

REGENERATION, CULTURE AND ENVIRONMENT OVERVIEW AND SCRUTINY

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CASTLE CONCERTS ANALYSIS AND FUTURE OPTIONS

Report from: Richard Hicks, Director Regeneration, Culture,
Environment and Transformation and Deputy Chief
Executive

Author: Paul Cowell, Head of Culture

Summary

The following report seeks to provide insight into the Castle Concerts recent financial challenges and provide a viable option to ensure the Council removes the financial risks associated with delivering a commercial music concert series.

1. Budget and Policy Framework

- 1.1. Medway Council recognises the value and benefit that a varied and well managed outdoor events programme can offer people living, working, studying and visiting Medway.
- 1.2. Outdoor events in Medway positively contribute to celebrating diversity, tapping vast depths of potential talent, boosting our local economy, creating a strong sense of community and community cohesion, supporting children and young people by fostering a culture of innovation and imagination and by providing activities for older people - all contributing to a vibrant culture, environment and economy.
- 1.3. The paper is designed to support the delivery of the Council's Plan contributing toward the delivery of the following themes:
 - People Healthy active communities,
 - Place Put Medway on the map
 - Growth A strong diversified economy and residents with jobs and skills

- 1.4. The policy is also strongly aligned to [Medway's Cultural Strategy](#) that places culture and creative industries at the heart of our priorities, shaping context and delivering a range of programmes that support the long-term ambition of Medway being the first choice for people to live, work, study and visit. The four defined themes of the strategy are:
- Stewardship
 - Engagement
 - Prosperity
 - Wellbeing

