

REQUEST FOR MAYORAL DECISION – MD1460

Title: New Year's Eve Fireworks 2015 and 2016

Executive Summary:

The New Year's Eve Fireworks provide a fantastic showcase of London nationally and internationally. However by 2013, attendance at the event had grown to an unsustainable level, and in 2014, ticketing was introduced for the first time to combat the safety concerns born out of increased audience attendance. This ticketing system created a positive impact on crowd numbers, and will continue to be developed over the next two years as agreed in MD1387. The ticket fee broadly covers the cost of implementing the ticketing system. A core budget for the New Year's Eve Fireworks was agreed in MD1277 up to and including the 2016 event, with the need to secure additional third-party revenue to make up the full project budget. This additional revenue remains a risk to the project, and therefore it is proposed that the GLA underwrite the unconfirmed revenue to ensure that the project delivery can continue.

Decision:

That the Mayor approves:

1. The ticketing price for the event remaining at £10, broadly designed to cover the cost of the ticket implementation in 2015 and 2016;
2. The GLA's underwriting of the financial risk associated with uncertain revenue from ticket sales, concessions and sponsorship for New Year's Eve 2015 and 2016.

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:

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 covers the financial risk associated with ticket sales, sponsorship and concessions income for the New Year's Eve Fireworks events in 2015 and 2016, which are unconfirmed at this time and therefore cannot be guaranteed. It also outlines the financial implications and associated risks for the events in 2015 and 2016, the remaining years of a three-year plan and the event producer's contract.
- 1.2 The New Year's Eve Fireworks was initially set up as a media promotional tool for London, which it successfully achieved; but it became a victim of its own success in terms of the 'live audience' wishing to come to see the event. Over the years the numbers of people crowding 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 also 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. 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 2014 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 event 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 down on 2013 figures. In addition, there was a reduced impact on London in terms of road and bridge closures, which in the main were brought in later than anticipated (and in some cases didn't close at all). Whilst all of the statutory agencies and emergency services were encouraged by this positive impact of ticketing, it was recognised that we need to review the impact over the coming two years to establish a true trend, as per a three-year plan.

Delivering the New Year's Eve plan (2015 and 2016)

- 1.7 Given the success of the 2014 event, it is our intention to proceed with ticketed New Year's Eve events in 2015 and 2016 as outlined in MD1387.
- 1.8 A three-year core budget for the New Year's Eve event (2014-2016) was approved via MD1277, prior to the format changing to a ticketed event, which was approved via MD1387 as noted above. It was expected that the core budget would only part-fund the event and that this budget would be enhanced by securing sponsorship, which the event organiser would be responsible for, and carrying the financial risk, as part of their contract terms.

- 1.9 This commercial arrangement had been secured with an event organiser in 2013, and so was seen as a viable option. During the tender process, it became apparent that it in fact was not a viable option. The compliant tender bids were prepared to seek sponsorship but would not take on the financial risk. Following a competitive procurement in accordance with the Contracts and Funding Code, the GLA contracted Jack Morton Worldwide to deliver, and seek sponsorship for, the New Year's Eve Fireworks event for 2014, 2015 and 2016, with annual break clauses.
- 1.10 Within MD1387, it was agreed that in 2014 the GLA would underwrite the financial risk associated with uncertain revenue from ticket sales, sponsorship and concessions. It was also noted that there was an increased risk of not securing a significant sponsor, as the commercial proposition was put out to market later than ideal, due to the time needed to develop and approve the new paid-for-ticket model for the event.

Cost implications of delivering the New Year's Eve event

- 1.11 The cost of delivering New Year's Eve has increased significantly over the years, mainly due to the increased numbers of people turning up in central London and the extended 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. It was aimed that these costs would, so far as possible, be offset by ticketing income.
- 1.13 Early indications from year one of the three-year-plan have shown very significant reductions in crowds. However, it is not yet clear what the long term impact will be on non-ticket holder attendance over the next two years, which may still present cost implications through the need to provide 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 By encouraging the reduction of visitors into the area on New Year's Eve through the introduction of ticketing, the ambition is to make the event more sustainable long term. Previously the crowds were becoming more challenging year on year, requiring the event footprint and crowd mitigation measures to continually expand, and thus increasing costs. This multi-year plan aims to change audience behaviour, improving the viewer experience, and ultimately ensuring public safety continues to be managed in a more sustainable way.
- 1.15 The longer term aim is also to reduce costs, but it is not possible to identify future cost savings at this time.
- 1.16 The introduction of ticketing does enable an increased level of confidence in the numbers of people attending not spiralling out of control, and therefore, it is our aim to ensure that costs do not increase, so that we maintain costs at the same level for the next 2 years.
- 1.17 We have yet to receive formal costings for 2015 (or indeed 2016), but the indications thus far are that they will be broadly the same as 2014. The event production contract is not for a fixed price, as it is not possible to fully determine this at the start of the project 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 could 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, and when not possible, sought increases to the GLA core budget.

