicated in this plan that costs of up to £50,000 would be incurred to support the transition. This includes legal and dissolution fees, rebranding costs, software installation and office furniture and café/bar equipment. Officers received a breakdown of these costs and did not consider that it would be appropriate for the Council to support this expenditure through the relevant existing budgets. The steering group have been advised that neither the transition funds nor any potential additional funding to recruit a new Chief Executive to support the transition would be available, with funding for the Chief Executive representing an annual recurring increase (amount not known) to the Castlegate Arts Ltd revenue budget from the City Council.
- 3.4 In September 2015, the Finance, Policy and Resources Committee allocated support of up to £30,000 to undertake a feasibility study of the redevelopment of the Aberdeen Arts Centre and Theatre. The Council were the client for this activity and the final cost of appointing an external consultant was £16, 880. CAL contributed £7,920. This study has been concluded and will form part of the supporting documentation for the CCMP Queens Square development moving forward.
- 3.5 It should be noted that the Head of Finance is the Treasurer of AIYF and financial support is provided by Corporate Governance with costs borne by ACC.

4. OTHER IMPLICATIONS

- 4.1 The Council retains the ability to appoint up to seven Trustees to the Board of the Festival Trust. The other founding partners, the University of Aberdeen and the Local Advisory Committee (Friends of) for AIYF may each appoint three trustees.
- 4.2 The dissolution of the existing AIYF Trust and the establishment of a SCIO (Scottish Charitable Incorporated Organisation) may have implications for the Council in relation to its position as one of the founding parties and existing resources and liabilities. The Head of Legal and Democratic Services and the Head of Finance will assist the Trust in submitting a formal application to OSCR (Office of the Scottish Charity Regulator) to dissolve the Trust.

The establishment of any new organisation will require independent legal and financial advice.

BACKGROUND/MAIN ISSUES

- 5.1 On 8th September 2016 Education and Children's Services Committee agreed to:
- i. Note the outcome of Aberdeen International Youth Festivals' governance review, including the proposal to dissolve the

existing Aberdeen International Youth Festival and incorporate it within Castlegate Arts Ltd, and the associated implications relating to the Council: and

- ii. Request that officers provide bulletin updates to the Education and Children's Services Committee on progress in delivering the new model for AIYF.

- 5.2 Further to this, the Education and Children's Services Committee instructed officers to submit a report to the council meeting on 15th March 2017 detailing:

(1) the current position regarding the proposal to dissolve the existing Aberdeen International Youth Festival and incorporate it within Castlegate Arts Ltd; and (2) the arrangements for AIYF should it not be incorporated within Castlegate Arts Ltd.

- 5.3 The AIYF Business Plan (2015-18) was approved by the Education and Children's Services Committee on the 2nd June 2015. This included a commitment for AIYF to take a decision on, and progress with, a preferred option for the future governance of the Festival.

AIYF subsequently identified that a merger with, or incorporation within, Castlegate Arts Ltd (operators of Aberdeen Arts Centre) stood as a preferred option for the future governance of the Festival. The respective Boards agreed to explore this option further, giving consideration to the relative artistic, administrative and organisational merits and implications.

- 5.4 The Business Case was presented to the Boards of AIYF and Castlegate Arts Ltd in July 2016. Each Board reviewed the Case and independently took the decision that they were satisfied to progress with the recommended incorporation of AIYF into Castlegate Arts Ltd.

Current position

- 5.5 Officers met with members of the Board of Castlegate Arts Ltd, and the project steering group, early in the New Year. At this meeting Officers raised concerns regarding progress with the implementation plan. The Castlegate board members at this meeting expressed their own concerns regarding their ability to continue with the initiative without the transition funding, and that progress with the implementation plan had been impacted by the lack of additional funding.

- 5.6 On 1st February Officers were made aware that the Board of Castlegate Arts Ltd., is withdrawing from the proposed incorporation expressing their concerns regarding the prosperity of the new entity.

Future arrangements for AIYF

- 5.7 At the Board meeting of 23rd January, AIYF agreed that, should no further progress be made by the Board meeting of 20th March, that the AIYF Board would reconsider its position in relation to the incorporation, only remaining committed if there is significant progress by that date.

At the Board meeting of 20th March the AIYF Board should now consider the following in order to decide a way forward:

- Continuing with the existing model and retaining the traditional AIYF delivery programme:
- Dissolving the existing Trust and establishing a SCIO (Scottish Charitable Incorporated Organisation)
- To adopt a scheme of financial delegation to clearly identify the responsibilities of Trustees and Officers of the Trust in relation to trust resources, depending on the agreed course of action
- Widening the membership of the Board of Trustees in order to attract a cohort with relevant professional expertise in the delivery of arts programming
- Identifying financial resource to appoint an independent organisation or individual, financed by the funds of AIYF, to lead a review, in light of the changes required to create a new delivery model, focusing on engagement with young people at a time of year identified to have gaps in cultural programming of mass appeal and contemporary resonance. (2018 being National Year of Young People)
- Updating the current Business Plan to reflect the current position.

Officers are observers and attend Board meetings, advising on legal, financial, strategic and operational matters: however, the Board alone are responsible for decision making on matters pertaining to AIYF, being a legal entity separate from Aberdeen City Council.

Ongoing support for the review of Aberdeen International Youth Festival has been and will continue to be provided by Officers through the use of programme management tools and in ongoing monitoring meetings with the Cultural Policy and Partnerships team.

6. IMPACT

6.1 Improving Customer Experience

Any review of AIYF governance and programming/delivery model will be intended to improve the artistic programming and the overall customer experience received through activity supported by the Council.

6.2 Improving our use of Resources

AIYF requires a significantly revised framework and delivery model to ensure it is fit for purpose and providing best value for the resource allocated.

6.3 Public

It is likely that there will be a level of public interest in the change in the governance of AIYF.

7. MANAGEMENT OF RISK

- 7.1 Given the potential level of risk involved, officers recommend a significant level of cross Directorate scrutiny, to include Finance and Legal officers, in order to monitor the progress of implementing the change in Governance to AIYF, and will report to Elected Members and Senior Officers accordingly. This monitoring currently includes the ongoing review of risk registers for both organisations which consider the scheduled implementation of the initiative and appropriate risk mitigation. Officers support regular meetings with representatives of AIYF and Castlegate Arts Ltd and, where required, attendance at working group meetings. In relation to the Youth Festival itself, regarding the future of the programme, undertaking the review as described will mitigate any potential risk.

8. BACKGROUND PAPERS

- 8.1 Review of External Investment in Culture and Sport – Organisational Findings. Culture and Sport Sub-Committee. 10th January 2013.
- 8.2 Arm's Length External Organisations Tier 2 Review. Audit, Risk & Scrutiny Committee, 26th February 2015.
- 8.3 Aberdeen International Youth Festival - Business Plan. Education and Children's Services Committee. 2nd June 2015
- 8.4 Aberdeen International Youth Festival Governance Review. Education and Children's Services Committee 8th September 2016

9. REPORT AUTHOR DETAILS

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