

GREATER LONDON AUTHORITY

REQUEST FOR MAYORAL DECISION – MD2093

Title: New Year's Eve 2017

Executive Summary:

The New Year's Eve Fireworks provide a fantastic showcase opportunity for London, nationally and internationally. Its increased popularity over the years, drawing hundreds of thousands of people to central London, resulted in the need to introduce ticketing in 2014, in order to ensure the safe running of the event. The impact of ticketing on crowds has been a success with reduced crowds outside of the designated viewing areas, where there is little or no view of the fireworks and a much-improved experience for those who purchase a ticket. The £10 ticket charge for the event only covers the cost of implementing the ticketing system and additional event infrastructure needed. Sponsorship and concession revenue is sought to offset some of the event costs, but this is not guaranteed.

Decision:

That the Mayor approves:

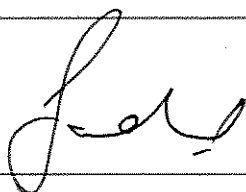
1. the event budget of £2.3m, underwriting the financial risk associated with uncertain revenue from ticket sales, concessions and sponsorship for New Year's Eve 2017;
2. the ticketing price for the event remaining at £10, broadly designed to cover the cost of the ticket implementation.

Mayor of London

I confirm that I do not have any disclosable pecuniary interests in the proposed decision, and take the decision in compliance with the Code of Conduct for elected Members of the Authority.

The above request has my approval.

Signature:



Date:

24/4/17

PART I - NON-CONFIDENTIAL FACTS AND ADVICE TO THE MAYOR

Decision required – supporting report

1. Introduction and background

- 1.1 This paper requests that the GLA allocates £2.3m to the 2017 New Year's Eve Fireworks event and covers the financial risk associated with unconfirmed ticket sales, sponsorship and concessions income. It also outlines the risks associated with not ticketing the event, and the contractual arrangements in regards to an event producer.
- 1.2 The New Year's Eve Fireworks was initially created to provide a focal point for New Year's Eve as a national and international promotional tool for London, which it successfully achieved. However, it became a victim of its own success in terms of the size of the 'live audience' wishing to come to see the event. Over the years the numbers of people coming into London on New Year's Eve had become unsustainable, creating significant crowd control issues and safety concerns. The pressure put on our emergency services and local authorities became unsustainable.
- 1.3 The event in 2013 specifically encountered significant crowd management issues, with crowds in the region of 500,000, a large proportion of which was unable to watch the fireworks and instead was caught up in crowd congestion throughout the city and well away from the river. The statutory agencies and emergency services strongly recommended that the event format needed to change for them to continue to support it.
- 1.4 Following a review of options and consultation with statutory agencies and emergency services, it was agreed through MD1387, that a paid-for-ticketing plan could be implemented for three years (2014-2016).
- 1.5 The price point for the ticket was set at £10, which covered the costs of implementing the ticketing system (i.e. ticketing agency, VAT, ticket distribution, increased marketing, infrastructure and stewarding to manage ticket entry points). Thus the change in format to include ticketing is broadly cost-neutral on the overall budget for the event.
- 1.6 Debriefs from the 2014, 2015 and 2016 events agreed that the objective of reducing crowds was successful. The number of people outside the official viewing areas was significantly lower and all those who attended with tickets got to see the display. There was reduced pressure on police, ambulance and transport services, with the number of incidents significantly down from pre-ticketed years. In addition, there was a reduced impact on London in terms of road and bridge closures.
- 1.7 As a result, we are recommending that the ticketing model is retained and becomes a permanent for this event while it continues in its current format – central London river-side fireworks.

Delivering the New Year's Eve plan (2017)

- 1.8 Whilst all agencies agree that crowds have significantly reduced outside of the viewing areas since pre-2013 levels, in 2016 there were specific 'hot-spots' outside of the viewing areas, where people had some view of the fireworks, which did see increased crowds (e.g. Lambeth Bridge).
- 1.9 This was broadly expected, as people become more familiar with the ticketed areas over the years and due to social media and some media outlets 'advertising' where people can get a view without a ticket. The event viewing/ticketed areas will be reviewed again for 2017, as part of the on-going review and planning process.

- 1.10 The event footprint and operational plans will also be reviewed for 2017, alongside key partner agencies including the MPS, TfL, impacted local authorities, The Royal Parks, landowners and businesses and residents.

