

ABERDEEN CITY COUNCIL

COMMITTEE	Finance and Resources
DATE	7 th August 2024
EXEMPT	The report is not exempt but appendix C is exempt under paragraph 8 of the Act
CONFIDENTIAL	No
REPORT TITLE	Tall Ships Aberdeen 2025
REPORT NUMBER	CR&E/24/227
DIRECTOR	Gale Beattie
CHIEF OFFICER	Julie Wood
REPORT AUTHOR	Matthew Williams
TERMS OF REFERENCE	1.1.2, 1.1.3, 1.1.8, 2.1.1

1. PURPOSE OF REPORT

- 1.1 The purpose of this report is to update Committee on progress regarding the Tall Ships Races, Aberdeen 2025, including opportunities and benefits for business and communities. It outlines the costs of the Core Contractual Programme, the income generating Commercial Entertainment Programme and a Culture and Education Programme which is mostly subject to external funding. It seeks approval for officers to proceed with the revised budget and income plan.

2. RECOMMENDATION(S)

That the Committee:-

- 2.1 Notes the City-wide opportunities for the Tall Ships Races, Aberdeen 2025, the progress made and the expected economic benefits;
- 2.2 Notes that the outline budget included in the Event Proposal agreed at the Urgent Business Committee on 21st October 2022 (COM/22/251, section 4) has been updated to reflect 2024 costs and is referred to as the Core Contractual Programme, and notes the two additional programmes Commercial Entertainment Programme and Culture and Education Programme;
- 2.3 Notes the Tall Ships Partners objective to raise income from sponsorships, grants, patron support and commercial activities, including the optional development and implementation of the Commercial Entertainment Programme at the event site;
- 2.4 Recognises the considerable time and effort already given by volunteers sitting on project working groups, as well as the support of staff from external agencies and organisations which has already contributed to the success of the Festival of the Sea 2024 as part of the wider Tall Ships programme, Appendix E
- 2.5 Notes the sponsorship packages in Appendix A with which officers, elected members, individuals, community groups and businesses can support fundraising;
- 2.6 Approves the revised budget for the Tall Ships Races Aberdeen 2025 Core Contractual Programme; and

- 2.7 Approves the budget for the Commercial Entertainment Programme;
- 2.8 Approves the Culture and Education Programme option to underwrite a high-quality Tall Ships Souvenir Programme from the Extended Programme Option set out in Table 4; and
- 2.9 Instructs the Chief Officer – City Development and Regeneration to implement other Culture and Education Programme options, subject to direct funding support from individuals, grants and sponsors.

3. CURRENT SITUATION

- 3.1 Objectives for the Tall Ships Races Aberdeen 2025 are to:

Stage a world-class event at the heart of the city.

Boosting Aberdeen's reputation and people's pride in the city

Recruit 100+ Aberdonian youth sail trainees to join the Tall Ships Races.

Focusing on young people aged 15-25 from all backgrounds.

Recruit 400+ Volunteers to help run the event.

Aligned with the city's new Volunteer Charter (CORS/24/179)

Deliver a Tall Ships education programme in our schools.

Meeting curriculum aims and nurturing pupil interest in the event

Create a Discovery Zone on the Castlegate.

Three days of STEAM activities for children aged c.5-12. Delivered by partners.

Create high quality sport, culture and entertainment programmes.

Working with the city's major venues, production companies and creative sector.

Drive Aberdeen's economic growth.

By increasing visits to the city for the event, post-event tourism, and heightened economic activity by programme participants.

Governance Structure

- 3.2 The Governance Structure for the event is attached in Appendix B. The Local Organising Committee has ultimate oversight and is chaired by Cllr Martin Greig. A wider list of almost 40 participating organisations is also included in Appendix D.
- 3.3 Many people involved in the programme are doing so on a voluntary basis, bringing immeasurable skills and experience to bear, while staff from project partners and stakeholders continue to give generously of their time.

Arts, Culture and Sport Engagement

- 3.4 Two stakeholder engagement sessions were held in the Cowdray Hall. Over fifty organisations created ideas to develop a self-funded education and cultural programme, working on their own or in collaboration with each other and artists. A list of participating organisations is included in Appendix D.
- 3.5 Officers will continue to seek grant funding and sponsorship in order to build a memorable, high-quality Culture and Education Programme.

