

SUBJECT:	CHRISTMAS MARKET OUTTURN REPORT 2017/18
DIRECTORATE:	DIRECTORATE OF COMMUNITIES AND ENVIRONMENT
REPORT AUTHOR:	SIMON COLBURN, ASSISTANT DIRECTOR

1. Purpose of Report

- 1.1 To provide Performance Scrutiny Committee with the key financial performance in relation to the 2017 Lincoln Christmas Market.

2. Executive Summary

- 2.1 This report considers the final outturn financial position of the 2017 Lincoln Christmas Market as of July 2018. The report outlines Lincoln Christmas Market operational and budget matters. This follows from a brief report in November 2017 and a verbal report following the event in January 2018.

- 2.2 The total direct expenditure for the 2017 market was £552,039 against expenditure budget of £487,080, an overspend of £64,959.

- 2.3 The income received was £611,745 against an income budget target of £602,970, an over achievement of £8,775.

- 2.4 Core staffing costs amounted to £113,456 against an expenditure budget of £124,550, an underspend of £11,094.

- 2.5 Overall the 2017 market produced a loss of £53,750 which was £45,090 higher than the budgeted £8,660 cost to the authority.

3. Background

- 3.1 Lincoln Christmas Market is held annually for 4 days in uphill Lincoln during the 1st weekend in December. Last year's event was Thursday 7th December to Saturday 9th December 2017 due to the final day's cancellation. It is estimated that over 200,000 people visited over 3 days.

- 3.2 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.

4. **Key influencing factors affecting the final outturn of the market**

4.1 The weather the previous year (2016) was ideal from an organiser's perspective –cold but sunny and the market budget outturn reflected that, being one of the most successful markets the authority has organised. Unfortunately the weather in 2017 was not as favourable. Like many other areas of the country weather warnings were issued. The market did not take place on the planned final day as discussed at length at a previous Performance Scrutiny Committee meeting. The decision made on Saturday evening meant breakdown of the event commenced around 24 hours earlier than planned, which had an adverse impact on both costs and income within the final account now presented to committee.

4.2 In addition, following a number of terrorist attacks in crowded places which occurred in early 2017, the national threat level remained at "Severe" in the months prior to the event. As for many other events up and down the country, additional police and extra security measures including the use of controlled vehicle access points at the event much of which was new for 2017 resulted in a significant increase in police and security costs.

5. **2017/18 Outturn**

The overall financial position of the 2017 Lincoln Christmas Market is attached as **appendix A** and referred to throughout the report.

5.1 **Income**

The market has 3 main streams of income,

- stallholder fees,
- park and ride ticket sales and
- coach bookings

5.2 **Stall Holder Income**

The 2017 market had 200 stalls achieving an income of £415,347. Income generated from stallholder fees was therefore slightly above the budget. Although not included above, income from the fairground was £28,741, which was also above budget due to an extra ride attending.

The City Council did come under some pressure post event to partially refund stall holder fees. However, the council resisted this as the terms of conditions for stall holders made clear this is an outdoor event in winter and hence subject to adverse weather. As such stall holders are advised to take out their own insurance to cover for situations where cancellation occurs. As can be seen from the budget, had the City Council been required to refund, this would make the market unsustainable and arguably at a financial risk level that would put the market in doubt in future years. It is worth noting that the first three days of trading at the 2017 market were busy for many stall holders.

