

Report subject	<b>Bournemouth Air Festival</b>
Meeting date	2 October 2024
Status	Public Report
Executive summary	This report provides an update on the work carried out to invite proposals from external organisations to support and fund an Air Festival and recommends a way forward in relation to the future delivery of the Air Festival.
Recommendations	<p><b>It is RECOMMENDED that Cabinet:</b></p> <ul style="list-style-type: none"> <li><b>a. Agrees to Option 2 to take forward further exploration work on the feasibility of providing a 10-year agreement with the potential operator for 2026 onwards.</b></li> <li><b>b. Agrees to taking forward Option 4 to seek to source sponsorship for the funding gap for 2026 onwards.</b></li> <li><b>c. Notes the financial implications detailed in the summary of financial implications.</b></li> <li><b>d. Notes the requirement for event team staff and other council teams for contract management and sponsorship work.</b></li> <li><b>e. Delegates to the Director of Commercial Operations in consultation with the Portfolio Holder for Destination, Leisure and Commercial Operations, the implementation of these decisions with a report to come back to Cabinet at an appropriate time.</b></li> </ul>
Reason for recommendations	To enable the ongoing delivery of a destination event to achieve the corporate strategy of supporting local areas to thrive, and creating opportunities for the local area, recognising the value of the event to the local economy whilst also acknowledging the council's current and future financial position.

Portfolio Holder(s):	Councillor Richard Herrett – Portfolio Holder for Destination, Leisure & Commercial Operations
Corporate Director	Glynn Barton - Chief Operating Officer
Report Authors	Amanda Barrie – Director of Commercial Operations Helen Wildman – Head of Leisure & Events
Wards	Council wide
Classification	For Decision

## Background

1. The Air Festival concept was developed in 2008 as a free event that would attract people to Bournemouth and build on the vision at the time for Bournemouth to become an 'event full' destination. Since 2008 Bournemouth Air Festival has made a significant contribution to the local tourist economy, attracting several million visitors and residents and raising the profile of Bournemouth and the surrounding area.
2. Whilst visitor numbers across the four days of the festival peaked at over 1 million in the early years, they have now stabilised at around 500,000.
3. The format and content of the Air Festival faces a number of significant challenges not least of which are the rising running costs increasing the financial support required from the council and concerns about the impact on the environment.
4. An escalation in uncontrollable costs in delivering the Air Festival since 2019 resulted in an increase in the net budget for a four-day festival from £0.3 million in 2019 to £0.4 million in 2022. Contributory factors to this increase are primarily the costs of insurance, security, infrastructure and counter terrorism measures which continue to increase.
5. Cabinet in November 2023 approved a 3-day event for 2024 with a reduced Council contribution for one year of £0.2 million. Cabinet also approved that an external provider be sought to provide an Air Festival going forward, which has been taken forward by officers in consultation with the portfolio holder and Leader.
6. The final Council-funded Air Festival took place from 29 – 31 August 2024 with the revised budget as detailed above in point 5. Income initiatives for 2024 included the addition of premium parking. There are potentially significant commercial opportunities which the Council are not positioned to take up but which a private operator would be better positioned to secure.
7. The festival event benefited from three good days of weather this year and attracted in the region of 500,000 visitors to the event across both day and night activities.
8. Final income and expenditure from the event and associated council income is currently being finalised.

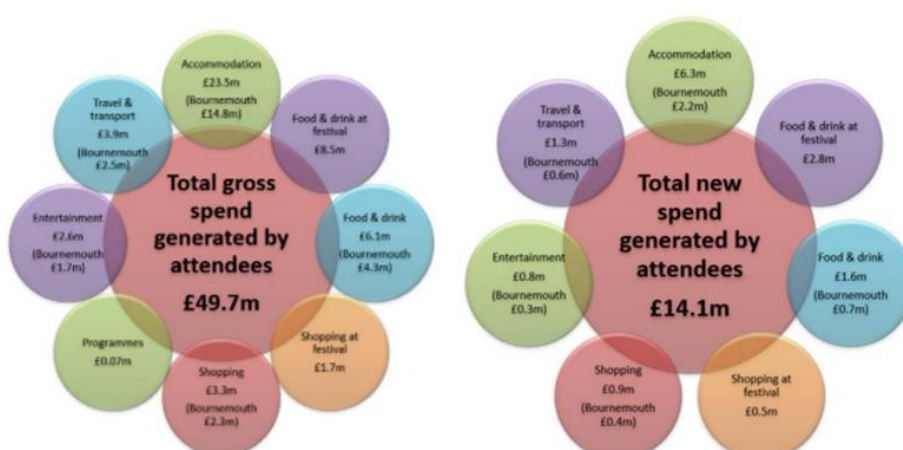
## Expressions of Interest and proposals