Legacy

- 3.6 A careers fair, tailored to project participants, will be held in October 2025, in association with ABZ Works existing programme. The aim is to increase economic activity and build on the skills opportunities created by the event.
- 3.7 Cultural and educational assets created as part of the wider programme will be used in future Festivals of the Sea as well as for further teaching in city schools.
- 3.8 Project partners will drive further STEM, arts, and careers engagement with their organisations and venues. Sea Cadets, Ocean Youth Trust Scotland, and Skills Development Scotland are among those engaged.
- 3.9 Sponsor and supporter relationships will provide a good base for future events. The online shop will be retargeted at Archives, Art Gallery and Museum commercial income generation as well as supporting the local maker community.
- 3.10 The event will prove the city's major event hosting capability to other rights holders and funding bodies. This will enable the city bid successfully for future events.

Economic and Social Benefits

- 3.11 Social benefits aligned to the LOIP include realising the full potential of youth sail trainees and volunteers. The event will aid participants in finding future education, volunteering and employment opportunities, thereby reducing economic inactivity.
- 3.12 Visitor attraction and tourism benefits include a direct positive impact on visitor spend, plus subsequent visits driven by media coverage. The event is predicted to boost visitor attraction attendance by 200% on 2024 benefiting our art gallery, museums, and other venues. VisitAberdeenshire's Scottish Tourism Economic Activity Model will be used to evaluate impact.
- 3.13 A Benefits Realisation Plan will measure impact alongside a final evaluation undertaken in-house by the Economics Team. Comprehensive evaluations stipulated by EventScotland and Sail Training International will also be conducted and involve residents, visitors, participants, stakeholders and businesses.
- 3.14 The Economics Team have reviewed the evaluation of the Tall Ships Races Hartlepool 2023, which hosted 37 ships and attracted 300,000 visits. 57% of Hartlepool's visitors came from outwith the city. Total funding was £3.5m supporting 96 FTE jobs and 203 residents volunteering 4,845 hours. The total economic impact was £12.5m, considering visitor numbers, spend, gross and net additional jobs created, deadweight, and displacement. The majority of the economic impact was from visitor spend at the event site at £8.3m, followed by £2.9m in pubs, bars, restaurants, and cafes, and £2.85m on accommodation, with 15% of visitors staying overnight. The economic social return on investment was £3.62 for every pound invested.
- 3.15 Aberdeen anticipates a larger event with 50-60 tall ships over four days. If the event attracts a similar number of visitors then a similar GVA and jobs might be expected. The projected economic impact of the event ranges from £12.5m to £20m. However, GVA would fall to the bottom end of the range if the event does not attract a high percentage of attendees from outside the city.

- 3.16 Direct benefits to the city's economy from the Council's investment, include the use of predominantly local traders and food suppliers at the event site, as well as venues, accommodation providers and transport in the city.

Strategic fit with Council health-centred prevention approach

- 3.17 In February 2024 Council agreed the Target Operating Model 1.2 which included a focus on a health-centred approach as key to our prevention agenda. This includes aligning Council strategic priorities with the social determinants of health.
- 3.18 The social determinants of health are the non-medical factors that influence people's health outcomes and are described as 'the causes of the causes' (Marmot, 2006). They are the conditions in which people are born, grow, work, live, and age, and the wider set of forces and systems shaping daily life.
- 3.19 Tall Ships Races Aberdeen 2025 will support this approach by creating jobs to host the event and stimulating tourism thereby supporting jobs in the sector and across the wider economy. The event will attract people to Aberdeen where they will participate in additional activities that are important in supporting physical and mental health. This will help with fostering community cohesion, participation in culture and active travel.

Budget - Costs

- 3.20 A proposal for Aberdeen City Council to bid to host the Tall Ships Races in July 2025 was approved at an Urgent Business Committee meeting on 21st October 2022 with a total cost of £2.99m. The Council contribution was £1.2m, with the remaining shortfall to be covered by event partners, external funding, sponsor support and commercial income linked to the event, but underwritten by the Council.
- 3.21 Project costs have risen due to Aberdeen's popularity among participating ships. The size of the expected fleet has grown from around 40 ships, with up to 60 now expected. Costs related to the ships and crew, as well as event security have risen, alongside above inflationary costs in the events sector. Contingency has increased in-line with this rise. Appendix C (Exempt) provides a comparative breakdown on page 1 with a full current budget from page 3.
- 3.22 Sponsor support and commercial income, alongside grants and donations remain key to the success of the event. The Tall Ships Partners Income Plan is projected to cover the additional responsibilities of the Council. A breakdown is included in Appendix C under Future Income Potential (Exempt).
- 3.23 Both the initial and revised budgets include a 15% contingency.
- 3.24 The revised budget has been tested against the 2023 Tall Ships that took place in Hartlepool. This was finalised at £3.87m, or £3.46m after income.