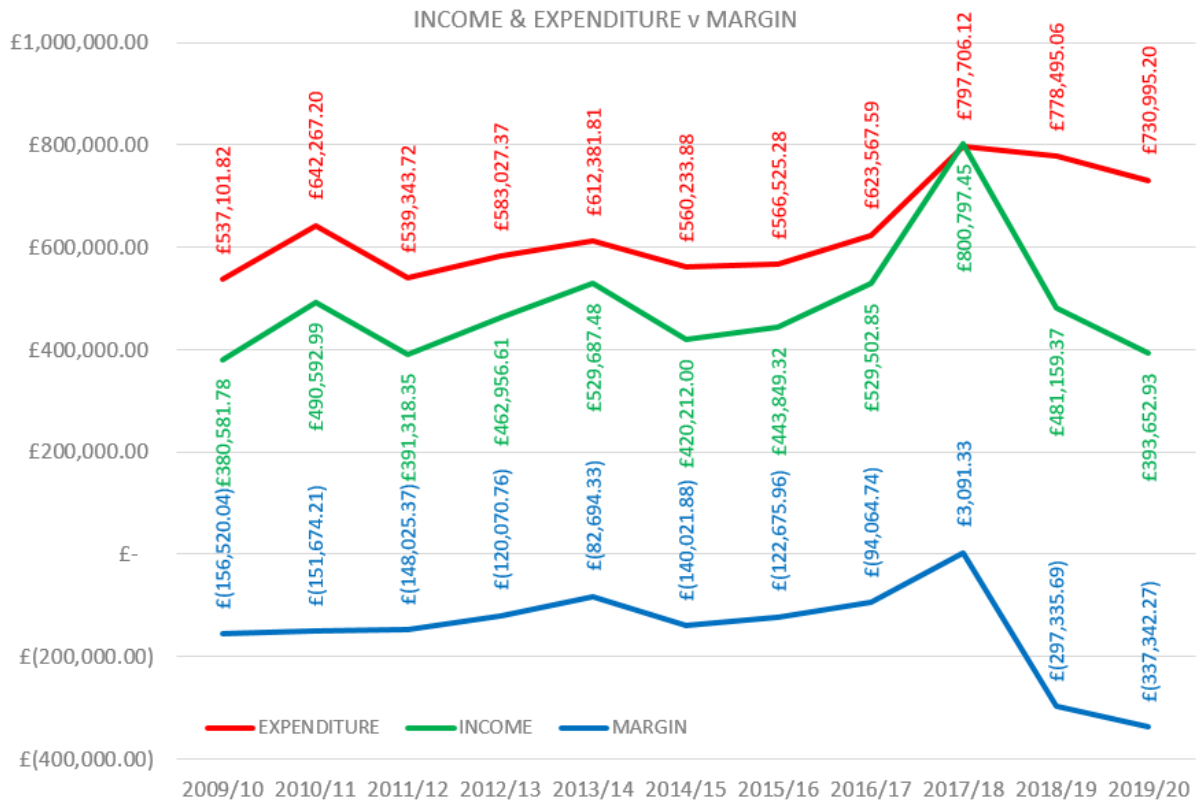
2. Background

- 2.1. The Rochester Castle Concerts have been a staple fixture in the cultural calendar since before the formation of Medway Council. They have taken different formats over this time including over two weekends. The current premises license allows a maximum of five live music events.
- 2.2. The concerts have always been popular, with strong programmes that have included high quality, popular headline artists and performances that have attracted audiences of nearly 150,000 over the last ten years.
- 2.3. In 2009, Under Siege, a celebration of young musicians, was brought into the concert series, raising the ambition of young people by giving them the opportunity to perform on a large-scale festival stage.
- 2.4. In 2016, the concert series started to feel the impact of the changing commercial music environment. Streaming and downloading music began to be the cheaper and increasingly more popular way of owning music, dramatically impacting the sales of physical media such as CDs. Artists and performers began filling the income gap with a larger number of live performances at increased fees.
- 2.5. The production values for Rochester Castle Concerts have remained high even as the cost of production has increased, with services and infrastructure including large stage, screens, water features and fireworks remaining in place.
- 2.6. In 2018 'bring your own alcohol' was stopped following advice at most of the events after issues of anti-social behavior inside and outside the castle grounds. Although important, this move has not proved popular with some local people although it did not prove a deterrent to ticket sales for big names such as UB40 and Jess Glynne.

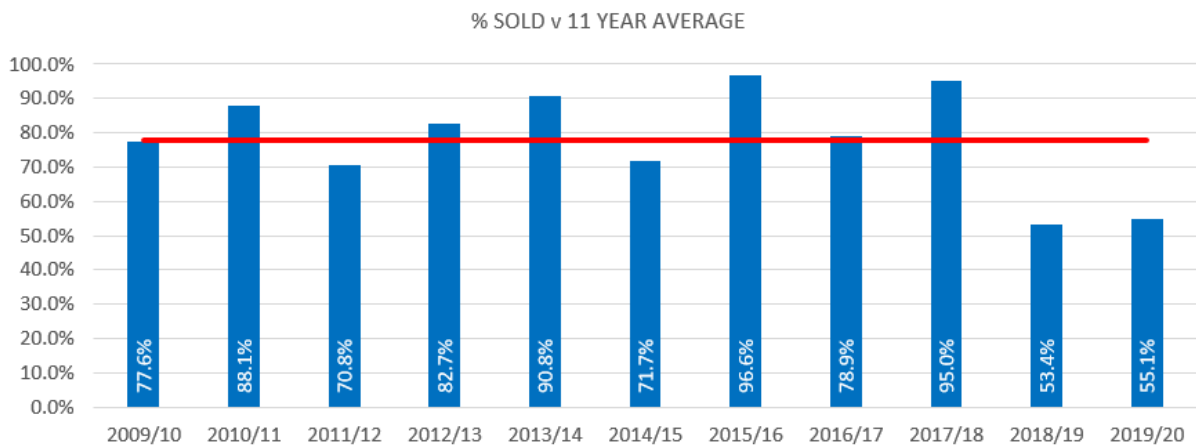
3. Financial context and analysis

- 3.1. In the analysis of the Castle Concerts it is important to understand the relationship between key factors:
- Number of tickets sold
 - Ticket prices
 - Cost of performances
 - Total expenditure

3.2. The overview shows that expenditure has consistently outweighed income with the exception in 2017, when Craig David played two nights and a surplus of the income was £3,000 was generated.

