

**SUBJECT: INTERIM CHRISTMAS MARKET OUTTURN REPORT 2021**

**DIRECTORATE: DIRECTORATE OF COMMUNITIES AND ENVIRONMENT**

**REPORT AUTHOR: ASSISTANT DIRECTOR (HEALTH AND ENVIRONMENT)**

## 1. Purpose of Report

1.1 To provide a report to Performance Scrutiny Committee on the financial performance of the 2021 Lincoln Christmas Market.

## 2. Executive Summary

2.1 The 2021 Lincoln Christmas Market was held from Thursday 2nd December to Sunday 5<sup>th</sup> December 2021 and was visited by around 270,000 people over the 4 days and saw an estimated 276,000 visitors over the 4 days.

2.2 Across the events sector nationally there was considerable pressure due to Covid in the preparation and delivery of the event due to the uncertainty of future spikes and therefore national and local control measures. Several similar events across the country were cancelled or scaled down.

2.3 Park and ride and coach parking numbers were slightly down on usual figures but better than predicted.

2.4 150 stalls were delivered by the events team which is below the normal c185 stalls. This was combined with a shortfall in associated income from market rights and parking fees to give rise to an estimated £56,136 shortfall on income and therefore budget variance of £50,413.

2.5 The projected headline budget figures are

	Budget £	Q3 Projected £	Variance £
<b>Expenditure</b>	667,020	661,297	<b>(5,723)</b>
<b>Income</b>	<b>(666,940)</b>	<b>(610,804)</b>	<b>56,136</b>
<b>Total</b>	<b>80</b>	<b>50,493</b>	<b>50,413</b>

The total projected expenditure is expected to fall by £4,665 giving a projected variance of £45,748.

### **3. Background**

- 3.1 The 2021 Lincoln Christmas Market was held from Thursday 2nd December to Sunday 5<sup>th</sup> December 2021 and was visited by around 270,000 people over the 4 days.
- 3.2 The market started in 1982 with 11 stalls and has grown to become one of the biggest Christmas Markets of its type in the country.
- 3.3 The 2020 Lincoln Christmas Market, along with many around the country, was cancelled due to the Covid-19 pandemic. Planning for the 2021 event was carried out under the constant threat of further spikes in Covid-19 infection rates and therefore the risk of various impacts affecting the ability to deliver the event safely or legally.
- 3.4 Various reports including Festive Cheer: The Local Impact of Christmas Markets (Local Government Association 2018) highlight the increasing popularity of Christmas markets across the country and the positive impact they can have on boosting the local economy and increasing tourism. These are two key objectives we have had for the market for several years.
- 3.5 We do not have an estimate of the economic impact of the 2021 market yet but according to the economic assessment and visitor surveys previously carried out by the University of Lincoln on our behalf –
- total visitor spend from the event has been estimated in the region of £12 million with the direct estimated economic value to the City of £2.65 million.
  - 42% of the audience are from the local area, compared to 58% being visitors
  - It is roughly an equal split between those that have attended the Market before and those attending for the first time;
  - -average visitor spend at the market is around £55 – normally split fairly equally between spend in the market and spend elsewhere in the locale;
  - Our market attracts visitors across a wide range of ages and income levels.

### **4. The impact of Covid-19 in the planning and delivery.**

- 4.1 This section is not intended to be a detailed appraisal of the covid related issues affecting the market but rather provide some context of the impacts and how they affected the performance of the 2021 market.
- 4.2 There were several impacts due to Covid-19 but they can broadly be split into three categories
1. Financial risk due to uncertainty in the events sector;
  2. Ability to operate a safe and legal event;
  3. Additional risks and costs that may make the market unviable.
- As well as the normal market event planning the situation with regards to the implications of covid was constantly under review.

- 4.3 **1. Financial risk due to uncertainty in the events sector;**

Covid-19 had severely impacted the events sector with impacts on stallholders, event contractors and event organisers.

Many stallholders had ceased to trade or found other forms of business or employment, meaning that some of our regular stalls were no longer trading and the pressure on attracting good quality stalls was increased.