Core Contractual Programme

- 3.25 The costs outlined meet all contractual requirements for welcoming the ships, crew and trainees for the event. It includes the training and volunteer programme as integral to the event and the Council's aims. The obligations for Captain's Dinner, Crew Parade, Prizegiving Ceremony, Crew Party, Ship Departure Celebrations, and Captain's Briefing are also included. See Appendix C, Core Contractual Programme (Exempt)

Commercial Entertainment Programme

- 3.26 The event has fixed costs of £212k to deliver a Prizegiving Ceremony as part of the Core Contractual Programme. This includes the costs of creating a safe and secure large outdoor event space adjacent to the quaysides, a stage and associated technical requirements, stewarding, and public facilities. This space can also be utilised for elements of any cultural programme and will comfortably hold in excess of 7000 people.
- 3.27 The proposed Commercial Entertainment Programme has a range of benefits; it will offset the fixed costs above; add a potentially significant additional revenue stream for the event; add experiences for visitors, crew and trainees; increase the potential for the local cultural programme; drive repeat and multi-day visits by the general public; and will contribute significantly to the night-time economy.
- 3.28 To take advantage of this opportunity it is proposed to hold a multi-night ticketed programme of music gigs with nationally and internationally recognised headline acts. Table 1 outlines the plan for the concert space and programme.

Table 1: Proposed Daily Plan

Date	Daytime 11am- 4.30pm	Evening 7pm-11pm	Paid Tickets @ c.£50	Free Tickets	Projected Income @ 60- 100% capacity
Friday 18 th July	-	Opening Gig: Internationally-known Scottish/UK act plus support	7000	0	Tickets: £210k to £350k Food & Beverage: £50k to £100k
Saturday 19 th July	Free community and culture programme	Internationally-known Scottish/UK act plus support	5000	2000	Tickets: £150k to £250k Food & Beverage: £40k to £80k
Sunday 20 th July	Free community and culture programme	Nationally-recognised Scottish act and local support act(s)	0	7000	Tickets: Free Food and Beverage: £40k to £100k
Monday 21 st July	Free community and culture programme	Internationally-known Scottish/UK act plus support	5000	2000	Tickets: £150k to £250k Food and Beverage: £40k to £100k

- 3.29 One of UKs major music festival organisers and promoters will act as a booker on behalf of the event in order to secure high-profile acts and support bands which will be touring other UK festivals in 2025. This has been agreed in principle pending instruction on Recommendation in 2.6.
- 3.30 The booker will negotiate performance fees and give advice on ticket sales, with additional advice given by Aberdeen Performing Arts and P&J Live based on past experience. A breakdown of costs can be found in Appendix C under Commercial Entertainment Programme Budget (Exempt). Indicative costs are given in Table 2 below:

Table 2: Commercial Entertainment Programme Investment

Activity	Cost	Note
Music acts and associated costs	£522k	The upper estimate for acts needed to attract high-end sales
Additional staff, stewarding, box office and ticketing costs	£42.5k	Upper estimates with potential in-kind support from APA and P&J Live (saving c.£20k)
Additional technical, back-of-house and staging costs	£28.5k	Includes lighting and PA upgrades and a staff unit on site
TOTAL	£593k	
Optional addition of two large video screens with live camera operators	£42.2k	Added if sponsorship can be secured. Or when tickets 90% sold.

- 3.31 Table 3 (below) shows the income against costs, with both low, high and medium income projections showing a profit for the Programme.

Table 3: Projected Income Range

Item		
Cost of Programme	£593k	£593k
Live Video Screens	-	£42.2k
TOTAL COST	£593k	£635.2k
	Low Profit Projection	High Profit Projection
Tickets	£510k	£850k
Food and Beverage	£170,000	£380k
Sponsorship	£0	£40k
TOTAL INCOME	£680k	£1.24m
Contribution to Event	£87k	£605k

- 3.32 Assuming ticket sales are as advised by the contracted booker, the contribution from this Programme would at worst reduce the contractually required stage costs by £87k, but at best would cover the £212k stage costs and generate £393k to reduce overall budget pressure. The mid-point income projection would cover the stage costs and contribute £134k to the wider event.

