

Culture and Communities Committee

10.00am, Thursday, 8 June 2023

Response to motion by Councillor McVey – Edinburgh’s Christmas

Executive/routine Wards Council Commitments	Executive All, particularly City Centre
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1. Recommendations

- 1.1 Culture and Communities Committee is asked to:
 - 1.1.1 Agree to proceed with a prime contractor approach for the award of a contract for Edinburgh’s Winter Festivals (combining the contracts for Edinburgh’s Christmas and Edinburgh’s Hogmanay); and
 - 1.1.2 Note that, if recommendation 1.1.1 is agreed, the procurement of these contracts will be through a negotiated procedure for the contract durations set out in paragraph 4.43 of the report.

Paul Lawrence

Executive Director of Place

Contact: David Waddell, Senior Culture and Events Officer

E-mail: david.waddell@edinburgh.gov.uk | Tel: 0131 529 4929

Contact: Lynette Robertson, Interim Head of Commercial and Procurement Service

E-mail: lynette.robertson@edinburgh.gov.uk | Tel: 0131 469 3810

Contact: Iain Shaw, Principal Accountant

E-mail: iain.shaw@edinburgh.gov.uk | Tel: 0131 469 3117

Report

Response to motion by Councillor McVey – Edinburgh’s Christmas

2. Executive Summary

- 2.1 This report responds to the request for a report on the options for delivery of Edinburgh’s Christmas and seeks approval to proceed with a prime contractor approach for Edinburgh’s Christmas and Edinburgh’s Hogmanay.
- 2.2 If agreed, the procurement of these contracts will be progressed through a negotiated procedure for the contract durations set out in paragraph 4.43 of the report. The outcome of the procurement process would be reported to Finance and Resources Committee when concluded.

3. Background

Edinburgh’s Winter Festivals

- 3.1 From late November until early January each year, Edinburgh’s Winter Festivals attract significant social and economic benefits to the city by inviting residents and visitors to participate in both Edinburgh’s Christmas and Edinburgh’s Hogmanay.
- 3.2 Edinburgh’s Christmas takes place over a four to six week period from late November to early January, with activities at a small number of locations within the city centre. While not the sole activity of Edinburgh’s Christmas, the Christmas market attracts the largest number of visitors.
- 3.3 Edinburgh’s Hogmanay is primarily focused on the lead up to 31 December, with activities on one or two days before and after Hogmanay itself. The Street Party and Hogmanay fireworks attract a global audience of hundreds of millions.
- 3.4 However, the preparation and logistics of organising and delivering such significant events has often been challenging.
- 3.5 At present, Edinburgh’s Christmas and Edinburgh’s Hogmanay are contracted separately. For Edinburgh’s Christmas, a fixed fee rental income is expected. For Edinburgh’s Hogmanay, the Council contributes £0.813m to the cost of the event.

Edinburgh's Winter Festivals Consultation

- 3.6 On [30 November 2021](#), Policy and Sustainability Committee considered a report on the results of a consultation on Edinburgh's Winter Festivals.
- 3.7 The key findings from the consultation included:
- 3.7.1 That there was overwhelming support for continuing the Christmas and Hogmanay celebrations, with 86% of respondents saying that they should continue;
 - 3.7.2 That the majority of respondents saw the celebrations as welcoming for tourists, but that they were likely to be less welcoming to residents. Most agreed that they are good for businesses, but few perceived them as affordable or environmentally sustainable. The main reasons for not attending Christmas and Hogmanay celebrations in the past were given as overcrowding, designed for tourists, and too expensive; and
 - 3.7.3 Edinburgh respondents were less positive than respondents from the rest of Scotland and the UK about the celebrations being welcoming, enjoyable, unique, affordable, beneficial to business and environmentally sustainable.
- 3.8 In terms of preferred activities for Christmas - food, drink, musical performances and activities for children were the most preferred activities, with alcoholic drinks and funfair rides the least preferred.
- 3.9 Respondents called for future celebrations to have local involvement of artists and performance and Scottish/local culture. In addition, making the celebrations more accessible for people with disabilities was integral to future events.
- 3.10 In terms of location, a significant number of respondents wanted the Christmas celebrations to be staged at a number of locations spread throughout the city centre. A similar proportion wanted activities to be in a few city centre locations and a few local town centres.
- 3.11 The conclusions from the consultation were:
- 3.11.1 Continue to provide high quality Christmas and Hogmanay celebrations which will be valued by residents and visitors, and continue to enhance Edinburgh's reputation;
 - 3.11.2 Avoid overcrowding and improve access by distributing Christmas celebrations more widely throughout the city centre;
 - 3.11.3 Look for opportunities to extend Christmas celebrations to other parts of the city outside of the city centre;
 - 3.11.4 Improve and evidence the environmental sustainability of the winter festivals, including through the local sourcing of products;
 - 3.11.5 Improve access for those previously less able to participate, including through physical accessibility, the design of activities for those with a

range of needs, and for people on lower incomes and from deprived areas;

- 3.11.6 Focus on making the celebrations family friendly;
- 3.11.7 Introduce alcohol-free times and / or areas within Christmas celebrations;
- 3.11.8 Continue dialogue with representative organisations and seek further opportunities to agree how best to address negative impacts of winter festivals on Edinburgh residents;
- 3.11.9 Seek opportunities to maximise community benefit, including giving priority to existing local businesses and creatives; and
- 3.11.10 Seek opportunities to emphasise the character and culture of Edinburgh through the design and use of existing buildings and spaces, temporary constructions, events, branding and advertising.

