

The Edinburgh International Festival

The City of Edinburgh Council

9 February 2006

1 Purpose of report

- 1.1 This report provides information on the financial position of the Edinburgh International Festival (EIF) and seeks the Council's approval of additional funding in 2006/07 of up to £300,000.

2 Main Report

- 2.1 Given the importance of the Edinburgh International Festival to the city, and mindful of the on-going funding issues, I have been providing the Council with regular updates regarding the financial position of EIF. A request has been made to the Council by the Festival for an additional £300,000 of funding over and above inflation on the current grant levels. The additional funds would secure the programme content of a world class standard across theatre, opera and dance artforms.
- 2.2 For a variety of reasons, all previously reported to the Council, the Edinburgh International Festival has not been able to deliver consistently its world class programme on a 'balanced budget' basis. While the 2005 Festival was very successful in terms of audience numbers, ticket prices were adjusted to ensure that as many people as possible had access to its performances. Accordingly, in order to ensure that the Festival maintains its reputation as the world's premier arts festival, it has been necessary for the Council, and others, to make additional funding commitments. Full details of EIF's financial position, and the attendant circumstances, were included in my report to the Council in June 2003 and a report by the Director of Culture and Leisure in May 2005.
- 2.3 In April 2003, the Council agreed to allocate £400,000 from its Cities Growth Fund (CGF) allocation to the Edinburgh International Festival. This was matched by the Scottish Executive, bringing the total additional allocation to £800,000. At that time the Festival's accumulated deficit stood at £876,987. The additional funding, together with the reinstatement of funding to the Festival at 1994 levels, was intended to largely wipe out the deficit and enable EIF to operate within budget in future years.

- 2.4 In February 2005, the Council approved a further one-off contribution of £300,000 towards the 2005 Festival. This contribution was also met from the CGF and represented match funding of a further £300,000 made available by EventScotland.
- 2.5 In addition to the above financial concerns, however, there are other crucial factors to be considered at this time. After 15 very successful years as Director of the Edinburgh International Festival, Sir Brian McMaster will stand down in 2006. Having advertised the post in October 2005, the Festival Council is nearing the end of the recruitment process and is hopeful of making an appointment by the end of April 2006. The new Festival Director will be in post by September 2006 and will be responsible for programming the 2007 Festival and beyond. As the Director is the creative force at the centre of the Festival, the appointment of a suitable successor to Sir Brian McMaster is vital to the future of the Festival.
- 2.6 Although the Edinburgh International Festival is universally recognised as the world's premier arts festival, competition from other festivals and cities is intense and should not be underestimated. It is imperative, therefore, that it consolidates and secures its financial position to ensure that its pre-eminent position is maintained.

3 Financial implications

- 3.1 The Council, at its meeting of 13 October 2005, approved its Cities Growth Fund Investment Plan for submission to the Scottish Executive, bidding for £22.7 million from the second round of the CGF. The Plan included a bid for £2 million for the years 2006/07 and 2007/08 for events and for the development of Edinburgh's festivals. The Plan makes it clear that funds made available for Edinburgh's festivals should be used for the development of programme content and for audience development. The Director of Finance was informed, on 28 December 2005, that the Council's bid had been approved and that the funds would become available in June 2006.
- 3.2 The Council has also been informed that EventScotland is prepared to offer the Edinburgh International Festival an amount of up to £300,000 for the 2006 Festival, on condition *inter alia*:
- that the amount is matched in full by the Council; and
 - that the Festival agrees a number of key performance Indicators (KPIs) with EventScotland which satisfactorily measure sustainable growth in line with the Festival's business objectives.
- 3.3 The Edinburgh International Festival lodged its application for funding for 2006/07 late last year. The Festival has completed the development of a three year Business Plan and this is now being discussed in detail with its public funding stakeholders.
- 3.4 On the basis of the above joint funding offer from EventScotland, I propose that the Council allocates a further sum of up to £300,000 of CGF funds to support the Festival. In support of that, the *Thundering Hooves* consultancy

team is due to submit its report imminently. This will be used by the Council to ensure that the Festival is fit for purpose into the future. Furthermore, I should remind the Council that, as yet, there is no commitment from the Scottish Executive to continue the CGF beyond the current round.

- 3.5 In her recent statement to the Scottish Parliament, responding to the recommendations in the Cultural Commission's report, Patricia Ferguson MSP, Minister for Tourism, Culture and Sport, indicated that the Scottish Executive had agreed to fund directly in the future the national cultural companies in the manner that the National Museums and Galleries, National Library of Scotland, etc. are funded. The companies in question are Scottish Opera, Scottish Ballet, the Royal Scottish National Orchestra, the Scottish Chamber Orchestra and the National Theatre of Scotland. She also indicated that it would be possible for other arts organisations of national and international standing to apply to the Scottish Executive for the status of "national performing arts company". In its report, the Cultural Commission proposed that the Edinburgh International Festival should be accorded such a status. I would, therefore, propose that the Council explore with the EIF and the Scottish Executive this possibility. If this were agreed, it should have the benefit of easing the pressure on the Council's financial resources.

4 Recommendations

4.1 I recommend that the Council:

- (i) notes the content of this report;
- (ii) agrees that £300,000 be allocated to the Edinburgh International Festival from the Cities Growth Fund
- (iii) notes that the Edinburgh International Festival's business plan is currently under discussion among all public sector stakeholders and that its annual application for revenue funding will be considered at the 14 March meeting of the Executive of the Council, when the Director of Culture and Leisure will provide a full analysis of the financial position of the Festival; and
- (iii) notes that I shall report further on the future development of the Edinburgh International Festival in the context of the *Thundering Hooves* report and on discussions between Edinburgh International Festival, the Scottish Executive and the Council on National Performing Arts Company status and other relevant considerations.



Tom Aitchison
Chief Executive

2/2/06.

Appendices

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Wards affected All

Background Papers Reports to Council – June 2003 and May 2005