9. A specification for the underwriting and organisation of the Air Festival for the future was published in February 2024 with an invitation for interested organisations to submit an expression of interest. This is set out in *appendix 1*.
10. Five expressions of interest were received, and meetings were held with these organisations to discuss the specifications and their interest in more detail.
11. Following these meetings, the organisations were invited to submit their proposals, with two being received and the remainder deciding not to continue with their interest.
12. Meetings were held with both organisations who submitted proposals with officer, councillor and external stakeholder involvement to allow for a more detailed understanding.
13. Following these more detailed discussions, one of the organisations was advised we could not progress with their proposal as it required continued direct financial support from the Council.
14. Consideration has been given to four options moving forward as detailed below, it should be noted that all options would mean there would be no air festival in 2025, any opportunity would be for 2026 onwards.

## Options Appraisal

### Option 1 – Cease taking forward work on a potential future operator for the Air Festival (not recommended)

15. The Council has confirmed that there is no further funding for the Air Festival past 2024 as detailed in the Medium-Term Financial Plan (MTFP) however, it recognises that the event itself contributes largely to Bournemouth as a destination.
16. As reported in the November 2023 cabinet paper, research carried out in 2019 and 2021 shows the Air Festival generated £14.1m total new additional spend to Bournemouth and the surrounding area as demonstrated in the diagram below.
17. Table 1 – Spend generated from Air Festival (2021)



18. Given the impact of the event to the local economy and the interest we currently have from a potential future operator this option is not recommended.

**Option 2 – Proceed with taking forward further exploration work on the feasibility of providing a 10-year agreement with the potential operator (recommended)**

19. This option allows for the opportunity for an air festival to continue in Bournemouth, supporting the local economy whilst not putting the financial liability onto the Council. There will potentially be lost income to the Council from car parking for sites given over to the event organiser and from seafront income through areas such as the land train and deck chair hire between the piers. Some of this is in line with current arrangements for reduced in house operations during the festival.
20. Additional financial impact, both negative and positive is difficult to quantify at this stage. We expect the position to be net neutral, but this would need to be tested in negotiations.
21. It is noted that whilst there will be no requirement to fund the event, there will still be a resource requirement in the events team and from across the Council to facilitate the delivery of the air festival. There are such costs of the current festival not allocated specifically to the budget for the event and some of these will reduce going forward, for example, reduced procurement activity as this will be borne by the new festival provider.
22. Any contract between the Council and a potential operator would include the use of the designated land and rights to hold the event. However, it is noted that there is still a requirement for the operator to continue conversations with key stakeholders, including, for example, the emergency services.

**Option 3 - Retest the market (not recommended)**

23. There is the option to retest the market with an updated proposal, inviting further bids from operators. This option has been discounted due to timescales for delivery and that the market testing likely to result in a similar response potentially with the loss of the current proposed operator.
24. An alternative option would be to write a new specification for a destination event which does not specify an air festival or the outline of what has been previously delivered to allow for new innovative proposals for a future sustainable festival.
25. Compiling a new specification and going forward with a new event would need a significant lead in time allowing for a successful operator to have a full 12 months before delivery once a contract has been awarded. This would mean the delivery of a destination event would be 2026 onwards.
26. Proposals for new events of various scales come through to the events team on a regular basis. This open application process continues to be in place should any new proposals come forward for the organisation of a destination event.

**Option 4 – Seek to secure sponsorship for funding gap (recommended)**

27. As part of the process of looking for a future operator for the Air Festival, on-going discussions continue with businesses on potential sponsorship opportunities for the event with some interest being noted at this year's event.

28. It is noted that additional sponsorship in the region of £0.3 million would be required for an Air Festival to take place on a similar basis as was delivered this year.
29. To take this option forward resource will need to be identified and a set timeframe in place to ensure a timely decision can be made.
30. Within this option discussions with the Accommodation Business Improvement District (ABID) would need to be explored.
31. As with option 3, this option, if successful would support delivery of a festival in 2026 but not 2025 and would require continued Council staff resources to deliver potentially alongside another operator or partner.