Award of Contracts for Edinburgh's Winter Festivals

- 3.12 Edinburgh's Winter Festivals are currently procured as two separate lots (Lot 1 – Edinburgh's Christmas; and Lot 2 – Edinburgh's Hogmanay) although there is significant logistical cross-over between the two events.
- 3.13 This means that there is a dependency on Edinburgh's Christmas taking place successfully in order to ensure that Edinburgh's Hogmanay can also go ahead. In recent years, there has also been a financial contribution from Edinburgh's Christmas to support the delivery of Edinburgh's Hogmanay, in the region of £0.2m per annum.
- 3.14 Based on the consultation findings, in 2022 a new specification for Edinburgh's Christmas was developed as part of an open procurement exercise. The conclusion of the procurement was reported to Finance and Resources Committee in [June 2022](#), alongside the award recommendations for Edinburgh's Christmas and Edinburgh's Hogmanay.
- 3.15 In June 2022, a contract for Edinburgh's Hogmanay was awarded for three years (2022 – 2025), with the option to extend for two further years (1+1). Unique Events Limited are the current contract holder.
- 3.16 However, before Edinburgh's Christmas in 2022 took place, an emergency contract award was required.
- 3.17 In delivering Edinburgh's Christmas in 2022, due to the time constraints arising from the change of contract holder at short notice, it was not possible to address all of the conclusions from the consultation. Committee received an update on what was delivered in 2022 on [7 March 2023](#).

Amendment approved by the Council

- 3.18 On [27 October 2022](#), the Council approved an amendment by Councillor Day in respect of a motion by Councillor McVey on Edinburgh's Christmas. The Council agreed to:

- 3.18.1 Revisit the options for the Christmas Market delivery and requests a report within 3 cycles to the Culture and Communities Committee to examine options that would ensure commitments to:
- 3.18.1.1 Quality;
 - 3.18.1.2 Reliability;
 - 3.18.1.3 Community engagement;
 - 3.18.1.4 Supporting local traders; and
 - 3.18.1.5 Sharing the celebrations around the city are properly reflected in any plans and future procurement programmes.
- 3.18.2 Give consideration to a different model of delivery e.g. partnership working or a joint venture, which would be publicly owned or part publicly owned.
- 3.18.3 The APOG should seek input from local traders groups, community groups and from Councillors in wards that could benefit from extending the winter festival beyond the City Centre.
- 3.19 This report follows a number of previous reports on Edinburgh's Christmas, which are hyperlinked (where possible) in Section 8 (below).

Edinburgh's Christmas 2023

- 3.20 On [7 March 2023](#), Culture and Communities Committee recommended that an award of a contract for Edinburgh's Christmas 2023 be made to Unique Assembly Limited (the contract had been awarded for 2022 with a potential extension for 2023). On [10 March 2023](#), Finance and Resources Committee agreed the award of the contract for 2023.

4. Main report

Delivering Edinburgh's Christmas

- 4.1 At the heart of developing proposals for delivering Edinburgh's Christmas is the need to ensure that the city's character and culture are enhanced by the provision of high-quality events with a broad appeal to local people and visitors alike.
- 4.2 The scope of Edinburgh's Christmas is not solely delivery of a Christmas market but comprises a programme of events and activities throughout the four to six weeks which Edinburgh's Christmas runs.
- 4.3 A small number of core activities are expected - city centre Christmas light switch on (including the Mound tree which is gifted by Vestland, Norway), the installation of a nativity scene and a carol concert – with the remainder of the activities at the discretion of the content curator (currently the Contractor with support from Council officers).
- 4.4 Building on the public consultation feedback, the specification in 2022 was refined to incorporate the priorities of consultees (primarily focused on the feedback highlighted in paragraph 3.11).

- 4.5 And, in developing the options for a future model of delivery of Edinburgh's Christmas, officers have taken this and the commitments (outlined in paragraph 3.18.1) as the basis for considering the most appropriate future model.

Future Programme for Edinburgh's Christmas

- 4.6 It is clear that there is also appetite for changes to the delivery of the programme for Edinburgh's Christmas. Therefore, the following changes will be built-in to any future delivery model:
- 4.6.1 A new approach to the geography of the Christmas market to reduce the concentration of activity in East Princes Street Gardens, and attempt to activate other spaces in the city centre and beyond;
 - 4.6.2 Any activities which do go ahead in Princes Street Gardens will adhere to the emerging Tree Protection Measures (East) and to the Measures already in place in the West Gardens;
 - 4.6.3 Refresh of the programme content to ensure it remains attractive and accessible (both physically and financially);
 - 4.6.4 Ensure the event respects the Council's net zero ambition and declaration of a nature emergency; and
 - 4.6.5 Ensuring that independent, local traders are encouraged to participate in future events.
- 4.7 Until the new delivery model is introduced and these changes are made, it is not possible to quantify their impact on the event overall. At this stage, officers have identified this as a risk to delivery of the future model, particularly as the changes may have a financial impact in the future. This will be carefully monitored through whichever delivery model is agreed.

Options for future delivery

- 4.8 Four options for future delivery have been identified:
- 4.8.1 Continue with the existing procurement approach;
 - 4.8.2 In-house delivery model;
 - 4.8.3 Partial in-house delivery model; and
 - 4.8.4 Alternative procurement approach.
- 4.9 In considering the appropriate approach to delivering Edinburgh's Christmas in future years, the Council also requested that the option of a partnership approach or joint venture be considered.
- 4.10 While there are different forms of joint venture arrangements which can be created, they are generally used in commercial situations, when two (or more) parties collaborate together to share risks and benefits, with each party contributing (e.g. land, capital, intellectual property, staff, equipment or other assets) to the venture. The Council can enter directly into a joint venture with another public sector

organisation however officers are not aware of any such organisations currently established.

- 4.11 Therefore, the approach to a joint venture would broadly follow the same principles as the partial in-house delivery model (below and in Appendix 1) however the in-house element would likely be located within the joint venture.
- 4.12 The main difference in approach would be that the procurement of a joint venture partner would be required, and the venture would need to be formally constituted before an in-house delivery team could be established.

