

SUBJECT:	FINAL CHRISTMAS MARKET OUTTURN REPORT 2018
DIRECTORATE:	COMMUNITIES AND ENVIRONMENT
REPORT AUTHOR:	SIMON COLBURN, ASSISTANT DIRECTOR (HEALTH AND ENVIRONMENT)

1. Purpose of Report

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

2. Background

- 2.1 The 2018 Lincoln Christmas Market was held from Thursday 6th December to Sunday 9th 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 The economic impact analysis for the 2018 Christmas market carried out by the University of Lincoln on our behalf indicates not significant variation in the data collected from 2013-2018, thus (based on the detailed 2016 report) the total visitor spend remains 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 including accommodation is around £86.

- 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 Outturn

- 3.1 The Christmas Market was expected to generate a surplus, based on budget, of (£13,210). The final out-turn position was a deficit of £82,380, giving an overall over spend of £95,590. 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 mainly due to implementing a decision to freeze stall fees in 2018 for stall holders who had traded in 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.

The loss on the price increase freeze was partly offset by additional income from the fairground of (£6,680). This was due to the contract price exceeding expected budget.

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. Work has already progressed with our traffic management and stewarding contractor and the County Council to review options to reduce the volume of cars parking in the outer area and therefore the impacts on our residents.

We are also looking at options to increase the publicity around the park and ride facility. Hopefully this will push business to the park and ride reducing the number

of visitor vehicles entering the city centre. This will have a knock on environmental benefit.

- 3.6 Coach bookings also continue to reduce and have done year on year recently. In 2018 the 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 (£16,900), £9,640 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 didn't result in an increase in coach numbers.

A shortfall of income for coaches remains likely for the 2019 market.

- 3.7 Overall actual income is (£615,930) compared to the budget of (£641,030), giving a shortfall of £25,100.

	Budget	Out turn	Variance
	£	£	£
Income	(641,030)	(615,930)	25,100

3.8 Expenditure

The most significant items of expenditure are

- Staff costs for the market period;
- Venue hire costs;
- Contractor payments and
- Central support charges.

- 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. 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 were £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. Stewarding provision is being reviewed for the 2019 market in order to manage a continued increase in costs in this area.

Additionally the additional 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 operational expenditure is therefore £569,560 against a budget of £495,350, giving an over spend of £74,210.

	Budget	Out turn	Variance
	£	£	£
Expenditure	495,350	569,560	74,210

- 3.13 In summary the *operational* outturn of the market (excluding central support charges) is

	Budget	Out turn	Variance
	£	£	£
Expenditure	495,350	569,560	74,210
Income	(641,030)	(615,930)	25,100
Total	(145,680)	(46,370)	99,310

Overall the Christmas Market generated an operational surplus of (£46,370).

However this is £99,310 short of the budgeted surplus of (£145,680).

- 3.14 Central Support Charges

Central support service costs are additional to the direct costs of running front line services and include normal overheads such as the culture & events team, finance, legal, I.T. and accommodation but also includes time allocated from other areas in to the Christmas Market such as Communications, Environmental Health and Licensing.

Costs for the 2018 market are –

	Budget £	Out turn £	Variance £
Central Support Charges	132,470	128,750	(3,720)

3.15 2018 Christmas Market Outturn Summary

	Budget £	Out turn £	Variance £
Operational Expenditure	495,350	569,560	74,210
Central Support Charges	132,470	128,750	(3,720)
Income	(641,030)	(615,930)	25,100
Total	(13,210)	82,380	95,590

The full cost of running the 2018 Christmas Market including central support charges was £82,380. This is an additional cost to the Council of £95,590 against the budgeted surplus of (£13,210).

4. **Strategic Priorities**

4.1 Let's drive economic growth

As discussed earlier 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**

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 have developed an improved communications plan for residents and officers and members have undertaken two residents meetings earlier this year to discuss concerns that residents have. The outcomes of this has informed some of this year's event planning. Additional residents meetings are scheduled for September and then again closer to the market.

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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