

PART 2 – CONFIDENTIAL FACTS AND ADVICE

MD2446

Title: New Year's Eve 2019

Information may have to be disclosed in the event of a request under the Freedom of Information Act 2000. In the event of a request for confidential facts and advice, please consult the Information Governance team for advice.

This information is not for publication until the stated date, because:

This Part 2 contains information which would be likely to prejudice the commercial interests of the GLA if disclosed, as it contains details of forecasts and budgets for the contract for services and sponsorship opportunities in connection with the 2019 NYE fireworks events. Publication of this information prior to the contracts for services being let and sponsorship being secured may prevent the GLA from achieving the best value. Publication should be deferred until the contracts are awarded and the requisite sponsorship has been secured.

Date at which Part 2 will cease to be confidential or when confidentiality should be reviewed: 31 January 2020

Legal recommendation on the grounds of keeping the information confidential:

In the event of any request for access to the information contained in this document under section 1 of the Freedom of Information Act 2000 ("the Act"), it is considered that access can be denied on the basis that the disclosure of such information would prejudice the GLA's commercial interests and therefore, is covered by the exemption under section 43 of the Act.

Section 1 of the Act creates the general right of access, which provides that any person making a request for information to a public authority is entitled:

- to be informed in writing by the public authority whether it holds information of the description specified in the request; and
- if that is the case, to have that information communicated to him/her.

Part II of the Act contains a number of exemptions from disclosure for certain classes of information. In particular, section 43 of the Act provides that information is exempt information if disclosure under the Act would, or would be likely to, prejudice the commercial interests of any person (including the public authority holding it). The paragraph above states that the information is considered commercially sensitive as its release could affect the GLA's ability to put in place the optimal contract for services and sponsorship/ other arrangements for securing additional revenue.

The section 43 exemptions are qualified exemptions and its use is therefore, subject to a public interest assessment.

Public Interest Assessment

At present, on balance, it is considered that the public interest is best served if the information is not

disclosed at this point. For the reason noted above, disclosure by the GLA would be likely to have a detrimental effect on the:

- GLA's commercial interests and the delivery of the proposed project; and
- GLA's delivery of a project which promotes economic development and wealth creation in Greater London.

The eligibility of these exemptions should be reassessed in the event of an FOI request for this information as the level of sensitivity will change over time and different circumstances may alter the arguments in favour of non-disclosure.

Legal Adviser - I make the above recommendations that this information should be considered confidential at this time

Name: Sophie Morris, Associate, Commercial Law, Transport for London **Date:** 26/03/2019

Once this form is fully authorised, it should be circulated with Part 1.

Confidential decision and/or advice: the information set out below

1 Decision

That the Mayor approves:

- 1.1 The forecast net cost to the GLA of £2.3 million per annum, to deliver the 2019/20, New Year's Eve event; noting the net cost is based on an annual forecast ticket and concession income of £1.05 million.

2 Cost implications

- 2.1 The table below shows the event costs, and potential revenue streams for the 2019 event.

	2019
EXPENDITURE	BUDGET £
Event production company costs	2,950,000
Ticketing fees	150,000
Marketing and Communications	80,000
GLA insurance costs	75,000
Other costs (e.g. TMO, press facilities, volunteers)	50,000
Contingency	45,000
TOTAL EXPENDITURE	3,350,000

BUDGET INCOME	
Forecast GLA core budget	2,300,000
Forecast Ticket revenue to GLA	1,040,000
Forecast concessions revenue to GLA	10,000
Sponsorship	
TOTAL INCOME	3,350,000

Any sponsorship or additional revenue would offset GLA's core budget

- 2.2 **Sponsorship:** As noted Part 1 of this decision form, previous sponsorship was secured for the project as follows:
- 2008 £100,000
 - 2012 £51,000
 - 2013 £500,000 (although the net income to the GLA was £287,560 given the risk/reward contract model with the event producer for that year)
 - 2015 £200,000
- 2.3 To help secure future sponsorship, the GLA is planning brand engagement tactics, reviewing the approach and target organisations. We will develop sponsorship packages ranging from £50,000 to £200,000.
- 2.4 There are limited assets and sponsor benefits that are fully in the GLA's gift, which has made achieving sponsorship difficult. However, the introduction of ticketing does increase the sponsorship proposition as there are more ways in which potential sponsors could engage with the audience and therefore there are increased benefits to the sponsor.
- 2.5 **Food & drink concessions:** Due to the historical nature of the crowd dynamics at the event, it has always proved difficult to secure approval from local authorities and landowners to have concessions at the event. This was successfully trialled in 2014, where a small concession fee of £1,500 was charged. In 2015, £20,000 concession income was achieved; however, traders did not achieve the returns they expected. With lack of interest from the market in 2016, the fee was reduced to £6,500. In 2017, we secured £7,900, and £9,600 in 2018. We will continue to work to test the market in future years, with a target income of £10,000 viewed as a realistic income from concessions in 2019 and beyond.
- 2.6 **Ticket price:** As noted in the main report, the ticket price to date, has been set at £10 to cover the cost of implementing the ticketing system. Whilst there is a potential option to increase ticket price to take account of gradual inflationary costs of implementing the ticketing system, as well as assist in managing customer expectations of ticketholders in areas furthest from the firework firing zone, it is not recommended to change the ticket price at this time, to ensure that tickets remain affordable and as financially accessible to as many people as possible.
- 2.7 Free tickets have been previously considered, but rejected for the following reasons:
- People are much less likely to turn up with a free ticket than they are with a paid-for ticket, particularly if the weather is bad.
 - Drop-out rates for events with free tickets are circa 60%. Even with the low-ticket price of £10 to date, we have seen drop-out rates of 20-30%.

- If we allow non-ticket holders to enter the area to fill it up (where ticket-holders have not shown up), this would create crowd control issues and resentment from those who did buy a ticket. There would be no incentive to purchase tickets in future years, people would just turn up and queue without a ticket, meaning our ability to manage crowds is hugely diminished and the event could be jeopardised.
- In leaving the area empty of no-shows, it could look negative from a media perspective.
- We cannot oversell the capacity of the area to mitigate drop-out for legal and safety reasons.
- A low-ticket price (currently £10) and the ability to return unused tickets means those who change their plans can get a refund up to early December and these tickets are resold; people have no incentive to return free tickets.
- Offering tickets at no cost and with no incentive to return unwanted tickets will lead to a dramatic rise in second selling.
- We wouldn't be able to stop second selling of free tickets, and second selling sites would likely not cooperate to try and stop it. That would mean that tickets are sold at others' profit and the fireworks audience would still have to pay – probably at a much higher price.
- If we don't charge, the taxpayer is footing the bill, whereas with paid for ticketing, the attendees – of which two thirds are from outside of London (UK national or overseas) – are contributing to the cost.
- The additional costs associated with ticketing have to be covered.

2.8 It should be noted that the volume of tickets available is based upon the space available in the ticketed areas. A proportion of the theoretically available tickets are withheld and allocated to businesses and residents in the immediate area through a wristband access system. This ensures these businesses and residents can access their properties during the event.

3 Financial comments of the Executive Director Resources

3.1 As noted above, whilst sponsorship income has been secured for previous events, the level of sponsorship is still relatively uncertain. Sponsorship packages are being developed for between £50,000 and £200,000. Any sponsorship income secured over and above the annual £1.05m income target, will be offset against the GLA contribution to the event and if required will meet any shortfall in ticket revenue and concession income. Any surplus realised (after fees) will be retained by the GLA and may mitigate the impact on the GLA budget of having to meet any shortfall of funding for future events.