Existing Procurement Approach

- 4.13 The Council has followed an open procurement approach to commissioning Edinburgh's Winter Festivals since around 2010. This approach primarily sought to balance creative content with financial return.
- 4.14 In response to the issues experienced in 2022, officers carried out a lessons' learned exercise and concluded that there is no single approach to commissioning events which has proven to be best practice and that, within the public sector, a number of different approaches are used depending on the circumstances of each event (or group of events).
- 4.15 As the Council experienced in 2022, a key weakness of the open procurement approach is that bids are submitted within limited opportunity to discuss the proposals in detail and/or to clarify the expectations of each party in terms of content delivery prior to award of contract. This can lead to challenges in delivering the financial or content requirements of the contract.
- 4.16 To date, the primary factor in determining the route to market (particularly in 2022) has been time. However, in 2022 the open procurement approach also:
 - 4.16.1 Enabled feedback from the Winter Festivals consultation to be built into the tender documentation and into the key principles for what was expected from the successful contractor;
 - 4.16.2 Recognised that this route to market built on existing good practice, where there are a limited number of bidders and there is a short amount of time available, and minimised the demand on both officers and bidders; and
 - 4.16.3 Ensured that a contract would be in place for Christmas 2022.
- 4.17 Within the current procurement, the Council should receive a fixed fee rental income. This was introduced to address concerns that the Council was being denied the opportunity to secure income from this contract. A profit share model had previously been used which resulted in a return of £0.032m to the Council across the life of the contract.

In-house Delivery Model

- 4.18 The key strength and opportunity of a fully in-house model of delivery is that this provides the Council with full control of the creative content and event delivery and

therefore ensures that the event is of high quality and enhances the city's culture and character.

- 4.19 The Council's reputation in public safety and in maintaining relationships with partner agencies (e.g. Police Scotland) is strong. Further, the Council's parks and open spaces team would be at the centre of event planning and therefore could ensure that any environmental implications, particularly in relation to greenspace and trees, is clearly understood.
- 4.20 However, the Council does not currently have the skills or expertise to successfully deliver an annual event on this scale. Further, attracting the necessary skills and experience in a competitive market could be challenging.
- 4.21 In order to deliver the event successfully it would need to purchase or lease the necessary infrastructure for each event (the cost of which is likely to come at a premium), and would be responsible for ensuring the installation, operation and strike-down is carefully managed within the requirements of legislation and insurance.
- 4.22 The cost of delivering Edinburgh's Christmas in-house would need to be met from the income generated by the event. The current cost of delivering Edinburgh's Christmas is circa £3m, with income anticipated to meet the cost in full, to contribute to the cost of Edinburgh's Hogmanay and to provide a rental income to the Council.
- 4.23 However, the anticipated cost to the Council is likely to be higher than for an experienced event organiser with strong networks in the events sector and a track record of successfully delivering events of this scale. While the cost to the Council should reduce over time, the initial costs are unlikely to be met by the income generated and would therefore place further pressure on the Council's revenue budget.
- 4.24 All of the risk in organising and delivering an annual event of this scale would rest with the Council (currently, while the reputational risk is high for all involved, the financial, insurance and infrastructure risk is borne by the Contractor). The insurance cost is estimated to be significant as the Council does not have a recent track record of delivering events of this scale.
- 4.25 It is anticipated that it would take between 18 – 24 months to put in place all of the necessary arrangements for the Council to fully deliver Edinburgh's Christmas in-house.
- 4.26 A summary of an in-house delivery model is included in Appendix 1.

Partial In-house Delivery Model

- 4.27 As an alternative to a fully in-house model, the Council could set up a core team to curate the content of Edinburgh's Christmas but with the support of a contractor (or contractors) to manage operational delivery.
- 4.28 In this approach, the strengths (as outlined above) of delivering the event in-house would be retained but some of the operational and financial risks would be mitigated by engaging experienced contractors with a track record of organising and

managing events. The operational risks associated with inexperience and lack of track record would also be reduced.

4.29 However, the overall risk would remain with the Council. The ability to generate income may be further diminished as the contractor(s) are unlikely to transfer all of the event profits to the Council therefore meaning that the Council is unlikely to be able to cover the cost of the events (including staff costs).

4.30 It is anticipated that it would take between 12 and 18 months to put in place the necessary arrangements for this model.

Alternative Procurement Model

4.31 In January 2023, a report to Finance and Resources Committee outlined the lessons learned from the recent procurement of Edinburgh's Christmas.

4.32 Early feedback from the market indicated that they would prefer any future procurement to be dialogue based following a Future Contract Notice/PIN.

4.33 This allows the Council to set clear parameters based on the consultation feedback including (but not limited to): defining the locations, timescales, operational parameters and financial arrangements.

4.34 This approach to procurement can take a protracted period of time but is welcomed by the market in terms of clearly understanding the parameters within which any future contract would operate.

4.35 Early market engagement on potential future delivery model has already started (with clear indication that the Council has not yet decided on the most appropriate delivery model for the future). A summary of the feedback is provided in Appendix 2, with feedback highlighting: the market would welcome clarity and clearer direction from the Council; that a prime contractor model which allows for dialogue before final bids are submitted would be their preferred approach. A longer contract term has also been requested, with an award being made by the end of 2023 (to provide a full year of planning and preparation for Christmas 2024). The market engagement also indicated that there is interest in a combined Winter Festivals contract (rather than two separate contracts as is currently in place).

4.36 Appendix 2 provides a summary of the potential procurement options available and concludes that a prime contractor mode, with negotiated procedure, would be the optimal approach to secure best value. Although this procedure takes longer than the open approach and can be resource intensive, it is anticipated that a new contract could be in place by the end of this calendar year.

4.37 With this model, officers would seek to increase in-house capacity to support the contract delivery (working with internal stakeholders and the prime contractor) to ensure greater oversight of delivery by the Council. In addition, officers will investigate any opportunities for elements of the contract to be delivered using in-house resource if there is a commercial reason to do so.

