

Mayor and Councillors
COUNCIL

27/06/19

Meeting Status: **Public**

Purpose of Report: For Decision

KĀPITI ECONOMIC DEVELOPMENT STRATEGY: KĀPITI COAST MAJOR EVENTS FUND

PURPOSE OF REPORT

- 1 This report reviews the Kāpiti Coast Major Events Fund and seeks approval to update the criteria for the fund for the period 1 July 2019 to 30 June 2022.

DELEGATION

- 2 Council has the authority to make this decision

BACKGROUND

- 3 On 3 December 2015, Council approved the Kāpiti Coast Events Plan, which was developed as an action under the 2015-18 Kāpiti Economic Development Strategy. The strategy identified the visitor economy as having the potential to accelerate the vision of a thriving, vibrant and diverse economy and that a strong local events portfolio would help achieve this.
- 4 An Events Plan was produced to guide the Council's approach to event support and development. The plan was developed in consultation with Council, members of the Economic Development Leadership Group and Te Whakaminenga o Kāpiti.
- 5 It was identified during the development of the plan that the Kāpiti District had a range of small events, with many having the potential to grow in value as attractors of visitors to the district. The work focused on the development of a systematic and consistent plan to support event development and build a portfolio of events that would deliver economic outcomes and build community pride.
- 6 A set of actions were developed as part of the plan which were the key drivers of event activity up to 30 June 2018, which was carried over to the 2018 /19 financial year:
 - a) Establish and actively manage a major event fund and development programme, targeting two signature events;
 - b) Improve knowledge of existing and potential events and proactively pitch for new events;
 - c) Build capacity and professionalism of the local events industry;
 - d) Improve event marketing and increase length of stay of event attendees;
 - e) Develop competitive event venues in Kāpiti.
- 7 One of the first actions of the plan was the establishment of a Major Events Fund, with funding of \$160,000 (excl GST) made available each year. Existing major events delivered by Council were discontinued in order to enable the fund to be created. A portion of the fund, \$24,000, was available to assist with

assessing event feasibility, with the remaining \$136,000 available to support event delivery.

- 8 Eight events received funding from the Major Events Fund over the three-year period, with four events receiving funding over multiple years. Table 1 shows all events that have received funding and a breakdown of the funding amounts allocated each year.

Table 1:

Event	2016/17	2017/18	2018/19
Māoriland Film Festival	\$55,000	\$48,000	\$50,000
Ōtaki Kite Festival	\$35,000	\$24,000	\$20,000
Kāpiti Food Fair	\$15,000	\$12,000	\$10,000
Coastella	\$55,000	\$36,000	\$50,000
Ōtaki-Māori Racing Club Farmers' Market		\$15,000	
Kāpiti Coast International Jazz Festival		\$15,000	
Kāpiti Coast Festival		\$10,000	
FFFLAIRE – Feasibility funding only			\$30,000
TOTAL	\$160,000	160,000	160,000

- 9 The following tables provide a breakdown of results for each of the events supported. Table 2 shows total attendance, plus the percentage of attendees which were either residents or visitors. Table 3 shows total turnover plus the estimated return on investment for each event.

Table 2:

Event	Council Funding	Attendance		Visitor/local attendance	
		Numbers	Est/actual	Kāpiti	Outside district
Kāpiti Food Fair	\$37,000	44,987	Actual	90%	10%
Māoriland Film Festival	\$153,000	34,146	Actual	64%	36%
Ōtaki Kite Festival	\$79,000	40,000	Estimate	73%	27%
Coastella	\$141,000	9,778	Actual	47%	53%
Ōtaki-Māori Racing Club Farmers' Market *	\$15,000	3,150	Estimate	60%	40%
Kāpiti Coast International Jazz Festival *	\$15,000	150	Estimate	100%	N/A
Kāpiti Coast Festival *	\$10,000	6,000	Estimate	66%	34%
FFFLAIRE * – Feasibility funding only	\$30,000	N/A	N/A	N/A	N/A
Total	\$480,000	138,211			

Table 3:

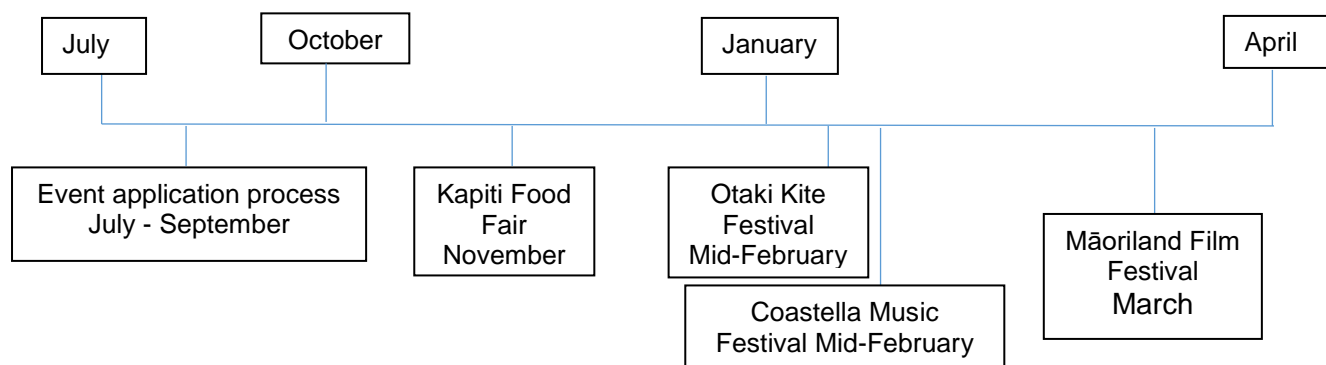
Event	Council Funding	Turnover**	Estimated Return on Investment ***
Kāpiti Food Fair	\$37,000	\$378,264	10:1
Māoriland Film Festival	\$153,000	\$2,020,973	13:1
Ōtaki Kite Festival	\$79,000	\$1,028,242	13:1
Coastella	\$141,000	\$1,502,041	10:1
Ōtaki-Māori Racing Club Farmers' Market *	\$15,000	\$20,757	1:1
Kāpiti Coast International Jazz Festival *	\$15,000	0	0
Kāpiti Coast Festival *	\$10,000	\$82,679	8:1
FFFLAIRE * – Feasibility funding only	\$30,000	N/A	N/A
Total	\$480,000	\$5,032,956	