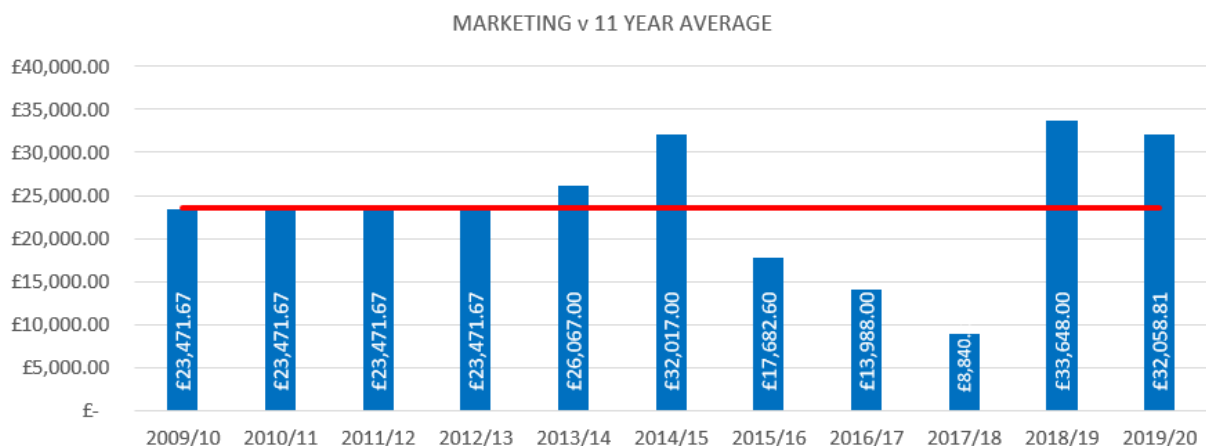


3.3. After analysing data over the past eleven years, there have been 191,700 tickets available over all concerts, with a total of 148,797 tickets sold. This gives an overall sales percentage of 77.6%. Using this result as a baseline the following graph shows below how each year compares, showing that the last two years have significantly underachieved.

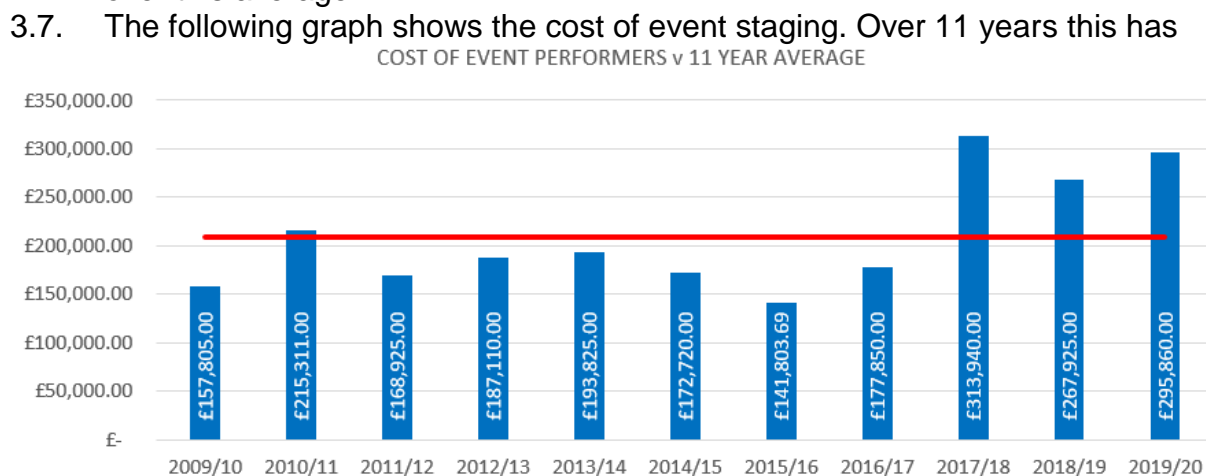


3.4. This contrasts with the expenditure on marketing and communications that does not seem to have resulted in increased ticket sales.

