

<b>SUBJECT:</b>	<b>INTERIM CHRISTMAS MARKET OUTTURN REPORT 2018</b>
<b>DIRECTORATE:</b>	<b>DIRECTORATE OF COMMUNITIES AND ENVIRONMENT</b>
<b>REPORT AUTHOR:</b>	<b>SIMON COLBURN, ASSISTANT DIRECTOR (HEALTH AND ENVIRONMENT)</b>

## 1. Purpose of Report

- 1.1 To provide an interim report to Performance Scrutiny Committee on the financial performance of the 2018 Lincoln Christmas Market.

## 2. Background

- 2.1 The 2018 Lincoln Christmas Market was held from Thursday 6<sup>th</sup> December to Sunday 9<sup>th</sup> December 2018 and was visited by around 230,000 people over the 4 days.
- 2.2 The market started in 1982 with 11 stalls and has grown to become one of the biggest Christmas Markets in the country.
- 2.3 We do not have the economic impact analysis yet for the 2018 Christmas market but according to the 2016 visitor survey carried out by the University of Lincoln on our behalf - total visitor spend has been estimated as in the region of £14 million with the estimated economic value to the City of £2.65 million.  
It also concluded that  
-over 60% of visitors travel to the City for the market;  
-average visitor spend at the market was £57.
- 2.4 The Christmas Market in 2018 was the first time that we imposed a 'no vehicle' policy in the inner market area while the market was operational. While this policy generated some complaints and negative publicity before the event, the policy was a success from an operational perspective over the market period. This view was confirmed in the multi-agency debrief.

## 3. 2018 Interim Projected Outturn

- 3.1 Overall the Christmas Market generated an operational surplus of £54,160. However this is £91,520 short of the budgeted surplus on £145,680. There are a number of reasons for this and these are discussed throughout the report.
- 3.2 A summary of the operational budget and projected outturn split down into CIPFA classes is shown at appendix 1.
- 3.3 **Income**  
The market has 3 main streams of income,
- stallholder fees (including the fairground),
  - park and ride ticket sales and

- coach bookings

3.4 The 2018 market had 180 stalls which achieved an income of £431,250 against a budget of £467,010. Income from stallholder fees is therefore £35,760 below budget.

This is due to implementing a decision to freeze stall fees in 2018 for stall holders who had traded at 2017 and returned in 2018 (these traders had been disadvantaged by the closure of the market on the Sunday in 2017).

Approximately 80% of stalls at 2018's market were traders returning from 2017. As the business plan, and therefore the budget, had predicted an 8% increase across all stalls from 2017 to 2018 this has therefore left a notable shortfall.

Income from the fairground exceeded budget by £6,680.

### 3.5 Park and Ride Income

Park and Ride which operated from the Lincolnshire Showground was used by,

- 958 cars on Thursday @ £13 per car;
- 1427 cars on Friday @ £14 per car;
- 2546 cars on Saturday @ £15 per car;
- 1896 cars on Sunday @ £14 per car.

The park and ride operation generated an income of £103,880 against a budget target of £126,710 a shortfall of £22,830.

This is a combination of reduced numbers and a freeze in prices for the last couple of years. The reduced numbers are possibly due to the additional high quality provision for parking at the Central multi-storey car park, which appeared to show a like for like increase in numbers over the Christmas Market period and is also possibly reflective of an increase in comments from residents in the outer area about what appear to be non-residents cars parking in residential areas.

Work is already under way to attempt to address some of these issues.

3.6 Coach bookings also continue to reduce and have done year on year recently. This year coach parking was operated from RAF Scampton for all four days. A total of 201 coaches attended the market in 2018 (compared with 227 coaches in 2017 and 264 in 2016. 10 years ago (2008) we had 621 coaches). This generated an income of £16,960, £9,580 short of the income target of £26,540.

Christmas Market staff supported staff from Visit Lincoln at the British Travel and Tourism trade Show in early 2018 to promote the city and the Christmas Market. Unfortunately this hasn't resulted in an increase in coach numbers.

3.7 Overall predicted income is £615,990 against a budget of £641,030, a shortfall of £25,040.

Budget	Projected Out turn	Variance
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	£	£	£
Income	(641,030)	(615,990)	25,040

### 3.8 Expenditure

The most significant items of expenditure are

- Staff costs;
- Venue hire costs and
- Contractor payments.

