

Governance, Risk and Best Value Committee

10.00am, Tuesday 14 March 2023

Capital Theatres Company Performance Report 2021/22 – referral from the Culture and Communities Committee

Executive/routine
Wards
Council Commitments

1. For Decision/Action

- 1.1 The Governance, Risk and Best Value Committee is asked to note the performance report and scrutinise the financial performance of the organisations and any risks impacting the Council and/or Capital Theatres.

Dr Deborah Smart

Executive Director of Corporate Services

Contact: Lesley Birrell, Committee Services
Legal and Assurance Division, Corporate Services
Email: lesley.birrell@edinburgh.gov.uk

Referral Report

Capital Theatres Company Performance Report 2021/22

2. Terms of Referral

- 2.1 On 7 March 2023, the Culture and Communities Committee considered the Capital Theatres Company Performance Report for 2021/22. The performance report covered the period from September 2021 to September 2022 which included the re-opening of the Festival and King's Theatres in a challenging post-Covid environment for the performing arts.
- 2.2 Information was also provided on the impact of continued social distancing capacity restrictions, changes to audience confidence, reductions in ticket sales and later booking patterns. Further restrictions brought about in December 2021 as a result of the Omicron variant caused additional losses and exacerbated the rapidly changing financial and planning scenario.
- 2.3 The Committee agreed:
- 2.3.1 To note the positive performance of Capital Theatres during 2021/22.
 - 2.3.2 To note that the report focus was on 2021/22 activity which had been delivered in the context of a challenging post-Covid environment for the performing arts.
 - 2.3.3 To recognise the efforts made by Capital Theatres in spite of the challenges faced.
 - 2.3.4 To refer the report to the Governance, Risk and Best Value Committee for noting and scrutiny of the financial performance of the organisations and any risks impacting the Council and/or Capital Theatres.

3. Background Reading/ External References

- 3.1 [Webcast](#) of the Culture and Communities Committee of 7 March 2023

4. Appendices

- 4.1 Appendix – report by the Executive Director of Place

Culture and Communities Committee

10.00am, Tuesday, 7 March 2023

Capital Theatres Company Performance Report 2021/22

Executive/routine Wards Council Commitments	Routine All
---	----------------

1. Recommendations

- 1.1 It is recommended that Committee:
 - 1.1.1 Note the positive performance of Capital Theatres during 2021/22;
 - 1.1.2 Note that the report focus is on 2021/22 company activity, which has been delivered in the context of a challenging post-COVID environment for the performing arts;
 - 1.1.3 Recognise the efforts made by Capital Theatres in spite of the challenges faced; and
 - 1.1.3 Refer this report to the Governance, Risk and Best Value Committee for noting and scrutiny (as set out in paragraph 3.2).

Paul Lawrence

Executive Director of Place

Contact: Lisa Kapur, Cultural Development Officer

E-mail: lisa.kapur@edinburgh.gov.uk | Tel: 0131 529 7988

Capital Theatres Company Performance Report 2021/22

2. Executive Summary

- 2.1 This report encompasses 12 months from September 2021 to September 2022. The period covers the reopening of the Festival and King's Theatres in 2021 in a challenging post-covid environment for the performing arts, including the impact of continued social distancing capacity restrictions, changes to audience confidence, reductions in ticket sales across the board and later booking patterns. Further restrictions brought about in December 2021, as a result of the Omicron variant, caused additional losses and exacerbated the rapidly changing financial and planning scenario.

3. Background

- 3.1 This is the ninth annual performance report prepared as a requirement of the Services and Funding Agreement process adopted in 2013/14.

Governance of ALEOs

- 3.2 An update on the reporting on the Council's Arm's Length External Organisations was approved by Policy and Sustainability Committee on [25 February 2020](#). This report confirmed that the responsibilities of Executive Committees and Governance, Risk and Best Value Committee were as follows:
- 3.2.1 Executive Committees – should scrutinise the future direction of the ALEO, performance of service delivery, progress against any agreements such as Service Level Agreements, and any emerging issues; and
- 3.2.2 Governance, Risk and Best Value Committee – should scrutinise the ALEO's financial performance and any risks impacting the Council and/or ALEO.
- 3.3 Therefore, it is recommended that this report be referred to Governance, Risk and Best Value Committee for scrutiny of the financial performance of the organisations and any risks impacting Edinburgh Leisure.