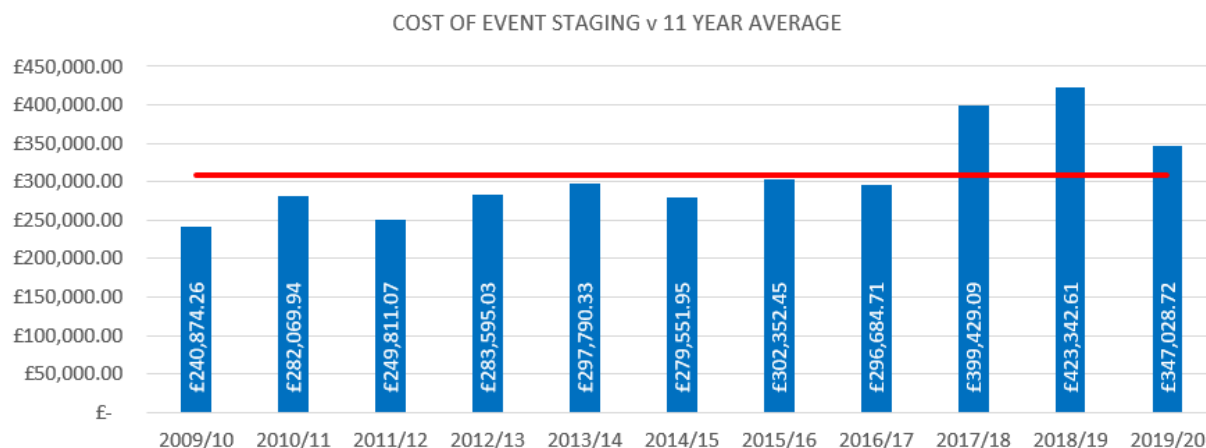
3.5. The graph below shows the cost of event marketing. Over the eleven years this has totaled £258,188.37 which averages to £23,471.67 for each year (the data for 2009 to 2012 is not available, therefore the average cost has been used). 2013, 2014, 2018 and 2019 fall over this average.



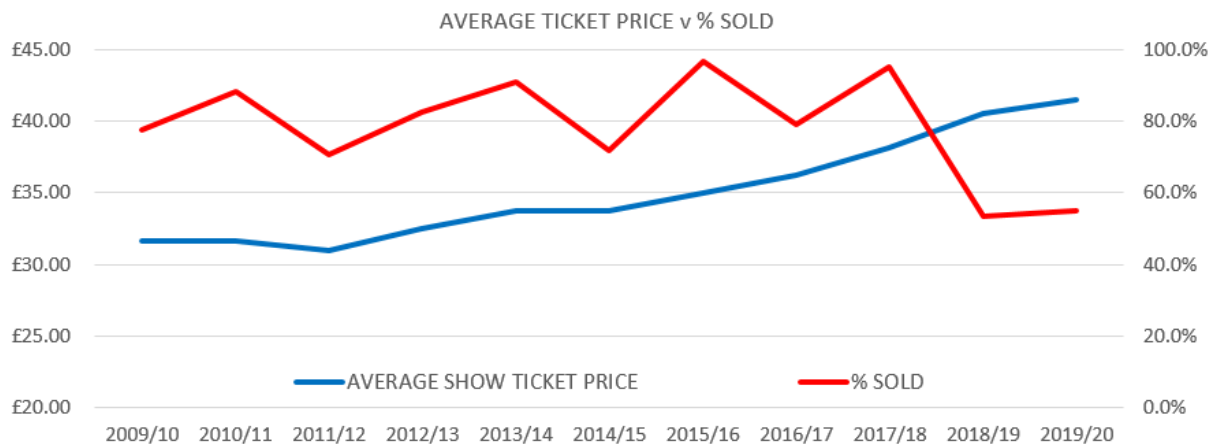
3.6. The following graph shows the cost of event performers. This aspect totals £2,293,074.69, an average of £208,461.34 for each year. 2017 to 2019 fall over this average.