3.9 Staff costs cover the 40 or so City Council staff that contribute to the safe and effective running over the actual market period and include those carrying out roles such as event office staff, zone supervisors, loggists, CCTV and communications. Some costs such as those in Environmental Health and Licensing are met by the service area as these are statutory services that would visit such a large event if privately operated. Staff costs came in £5,100 under budget.

3.10 The market hires a number of venues including Lincoln Castle, Lincolnshire Showground and RAF Scampton.

Total costs of venue hire was £47,130 slightly over budget of £45,000.

3.11 Total contractor costs are the single biggest variation against budget. Contractor costs are predicted to come in at £483,060. This is £68,270 over the budget of £414,790.

This covers some 21 contracts or service level agreements and there are a variety of reasons for the increase.

Several contracts have seen relatively small increases in the order of £1,000 - £2,000 either due to inflationary increases above budget or due to additional requests of the contractor for good or services that the team require due to safety requirements or developing the market. This might include for example additional barriers, trackway, electrics, lighting towers and so forth.

The refuse and stewarding contracts have seen considerable increases. These have combined exceeded budgeted costs by around £13,000. This is due to an increased amount of refuse collected year on year and likewise a demand to provide additional stewarding around the market and in some cases for longer periods of time.

Additionally the security costs due to Policing and traffic mitigation measures that were introduced in 2017 are around £45,000 (similar to 2017 costs) and these are currently unbudgeted. The authority has funded this element of budget pressure within the next MTFS.

3.12 Total expenditure is therefore £561,830 against a budget of £495,350, an overspend of £66,480.

	<b>Budget</b>	<b>Projected</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expenditure</b>	495,350	561,830	<b>66,480</b>

3.13 In summary the projected outturn of the market is

	<b>Budget</b>	<b>Projected</b>	<b>Variance</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Expenditure</b>	495,350	561,830	<b>66,480</b>
<b>Income</b>	<b>(641,030)</b>	<b>(615,990)</b>	<b>25,040</b>
<b>Total</b>	<b><u>(145,680)</u></b>	<b><u>(54,160)</u></b>	<b><u>91,520</u></b>

Overall the Christmas Market generated an operational surplus of £54,160. However this is £91,520 short of the budgeted surplus of £145,680.

#### **4. Strategic Priorities**

##### 4.1 Let's drive economic growth

As discussed in section 2.3 Lincoln Christmas Market continues to generate an economic turnover in the region of £14 million including an estimated spend into the local economy of in excess of £2.5million.

##### 4.2 Let's enhance our remarkable place

Events are well recognised as being increasingly essential in supporting the economic viability and the vitality of communities. The Lincoln Christmas Market continues to be Lincoln's flagship annual event with towards 250,000 visitors over just 4 days but sits amongst a rich portfolio of events provided by the public and private sector.

#### **5. Organisational Impacts [FINANCE, LEGAL AND EQUALITY & DIVERSITY SECTIONS BELOW ARE MANDATORY AND MUST NOT BE DELETED]**

##### 5.1 Finance (including whole life costs where applicable)

These are discussed in detail in the report.

##### 5.2 Legal Implications including Procurement Rules None

##### 5.3 Significant Community Impact

It is recognised that without the support of the local community particularly local residents and businesses both in the immediate 'inner' area but also the 'outer' area that the market would not be the success that it is. Officers and members have therefore recently (February and March) undertaken two residents meetings to discuss concerns that residents have. Planning is already underway to address these concerns wherever possible.

## **6. Christmas Market Development**

- 6.1 There are increasing numbers of Christmas markets year on year from small village events to large ones happening in existing urban retail zones. It is clear that our market does need to develop to remain the premiere Christmas event. To that end a visioning exercise was undertaken in November 2018 with a range of stakeholders to start to develop a Visioning and Development Plan for the next 10 years which will see the market evolve and become a festival of Christmas in a wider cultural experience sense.

## **7. Recommendation**

- 7.1 Members of Performance Scrutiny Committee are asked to note and comment on the contents of the report.

**Is this a key decision?** No

**Do the exempt information categories apply?** No

**Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?** No

**How many appendices does the report contain?** One

**List of Background Papers:** None

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