Culture and Education Programme

- 3.33 The Culture and Education Programme opportunities in Table 4 (below) are not included in the current budget. This Programme would add value to the event for visitors and participants; include a wider arts, culture and sport programme; and add STEM activity for children, young people and families.
- 3.34 Officers will continue to seek sponsorship, patronage, grants or other funding opportunities in association with partners and stakeholders.

Table 4: Extended Programme Options

Activity	Cost	Description/Risk	Funding Source
1) Discovery Zone	£20,000	STEM programme from key sector partners, including family activity at the event site. Failure to deliver would increase crowding at the quaysides.	Sponsorship
2) Event Closing Celebrations – additional activities	Up to £50,000	This would add extra elements to the night before, and day of, departure e.g. music, performance, pyrotechnics, etc	Sponsorship or grant funding
3) Cultural Programme	Up to £200,000	Currently no funding for the development, commissioning and performance of cultural or community activities for the event.	Funding will be sought from Creative Scotland and other grants as appropriate, including by participants themselves. Sponsors will also be sought
4) Kids Play Beach	£3000	A quayside beach area for free play for younger children	Sponsorship or patron support
5) Dashing White Sergeant	£8000 fee Guinness World Records	World Record Attempt for biggest ever Dashing White Sergeant	Sponsorship or patron support in association with the external organiser
6) Souvenir Programme	£22,500 – underwrite purchase commitment to 4,500 copies @ £5 each.	A high-quality souvenir programme with £10. Break even at 2250 sales. £22,500 profit generated if all copies sold. An experience Scottish publisher will assume all costs of design, editing, production and distribution	Council to underwrite upfront investment. Income will help to fund the event.

		<p>through direct advertising sales.</p> <p>Advertising contacts will be shared with the Council for use in fundraising for future events (subject to a data sharing agreement)</p> <p>Useful pitch document for future events, and souvenir for public.</p>	
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Tall Ships Partners Income Plan

- 3.35 The 2022 Report to Urgent Business Committee reviewed external funding sources and outlined around £819k of potential funding from a variety of public sources noting that 'no commitments have been made'. The Report noted that Council match-funding might be sourced from existing budgets including the Cultural Programme, VisitAberdeenshire SLA and Common Good Fund.
- 3.36 To date (1st July) external income from grants and sponsorship is £640k. Of which £180k from sponsorship (see 3.38 below) and £460k from grants.
- 3.37 Sponsorship has been actively pursued since February by Officers working alongside co-ordinators Mearns and Gill. There are specific packages available with defined benefits which are then tailored to potential sponsor needs. The sponsorship target is a minimum of of £850k with stretch targets of £1m and £1.2m. Current options are included in Appendix A.
- 3.38 The sponsorship plan has focused on major sponsors. The headline sponsor package has not yet been taken and one other top tier package remains. There are 70 currently active sponsorship leads.
- 3.39 Sponsors are secured through direct meetings, group presentations at Aberdeen Maritime Museum, and there are forthcoming sailing and dinner events. Work to actively pursue lower cost packages, patrons, crowd-funding and deck hires will begin in September, although some enquiries have already been received.
- 3.40 External Funding is estimated to bring in a further £525,000, this is partly dependent on a new funding round for UKSPF (or equivalent) being announced. See Appendix C under Future Income Projection (Exempt).
- 3.41 Likely returns from the Commercial Entertainment Programme have been outlined above.
- 3.42 Food and beverage sales are expected to be high during the event. Bars will be run by the Beach Ballroom team to ease budget pressures, while food vendors will pay a percentage of their daily takings – this ensures that smaller local traders are not excluded by a high upfront pitch rate. Conservative estimates are around £28k income from food and £90k from bars, this is based on experience from the European Pipe Band Championships and advice from hospitality sector partners. There are ongoing negotiations with potential beer partners to reduce costs or increase sponsorship.

- 3.43 Event retail is expected to generate around £25k in profit, (subject to UKSPF funding) through a business support programme for makers, an online shop, sales in the Maritime Museum and Art Gallery from October, and sales at the event. Ranges will include event branded merchandise. The online shop would continue to trade under the Tall Ships banner until January 2026.
- 3.44 Deck Hire catering for parties and events is expected to bring in a four figure sum and is currently open for tender.
- 3.45 A full projection of the Tall Ships Partners Income Plan can be found in Appendix C under Future Income Projection (Exempt).

