

Report To: Regeneration Committee

Date: 20 January 2011

Report By: Corporate Director Regeneration &  
Environment

Report No:  
R180/11/AF/HD

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Subject: Sail Inverclyde – Funding for The Tall Ships Races

## 1.0 PURPOSE

1.1 The report submitted to the Regeneration Committee by the Corporate Director Regeneration and Environment in October 2010, ref R/164/10/AF/HD, indicated £2,426,761 would be required to run a smaller event to meet the contract with Sail Training International and not to disappoint the visiting public.

The purpose of this report is to advise Members of current income levels at December 2010 and to consider the type of event which could be presented working within the limits of this income along with income projected from trading and concessions.

## 2.0 SUMMARY

### 2.1 Income Secured

While work continues to secure sponsorship, grants and trading income the current agreed income for the event is:

- £1,100,000 from Riverside Inverclyde
  - £ 482,000 from Inverclyde Council
  - £ 164,500 from Clydeport
  - £ 56,259 from concessions and trading
  - £ 93,550 from grants and donations
  - £ 52,000 from cash sponsorship
  - £ 45,000 in in-kind support including media
- £1,993,309**

2.2 In addition to the sum mentioned, trading space, limited additional sponsorship and concessions are estimated to bring in a further £206,691 giving a total of £2,200,000.

2.3 Public safety cannot be compromised. Stewarding, first aid and medical services, barriers and toilets are all high cost items. Requirements are in line with the codes of practice for events and are based on the area of the site and the expected visitor numbers.

2.4 Inverclyde Council has entered into a contract with Sail Training International to deliver facilities and entertainment for the crews of the ships. The reduced budget of £2,188,309 enables the contractual obligations with Sail Training International to be met.

2.5 It would be possible to have an event for £2,188,309 where visitors would be able to:

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- a) Visit the ships;
  - b) Watch several free displays on and off the water;
  - c) Look at a range of exhibition and craft stands;
  - d) Eat and drink on site; and
  - e) Pay for Fairground Rides.

However there would be:

- f) No professional entertainment; (saving £25,000)
- g) No Street Theatre; (saving £25,000)
- h) No Professional DJ Dance night; (saving £9,000)
- i) Less community involvement in providing entertainment; (saving £58,000)
- j) A reduced site dressing; (saving £20,000)
- k) Less advertising and promotion; (saving £29,000) and
- l) A reduction in the quality of infrastructure provided.

2.6 Efforts continue to secure sponsorship in cash and in kind as well as grant aid. If further sponsorship and grant aid is secured, this will be channelled towards a list of priorities based on:

- Improving the entertainment on offer; and
- Promoting and advertising the event.

2.7 Taking cognisance of above it is proposed that the Council provides additional support through the provision of up to £100,000 to enable a programme of events to be developed within a capped budget of £2.3 million, Riverside Inverclyde has been asked if it would provide an additional £100,000 to provide an overall event budget of £2.4 million. The Council's additional support would only be provided in the event that adequate sponsorship was not forthcoming. Sail Inverclyde would be asked to reduce costs where possible to limit the additional support required from the Council.

2.8 It should be noted that the activities identified in paragraph 2.5 f) – l) will only proceed if the additional income of £206,691 is secured.

### **3.0 RECOMMENDATIONS**

3.1 It is recommended that the Members of the Regeneration Committee:

1. note the content of this report;
2. consider the recommendation from the CMT as part of the forthcoming budget process to provide additional support of up to £100,000 from reserves; and,
3. note that further update reports will be provided in 2011.

Aubrey Fawcett  
Corporate Director  
Regeneration and Environment

## 4.0 BACKGROUND

### 4.1 Budget Reductions to Date.

In 2008, the projected spend for Tall Ships 2011 started at £2,823,250. This was cut back to £2,636,500 in June 2009 when it became evident that securing sponsorship would be challenging in the current economic climate. At that stage, the main areas of saving were staffing and the entertainment programme.