Edinburgh's Hogmanay

- 4.38 As noted in paragraph 4.35, the supplier market feedback indicates that some suppliers would prefer for Edinburgh's Christmas and Edinburgh's Hogmanay to be awarded as a single contract.
- 4.39 This recognises the significant delivery dependencies between the two events, minimises any potential conflict over site availability and enables (subject to income) a financial contribution from Edinburgh's Christmas to support an improved Hogmanay offer.
- 4.40 The Alternative Procurement Model outlined in Appendix 2 takes this into account. Should the in-house approach be preferred but with combined delivery of Edinburgh's Winter Festivals, the risks and issues would be similar to those outlined above and in Appendix 1.
- 4.41 The Council may also wish to also review the creative content of Edinburgh's Hogmanay.

Combined Contract Award for Edinburgh's Winter Festivals

- 4.42 Based on the market feedback and advice from the Council's procurement service, if a combined contract is preferred by Committee, it is recommended that the contract award period be flexible to accommodate the existing contract award for Edinburgh's Hogmanay.
- 4.43 To meet the market's preferred five year term in a combined contract offer, the initial proposal is to consider a term from 2024 to 2029 inclusive (with an appropriate break clause). This would offer the maximum term for Christmas element and four years for Hogmanay. If agreed by the Council, the contract could offer an additional one year extension to 2030 to encompass all delivery.

Engagement with Local Traders

- 4.44 To support the future model and in response to consultation and Elected Member feedback, officers have started to engage with a number of local businesses and other key stakeholders (including those who participated in the consultation, community councils and ward Councillors).
- 4.45 Initially the focus of this engagement is on gathering information on what activities are already taking place across the city which can form part of the wider Edinburgh's Christmas programme.
- 4.46 However, although recognising that there are financial constraints to organising events and activities outwith the city centre, feedback has been requested on what local town centres would like to see as part of the future Edinburgh's Christmas programme.
- 4.47 Initial feedback has reinforced the desire of local traders and communities for events to be geographically spread, particularly in the city centre and local town centres, recognising the activities already taking place and in keeping with the character of the area.

- 4.48 Irrespective of the preferred approach, these are actions which need to be addressed moving forward for Edinburgh's Winter Festivals in the future.

5. Next Steps

Recommended approach

- 5.1 Following an assessment of the options available and feedback from the market, officers recommend proceeding with a prime contractor (negotiated procedure) to appoint a new contractor for the delivery of a combined contract for Edinburgh's Christmas and Edinburgh's Hogmanay. It is proposed to combine the two contracts from 2025 onwards, with the contract durations (paragraph 4.43) to align the timescales from 2025 onwards.
- 5.2 This approach is recommended as it ensures that the events will continue to be delivered by an experienced events organiser and minimises the financial and other risks to the Council. The changes proposed to the programme (paragraphs 4.6 and 4.7) and the additional internal resource to manage the contract will increase the Council's governance of the events and will ensure that the concerns raised by the public and Elected Members are built into the programme in the future.
- 5.3 If Committee approve this approach, officers will proceed with inviting tenders for a prime contractor using a negotiated procedure. It is anticipated that the outcome will be reported to Finance and Resources Committee before the end of this calendar year.
- 5.4 It is anticipated that the specification will build on the 2022 version (recognising that this was developed to reflect the feedback received from the public consultation) and will be further refined to reflect recent feedback received from the market, from discussions with Elected Members (both in Committee and in the Festivals and Events All Party Oversight Group) and will take into account the changes to the programme (as set out above).
- 5.5 Taking on board the feedback from Elected Members about the Key Performance Indicators which are used for contract monitoring, it is proposed to review and revise these to further reflect the recent feedback and challenges experienced. This will include providing clear guidance to the successful contractor(s) on the expectations of the Council and the implications of any failure to comply.
- 5.6 Due to the pressure of timing to ensure that the procurement process can be completed this calendar year, officers will circulate the draft specification and Key Performance Indicators to the Festivals and Events All Party Oversight Group (APOG), Culture and Communities Committee Spokespeople and Finance and Resources Committee Spokespeople for comment prior to publication.

Engagement with Stakeholders

- 5.7 Irrespective of the preferred approach, following the decision of Committee, officers will follow up on the recent feedback received from organisations and local traders about how to enhance the offering of Edinburgh's Christmas in the future. In the short term, this may include promoting local events through the programme for

Edinburgh's Christmas. In the longer term, it is hoped that further engagement can help to ensure that local businesses and communities benefit more from Edinburgh's Winter Festivals.

Impact of Festivals on Local Communities

- 5.8 In addition, following a request from the Council, a report is due to be presented to Finance and Resources Committee in the autumn on the impact of festivals on local communities.

6. Financial impact

- 6.1 The current budget for Edinburgh's Hogmanay is £0.813m. The contract for Edinburgh's Christmas requires the contractor to cover all of the costs from a combination of ticket sales, advertising, sponsorship, grant applications, rental income and profit share from traders and there has been no assessment made of the potential income which could be achieved in future years.
- 6.2 An initial analysis of the financial impact of delivering the Winter Festivals in-house is outlined in Appendix 1. The basis for this model would be to generate sufficient income in order to meet the costs in full. However, there are significant risks associated with this which will require further analysis and careful monitoring if Committee decides to proceed with this model.
- 6.3 If the report recommendations are approved, officers will ensure that all potential options for income are explored (including fixed fee and gainshare) as part of the tender development process. The financial model for this approach developed during the preparation of the tender documentation will also include consideration of the weighting for price : quality. Officers will also ensure that the tender documentation allows for scrutiny and clarification of proposed income. However, the tender documentation and future contract award will be conditional on open book accounting.
- 6.4 The budget for the next contract is not anticipated to change from that outlined in paragraph 6.1, albeit the income anticipated from Edinburgh's Christmas may vary depending on the outcome of the tender process.
- 6.5 The cost of additional internal oversight of a prime contractor model will be met from within the Culture and Wellbeing Service budget.