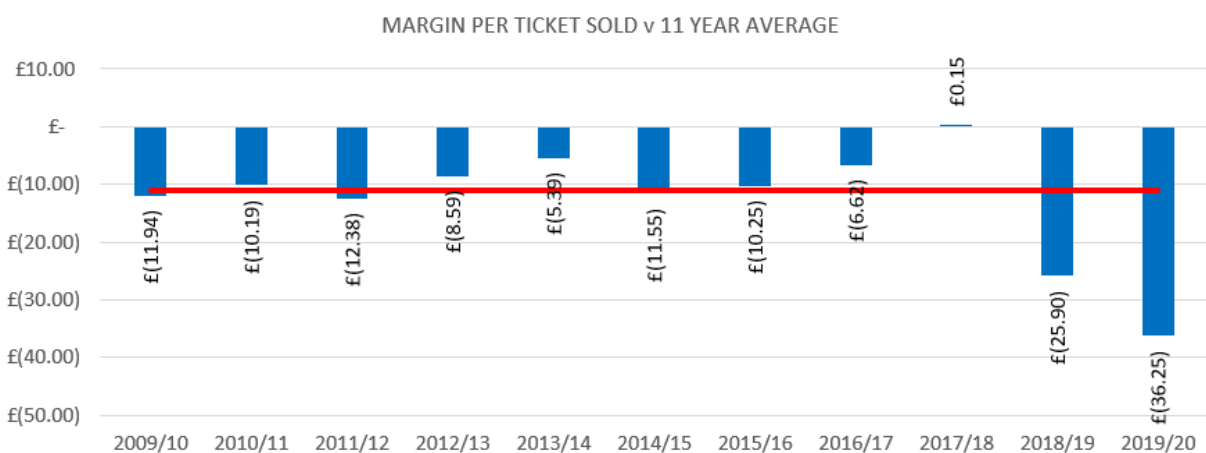
totaled £3,402,530.16, an average of £309,320.92 for each year. 2017 to 2019 fall over this average.



3.8. This overall increase in cost has in part has been passed back to the audience with ticket prices increasing by an average 22% (£9) over the last ten years. The remaining gap has been subsidised by the Council.



3.9. When considering all the income and expenditure, the following graph demonstrates the margin for each year. The average margin per ticket sold is -£11.07. 2018 and 2019 are most noticeably over this average. 2017 shows a £0.15 profit per ticket sold.



3.10. On average 80% of tickets sold are to those with a Medway postcode with the highest numbers coming from ME1, 2 and 5. The remaining tickets are sold to households from drawn from the South East London and other South East postcodes.

3.11. The full business intelligence review shows that the Castle Concerts have always required public subsidy and that without a considerable concession in the quality of the programme and the infrastructure, the margins between income and expenditure will remain.

3.12. It can be said that bringing in quality performers does support increased tickets sales but does not guarantee it. The increase in artists' fees makes it even harder to achieve a break-even point.

3.13. Compounding this, there have been an increasing number of similar festivals that are in direct competition including outdoor concerts at Leeds Castle, The Hop Farm, Dreamland, Ramblin Man Fair in Maidstone, Neverworld in Hever, the Kent Cricket Ground, Canterbury and the Kent Showground in Detling.

- 3.14. It is also worthwhile noting that some festivals in Kent and the UK are struggling with Southbeats Festival in Sevenoaks, Wheel and Fins Festival in Broadstairs, OUTWest Festival in Wiltshire, all cancelled this year due to poor tickets sales.
- 3.15. The limited capacity of 4,500 in Castle Gardens and ticket price ceiling also limit the income we can generate via ticket sales.