- 5.3 **Park and Ride Income**
Park and Ride which operated from the Lincolnshire Showground was used by:
-1025 cars on Thursday
-1603 cars on Friday
-2567 on Saturday
The achieved an income of £78,513. The cancellation on the Sunday had a significant impact on income generated with an underachievement against budget of £48,197. Traditionally Sunday has seen high use of the service.
- 5.4 In 2016 the negative perception of traffic congestion and parking availability in the city centre combined with strong and coordinated promotion of the park and ride. This resulted in high use which had not been anticipated would occur in 2017. The new city centre multi-storey car park continued to see additional use during the period of the market which is likely to have had some impact upon the use of the park and ride service, in particular by those visitor who live locally.
- 5.5 **Coach Parking Income**
As in previous years coach bookings have continued to reduce. Coach parking is operated from Waitrose car park on Thursday and RAF Scampton from Friday to Sunday. A total of 223 coaches booked to attend the 2017 market compared to 268 coaches attending in 2016 and 290 coaches in 2015. In addition, 59 of last year's bookings had to be cancelled as they were due to attend on the Sunday but could not. Total income received was £13,786 a shortfall to budget of £12,754.
- 5.6 Reductions in coach trips to events such as these would appear to be a general national trend as consumers prefer not to book such trips significantly in advance. Officers are developing a marketing plan for coaches to the 2018 event.
- 5.7 **Expenditure**
The most significant items of expenditure are
- Staff costs
 - Venue hire costs;
 - Contractor payments including Policing and security costs.
- 5.8 The market hires a number of venues including Lincoln Castle, Lincolnshire Showground and RAF Scampton, Total costs of venue hire was £49,666. Venue hire was slightly higher because inflation was higher than budgeted.
- 5.9 Staff costs cover the staff that contribute to the event planning and 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 Environmental Health. Staff costs were lower because of staff maternity leave from the core planning team.
- 5.10 **Contractors**
The contractor costs were £432,586 compared with the budget of £411,090. This is a projected overspend of £21,496.

- 5.11 The main cause for a substantial increase in contractor costs was due to the police costs having risen significantly by £21,280 compared to the 2016 market as well as an additional estimated £9,000 on costs associated with vehicle access control measures. Working with counter terrorism police additional security measures included armed police officers and vehicle bastions, barriers and vehicles (used as road blocks) installed across the market to prevent unwanted vehicle access during the market opening hours. This was in light of the then recent terrorist attacks using vehicles as a weapon including the Berlin Christmas Market in 2016 and those in London earlier in 2017.
- 5.12 In addition to these security costs the Police requested an offsite 'shadow Silver control' was provided in 2017. This was in addition to the existing market event control which is staffed throughout the event. The staff expertise to staff two event controls meant that an additional Event Commander was contracted. It is believed that this will not be required for 2018 market as it is expected that the newly appointed Assistant Directors will fulfil this role if following a de-brief it is considered a shadow silver control is still required..
- 5.13 Whilst officers had hoped that the new city centre crime surveillance CCTV would be suitable for the 2017 event, this has not proved possible. The installation of CCTV by the existing market contractor was necessary to ensure the safe running of the event. This cost was an additional unbudgeted £11k.
- 5.14 **Overall performance**
The outturn report demonstrates a loss of £53,750 which is £45,090 more than the budgeted cost to the authority of £8,660 for the 2017 market due to the reasons detailed above.

6. Strategic Priorities

6.1 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 the market has not met the targets set out in the MTFs, but the model of the Christmas market is essentially a sound one and as such the City Council remains committed to deliver the market over the four day period in future years. However, it is clear that the market does need to develop to remain the premiere Christmas event. Officers are in the early stages of working with a range of stakeholders to undertake 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. Officers also continue to work on a contract for sponsorship

6.2 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.

7. Organisational Impacts

7.1 Finance

The full cost of running the 2017 Lincoln Christmas Market was £53,750 which, due to the factors outlined within the report, was £45,090 higher than the anticipated cost of running the event.

A summarised breakdown of income and expenditure is included below, with further detail provided within appendix A to this report.

	Budget 2017/18	Actual 2017/18	Variance
	£	£	£
External Costs	487,080	552,039	64,959
External Income	(602,970)	(611,745)	(8,775)
Direct external costs & income	(115,890)	(59,706)	56,184
Core staffing costs	124,550	113,456	(11,094)
Full impact on Medium Term Financial Strategy	8,660	53,750	45,090

- 7.2 Legal Implications including Procurement Rules
There are no legal implications arising from this report'

8. Recommendation

- 8.1 That members note 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

Lead Officer:

Claire McDowall,
Principal Events and Culture Officer
01522 873540