The budget was reviewed again in June 2010 when high cost entertainment such as fireworks and Red Arrows were removed from the plans. These cannot go ahead unless additional resource is secured.

In October, a report to this committee reported an aspiration to have a budget of at least £2,426,761 to run a smaller event. However a gap in funding still exists and Sail Inverclyde is working with a projected spend of £2,200,000 which can meet the minimum requirements for the Tall Ships event. This figure reflects secured funding and income of £1,993,309 and £206,691 which it is anticipated will be earned from trading space, some limited additional sponsorship and concessions.

Within this £2.2m budget visitors will be able to visit the ships, watch free displays both on and off shore, access on site catering and visit a range of exhibitions and craft stands but there will be no capacity to provide professional entertainment, street theatre or community arts projects, elements which all added considerably to the Greenock event in 1999.

### 4.2 Additional Costs

Despite making cuts to the event, other factors have continued to push costs up. These include:

- Extending the site to include Inchgreen to accommodate the volume of visitors and to berth the largest vessels; and
- Contributing £30,000 towards the costs of policing.

Furthermore, consideration is currently being given to the use of Garvel Island to provide much needed additional circulation space but this would incur further costs as an additional bridge or improved access would be required to meet safety regulations.

Strathclyde Police has also recommended that consideration be given to spreading some of the site attractions to the area around East India and Victoria Harbours and that the crew parade be held off the event site. To implement these suggestions will incur additional infrastructure and stewarding costs.

Uncertainty about the location and availability of event office space, and the need to relocate to other premises, could lead to further costs. The council has offered use of space within East Hamilton Street to assist in minimising costs.

Meeting any or all of these costs from existing funding will further erode the entertainment and marketing budget for the event.

Tenders have just been received for the Park'n'Ride operations and are currently under review. It should be noted however that costs are currently higher than that included in this report. Details of the cost implications, if any, will be included in future update reports.

### 4.3 Staffing Costs

Since August 2010, a team of 5 volunteers have each spent 5 hours in the office each

week.

In addition, the Chief Liaison Officer works voluntarily for around 10 hours each week responding to enquiries and processing liaison officer applications. To date, he has recruited over 60 of the 120 volunteers who will be liaison officers at the event.

No costs have been put against the contribution made by any of these volunteers, but without their support more paid staff would be required.

Additional support has also been provided since 22 November when a second Project Manager joined Sail Inverclyde from Inverclyde Council.

Her focus will be:

- Helping to secure grant aid;
- Involving the community and managing the Trainee Programme;
- Delivering elements of the contract with Sail Training International; and
- Supporting the Board and other team members.

The cost of this secondee will be included in the Council's in-kind contribution to the event.

#### 4.4 Experience of host ports for Tall Ships 2010

Hartlepool, which hosted Tall Ships in 2010, initially budgeted to spend £2 million. The event actually cost £2.7million, mainly due to the cost of and low income from their Park and Ride sites and difficulties with contractors.

Despite this additional cost the event was seen as a huge success by the local people, attracting as it did 970,000 visits to the waterfront to see 59 ships. The economic evaluation carried has shown that:

- £16 million was generated for the local economy; and
- £3 million worth of print, television and radio coverage was secured.

The Sail Inverclyde team can vouch for the fact that the media office was busy. On the Saturday of the Hartlepool event there were 180 press/media representatives on site.

The cost of hosting the Tall Ships Races in the Norwegian port Kristiansand earlier this year was 3.1 million euros; a similar level of expenditure as Hartlepool.

Costs incurred by both these ports are in line with Sail Inverclyde's initial proposals and included a level of entertainment Sail Inverclyde has now cut from its plans.