Cost implications of delivering the New Year's Eve event

- 1.11 The cost of delivering New Year's Eve had increased significantly over the years, mainly due to the increased numbers of people turning up in central London and the growth of the event footprint and plans required to mitigate the crowd management issues that have ensued. The map in Appendix 1 shows the expansion of the event footprint since the event started in 2003.
- 1.12 Implementing the ticketing system in 2014 increased the event delivery costs. However, the GLA successfully achieved its aim of offsetting these costs with ticketing income as far as is possible; this has been achieved in each of the 3 years of ticketing to date..
- 1.13 Whilst the ultimate aim would be to reduce costs, due to a more contained event footprint, this in reality cannot be guaranteed. As noted above, areas outside the viewing areas and event footprint where there are partial views can become more congested over time requiring further crowd management mitigation in areas that currently have no, or minimal, infrastructure or stewarding. There is also a need to maintain the infrastructure and stewarding plan which has been developed over the years, to ensure that areas now managed well, continue to be so.
- 1.14 The ticketing model does however, enable an increased level of confidence in the numbers of people attending not spiralling out of control, and therefore, enable costs to be broadly maintained.
- 1.15 The event production contract is not a fixed price contract, as it is not possible to fully determine all the costs upfront. This is due to the dynamic planning process involving multiple stakeholders, partners and landowners, who can all have an impact on the final costs. Changes in the London landscape (for example buildings, roads, stations and access points) can all potentially change during the planning process, which can also impact on costs. That said, we have worked closely with our event producer and event stakeholders over the years to try to contain these costs, adapt the budget to accommodate increases where possible.

Potential Revenue Streams at the New Year's Eve event

- 1.16 There are a number of options, indicated below, for generating revenue to offset the financial risk for the event, however, these remain uncertain and cannot be guaranteed.
- 1.17 **Sponsorship:** There has been varying degrees of success in securing a sponsor for New Year's Eve, with significant sponsorship levels only being achieved in 2008, 2013 and 2015. This is due to the limited brand opportunities and benefits that a sponsor could achieve; particularly since potential sponsor rights that could be offered are in many cases subject to approval by third parties and the statutory and licensing agencies and are not within the GLA's control.
- 1.18 That said, the introduction of ticketing and the enhanced communications campaign does afford significantly more opportunities for potential sponsors to engage and achieve brand value in return for their sponsorship. As such the commercial partnerships team will commence planning brand engagement tactics, reviewing the approach and target organisations and put out a sponsorship proposition to market in April 2017.
- 1.19 **Food & Drink Concessions:** For the first time in 2014, Westminster City Council and the Licensing Operational Planning Safety Group (LOPSG) group agreed to approve concessions at the New Year's Eve event. However, the restrictions put on concessions, in terms of location, set up and trading times, and items permitted to sell does limit their ability to earn revenue and in turn, commercial rates they are charged. Despite this, some income is raised from this to offset costs.

- 1.20 **Audience Capacity:** In 2016, ticketed audience capacity was 109,887 (noting that operationally we also need to make an allowance for access to/from property within the ticketed viewing areas by affected businesses and residents). As the landscape within the viewing areas can be dynamic (e.g. impacts from building/development works, Thames Tideway Tunnel, etc) the audience viewing areas, and capacities, are reviewed as part of the annual planning process. Any potential increase in ticketed viewing space and audience capacity (e.g. that previously achieved for Waterloo Bridge and possibly future inclusion of other spaces to the ticketed area) would need to be approved by the LOPSG multi-agency process.
- 1.21 **Ticket Price:** The ticket price, to date, has been set at £10 to cover the cost of implementing the ticketing system, as noted in point 1.5. Current indications are that the costs associated with ticketing the 2017 event (assuming the area remains the same) are broadly unchanged.
- 1.22 It is expected that revenue from the outlined income sources above will be used to reduce the net cost of the project; however these income sources do present varying degrees of uncertainty in realising the target revenue. We are therefore unable to progress with the delivery of the project without the full cost of the event delivery being underwritten by the GLA. The full cost of the event has been underwritten by the GLA since its inception.

Event Producer Contract – Procurement

- 1.23 The GLA had a three-year contract with Jack Morton Worldwide to deliver the New Year's Eve Fireworks for 2014, 2015 and 2016. Prior to this, they were also awarded the contract through competitive tender processes for every event since 2004.
- 1.24 Additionally, the GLA has an Events Framework for event producers, which is in place until January 2018. Jack Morton Worldwide is a supplier on this Framework.
- 1.25 As such, advice was sought from legal and procurement teams, who advised that the Events Framework provides discretion for a direct call-off to a supplier.
- 1.26 Given that Jack Morton Worldwide has been the incumbent supplier for delivery of the New Year's Eve Fireworks for a number of years and we are confident that the event can be delivered at best value, we will issue a direct call-off contract with them for delivery of the 2017 event.
- 1.27 To ensure that a fully competitive tender process is achieved for future New Year's Eve Fireworks, we will undertake an OJEU procurement exercise to appoint a producer to deliver the event in 2018-2021.
- 1.28 The budget aligned to this tender exercise would be broadly in line with the 2017 event, but would be subject to further budget clarification and formal budget approvals.