### **Proposal from potential operator (option 2)**

32. The potential operator is an experienced operator of airshows and their proposal includes taking a break from an event in 2025, re launching in 2026 to allow for planning a completely refreshed offer. The proposal requests the rights to produce an air show for a period of 10 years beginning in 2026.
33. The operator would require the option to change the current dates in cooperation with all stakeholders including BCP Council to align with other editions of their events. Their proposal is that the festival would run for 3 days on a Friday, Saturday and Sunday.
34. The proposal offers to underwrite all financial risk for hosting an airshow in Bournemouth but expects that all Council fees in connection to the use of Council land be at no cost for the duration of the agreement along with the ability to take over specific Council parking lots during the festival would be at no cost. Statutory costs would need to be covered by the operator and further negotiation would be required to fully explore the expectations given the duration of the agreement requested.
35. The financial model relies heavily on the commercialisation of the event including the area between Bournemouth and Boscombe piers where the proposal includes the provision of a variety of hospitality offers ranging in price. Whilst an element of access will be maintained, free viewing of the displays will be outside of this core zone.
36. There is a risk of crowd displacement from this model which remains untested on areas outside of the current footprint. This would need wider multi agency input in the next phase to establish likely impact. However, the potential operator would have a dedicated team to deal with the logistical needs linking into local suppliers.
37. There will be significant build requirements, however this can be sectioned as not to displace this area in the summer and ensure public access is maintained. There will need to be careful consideration to balance the needs of residents, tourists and staging of the event through the detailed planning.
38. Experience from the potential operator includes key links to the European Airshow Council (EAC) and the UK Air Display Symposiums. There is also experience in the UK airshow market and the ability to further advance the work started by the Council in relation to Science, Technology, Engineering and Mathematics (STEM) to benefit youth and inspire the next generation.

39. Initial conversations have taken place with stakeholders including representatives from the Destination Management Board, Accommodation Business Improvement District (ABID) and members of the Safety Advisory Group, including emergency services, however further engagement will be required with these, and other stakeholders before any final agreement is made.
40. Any agreement would be dependent on the potential operator meeting all necessary statutory requirements to include Planning, Licencing, Environmental Health, Highways, Civil Aviation Authority (CAA) CAP403 alongside meeting the HSE best practice for events as detailed in the HSE Purple Guide for the organisation of events. This will need to be clearly evidenced before any agreement is made.
41. The potential operator attended the 2024 event to gain insight into the further work that is needed. It is noted that some of this work will require more detailed discussions before a full appraisal can be undertaken and any future operator agreement can be entered into to ensure all risks are fully explored.
42. One of the considerations needed is how an external operator will link into the existing seafront operations set up, to ensure that the Council retains primacy over the site and shoreline access remains across the footprint.
43. Whilst an initial site footprint was provided in the original proposal, ongoing work is required to look at the zones directly outside of this area in order to agree where control and liability for any additional crowds would end. This will also then confirm any potential resource implications for the Council.
44. There will be a requirement for the ongoing contract management resource from across the council required as detailed in the human resources implications.

### **Summary of financial implications**

45. Option 1 has no direct financial implications for the Council as no budget has been provided for an air festival in the current MTFP for any future year.
46. Option 2, (recommended) has potential for direct income loss but some current activity would likely move to alternative areas along the seafront or be mitigated by additional visitor numbers for a refreshed festival experience, especially in the first year. As detailed in the options section, additional financial impact, both negative and positive is difficult to quantify at this stage, we expect the position to be net neutral, but this would need to be tested in negotiations.
47. Details on the requirements for staff resource from the Council is provided in the human resources implications and should be noted for the financial implications as they would be required for the 10 year agreement period.
48. Further information on the financial impact is required breaking down clearly the areas this relates to and longer term impact once an updated site footprint is provided.
49. Should the proposal progress to the point of a heads of terms agreement, a full financial check will be undertaken on the operator.
50. The final contract arrangements will need to reflect that any future air festival should be designed to be cost neutral for the Council.
51. To take forward option 3 further procurement resource would be needed.

52. To take forward option 4 (recommended) additional resource would be required for this initial work with existing central support and event resources as currently in place.