4. FINANCIAL IMPLICATIONS

- 4.1 Aberdeen City Council previously agreed responsibility for £2.2m of the Core Contractual Programme budget, the 2024 Core Contractual Budget responsibility has risen to £2.5m. See Appendix C, pages 1 and 3 (Exempt)
- 4.2 If expectations in the Tall Ships Partner Income Plan are met the total Council budget allocation would reduce the original contribution outlined in 2022.
- 4.3 The budget includes lines for payment of Council services totalling £303k for Waste Management and Traffic Management.
- 4.4 There is currently no income projected from the Common Good Fund, this is a potential source which can be explored

5. LEGAL IMPLICATIONS

- 5.1 Aberdeen City Council are the sole signatory to the Tall Ships Races Host Port contract with Sail Training International which details the city's obligations, all of which are captured in the Core Contractual Budget. Appendix C (Exempt).
- 5.2 There are back-to-back agreements in place with Port of Aberdeen and Aberdeen Inspired which set-out their areas of responsibility in the contract with Sail Training International

6. ENVIRONMENTAL IMPLICATIONS

- 6.1 The Commercial Entertainment Programme option will increase electricity use around the Port. The project team need to ascertain if this is from the Port's green energy supply.
- 6.2 The Culture and Education Programme magazine, Table 4 option 6 (above), would use FSC papers from sustainably managed forests for paper stock. It will be a fully recyclable publication for those who don't wish to keep it on their shelves.

7. RISK

Category	Risk	Primary Controls/Control Actions to achieve Target Risk level	Target Risks Level Low (L) Medium (M) High (H)	Does target Risk Level Match Appetite Set?
Strategic Risk	Failure to deliver the centrepiece of the Event 365 plan	Project and budget monitoring ongoing with workload and costs shared between ACC and partners alongside the private sector and external funding bodies	L	Yes
Compliance	No risks identified	None	L	Yes
Operational	Staffing levels	Recruitment underway for freelance assistance. Monitoring ACC resource allocation	L	Yes
Financial	Revised budget allocation Failure of grant or commercial income to meet projection Costs exceed contingency	Close project monitoring will take place throughout to ensure that expenditure is within budget and income tracking to target. Current budget has been weighted toward high cost quotes or estimates and likely income projections.	M	Yes
Reputational	Risk of reputational damage if event does not meet public expectation	Officers will work to maximise effective use of budget. Comms strategy would be revised to manage expectations	M	Yes
Environment / Climate	No risks identified	None	L	Yes

8. OUTCOMES

<u>COUNCIL DELIVERY PLAN</u>	
	Impact of Report
Aberdeen City Council Policy Statement	All applicants were requested to detail the contribution of their project to Aberdeen City Council policy and strategies, and these were assessed by officers to ensure clear links.
Aberdeen City Local Outcome Improvement Plan	
Prosperous Economy Stretch Outcomes	The event will contribute towards the local economy supporting businesses and maintaining and growing local employment. Training and volunteering opportunities will grow skills and increase future employability.
Prosperous People Stretch Outcomes	Aids outcomes for young people feeling listened to, improves the chances of positive destinations for school leavers in priority neighbourhoods, supports those with additional needs.
Prosperous Place Stretch Outcomes	Will continue to promote active travel to, from and around event sites, working appropriately with Council teams as well as private and third sector partners.

9. IMPACT ASSESSMENTS

Assessment	Outcome
Integrated Impact Assessment	Full impact assessment completed
Data Protection Impact Assessment	A considerable amount of data will be collected as part of hosting the event which will require data protection impact assessments.
Other	Not required

10. BACKGROUND PAPERS

- 10.1 Tall Ships Project, Urgent Business Committee, 21st October 2022 (COM/22/251, section 4)
- 10.2 Volunteer Charter, Full Council, 3rd July 2024 (CORS/24/179)

11. APPENDICES

- 11.1 Appendix A: Tall Ships Sponsorship Opportunities
- 11.2 Appendix B: Tall Ships Organisational Structure
- 11.3 Appendix C: Tall Ships Budgets and Income Plan (EXEMPT)
- 11.4 Appendix D: Tall Ships Stakeholders
- 11.5 Appendix E: Festival of the Sea 2024 Highlights

12. REPORT AUTHOR CONTACT DETAILS

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