- 4.4 In addition, uncertainty in the industry (risk of future spikes, lockdowns, new laws banning events and therefore the event being cancelled) meant that many stallholders were nervous about committing to any events, particularly large ones like the Christmas Market where a large outlay for stock and stall fees is required.
- 4.5 Stall holder fees are the main source of income for the Christmas Market and therefore a reduction in stalls has a serious impact on the budget.
- 4.6 The risk to stall holders was partly mitigated by opening the stallholder application process earlier than normal (early April) and introducing a phased payment process to allow stallholders to pay for their stall in 4 equal payments across the year. Even so we saw a significant reduction in application numbers and a significant increase in work chasing business.
- 4.7 The other main sources of income for the Market are
- Fees for rental of areas (fairground, food court, bar area);
  - Coach parking and
  - park and ride.
- 4.8 If public confidence in attending events was low, then we would see a reduction in the numbers attending the event and therefore a reduction in those using the park and ride and the coach park with an associated reduction in income.
- 4.9 The infrastructure and therefore costs, to run the parking operations need to be the same irrespective of the numbers attending and therefore there was a significant risk of pressure on this element of the budget.
- 4.10 Throughout the year we were unclear as to what additional costs we might incur in putting on the event in the tail of the pandemic such as having to provide hand sanitiser, face masks, additional stewarding or queuing for example to check covid passports. Most of these concerns did not materialise.
- 4.11 The City Council also charges market rights on any other market within our general market rights area. This includes a number of markets that occur at the same time as the Christmas Market but are not operated by the City Council such as the Assembly Rooms and Westgate School and others. If those events did not go ahead or were significantly reduced in numbers that would see an impact on the income line. Westgate School did not hold an event in 2021 but the other two went ahead.
- 4.12 **2. Ability to operate a safe and legal event.**  
There were many factors to consider throughout the year under this category that include both the public health implications of operating an event safely, the health and safety implications, and the impact of various initiatives, regulations and restrictions coming from central government and critically, uncertainty about those measures.

- 4.13 While not an exhaustive list these include –
- 1) An expected increase in Covid positive cases when schools returned in September 2021;
  - 2) Seasonal flu adding additional pressures to the NHS even assuming covid was subsiding;
  - 3) Speed of vaccination roll-out and uptake;
  - 4) Possible spikes in cases locally that may drive national policy on local lockdowns or regional travel;
  - 5) Possible spikes in cases elsewhere in the country that may drive national policy on local lockdowns or regional travel;
  - 6) A requirement to test or see evidence of double vaccination before being allowed entry to the event (the covid passport);
  - 7) A legal requirement for face masks at time of the market;
  - 8) A legal requirement for social distancing be mandatory (in our indoor spaces);
  - 9) What would be the public perception of the event at the time?
  - 10) What would be perception of, the support of, and the impact on our partner agencies be (emergency services etc)?
  - 11) The ability to plan a safe event if covid illness impacted on the team or contractors during the planning phase;
  - 12) The ability to deliver a safe event if covid illness impacted on the team, contractors or partners during the delivery phase.
- 4.14 These potential risks required consideration, if they were in place at the time of the market, of whether the market would not be safe or viable to go ahead or whether they could be managed with additional resources or plans.
- 4.15 The additional projected costs of mitigating these risks were constantly considered against the potential impacts on income and the cost and impact of cancelling the event (both on the city council but also on traders, businesses and contractors) and when that decision would have to be made.
- 4.16 These potential risks were constantly evaluated throughout 2021 both internally and with support from Public Health Lincolnshire, our colleagues in partner agencies, contractors and Safety Advisory Group.
- 4.17 **3. Additional risks and costs that may make the market unviable.**
- There were other risks to consider both for the 2021 event but also for future years including
- 4.18
- Reputational damage to the City Council for holding the event in the shadow of covid;
  - The reputational risk of cancelling if events were legally allowed but all other factors weighed against delivery of the market;
  - A potential significant reduction in numbers of visitors (due to concerns of mixing in large numbers) and the reputational impact this would have or a change in customer habits leading to reduced spend. Both of which could lead to -
    - lack of confidence in future years from traders;
    - financial pressure on the City of Lincoln Council to reduce stall fees;
  - A potential significant increase in numbers of visitors due to event 'bounce-back', leading to increased costs or overcrowding issues. We worked on a 10% increase in normal figures for planning and safety purposes.
  - Increased additional costs for future markets as the events industry changes

- Increased contractor costs
- Less market traders
- Increased insurance costs

- 4.19 As part of the mitigation to deliver a safe event we worked with Public Health Lincolnshire and had a specific covid risk assessment with various operational measures in place for staff and contractors. We also delivered a comprehensive communications message to the public in advance of and during the event including
- Take a test before visiting Lincoln Christmas Market to ensure you're not carrying the virus
  - You are welcome to wear a face covering in both indoor and outdoor settings if you feel more comfortable doing so
  - Please bring your own hand sanitiser and use sanitisation stations provided where possible
  - Please do not visit the market if you are experiencing Covid-19 symptoms