### **Summary of VAT implications**

53. It is recommended that the proposal is carefully reviewed from tax perspective, identifying any barter transactions and incorporating the corresponding VAT treatment into the final contract. This includes scenarios where services are received from the provider without payment, such as gaining a right to occupy the property in exchange for free tickets, hospitality passes.
54. The operator is not currently registered for the VAT in United Kingdom. Relevant registrations must be completed before the contract start date to ensure UK VAT is charged where applicable.
55. Further tax advice should be sought during negotiation process to ensure all VAT constraints are properly considered and appropriate clauses are included within the final contract.

### **Summary of legal implications**

56. Section 145 of the Local Government Act 1972 allows the Council to do anything or arrange for anything to be done (or contribute towards the expenses of doing of anything) necessary or expedient for the provision of an entertainment of any nature.
57. However, this will always be subject to any other requirements or consents which are required.
58. This area is leased into the Council and if option 2 is pursued, landlord's consent would be required under the provisions of the lease – the exact extent of which will depend on the details of the proposal. This consent should be obtained before any contractual arrangements are entered into with any third party.
59. A check should be made for any rights which have been granted or acquired by third parties over this area which may have to be accommodated within any proposals.
60. The beach area between Bournemouth and Boscombe pier currently hosts temporary event days including 8 days allocated for the Air Festival. If the 8-day period (including set up and breakdown) is exceeded, the use of this area for events could exceed the 28-day permitted period for temporary use with planning permission required.
61. It will be necessary to comply with the requirements of all relevant legislation, including but not limited to highway, road traffic, planning and procurement statutory requirements.
62. Further legal advice should be sought to the details of the proposals so that all constraints can be properly considered

### **Summary of human resources implications**

63. Taking forward option 2 will take significant contract management and support from the events team, anticipated to be particularly focused for the 24 months until the first event is complete.

64. The staff resource to support the recommendation if approved and to support ongoing contract management is estimated to be equivalent to 1 x FTE Event Officer with significant management support. The full extent of support in terms of level and duration will become clearer as the contract is explored.
65. Additional officer resource will be required for central Council departments to enable delivery from a third party to include legal, finance, planning, licencing, seafront and health & safety. Whilst the event will not be directly run by the Council, it has a duty of care to ensure the plans in place are suitable and sufficient from a safety perspective and also cover statutory requirements.

### **Summary of sustainability impact**

66. As known from research conducted on the event the main challenge is a modal shift in travel to and from the destination and we would need to work with the successful operator to continue to expand on initiatives already in place encouraging all festival goers to consider alternative more sustainable ways to travel to the event.
67. The operator would be required to provide details on their sustainability measures as part of any agreement including their approach to moving towards a carbon neutral approach.

### **Summary of public health implications**

68. Work will need to continue with the successful operator to monitor and report on any emerging public health implications. The event has the ability to provide a positive living experience to residents and visitors. However, emissions from increased parking in the area can impact on health, particularly for those with breathing issues. Encouraging visitors and residents to use alternative more sustainable modes of transport can mitigate against this impact.

### **Summary of equality implications**

69. An initial EIA screening document focused on option 2 has been completed and has been to the EIA panel on 4 September but more work on this would be required as conversations continue.
70. There should be clear references to the equality requirements for protected groups within any contract entered into with a third party.

### **Summary of risk assessment**

<b>Risks</b>	<b>Level</b>	<b>Mitigations</b>
Reputational – the provider does not deliver the event to the required standard causing reputational damage to the destination and council	Medium	Through detailed pre contract work and dedicated contract management and financial checks undertaken
Reputational – Commercial company aligning with different goals to the council's corporate strategy	Medium	Through details in the contract and ensuring clear objectives and key performance indicators are established.
Safety - Safety standards not met leading to injury	Medium	Safety Advisory Group chaired by the local authority to ensure safety measures and in place alongside HSE best practice.



Financial – Loss of income to the council due to the facilitation of an external operator	Medium	Additional spend through outer areas seeing increased spectators and a clear agreement on with set boundaries.
Resource – Reduction in central services resource and ability to be able to deliver requirements to external operator enable delivery	Medium	Planning to 2026 and dedicated Events resource to ensure a joined-up approach for delivery.

## **Background papers**

Cabinet 22 November 202 - ([Public Pack](#))[Agenda Document for Cabinet, 22/11/2023 10:15 \(bcpcouncil.gov.uk\)](#)

## **Appendices**

Appendix 1 – Prospectus Bournemouth Air Festival