2. Objectives and expected outcomes

- 2.1 The key objectives for the New Year's Eve Fireworks are based on:
- National and international promotion for London
 - Economic benefit to London
- 2.2 The New Year's Eve Fireworks display provides a fantastic showcase of London nationally and internationally. In 2016, the fireworks were viewed by 10.87m people on BBC1 alone; with Sky and other national broadcasters providing further coverage around the world. Millions more people globally have seen parts of the fireworks as many world cities bring together a montage of city displays as part of their news coverage, the audience of which is not captured.

- 2.3 Additionally in 2016, the BBC broadcast the event in 360 degrees via YouTube, which has seen over 1.5m views.
- 2.4 The media value of New Year's Eve in 2016, calculated by value of equivalent advertising spend, was approximately £6m. Media value is only monitored for a set period of time, and it is expected that further value is achieved outside of the monitoring period.
- 2.5 The economic benefit of the New Year's Eve Fireworks is difficult to fully monitor, as people may be inspired to come to visit London, at any point throughout the year, as a result of seeing the Fireworks through the media, and we would not be able to capture the economic benefit of this. However, from research undertaken at the event to establish what visitors' additional spend is, as a result of coming to the event, there was an economic benefit of over £23m from ticketholders alone.
- 2.6 Similarly, the positive profile of London which the Fireworks contribute to, can encourage people to want to study, do business or work in London, as well as visit. In 2016, of those interviewed in a post-event survey, 84% agreed that the Fireworks put London in a positive light. Additionally 92% said they would visit London again in the future, and indeed 92% separately responded that they would recommend visiting London to a friend. With 79% of the respondents say it was the first time they'd attended the event, we are reaching new audiences.
- 2.7 For 2017, we would expect similar levels of media profile, economic benefit and positive audience engagement.

3. Equality comments

- 3.1 Tickets have been set at the lowest possible price point in order to maintain affordability and accessibility for public attendance at the event whilst broadly offsetting the cost of ticket implementation.
- 3.2 A dedicated viewing area for people with disabilities and mobility issues is provided at the event.
- 3.3 The event will be accessible to all via national media coverage and live broadcast on national and international television.

4. Other considerations

- 4.1 We have noted the following key risks associated with this decision:
- 4.1.1 **Contractual:** We are currently out of contract with the incumbent event producer, and there is insufficient time to undergo a full OJEU tender process for the 2017 event delivery, however we are able to do a direct call-off the existing events Framework. In order to reengage the event organiser, approvals on the full budget spend is required (and underwrite of unsecured revenue). Delay to reengaging the event production company will result in delays to the sponsorship offer going out to market, decreasing further the ability to raise sponsorship.
- 4.1.2 **Sponsorship:** It cannot be guaranteed that sponsorship will be secured, particularly as this has historically been difficult to achieve.
- 4.1.3 **Ticket sales:** There is a risk that tickets do not sell out, thus not covering the cost of the ticketing operation. However, given the evidence of demand through ticket sales over the last 3 years – and the speed at which tickets are sold, this is deemed a minimal risk.

- 4.1.4 **Communications campaign:** An extensive communications campaign is required to ensure that people are aware that the event is ticketed (as evidence shows that this is still not fully known). It is also needed to try and counteract other social media messaging and media communications telling people that you can still watch the event without a ticket.
- 4.1.5 **Event scope increases:** As evidenced over the last 3 years of ticketing, there is a build-up of non-ticket holders in areas with partial views that need significantly more resources to manage safely. To help manage this risk, there is continued engagement with landowners and emergency services to review and monitor. Further work is also needed with the media to educate them on the risks of promoting vantage points.

4.2 Relevant Mayoral objectives and Priorities include:

- 4.2.1 **Manifesto Commitment – protecting and promoting our cultural riches:** Build on London's vital tourist industry by promoting the city's cultural riches – our fashion, music, design, film art, and architecture – to Londoners, the rest of Britain and the world.
- 4.2.2 **Manifesto Commitment – Access to the Arts:** Continue to back major cultural festivals to celebrate London's religious and racial diversity, and ensure Pride continues to be a fantastic, community-led showcase of all London's LGBT+ communities.
- 4.2.3 **City for all Londoners:** Making London a fairer and more tolerant city open and accessible to all, and one in which we can all live and prosper free from prejudice and enabling all Londoners to benefit from the city's fantastic arts and culture.