4. Options

- 4.1. From the above information it is clear that the Council cannot continue to subsidise the concerts at the current level and needs to consider a range of options.
- 4.2. The options are:
- Option 1 - Continue with the current delivery model and accept the level of subsidy required is circa £300,000, based on the last two years outturn, and seek additional resources in the 2020/21 budget setting cycle to address this.
 - Option 2 - Withdraw completely from the delivery of the Rochester Castle Concerts.
 - Option 3 - Withdraw from the direct delivery of the Rochester Castle Concerts and work with a third-party to deliver a commercial music concert series in Medway removing the Council from future financial risk.
- 4.3. With both options 2 and 3, the Council would need to seek additional resources in the 2020/21 budget setting cycle to address the £50,000 income budget that is allocated to this event.
- 4.4. In September and October 2019 officers conducted soft market testing with a range of reputable and experienced third-party promoters to understand the viability of a commercial concert series in Medway that would remove all financial risk from the Council.
- 4.5. Officers focussed this testing on the potential of two venues, Rochester Castle Gardens and Great Lines Heritage Park. The following five questions were asked:
- Would you consider Rochester Castle Gardens or Great Lines Heritage Park for a commercial music concert series?
 - What sort of music concerts would you bring?
 - What would you need from the Council to make it happen?
 - Would you be interested in a one-off or longer financial deal?
 - When could you deliver?
- 4.6. Detailed responses can be found in Appendix 1.
- 4.7. Soft market testing has proved that there is scope for new commercial music concerts in Rochester Castle Gardens and Great Lines Heritage Park.

- 4.8. All promoters thought that Rochester Castle Gardens was an amazing space with definite event potential.
- 4.9. One promoter told officers they would be willing to continue using the Castle Concerts brand for 2020, creating a similar programme with headline artists and opportunities for local and young musicians to perform early in the day.
- 4.10. It should be noted that one promoter commented that summer 2021 is a more realistic time scale given that most commercial music events would have already booked talent for next summer by now.
- 4.11. All the promoters told us that they would use their economies of scale over their multiple festivals and events to support the cost of event infrastructure, services and artist programming.
- 4.12. In all cases, promoters told officers that concerts would consist of high-quality acts with a range of audience ticket prices made available from standing tickets to VIP experiences.
- 4.13. All promoters have agreed options for local bands, schools and community music performances to be integrated into the programme.
- 4.14. Where promoters would be using the Council operated spaces any agreement would be a 'hire' of the space with all Council costs covered including damage deposit, any enhanced service levels and reinstatement fees included.
- 4.15. Any hire contract would include controls on environmental sustainability, accessibility, impact on wildlife and nature, emergency planning and public health challenges.
- 4.16. All promoters would require the support of Council departments including licensing, greenspaces, events, waste management, communications, traffic management and environmental protection and support working to ensure the smooth delivery of the events in either location. Any costs relating to service activity above normal service levels will be charged back to the promoter.
- 4.17. Taking all the above into account, option 3 (third party delivery) is the recommended option.

5. Advice and analysis

- 5.1. With regards to option 3, soft market testing has proved that there are operators that can deliver a new commercial music concert series that could directly replace the Castle Concerts offering a similar programme at no cost to the Council.
- 5.2. Specific conversations with two promoters have proffered pragmatic options for 2020 and future years.
- 5.3. One promoter commented that summer 2021 is a more realistic time scale given that most commercial music events would have already booked talent.

- 5.4. The Council would need to engage in minimum three-year contracts with promoters to support the development and sustainability of a concert series allowing time, experience and knowledge to grow over this time.
- 5.5. A Diversity Impact Assessment has been completed and is attached at Appendix 2.
- 5.6. The assessment outlines that the proposed approach is not likely to impact on or advance opportunities of any people with protected characteristics more than any other member of the public that have previously attended the Castle Concerts. With the creation of a similar experiences, the same opportunities will be open to all residents regardless of their protected characteristic status.