7. Stakeholder/Community Impact

- 7.1 A consultation on Edinburgh's Winter Festivals was carried out in 2021. The results of this are summarised within this report and form the basis of the specification for the current and any future Winter Festival events.
- 7.2 In order to ensure that the feedback received remains valid, officers have engaged with organisations who participated in the consultation to ask if anything has changed since their original submission.

- 7.3 Officers have also utilised the Business Champions Network to engage with local traders on what is currently happening in local town centres around Christmas time and what they would like to see in the future.
- 7.4 Community Councils and ward Councillors have also been asked for their thoughts on future events.
- 7.5 An initial integrated impact assessment for Edinburgh's Winter Festivals will be prepared once the preferred approach is agreed. An Integrated Impact Assessment for the annual events will also be a requirement of all future arrangements.

8. Background reading/external references

- 8.1 Award of Contracts for Winter Festivals – Finance and Resources Committee, [16 June 2022](#).
- 8.2 Edinburgh's Christmas – Emergency Contract Award - Finance and Resources Committee, 10 October 2022 (Private).
- 8.3 Response to Emergency Motion – Edinburgh's Christmas – Governance, Risk and Best Value Committee, [22 November 2022](#).
- 8.4 Procurement of Edinburgh's Christmas – Finance and Resources Committee, [26 January 2023](#).
- 8.5 Edinburgh's Christmas and Edinburgh's Hogmanay – Outcome Report – Culture and Communities Committee, [7 March 2023](#)
- 8.6 Edinburgh's Christmas and Edinburgh's Hogmanay – Outcome Report – Finance and Resources Committee, [10 March 2023](#).

9. Appendices

- 9.1 Appendix 1 – Summary of in-house delivery approach
- 9.2 Appendix 2 – Summary of alternative procurement model

Appendix 1 - In-house delivery model

1. Background - Hybrid Delivery Model (2010)

- 1.1 Up until 2010, the Council was responsible for curating the content of Edinburgh's Winter Festivals and managing the delivery of Edinburgh's Christmas (including contract management) in-house. Delivery of Edinburgh's Hogmanay was contracted.
- 1.2 At the time, Edinburgh's Christmas was primarily only in East Princes Street Gardens with the events running for circa six weeks. Edinburgh's Hogmanay was a three day festival (including a midnight moment and 100,000 person capacity street party).
- 1.3 The total cost of Edinburgh's Hogmanay at that time was £3m per annum (notionally split £2.5m for Edinburgh's Hogmanay; £0.3m for Edinburgh's Christmas; and £0.2m for marketing and media).
- 1.4 To support the hybrid approach, the Council employed a Winter Festivals Team to be responsible for:
 - 1.4.1 Management of the festivals;
 - 1.4.2 On-site operations;
 - 1.4.3 Marketing and PR;
 - 1.4.4 Sponsorship and merchandising; and
 - 1.4.5 Media relations. This will augmented by support from the Council's Communications Team and a contracted external agency.

2. In-House Options for Future Delivery

- 2.1 There are two options for in-house delivery which have been considered in preparing this report for Committee:
 - 2.1.1 Fully in-house delivery model; and
 - 2.1.2 Partial in-house delivery model, with management of the contract delivered internally and external contractors engaged for delivery.

Delivering Edinburgh's Christmas Fully In-house

- 2.2 A fully in-house model means that the Council would be responsible for all aspects of creative development and delivery. This could include (but not limited to):
 - 2.2.1 Operating a big wheel;
 - 2.2.2 Fairground attractions; and
 - 2.2.3 Christmas market.

- 2.3 Council does not currently have the expertise, skills, infrastructure or network within the industry to enable it to successfully deliver an annual event on this scale.
- 2.4 Additionally, the Council would need to appoint someone to be responsible for developing the creative content for each event, working closely with local stakeholders and contractors to ensure the successful delivery.
- 2.5 Increased operational capacity would also be required to manage the day to day planning, set up, operational delivery and strike down (following each event), with external support for marketing and communications also required.
- 2.6 A core part of the delivery model is liaising with Police Scotland in the planning and execution of the event and in ensuring that all applications for Planning and/or Licensing permissions are submitted on-time.
- 2.7 It is anticipated that in-house delivery would also place an additional burden on support services within the Council including (but not limited to):
 - 2.7.1 Communications;
 - 2.7.2 Events and Roads Events;
 - 2.7.3 Finance;
 - 2.7.4 Health and Safety, Resilience and Public Safety;
 - 2.7.5 HR (including up front support for developing and evaluating the new roles required and then in progressing recruitment and on-boarding)
 - 2.7.6 Insurance;
 - 2.7.7 Legal (including up front support on legislative/legal requirements (e.g. TUPE, contractual arrangements etc);
 - 2.7.8 Neighbourhood Environmental Services; and
 - 2.7.9 Procurement.

Staffing

- 2.8 An initial assessment of the expertise required to create a core team to deliver Edinburgh's Christmas in-house has concluded that the cost of staffing would be in the region of £0.540m per annum. This includes support to curate and manage content and production, communications, procurement and legal advice on a seasonal basis (recognising that there would be a full year requirement for support, but that the hours may vary depending on the time of year).

Insurance

- 2.9 An initial assessment of the potential cost insurance premium for an in-house delivery model concluded any fee is likely to be in the high six figures (with Insurance Premium Tax or IPT of 12% to be added), with a large deductible or excess also likely to be required to obtain terms This would need to be a standalone events policy which would require approval through Finance and Resources Committee.

- 2.10 Potential insurers will need a full overview of the identified risks and contractual arrangements prior to considering any internal approach to run this, as it is a specialist area of insurance given the risks involved (due to the size and scale of the event).
- 2.11 This will be more challenging for the Council to put in place as it has no recent experience of doing so and regulations relating to large scale events change regularly.
- 2.12 To consider this, a full proposal of the planned event would need to be submitted with any insurance tender documentation, outlining the expected number of visitors attending, and it is likely to be considered high risk. Insurance companies will also require confirmation that appropriate training and risk assessments are in place, covering not just employee, contractors and / or volunteers but also that any equipment (which is either bought or hired) required meets with the appropriate legal requirements and is certified as fit for use.