Potential Revenue Streams at the New Year's Eve event

- 1.18 There are a number of options for generating revenue to offset the financial risk for 2015 and 2016, which are indicated below:
- 1.19 **Sponsorship:** Due to the delays in event approval and planning for 2014, brought about by the introduction of the paid-for-ticket model, the event went out to the commercial market later than expected. As a result, it was not possible to secure sponsorship for the event. It should also be noted, that it has been historically difficult to achieve sponsorship for the event and it only received significant sponsorship revenue in 2008 and 2013 (since it began in 2003). The 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.
- 1.20 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. To help secure a sponsor for 2015, the GLA and Jack Morton Worldwide have already commenced planning brand engagement tactics, reviewing the approach and target organisations.
- 1.21 **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. As it was unclear how the concessions would work in the context of crowd movement, certain restrictions were put on the concessions which limited their ability to earn revenue. This in turn limited the amount they could be charged. 2014 was seen very much as a test year, with significant potential for growth in 2015 and 2016.
- 1.22 **Audience Capacity:** For 2014, the ticketed viewing area was calculated based on the physical space available. For 2015, the ticketed viewing areas will be reviewed, to establish any changes in capacity caused by e.g. development/construction. Any potential increase in ticketed viewing space and audience capacity would need to be approved by the LOPSG multi-agency process. It should be noted that operationally we also need to make an allowance for access to/from property within the ticketed viewing areas by affected businesses and residents.
- 1.23 **Ticket Price:** The ticket price in 2014 was 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 2015 event (assuming the area remains the same) are broadly unchanged.
- 1.24 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 underwriting of the financial risk by the GLA.

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 2014, the fireworks were viewed by 12.3m people on BBC1 alone. It is expected that we will maintain similar broadcast audience figures in 2015 and 2016. We also achieve significant broadcast news coverage, the audience for which is not captured.

- 2.3. The media value of New Year's Eve in 2014, calculated by value of equivalent advertising spend, was £6.1m. We aim to achieve a value of over £6m in 2015 and 2016. 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.
- 2.4. 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 as a result of seeing the Fireworks through the media, and we would not be able to capture the economic benefit of this. Similarly, the positive profile of London which the Fireworks contribute to, can encourage people to want to visit, or study or work in, London. We do however conduct research at the event to establish what visitors' additional spend is, as a result of coming to the event. In 2014, this additional spend was valued at £18,232,189 for ticketholders. An additional figure in the region of £23,132,500 is attributed to non-ticketholders. We aim to achieve an economic benefit through additional spend of £35m in 2015 and 2016.

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 unable to reengage the event organiser without confirmation and approvals on the full budget spend (this includes the GLA's underwriting of the financial risk). Delay to reengaging the event production company will result in delays to the sponsorship offer going out to market, potentially affecting 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. However, the risk of not securing sponsorship is reduced from 2014, as we are able to put the commercial proposition out to market much earlier and have a clear view on the value of the communications campaign this year.
- 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 ticket sales in 2014, this is deemed a minimal risk.
- 4.1.4. **Communications campaign:** Whilst 2014 was deemed a success in terms of reduced numbers of people attempting to view the fireworks outside of the ticketed viewing areas, this is a global event and it is expected that the message that it is now ticketed has not yet achieved general awareness. There is still a risk that more people could attend in future years, which needs to be mitigated by an effective communications campaign. This will be built into the 2015 budget for the event.
- 4.1.5. **Event scope increases:** As the event becomes more established as a ticketed event, there is a risk that there will be more pressure on non-ticket holder attendance in vulnerable locations that may need significantly more resources to manage safely. Continued

engagement with landowners and emergency services will be required to help mitigate this. Further work will also need to take place with the media to educate them on the risks of promoting vantage points.

4.2. Relevant Mayoral objectives and Priorities include:

- 4.2.1. Cultural Metropolis Policy 5.6: The Mayor will continue to directly support a number of festivals and cultural events in London, working with a range of partners, to ensure that both well-established but also new events take place across London with activities intended to appeal to as many Londoners as possible.
- 4.2.2. Cultural Metropolis Policy 3.2: In partnership with local authorities and sector bodies, the Mayor's Events Team at the GLA is supporting high-quality festivals, campaigns and cultural events across London, both existing and new, developing and widening audiences and participation in the capital
- 4.2.3. GLA Business Plan: Promote London as a vibrant city and tourist destination maximising the economic benefits to the city.

4.3. Consultations that have taken place include:

- 4.3.1. Internal consultation with the Mayor's Events Oversight Board (MEOB) and the Investment and Performance Board (IPB) and Mayoral advisers.
- 4.3.2. 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.
- 4.3.3. 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. Expenditure for delivery of the New Year's Eve events for 2015 and 2016 will be met by funding from the GLA, ticket revenue, sponsorship and concessions.
- 5.2. Tickets are proposed to be kept at the same price level as the 2014 event at £10, with the revenue utilised to offset the cost of the ticketing format.
- 5.3. The GLA will underwrite the sponsorship, concessions and ticket revenue for the 2015 and 2016 Events.
- 5.4. All appropriate budget adjustments will be made.

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. Investment & Performance Board

- 7.1. This decision was agreed by the Investment Performance Board on 20 February 2015.

8. Planned delivery approach and next steps

- 8.1. The next steps following consideration/in-principle approval by IPB are summarised below:

Activity	Timeline
Any subsequent approvals i.e. MD or DD	20 March 2015
Extension of production contract	25 March 2015
Sponsorship proposition formally out to market	27 March 2015
Announcement	tbc
Ticket sales (tbc)	1 July 2015
Final evaluation start and finish (self/external)	July 2015-Jan2016
Delivery End Date	31 December 2015
Project Closure:	27 February 2016

Appendices and supporting papers:

Appendix 1: Maps showing Event footprint growth from 2003-2013

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 have been consulted on the final decision.

✓

Assistant Director/Head of Service:

Emma Strain has reviewed the documentation and is satisfied for it to be referred to the Sponsoring Director for approval.

✓

Sponsoring Director:

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

✓

Mayoral Adviser:

Will Walden has been consulted about the proposal and agrees the recommendations.

✓

Advice:

The Finance and Legal teams have commented on this proposal.

✓

EXECUTIVE DIRECTOR, RESOURCES:

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

Signature

Date

CHIEF OF STAFF:

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

Signature

Date