

<b>SUBJECT:</b>	<b>LINCOLN CHRISTMAS MARKET FEES AND CHARGES 2018</b>
<b>DIRECTORATE:</b>	<b>COMMUNITIES AND ENVIRONMENT</b>
<b>REPORT AUTHOR:</b>	<b>CLAIRE MCDOWALL, PRINCIPAL EVENTS &amp; CULTURE OFFICER</b>

## 1. Purpose of Report

- 1.1 For Officers to recommend to Council the proposed fees and charges for the 2018 Lincoln Christmas Market as attached, **Appendix 'A'** and Market licence charges during Lincoln Christmas Market, see **Appendix B**.
- 1.2 To make Council aware of changes to the Christmas Market that will have a bearing on the overall amount of income that can be generated and therefore the budget for the event.

## 2. Executive Summary

- 2.1 **Appendix 'A' and 'B'** sets out the current and proposed Fees and Charges for 2018. If approved, the recommendation is an 8% fees and charges increase to new stallholders and that returning stallholders (from the 2017 event) receive a price freeze, for a like for like stall offer.

It is recommended that park and ride and coach fees also have price freeze from 2017. Creating consumer confidence in light of a 1 day cancellation due to adverse weather forecasted during the event in 2017.

It is estimated that stalls fees and charges would generate £417k based on 80% of stalls returning and 20% of stalls being new stalls. It is also recommended that the Park and Ride fees and charges remain the same as 2017, this would generate an estimated income of £103k and coaches would generate £20k.

Taking these recommendations into consideration and including other income sources; i.e. catering contract and fairground contract this would result in estimated income of £605k for the 2018 event.

<b>Income Type</b>	<b>2018/19</b>
	£
Stalls	(417,190)
Coaches	(20,000)
Park and Ride	(103,440)
Sponsorship	(4,400)
Fairground	(23,450)
Catering	(27,500)
Market Rights	<u>(9,400)</u>
<b>Total</b>	<b><u>(605,380)</u></b>

The income target for the 2018 Market is £641k meaning an anticipated shortfall in income of £36k.

	<b>Budget 2018/19</b>	<b>Projected 80% Stalls @ 0%</b>	<b>Variance</b>
	£	£	£
Contributions	(4,000)	(4,400)	(400)
Event Income	(16,770)	(27,500)	(10,730)
Fees and charges	<u>(620,260)</u>	<u>(573,480)</u>	46,780
	<b><u>(641,030)</u></b>	<b><u>(605,380)</u></b>	<b>35,650</b>

- 2.2 The future financial requirements of the Market will be taken into consideration following a fundamental review for the 2019 market onwards which is currently underway. The MTFs currently forecast the budgetary position until 2020.

### 3. Background

- 3.1 The income achieved from the market can be broken down across three major strands:
- stall rental
  - charges for visiting coaches
  - park and ride fees

These charges are reviewed on an annual basis in advance of each year's Market. In recent years the income generated from Park & Ride has remained fairly consistent. However the impact of the newly opened 1000 space multi storey carpark clearly had an impact on the 2017 use of the service. Coach numbers have continued to decline over the years

- 3.2 As well as looking at income generation, officers have undertaken a review of the costs of organising the event. There have now been two rounds of event contract procurement since 2012, both of which have brought some savings (whilst some costs have increased) but the demands of organising a safe event have continued to drive up the overall cost. Most significantly the increase of policing charges due to a heightened national security level (severe) and risk to crowded places has significantly increased the associated running costs. This meant that in 2017 that in addition to the agreed 8% fees and charges increase and additional 2% security

levy was added at a later date in an aim to assist for payment for these additional security related costs.

- 3.3 Officers have also considered what measures are necessary to maintain and develop the event to ensure we attract the visitor numbers that are essential to delivering the overall economic benefit. As part of this a contract is currently out to tender for a sponsorship contract.
- 3.4 Further to this officers are currently working on a fundamental review for the Market 2019 onwards, taking into account the issues the market faces. This will initially go to CMT for further discussion. This includes reviewing the increasing costs to run the event due to Police and counter terrorism costs, competition from other markets and work in the uphill area which may impact upon the use of sites including the cathedral.

Lincoln Castle plan to hold their own Christmas Emporium/Market this year from 15<sup>th</sup>-23<sup>rd</sup> December. This falls the week after the market and may mean competition from both the perspective of potential stallholders, visitors and visitor spend. This is planned to be in the region of 30-40 stalls that will be free to access between 10am-4pm and during a ticketed evening light show and corporate Christmas parties. If in the region of 30-40 stalls that traditionally attend Lincoln Christmas Market decide to attend the Castle event this may led to a significant drop in demand and therefore a significant loss of stall income.