Infrastructure Investment

- 2.13 To proceed with a fully in-house model, procurement support would be required for a range of Capital purchases or leases (big wheel, market stalls, fairground rides etc dependant on what events and/or attractions the Council wishes to deliver) in addition to some supporting services (maintenance, storage, banking, insurance, etc linked to the delivery).
- 2.14 Each item to be procured will require an individual specification, market research and/or engagement to understand availability and budget requirements, followed by individual or grouped tenders, and suitable contract management requirements.
- 2.15 Procurement procedures will need to be determined once market engagement is complete and specifications established using one of the options as described in Appendix 2 below.
- 2.16 The indicative timescale for initial procurement activity would be around 18-24 months. An assessment of the financial costs associated with infrastructure investment has not yet been made. However, there is no provision in the Council's Capital Budget allocation for the purchase of infrastructure for Edinburgh's Christmas. The cost of leasing has also not been factored in to current budgets.
- 2.17 There is also no financial allocation (revenue or capital) within the Council's budget for Edinburgh's Christmas but an income to the Council is assumed.

Hybrid Approach – Partial Delivery In-house

- 2.18 The Council may decide that there are some elements of the event that can be brought in-house whilst the others are contracted.
- 2.19 Procurement support would be required for a range of goods and services (estimated 15-20 contracts based on current insights) ranging in size and complexity. Similar to a fully in-house model, there would be procurement activity involved, engaging the market to support specification and tender development,

tendered or quick quote arrangements utilising the appropriate options set out in section 2 of Appendix 2, and contract management.

- 2.20 Indicative timescale to develop a partially in-house delivery model is expected to be around 12-18 months.
- 2.21 The costs for staffing and insurance set out in the section above (fully in-house) would all apply in the partial in-house approach.

3. Strengths and Weaknesses of In-house Delivery Model

- 3.1 The key strength of an in-house delivery model (either in full or partial) is that the Council would be in control of all creative content and delivery for the event and could therefore curate the content to meet the city's needs and expectations. It also provides the opportunity for the creative content to be directed to specific priorities of the Council or the city.
- 3.2 In addition, this would enable the Council to be responsible for the set-up, operation and strike-down of all event infrastructure thereby enabling Council officers to determine whether any of the installations are likely to impact on the physical environment.
- 3.3 This model would also build on successful partnerships and relationships with other organisations (e.g. Police Scotland). There is also the potential for greater job security for people employed by the Council.
- 3.4 However, the Council would also take on all of the risk associated with organising and delivering an event of this scale (currently, while the reputational risk lies with both the Council and the contractor, the operational and financial risks mainly rest with the contractor).
- 3.5 Further, the Council does not currently have the skills and expertise to deliver an event such as Edinburgh's Christmas or Edinburgh's Hogmanay in-house and to recruit these skills may be challenging for the Council in a competitive market.
- 3.6 There is a risk that the Council will be unable to generate the same level of income as can be achieved by an external contractor. In addition, the impact of any proposed changes to the programme are not yet known (which could further increase the financial risk to the Council).
- 3.7 As noted above, particularly if the model of delivery is fully in-house, the Council may also see costs increasing as it does not have a successful recent track record of delivery or network of suppliers to work with.

Appendix 2 - Outline of procured delivery model

1. Previous Framework (2022)

Procurement Approach	Details
Title	Lot 1 – Edinburgh’s Christmas
Cost: quality ratio	70% Quality; 30% Cost
Route to Market	Open
Contract period (including extensions)	3+1+1 (2027)
Value of Contract	Rental income model, whereby the contractor would be charged daily rental for sites within the city. The total estimated rental income submitted over the life of the contract and extension periods was £5,473,500.
Number of Bids	5 bids (2 didn’t meet minimum quality threshold)
Awarded in June 2022	Angels Event Experience Limited (withdrew)
Re-Awarded in October 2022 and March 2023 (extension)	Unique Events Limited
Contract period (including extensions)	1+1 (2024)
Value of Contract	An income from Edinburgh’s Christmas for 2022 is not expected. Income from Christmas 2023 is still to be determined.

Procurement Approach	Decision
Title	Lot 2 – Edinburgh’s Hogmanay
Cost: quality ratio	70% Quality; 30% Cost
Route to Market	Open
Contract period (including extensions)	3+1+1 (2027)

Value of Contract	Funded from the Council's revenue budget, the maximum budget available per annum is £812,456, which equates to £4,062,280, over the life of the contract and extension periods. The prices quoted will be fixed and applied throughout the life of the contract.
Number of Bids	2 bids (1 didn't meet minimum quality threshold)
Awarded in June 2022	Unique Events Limited

2. Glossary of Terms

- 2.1 Single Procurement Document (SPD) Scotland - Standard questionnaire produced by Scottish Government for Contracting Authorities to identify suitably qualified and experienced bidders. It contains questions on both exclusion and selection criteria. The SPD is a self-declaration form and suppliers do not need to provide any evidence upfront unless there are clear reasons for doing so.
- 2.2 Invitation to Tender (ITT) – Suite of documents inviting potential suppliers to quote for business. Also known as a bid pack. Includes specification and award criteria pertaining to both the Quality and Pricing aspects of the tender requirement.