## **5. The 2021 Lincoln Christmas Market**

- 5.1 The 2021 Lincoln Christmas Market was held from Thursday 2nd December to Sunday 5<sup>th</sup> December 2021 and was visited by around 270,000 people over the 4 days.
- 5.2 Numbers are calculated by undertaking actual counts once an hour at the East Gate entrance to the Castle, these are then scaled to give an hourly figure and to take into account an estimated number of visitors who visit some of the footprint of the market but choose not to visit the Castle. While these figures are not an actual count of every individual, they give an excellent indicator of actual footfall.
- 5.3 Crime and first aid incidents at the market were lower than previous years. We are currently exploring whether the reduction in first aid presentation was due to visitors not wanting to report minor issues and sit in an enclosed first aid tent given covid.
- 5.4 **Stalls**
- 5.5 There were 150 official Christmas Market stalls this year. The average number of stalls in a normal year would be around 185 and the budget is set on this figure. There was therefore a significant impact on the actual income against the budget.
- 5.6 As discussed above there were real challenges in attracting stalls and maintaining quality and variety for the 2021 market. In addition we deliberately reduced the number of stalls in some areas (e.g. marquees) to reduce stall density and allow more space for visitors to circulate and therefore reduce the impact on indoor air quality and crowd density indoors.
- 5.7 In addition to the individual stalls we also provided
- Fairground;
  - Food Court adjacent to the Strugglers public house;
  - Bar area in the Lawn.

These are all contracted out on an area basis and therefore don't count as individual stalls in the figure above. These were delivered more or less as normal in 2021.

- 5.8 Stalls can apply for a discount if they certain criteria. The discounts applied in 2021 were

Lincoln	19
Lincolnshire	32
Charity	5
Craft	32
Fairtrade	3

Stalls can only apply for one discount.

In 2021 over a third of the stall traders came from Lincoln or Lincolnshire.

## 5.9 Park and Ride

- 5.10 The park and ride for the event provides grass parking for cars and mini-buses at the Showground with regular (approximately every 7 minutes) buses to the Museum of Lincolnshire Life. The whole operation is set up just for the event.
- 5.11 Costs for the park and ride are per vehicle irrespective of number of occupants and were frozen at 2019's prices.

Park and Ride costs	
Advanced Sales	£12
Thursday	£13
Friday	£14
Saturday	£15
Sunday	£14

- 5.12 Anecdotal evidence from Lincolnshire Showground and our stewarding company indicated that while numbers had been buoyant at other events during 2021, numbers at temporary park and rides have been lower than expected. A shortfall of £10,000 was therefore predicted in advance of the event as a prudent estimate.
- 5.13 In the run up to the event, industrial action on the train network and engineering works on the East Coast mainline were widely publicised. The industrial action was cancelled at the last minute. The park and ride was promoted as an alternative. This and the increase in visitors ensured that ultimately the numbers using the park and ride were similar to the previous couple of years.

A radio campaign in the run up to the market promoted covid safety to visitors and also encouraged visitors to use the park and ride.

- 5.14 Due to torrential rain on the Saturday the park and ride closed to new visitors early on the Sunday. We are currently reviewing options to reduce similar impacts in the future.
- 5.15 Park and ride figures for 2021 and a comparison with previous years -

Park and Ride figures	2011	2017	2018	2019	2021
Advanced Sales	1085	799	901	1055	1532
Thursday	776	1025	958	992	948

Friday	2891	1603	1427	1421	1588
Saturday	4130	2567	2546	2801	2658
Sunday	2461	0	1896	1692	1033
Total	11,343	5,994	7,728	7,961	7,759

Note:

1. 2011 – saw record numbers at the market following the full cancellation in 2011
2. 2017 – The Sunday of event was cancelled and also first year of Lincoln Central Car park being opened.
3. 2021 – the park and ride shut before midday to new visitors.

## 5.16 Coaches

5.17 Despite promoting the event at travel shows and directly to coach operators, coaches attending the market have been in decline for several years both at the market and more generally across the travel industry. Additionally, a casualty of the pandemic was that several coach companies had folded.

5.18 Given that the demographic of the coach traveller is more likely to be older, combined with potential covid concerns regarding travelling with strangers and/or filling coaches to the maximum, we predicted a significant decline in coach numbers and in advance of the event projected a shortfall in income of 50% against the budget.

5.19 150 coaches used the Christmas Market coach parking, a predicted decline on previous years but much better than the 50% reduction predicted prior to the event

Year	Coach numbers
2011	587
2017	227
2018	201
2019	193
2021	150

## 6. Projected Outturn

6.1 The quarter three projected outturn for the 2021 Christmas Market is

	Budget	Q3 Projected	Variance
	£	£	£
<b>Expenditure</b>	667,020	661,297	<b>(5,723)</b>
<b>Income</b>	<b>(666,940)</b>	<b>(610,804)</b>	<b>56,136</b>
<b>Total</b>	<b>80</b>	<b>50,493</b>	<b>50,413</b>

(As discussed below (section 6.5) the total expenditure is expected to fall by £4,665 and therefore the variance is predicted to be a £45,748 overspend.