## 5.0 INCOME GENERATION

5.1 Interest is already being expressed by caterers, bar operators, ice cream sellers, and fair ground operators keen to be involved in this event. In accordance with Sail Inverclyde's procurement policy, formal expressions of interest in tendering are being sought by advertising in a major event suppliers' publication – Main Event Magazine. The deadline for these is 14 January 2011.

5.2 An alternative to procuring each individual element would be to engage with a single supplier who would in turn procure the services required; providing concession management including an inclusive service from booking and invoicing to co-ordinating site management. This approach could potentially attract additional income if the intermediary proved to have extensive experience of putting these types of packages together and it would reduce the burden for Sail Inverclyde staff. This is currently under consideration by

the Sail Inverclyde Board.

To progress either option, invitations to tender and scopes of work are being drafted and procurement processes will begin in earnest early in the New Year.

### 5.3 Trust Funds & Grant Application

Applications have been made to various Trusts and while it is known some of these have been successful, written confirmation has not been received. Trust funds will be used to pay for local trainees participating in the Tall Ships races.

Grant applications are being made too for arts activities. It is hoped that organisations such as Arts & Business and Awards for All will provide some level of support. Other income sources are being explored and the preparation of submissions is ongoing.

Details of successful funding bids will be provided in future committee reports.

### 5.4 Sponsorship

The Sail Inverclyde team continue to pursue sponsorship opportunities and these efforts will continue right up to the event itself. At present there are a few live leads relating to sponsorship, the outcome of which should be known shortly.

Further details of any sponsorship secured will be provided in future committee reports.

## 6.0 PROPOSAL

6.1 Taking cognisance of above the CMT proposes that the Council provides additional support through the provision of up to £100,000 to enable a programme of events to be developed within a capped budget of £2.4 million. This additional support would only be provided in the event that adequate sponsorship was not forthcoming. Sail Inverclyde would be asked to reduce costs where possible to limit the additional support required from the Council.

6.2 Further dialogue is ongoing with Riverside Inverclyde (ri) with a view to match the additional support proposed in this report, thus providing an overall budget of £2.4million. Initial indications are that ri is sympathetic to this proposal. Members will be advised at future meetings of the outcome of the discussions

## 7.0 IMPLICATIONS

7.1 The Sail Inverclyde team remain committed to generating as much income to the event as possible to enhance the entertainment offer and the targets for income generation remain as follows:

	TARGET	Committed 09/10	Committed 11/10
Cash Sponsorship	£235,000	£45,000	£52,000
Concessions	£201,259	£45,000	£50,259
Trading/ Exhibition Space	£ 78,000	£6,000	£ 6,000
Media Sponsorship	£ 17,500	£7,500	£ 7,500
Grants & Donations	£140,350	£86,350	£93,550
In Kind Support	£ 80,000	£30,500	£37,500
	£752,109	£220,350	£246,809

The target has been set higher than required as:

- There may be costs relating to sponsor recognition; and
- Any additional income may enable Sail Inverclyde to add to the event programme although consideration to the issues raised by Strathclyde Police relating to the site itself could eat into that income.

In the event of the above figures not being achieved, the break even target is as follows:

Secured to date	£1,993,309
Concessions & Trading Income	£ 206,691
Additional support from:	
• Council	£ 100,000
• Riverside Inverclyde	£ 100,000*
	£2,400,000

\* To be confirmed by Riverside Inverclyde

## 7.2 Financial Implications – One Off Costs

Cost Centre	Budget Heading	Budget Year	Proposed Spend this Report	Virement From	Other Comments
General Fund Reserves		2007/12	Up to £100,000		To be considered as part of the budget process

In addition the Council has agreed to contribute £200,000 in “in kind” support. Discussions as to how this is made up are on going.

Financial Implications - Annually Recurring Costs/ (Savings)

Cost Centre	Budget Heading	With Effect from	Annual Net Impact	Virement From (if applicable)	Other Comments
Not applicable					

7.3 Personnel: None

7.4 Legal: None

Patten and Prentice continue to act as Company Secretary.