4. Main report

- 4.1 Capital Theatres reports on its performance to Council Monitoring Officers in line with the Strategic Partnership Agreement on a monthly, quarterly and annual basis, including submission of all Board Papers.
- 4.2 In response to the outbreak of COVID-19, the Council's Leadership Advisory Panel agreed in [March 2020](#) that the Council priorities contained in the Strategic Partnership Funding Agreement for 2020/21 should be suspended. It was subsequently agreed by Committee in [March 2021](#) that a supportive approach to Council funds for Capital Theatres would be continued into 2021/22. This means that, whilst most of the organisational targets have been met, some have been adapted or postponed due to the changed operating environment. In all cases these have been reported and agreed with monitoring officers.
- 4.3 Capital Theatres was the first indoor venue to reopen its doors to audiences in the city, with a gradual return to a full programme of quality performances on stage. Ongoing work has been undertaken to re-establish core audiences and consolidate programming strands. However, COVID restrictions continued to have significant effect on annual retention targets and impacted a number of shows' viability to perform, leading to unavoidable losses from the programme in 2021/22.
- 4.4 With the increase in the spread of the omicron variant of COVID-19, the Scottish Government took the decision to reintroduce capacity restrictions for seated venues – maximum capacity of 200 with 1m social distancing, effective from Boxing Day – rendering both the Panto and the Nutcracker no longer viable beyond Christmas Eve 2021.
- 4.5 In the reporting period, due to financial pressures the Trust has had to revert on occasion to the company's unrestricted reserves as well as accessing emergency funding grants. Fundraising campaigns, short-term borrowing from the Trust's Theatre Development Fund and collaboration with producers have also helped to maintain financial stability. Emergency recovery funding from Creative Scotland was particularly helpful in allowing the Trust to take some measured risks in programming and trading to assist business recovery.
- 4.6 This period saw the Trust's Executive Team return to a full complement of staffing, with the appointment of new Directors of Development and Finance and Business Services as well as a new Head of Creative Engagement. The Trust also continued to focus on communication and engagement with the staff team, supporting the return of staff from furlough following the end of the scheme in September 2021. Hybrid working was adopted following the implementation of the Staff Flexible Working Policy and extensive staff return to work protocols were put in place to ensure continued safe working at a distance.
- 4.7 Despite ongoing challenges, Capital Theatres has continued to deliver services to communities, audiences and artists and develop new strands of creative work in 2021/22, to include:

- 4.7.1 A major step towards realising its creative ambitions through the development of two new large scale co-productions to be premiered in 2022/23: Sunshine On Leith with Pitlochry Festival Theatre (July 2022) and James IV: Queen of the Fight (written by Rona Monro and directed by Laurie Samson) which Capital Theatres co-produced with Raw Material in association with National Theatre of Scotland. The play premiered at the Festival Theatre in September/October 2022 to four- and five-star reviews and has since toured throughout Scotland;
- 4.7.2 Co-commissioning of three new small scale festive productions, in partnership with Aberdeen Performing Arts and Eden Court Inverness, resulting in the development of a new touring circuit between three studio spaces and providing crucial year-on-year stability for creative freelancers during the uncertainty of COVID recovery, with The Enormous Christmas Turnip premiering at The Studio over Christmas 2021;
- 4.7.3 Making space available for Edinburgh cultural practitioners, working with them to support research and development and to remain in conversation about the possibility of further development and touring work from The Studio;
- 4.7.4 A new strand of work in the Dementia Friendly programme: Together In Song developed Dementia friendly concerts with songs written and performed by people with lived experience of dementia. The concerts were initially performed onstage at the Kings Theatre and streamed into homes and care homes using new equipment that was purchased to maintain the range and reach that the programme achieved through lockdown, with 83 viewers logging in to the first performance. As restrictions relaxed, the concerts moved to hybrid delivery with some care homes attending in person and others choosing to continue attending online;
- 4.7.5 The development of a new audio drama, When The Sun Meets The Sky, co-created by members of Capital Theatres' dementia friendly community in partnership with the Traverse Theatre. This was then shared alongside sensory boxes across care homes in Edinburgh and the Lothians;
- 4.7.6 Theatre critic training for Capital Theatres' Dementia Friendly Creative Contributors group with critic Mark Fisher. Two dementia shows, relaxed performances and a wildcard show were booked by the participants to have a 'go' at reviewing with a follow up workshop at the end of July with Mark. These were presented in the DementiArts publication and through Radio Summerhall;
- 4.7.7 Strong progress has been made in the development of a Youth Advisory Board. Consultation was undertaken between January and April 2022 across youth arts organisations (with students and young people, the Subject Leaders Network for Drama, the Arts and Creative Learning Team at City of Edinburgh Council and others) to develop terms of reference and a