## 6.2 Expenditure

Expenditure	Budget 2021-22 £	Projected Out turn £	Variance £
Staffing	9,080	17,587	
Total Premises	64,720	55,358	
Total Transport	0	1,534	
Total Supplies & Services	64,750	73,985	
Total Contractors	527,160	512,833	
Adjustment	1,310		
<b>Total Expenditure</b>	<b>667,020</b>	<b>661,297</b>	<b>5,723</b>

6.3 Staffing expenditure was up this year due to building in extra resilience in the case of having covid related sickness. Additionally there were extra staffing costs as shifts were extended or changed to cover event related issues.

6.4 There were some one-off supplies costs this year including –

- Drone footage of the market for future promotional material;
- Trailing some reusable plastic cups;
- Radio adverts promoting covid safety

It is anticipated that the radio adverts (£4,665) will be moved out of the Christmas Market budget and funded from the covid grant funding received by the council.

## 6.5 Income

6.6

INCOME TYPE	Budget 2021/22 £	Projected Outturn £	Variance £
Park & Ride	(128,188)	(107,924)	
Stall Holder Income	(456,230)	(412,536)	
Coach Parking		(13,908)	
Lawn Bar	(11,139)	(12,678)	
Catering (Express Catering)	(28,910)	(28,250)	
Fairground	(26,123)	(24,153)	
Sponsorship	(4,668)	(4,668)	
Other fees (market rights etc)	(11,682)	(6,686)	
	<b>(666,940)</b>	<b>(610,804)</b>	<b>56,136</b>

6.7 As predicted and discussed above, income from stall fees is considerably down against the budget. All things considered the team are of the view that this figure could have been much worse and while there is a significant budget implication from this, there were sufficient stalls to deliver a great event.

6.8 Numbers of stalls and therefore income is expected to recover for the 2022 event.



- 6.9 Park and ride income and coach parking income were both slightly below the budgeted figure but performed better than predicted in the pre-market budget predictions.
- 6.10 Income from the fixed areas (food court, bar and fairground) were broadly against budget.
- 6.11 Other forms of income, such as market rights, were down as predicted due to associated events and markets either not happening or events.
- 6.12 Overall there is a shortfall against budget of given the considerable pressures both in advance and during delivery of the market.

## **7. Strategic Priorities**

### **7.1 Let's drive inclusive economic growth**

As discussed above, the Lincoln Christmas Market continues to generate considerable economic activity in the local economy.

### **7.2 Let's enhance our remarkable place**

The Christmas Market is a key strand in delivering our Remarkable Place priority.

### **7.3 Let's address the challenge of climate change**

The Christmas Market has a specific Environmental Policy sitting beneath the corporate Environmental Policy.

While the delivery of the Christmas Market will have environmental implications which must be balanced against the other benefits of delivering the event, we aim to reduce the environmental footprint of the event, including single use plastics and energy usage.

The City Council will seek to further reduce the energy consumption and other environmental impacts when the events contracts are re-procured.

In 2022 we will be introducing a stallholder award based on sustainability

## **8. Organisational Impacts**

### **8.1 Finance (including whole life costs where applicable)**

Financial implications are discussed in detail above.

### **8.2 Legal Implications including Procurement Rules**

There are no direct legal or procurement implications from the report. However members may wish to note that all of the corporate events contracts (20 in number) are due to be re-procured in 2022.

### 8.3 Equality, Diversity and Human Rights

The Public Sector Equality Duty means that the Council must consider all individuals when carrying out their day-to-day work, in shaping policy, delivering services and in relation to their own employees.

It requires that public bodies have due regard to the need to:

- Eliminate discrimination
- Advance equality of opportunity
- Foster good relations between different people when carrying out their activities.

There are no E&D/Human Rights implications arising from this report.

### 8.4 Significant Community Impact &/or Environmental Impact

There is an impact on the local residential and business community from the delivery of the market. 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 engaged with members of the public and business community during the year although covid restrictions limited this somewhat.

### 8.5 Corporate Health and Safety implications

The Lincoln Christmas Market is a significant undertaking and requires an input from a number of H&S professionals across a range of areas and during the operation of the market there is always a dedicated H&S advisor on duty. It has an event safety and delivery plan around 550 pages long. However there are no direct implications from this report.

## 9 Risk Implications

9.1 There are no direct risks associated with this report.

## 10 Recommendation

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

<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>	Yes/No
<b>How many appendices does the report contain?</b>	None

**List of Background Papers:**

None

**Lead Officer:**

Simon Colburn, Assistant Director  
Telephone (01522) 873241