6. Risk management

- 6.1. Risk management is an integral part of good governance. The table below has identified threats and risks and provided mitigation to avoid that risk.

Risk	Description	Action to avoid or mitigate risk	Risk rating
Financial	The Council's continued direct delivery of the Castle Concerts series requires ongoing subsidy.	Removing the Council from direct delivery of a new commercial music concert series mitigates financial risk	A3
Reputation	The Council's continued direct delivery of the Castle Concerts requiring ongoing subsidy further damages the Council's reputation as stewards of the public purse.	Removing the Council from direct delivery of the Castle Concerts mitigates against financial risk and associated reputational issues.	A3
	If delivered by a third-party the Council will have no direct control over the artistic programme.	Any contract negotiated can include opportunities within the programme to showcase local talent and build on previous successful concerts.	E3

	Some residents continue to have negative reactions to noise, use of space, traffic management inconvenience etc.	The Council will work with the chosen promoter to ensure that disruption to residents is minimised. A communications plan will be developed to ensure residents are kept abreast of activity.	D3
	Reduced lead in times may result in the third-party being unable to deliver in 2020 and is postponed till 2021.	A communications plan and messages will be developed to minimise impact.	C3
Timing	Withdrawing from a major cultural event such as the Castle Concerts at a time when we are proposing to bid for City of Culture 2025 could send a negative message about our commitment to cultural events in Medway.	Very clear message that Medway remains firmly committed to providing an exciting and diverse cultural offering but that what is needed is an alternative and possibly more exciting way of delivering these events.	C3
	A promoter cannot be found to deliver a commercial music concert series for summer 2020.	Once a direction of travel is agreed officers will immediately begin work with promoters to deliver a concert option for 2020.	C3
	The Council fails to agree a contractual agreement in a timely fashion to allow artists to be booked and tickets to be put on sale.	The Council will issue an 'in principal letter of support' to which will include a range of conditions including sign of events management plans by the Outdoor Events Safety Advisory Group and outlining levels of fees, charges and damage deposits.	C3

7. Consultation

- 7.1. Soft market testing with external promoters has allowed officers to understand that viability of a new commercial music concert series in Medway.
- 7.2. Detailed responses can be found in Appendix 1.
- 7.3. Soft market testing has proven that there are operators that can deliver a new commercial music concert series that could directly replace the Castle Concerts offering a similar programme at no cost to the Council.

8. Financial implications

- 8.1. In withdrawing from the direct delivery of the Rochester Castle Concerts the Council removes itself from any further financial risk.
- 8.2. An additional £50,000 to address the income budget attributed to the Rochester Castle Concerts would need to be considered through the 2020/21 budget build process.
- 8.3. All costs that the Council incur above normal service levels (e.g. waste management, traffic management, environmental protection etc.) will be charged back to the promoter.
- 8.4. A damage deposit will be taken to ensure the promoter pays for any required reinstatement.
- 8.5. The Council will look to raise sponsorship to cover the cost of any Council hospitality at the event.

9. Legal implications

- 9.1. There are no direct implications arising from this report. Should the recommendation be approved by Cabinet then the Council will need to ensure compliance with the relevant procurement and contract processes.

10. Recommendation

- 10.1. The committee is asked to recommend to Cabinet that the Council withdraw from the direct delivery of the Rochester Castle Concerts and officers work with a third-party (option 3) to deliver a commercial music concert series in Medway removing the Council from future financial risk.

Lead officer contact

Paul Cowell, Head of Culture, 01634 388144, paul.cowell@medway.gov.uk

Appendices

Appendix 1	Soft market testing summary
Appendix 2	Diversity Impact Assessment

Background papers

[The Council Strategy and Plan](#)
[Medway Cultural strategy](#)