In addition to this rival event run by Lincoln Castle Lincoln BIG plan to hold a small scale Christmas market in the high street area.

- 3.5 The impact of the final day of the 2017 event being cancelled may have an impact upon trader and visitor confidence. With this in mind the fees and charges structure has been designed to increase stallholder confidence and loyalty to the event to insure that return rates of traders continues to be in the region of 80%.
- 3.6 Taking into consideration all of the above with a 8% increase in stall fees a charges to new stallholders only to the 2018 Market could face a shortfall against its income budgets of c £36k.

## **Fees and Charges**

4. In the context outlined above, determining the Fees and Charges for 2018 has presented some challenges and as a result officers have considered a number of scenarios.

A key consideration in determining the level of overall fee increase is the risk that too great an increase will actually deter some stallholders from attending the event, thus reducing the income generated but also the overall appeal of the event resulting in yet fewer visitors in future years. As well an insuring that the cancellation does not impact upon traders returning to the event.

- 4.1 Officers have considered a variety of options to improve the economic viability of the Christmas Market. This includes;

- 1) Raising fees and charges by 0%-after the cancellation of the Sunday last year there may be some uncertainty and bad feeling towards the event so applications may be reduced.
- 2) Raising fees and charges by 4%
- 3) Raising fees and charges by 8%
- 4) A combination of increasing fees by **a) 4% or b) 8%** for new stallholders and keeping stall fees for returning stallholders at **0% or 4%**, or a variant of these combined options.
- 5) Reducing or capping the discounts, and/or increasing surcharges for food traders, storage spaces, sockets, alcohol levy etc.
- 6) A combination of increasing the fees coupled with increasing surcharges and reducing discounts.

4.2 As set out above, under option 5, the council could also implement changes to the additional costs associated with the market; the following options have been considered:

- 4.3 Further suggestions reviewed, that could be implemented include;
- 1) Introducing an early booking discount
  - 2) Introducing an early payment discount
  - 3) Introducing a late booking fee
  - 4) Introducing a late payment charge

We are however at this stage not recommending a change to the application of discounts for 2018 as due to the Sunday cancellation of last years event may led to further complications.

4.4 **In the context set out above officers are recommending that for stall fees in 2018 the increase applied is 8% for new stallholders and a price freeze for returning 2017 stallholders.**

4.5 The Events and Culture Team have consulted the Christmas Market stakeholders group on their thoughts of an increase. There has been an understanding from the group that an increase of fees and charges will be required to support the 2018 market and that a price freeze applied to returning stallholders was an appropriate gesture of goodwill.

4.6 All other markets that occur during the Christmas Market should be charged the increased City of Lincoln Council Market License Charges for Lincoln Christmas Market in accordance with **Appendix 'C'**.

## 5.0 Strategic Priorities

### 5.1 Let's drive economic growth

Lincoln Christmas Market has continued to bring in the region of £14 million spend into the local economy. However in recent years market has not met the targets set out in the MTFs. Whilst there are a number of significant external factors that have had an impact on this (2010 weather, 2011 impact of large numbers of visitors, 2012 safety changes, 2013 loss of Castle areas, 2016/17 increased Police cost, 2017 Sunday cancellation.) it is clear that a fundamental review of the event is required. Officers are exploring other ways to support the events finances including a contract for sponsorship of the event which is live at the moment.

5.2 Let's enhance our remarkable place

Lincoln Christmas Market continues to be Lincoln flagship annual event with 250-300,000 visitors over just 4 days. Last year it was awarded best UK Festive Market by Holiday lettings. Officers are exploring additional options to continue to attract visitors to the event and support visits to the City throughout other times of the year.

**6.0 Organisational Impacts**

**6.1 Finance (including whole life costs where applicable)**

As previously stated in the report the recommendation would still leave the council with an estimated shortfall of £36k against the budgeted income target. This shortfall will be reported on during quarterly financial monitoring and picked up during the 2019-24 MTFS pressures report. We seek Full Council approval for the introduction of the new Christmas Market Licence Charges see **Appendix D**.

**7.0 Recommendation**

**1. In the context set out above officers are recommending that for stall fees in 2018 the increase applied is 8% for new stallholders and a price freeze for retuning 2017 stallholders.**

**2. It is recommended that there is a price freeze on park and ride and coach booking fees.**

**3. It is recommended that the Market Licence Charges are applied to any markets during the Christmas Market.**

<b>Is this a key decision?</b>	No
<b>Do the exempt information categories apply?</b>	No
<b>Does Rule 15 of the Scrutiny Procedure Rules (call-in and urgency) apply?</b>	No
<b>How many appendices does the report contain?</b>	4
<b>List of Background Papers:</b>	None