recruitment approach that was then implemented with great success in June 2022; and

4.7.8 A brand-new 'Musical Commissioning Hub' was established in the Autumn of 2020. Subsequent to this, the approach to commissions - and particularly co-productions - has been extended to include: James IV, Queen of the Fight; The Enormous Christmas Turnip (the Studio Christmas show which forms part of the three-year Children's Christmas Commission produced in association with Eden Court in Inverness and Aberdeen performing Arts); and Sunshine On Leith.

4.8 The team have been working tirelessly to secure the long-term future of the King's Theatre after world events created an unforeseen funding gap in the capital redevelopment plans. The Trust has maintained constructive discussion with a range of funders, partners and stakeholders over the period. There has been a strong level of public and cultural sector support, which has been critical in raising public awareness around the King's campaign, as well as demonstrating how Edinburgh's year-round cultural infrastructure supports the August festivals. The determination to safeguard this world class heritage venue for future generations remains ongoing and has been a key focus of staff activity over 2022.

4.9 The organisation has maintained stability and demonstrated extraordinary resilience over the period. This has been achieved through strong leadership, careful risk management and swift mitigating action where needed. Capital Theatres has taken an ambitious, adaptive and flexible approach to its work throughout; sustaining existing activities as well as driving forward new areas of work, including the development of its engagement with young people and an increased level of collaborative working and co-production with partners across the city and across Scotland.

5. Next Steps

5.1 This report will be referred to Governance, Risk and Best Value Committee for noting and scrutiny.

5.2 Capital Theatres has undergone a recent Governance Review as well as the development of a new strategy, and a new business plan for 2023-2028. The Trust will continue to adapt and deliver against both its Business Plan as well as relevant elements of the Council Strategic Partnership Funding Agreement going forward.

5.3 Business and programme planning will continue in the context of post-COVID impacts, growing inflation and increasing energy costs throughout 2022.

5.4 The next annual update on Capital Theatres is expected later this year.

6. Financial impact

6.1 The Council awarded a grant of £585,130 to Capital Theatres in 2021/22.

- 6.2 Capital Theatres continues to successfully manage and deliver a robust financial performance.
- 6.3 The Council has agreed a £4m capital grant and Prudential Borrowing of up to £5m (to be paid back by Capital Theatres) to the King's Redevelopment Project. The release of these resources will be subject to Capital Project reporting requirements.

7. Stakeholder/Community Impact

- 7.1 The Third Party Cultural Grants Review agreed by Committee in [June 2019](#) recommended the creation of a Strategic Partnership Theatres Grouping of which Capital Theatres is the lead partner. The grouping also includes the Lyceum Theatre, the Traverse, Edinburgh Performing Arts Development (EPAD) and Lung Ha Theatre Company. The work of the grouping has had a focus on both individual and collective recovery; a coherent and coordinated programme of community engagement; support for the development of the city's creative talent; cooperative programming and working towards a viable co-producing model.
- 7.2 Capital Theatres has an extensive and successful Engagement Programme reaching a very wide community base alongside its main theatres and Studio programmes seeking to deliver an accessible programme of activities.
- 7.3 Capital Theatres meets its Council Funding Agreement Conditions.
- 7.4 Capital Theatres has an Environmental Policy – [Towards a Greener Future](#) and reports on its carbon reductions and sustainability action plan.

8. Background reading/external references

- 8.1 Capital Theatres website: [Capital Theatres](#).
- 8.2 Capital Theatres Company Performance Report 2020/21, report to Culture and Communities Committee, [16 November 2021](#).

9. Appendices

- 9.1 None.