Procedure	Description	Advantages	Disadvantages
Competitive Procedure with Negotiation	Bidders must submit a SPD to participate, this is supplemented by an Initial Tender within agreed timeline. Negotiations are permitted – this may be in successive stages with a notice of when final tenders are due.	Can provide more certainty in circumstances where the nature of the requirement is complex or adaptations are needed to find suitable solutions to address risks attached.	Having negotiated stages during the ITT evaluation stage makes the procurement process longer. There are added costs due to the resources needed to support.
Competitive Dialogue	Bidders must submit a SPD selection stage as above, this is followed by stages of dialogue and solutions that are developed over time to meet the requirements of descriptive documents issued by the authority. Final tenders are required to conclude.	Suitable where there are no readily available solutions or solutions require adaptation to meet the desired outcome. Good for high complexity and high value projects.	Staged process is highly resource intensive approach for the bidders and the buyer. High level of expertise required. Limits the competitive market.
Open	SPD and ITT submitted together and within prescribed timeline. Recommended procedure for majority of public procurements.	Good for competition, removes barriers for participation, shortest timeline to complete end to end procurement.	Does not allow for reduction in tenders, so can lead to high volume of tenders. Does not permit negotiations.
Restricted	SPD submitted first and allows for down selection of bidders invited to submit an ITT	Good for large markets, helping to reduce participation to manageable number of tenders. Allows for experience to be assessed so only suitable candidates can bid.	Restricts the market and may reduce new entrants or stifle innovation. Resource impacted by two stages of evaluation.
Negotiated Procedure without Prior Publication	Only used in very exceptional circumstances such as emergencies and where there are no bids for a tender.	Allows for emergency solutions and award of contracts where there are limited options for a competitive process and the circumstances are not of the	Significant legal, financial, and reputational risks. Needs to be fully justified.

		organisations making.	
Innovation Partnership	To work with one or more partners for the purposes of research and development activities.	Allows solving of an existing problem i.e. organisations not being able to purchase directly from the developer without further competition.	Significant legal, financial, and reputational risks. Needs to be fully justified.
Quick Quotes	Suitable for low value items below regulated thresholds (less than £50k), where there is a suitable market available to invite to quote.	Best approach for simple purchases of low value/ low complexity. Speedy process for the market and buyer	Limits the participants, not suitable for complex requirements. Cannot use for above threshold purchase.

3. Market Engagement Outcome

- Prior Information Notice published 07.02.2023 on Public Contracts Scotland
- Notes of Interest Received - 19
- Face to Face Engagement – 6 (key contractors)
- Survey Feedback – 7 (smaller contractors)

Service Provider	Awareness of Opportunity
Key Contractor 1	Met with Council Representatives on 3 March 2023
Key Contractor 2	Met with Council Representatives on 1 March 2023
Key Contractor 3	Met with Council Representatives on 2 March 2023
Key Contractor 4	Met with Council Representatives on 2 March 2023
Key Contractor 5	Met with Council Representatives on 2 March 2023
Key Contractor 6	Met with Council Representatives on 3 March 2024
Smaller Contractor 1	Interest noted on PCS and Questionnaire received.
Smaller Contractor 2	Interest noted on PCS and Questionnaire received.
Smaller Contractor 3	Interest noted on PCS and Questionnaire sent.
Smaller Contractor 4	Interest noted on PCS and Questionnaire received.
Smaller Contractor 5	Interest noted on PCS and Questionnaire received.
Smaller Contractor 6	Interest noted on PCS and Questionnaire sent.
Smaller Contractor 7	Interest noted on PCS and Questionnaire sent.
Smaller Contractor 8	Interest noted on PCS and Questionnaire received.
Smaller Contractor 9	Interest noted on PCS and Questionnaire received.
Smaller Contractor 10	Interest noted on PCS and Questionnaire sent.
Smaller Contractor 11	Interest noted on PCS and Questionnaire declined.
Smaller Contractor 12	Interest noted on PCS and Questionnaire received.
Smaller Contractor 13	Interest noted on PCS and Questionnaire sent.

Area of Feedback	Summary of Feedback
Financial Model	<ul style="list-style-type: none"> • There was a firm direction from the market towards a profit-sharing and open book costing model. The market felt there should be a fixed fee for site rent and then a further split of profits/income element in order to encourage partnership working and that the split fees should be negotiated and agreed on an annual basis (as opposed to across the term of the entire contract). • Several respondents requested an investment in infrastructure by the Council. Specific areas suggested were lighting and power supplies. There was also a repeated request for cashless payment options across all stalls, rides, and other commercial ventures. • One respondent felt there was “too much food on offer” and that it was “too expensive”. Two respondents felt that if the rent for the craft stalls was lowered then this may increase the quality and pricing on offer. • The expectations and costs associated with ‘free’ events was also mentioned. One respondent also felt that three attractions on Princes Street was enough and shouldn’t be increased.
Marketing/Advertising/Sponsorship	<ul style="list-style-type: none"> • Several respondents felt there is currently a negative image of Edinburgh’s Christmas due to negative press articles about over commercialisation and that it should be presented as global/European destination for Christmas. • There were several requests to re-examine the parameters of sponsorship and advertising. It was felt that in some circumstances that alcohol sponsorship could be appropriate and commercially beneficial.
Contract Duration	<ul style="list-style-type: none"> • Almost unanimously the market felt that a five-year contract would be most desirable. Benefits would include infrastructure investment, risk mitigation, ability to plan effectively and continuity and commerciality of any sponsorship contracts.
Contracting Model	<ul style="list-style-type: none"> • There was a consensus feedback on the Prime Contractor model being used. Numerous reasons were given as to the benefits of this approach including focussed marketing, equitable expenditure on

	<p>production costs, ease for licensing and planning applications, easier contract management and clear roles and responsibilities that can be defined.</p> <ul style="list-style-type: none"> • In terms of Council involvement in delivery and planning it was generally felt that partnership working would be the best way forward in terms of creativity and financially. • In terms of specification most respondents felt that the Council needs to give more direction in what they want and that there needed to be clearer direction on what can or cannot be used for identified sites.
Timescale of Procurement	<ul style="list-style-type: none"> • An almost unanimous call for the procurement to be completed as soon as possible was the feedback on timescales. Specific proposed deadlines for award ranged from June 2023 to early-January 2024 at the latest. • There was a recognition of needing “12-15 months to organise” by one respondent and another pointed out that July and October were difficult times for them to bid on tenders
Procurement Approach	<ul style="list-style-type: none"> • Feedback on previous tender processes was generally positive. Most respondents expressed a desire for more engagement with the council during the tendering process. This was mostly suggested as being a discussion/ negotiation/ interview/ presentation prior to a final submission. Use of a negotiated procedure was mentioned by several respondents as a preferred route to market. A partnership approach was also requested as was a clear exit strategy for handover and contract conclusion. • For the majority of the respondents there was a request for a single-lotted contract. They cited complications (with multiple contractors) around cost of production, security, toilets, and some also felt that there would be inequity between the profits of Christmas and Hogmanay which could lead to things either getting missed between contractors and/or disputes arising. • However, one respondent indicated they wouldn't bid if it was a single-lotted approach due to perceived costs of putting on Hogmanay.