4.3 Consultations that have taken place include:

- 4.3.1 Extensive consultation with all operational agencies including but not limited to Metropolitan Police, TfL, British Transport Police, London Ambulance Service, London Fire Brigade, Westminster City Council, City of London, Borough of Lambeth and Borough of Southwark.
- 4.3.2 Consultation will also be carried out by the event production company as part of their delivery role with all residents and business affected by the event, and the outcome of all such consultation will be factored into the delivery of the event as appropriate.

5. Financial comments

- 5.1 The expenditure for the delivery of the New Year's Event for 2017 will be via a combination of GLA funding, ticket revenue, sponsorship and concession income. The proposed ticketing price for the event will remain at £10 in line with previous years charge and has been broadly designed to cover the cost of ticket implementation.
- 5.2 In line with previous year's events, the GLA will underwrite the sponsorship, concessions and ticket revenue for the 2017 event, all of which have yet to be secured.
- 5.3 With regards to the proposed OJEU tender for a new event producer to deliver the event for 2018 to 2021, the indicative budget for such will be in line with the proposed budget for the 2017 event, but will be subject to separate approval.

6. Legal comments

- 6.1. It is planned that certain highways will be closed to vehicular and pedestrian traffic (with exceptions) for the purposes of the New Year's Eve Fireworks, through Traffic Regulation Orders made under section 16A of the Road Traffic Regulation Act 1984.

- 6.2. Section 93 of the Local Government Act 2003 empowers the GLA to charge for the provision of discretionary (as opposed to required) services, to those agreeing to the provision of such services (subject to a restriction that the income from charges should not exceed the costs of provision). Each person's agreement to the provision of the service (access to the best viewing areas for the fireworks, on a restricted highway) is inherent in the purchase of a ticket.
- 6.3. The GLA is not the highway or traffic authority for the highways in question. It is understood that the GLA will seek formal consent of TfL and the highway authorities for the roads in question to charge for this event. It is understood that this will be done through a Memorandum of Understanding.
- 6.4. The proposals set out in this paper appear to fall within the Authority's powers under sections 30 and 34 of the Greater London Authority Act 1999 (the 'Act') which allows the Mayor, acting on behalf of the Authority, and after appropriate consultation, to do anything which the Mayor considers will further or which may be considered facilitative or conducive to economic and social improvement in Greater London.
- 6.5. Any proposed contracts or variations of contracts with event managers, sponsors or other entities will need to be reviewed by Legal Services.

7. Planned delivery approach and next steps

Activity	Timeline
2017 event scoping and draft budget	15 March 2017
MD and CIB approval	10 April 2017
Call off production contract	28 April 2017
Sponsorship proposition formally out to market	2 May 2017
Announcement	tbc
Ticket sales (tbc)	September 2017
Final evaluation start and finish (self/external)	August 2017-Jan 2018
Delivery End Date	1 January 2018
Project Closure:	2 March 2018

Appendices and supporting papers:

Appendix 1: map outlining the growth of the event footprint

Public access to information

Information in this form (Part 1) is subject to the Freedom of Information Act 2000 (FOI Act) and will be made available on the GLA website within one working day of approval.

If immediate publication risks compromising the implementation of the decision (for example, to complete a procurement process), it can be deferred until a specific date. Deferral periods should be kept to the shortest length strictly necessary. **Note:** This form (Part 1) will either be published within one working day after approval or on the defer date.

Part 1 Deferral:

Is the publication of Part 1 of this approval to be deferred? NO

If YES, for what reason:

Until what date: (a date is required if deferring)

Part 2 Confidentiality: Only the facts or advice considered to be exempt from disclosure under the FOI Act should be in the separate Part 2 form, together with the legal rationale for non-publication.

Is there a part 2 form – YES

ORIGINATING OFFICER DECLARATION:

Drafting officer to confirm the following (✓)

Drafting officer:

Kim Hobbs has drafted this report in accordance with GLA procedures and confirms the following:

✓

Sponsoring Director:

Martin Clarke has reviewed the request and is satisfied it is correct and consistent with the Mayor's plans and priorities.

✓

Mayoral Adviser:

Leah Kreitzman has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

Corporate Investment Board

This decision was agreed by the Corporate Investment Board on 10 April 2017.

EXECUTIVE DIRECTOR, RESOURCES:

I confirm that financial and legal implications have been appropriately considered in the preparation of this report.

Signature

M. J. Allen

Date

20.4.17

CHIEF OF STAFF:

I am satisfied that this is an appropriate request to be submitted to the Mayor

Signature

D. Bellamy

Date

20/4/2017