4. Procurement Options

- 4.1 Taking account of the market feedback and lessons learned from the previous procurement there are several procurement options to support each potential delivery model as outlined in the main report. These procurement options are caveated by many variables such as, scope of requirements, in-house resource available and market conditions, to name but a few.
- 4.2 Broadly, the estimated procurement approach and timescales are as follows:
- Prime Contractor Model**
- 4.3 This is the model currently used to support the Winter Festival, a lead contractor is appointed and is wholly responsible for the management and delivery of the requirement. The Winter Festival has previously been issued as two separate Lots, one for Christmas and one for Hogmanay. Bidding organisations could bid for one or both Lots, with Christmas offering a 'concession' model i.e. nil budget, wholly funded by the contractor at their own risk, and Hogmanay which has a service budget included.
- 4.4 Market feedback suggests that the Christmas and Hogmanay lot be merged to offer a single Winter Festival requirement. Given the Council's experience of this model previously being delivered successfully and taking account of lessons learned and market feedback this option may provide the best value solution.
- 4.5 Lessons Learned from the previous tender highlight the need for more time for the procurement, including time for dialogue to enable a 'sense check' on what elements of the offer may be acceptable to the Council and more time from the award of contract to the event delivery date to allow for planning and other set up requirements. The other lesson was in regard to the procedure adopted 'Open', this procedure has advantages as shown in section 2 however, it did limit the opportunity to address outlier proposals.
- 4.6 To address the lessons and findings from early market engagement an alternative procurement procedure is proposed for the tender – Competitive Procedure with Negotiation (CPN). This procedure involves a staged approach as follows:
- Contract Notice published for a minimum 30 days;
 - Council must state which elements are 'minimum requirements' to be met by all tenders and specify the award criteria;
 - Candidates note interest and complete the selection requirements (SPD);
 - Initial Tender Document are issued (either at the same time as the SPD or at a subsequent date with a minimum 10 day return time) – the initial tender forms the basis for negotiations;
 - Minimum requirements are non-negotiable; the number of subsequent tenders is for the Council to decide/the Council may award on an initial tender without negotiation if it provides that option at the outset;

- All tenderers must receive equal treatment, be provided with information in a non-discriminatory manner, be informed of any changes to the specification or other documents in writing and at the same time;
- The council must confirm when negotiation stage is concluded and set the date for return of final tenders. (final tenders are not open to negotiation).

4.7 Prior to publication of the contract notice, specification refinement will be required to ensure that minimum requirements are clear, the award criteria will require to be reviewed and amended to reflect the requirement and the approach, and the price schedule will require amendment (working with Finance colleagues) secure a suitable outcome for the Council.

4.8 The term of contract which is supported by the market is for five years (similar to that published previously which includes extension options at the discretion of the Council).

4.9 The current Hogmanay contract is in its initial term with 2022/23 (Yr1) delivered and 2023/24 (Yr 2) in planning, under the terms Yr 3 (2024/25) is deliverable before a break in the contract.

4.10 The Christmas element is in contract till 2023. This opens up complexity from the start and provides two options to consider:

- a) Publish a one-year contract for Christmas element only to deliver in 2024, and tender the full Winter Festival from 2025 onwards:

Risks –

- 1 The market may not respond to a one year offer due to the planning and infrastructure commitments required and nil guarantee of return on investment.
- 2 Reputational impact of not being able to provide an event.
- 3 Hogmanay event is currently dependant on additional funding from the Christmas income, this proposal puts both events at risk.

- b) Publish the full Winter Festival from 2024 with the understanding that Christmas only is delivered in 2024, and both elements (including Hogmanay) are delivered from 2025.

Risks –

- 1 There is a risk that Christmas income is not offered to support Hogmanay putting this element at risk in 2024/25.
- 2 There is a risk that the lead contractor may fail to fulfil the contract (as was the case in 2022) which will be addressed through revised Terms & Conditions.

4.11 Officers have concluded that option 2 would respond to the market feedback and provides flexibility to allow the current contract for Hogmanay to reach its natural break point.

4.12 To meet the market's preferred five year term in a combined contract offer, the initial proposal is to consider a term from 2024 to 2029 inclusive (with an

appropriate break clause). This would offer the maximum term for Christmas element and four years for Hogmanay. If agreed by the Council, the contract could offer an additional one year extension to 2030 to encompass all delivery.

Contract Management

4.13 A key element of any of the procurement approaches for Winter Festivals will be Contract management, which is a key component in ensuring that procured services provide best value for all stakeholders. Robust measures will need to be implemented and measured to foster productive relationships between all parties in the Winter Festivals contract, embedding appropriate understanding of roles and responsibilities when delivering contractual outcomes successfully. General principles and duties of the Contract Manager include:

- Performance;
- Compliance with the specification and other terms of the contract;
- Cost and benefits including the delivery of community benefits;
- Best value requirements;
- Equality requirements;
- Compliance with the Sustainable Procurement Strategy;
- Delivery and risk management; and
- Continuous improvement and co-production principles.

4.14 **Key Performance Indicators** (KPI's) will need to be developed, implemented and monitored. KPIs are a quantifiable measure of performance over time for a specific objective.