Notes

- * These events only received funding for 1 year, all other events received 3 years of funding.
- ** Turnover is based on information provided to Council as part of the event reports, there is no independent verification of these amounts.
- *** Estimated return on investment is calculated by dividing Turnover by Council Funding.

10 Four events formed the core event portfolio over the three-year period, with signature events being the Māoriland Film Festival and Coastella Music Festival. Each of these events received multi-year funding from Council. Most of the events grew their attendance levels and return on investment during this period. However, results for Coastella Music Festival were negatively impacted by a number of factors in 2018/19. In 2017/18, three smaller events received funding support, however this was not continued in the following year.

11 The diagram below shows the calendar of events for the last 12 months, with a concentration of activity occurring in the summer period and limited activity outside of this time.



ISSUES AND OPTIONS

Issues

- 12 Following the completion of the initial three-year period of the Major Event Fund and the current contracted event funding arrangements, it is now appropriate to review the fund and the fund criteria.

Funding eligibility after three years

- 13 Feedback from event organisers has confirmed that there remains a need for external support and we are aware that other Councils in the Wellington region continue to provide similar event support in their areas. Many Councils also deliver major events, in addition to providing funding for externally organised major events.
- 14 Event organisers have advised that the fund assists by improving the viability of new and growing events and enables already established events to enhance their offering. Key benefits for organisers are the reduced risk of financial loss and increased certainty for planning purposes.
- 15 Unfortunately, the ability for events to become sustainable after a three-year period is not always achievable and it appears that some events will continue to rely on sponsorship or grant funding to remain viable long-term.
- 16 When the fund was established there was no consideration as to what would happen after three years and as a result there is no decision currently about what events will be funded going forward and what events will not be funded. There is no proposal that events be excluded from applying for funding after three years, however, it is proposed that a point is included in the decision making criteria that stipulates there may be a preference to provide funding to events that have received less than three years of funding and / or show the potential to be financially sustainable in the future.

Fund Amount

- 17 The current fund amount of \$160,000 has been distributed each year and has primarily funded just four events over the three-year period at consistent levels. There has been limited capacity to support new or additional events to a significant level or to increase funding levels as existing events continue to grow.
- 18 There is limited ability to grow the event portfolio without reducing or stopping funding to existing events. We understand that if some of the existing events were unsuccessful in receiving funding they would not be able to continue in their current format.
- 19 It is therefore proposed to increase the Major Event Fund to \$200,000 p.a. which would be split into two parts:
- a) Up to \$25,000 per annum will be available to assist with feasibility testing, business case development and economic impact studies for event opportunities. This can be used to assist with future decision making and help minimise risk with new event development.
 - b) Up to \$175,000 per annum will be available to assist with event funding. Activities that will be considered for funding include:
 - i. direct event costs including venue, stage, lighting and performance costs;

- ii. health and safety costs;
 - iii. waste minimisation and management costs;
 - iv. event management and personnel costs to secure additional sponsorship;
 - v. event signage, advertising and promotional costs.
- 20 Should the fund amount not be fully allocated in the initial funding round, Council at its sole discretion may choose to hold a separate funding round for any residual funds. Unallocated funding for feasibility assessments may be allocated at any time throughout the year at the sole discretion of Council. The increase in the Major Event Fund amount will be allocated from within the existing Economic Development budget.
- 21 For major events it is proposed to cap the amount of funding available to a maximum of \$50,000 per event. For a signature event, the amount of funding available may be higher than \$50,000. The number of events that could be a signature event for the district is considered to be very low, with a maximum of two signature events to be funded in any one year, ideally no less than four signature / major events would be funded in each funding round.

Multi-year funding

- 22 Applications for multi-year funding were awarded in the 2016 / 17 financial year, this provided applicants with certainty of a base level of funding, especially new and growing events. In the 2019-20 financial year, it is proposed to allow applications for up to three years, where there is a sound business case and evidence of the ability to delivery long-term outcomes.
- 23 Applicants that secure multi-year funding would be required to provide annual event reports to Council and confirm the delivery of pre-agreed outcomes. The failure of an event to deliver pre-agreed outcomes in any one year may mean that any future funding allocation would need to be reviewed. This will be at the discretion of Council, who would have the ability to either reduce or withdraw any future funding to the applicant for the event.
- 24 Funding of multi-year commitments may not be at the same levels each year, future funding levels may be at either a higher or lower level. Successful multi-year applicants that have received event funding at lower levels than requested in subsequent years could request additional funding in the applicable year. However, this would be subject to review along with other events applications in that year. A separate application would need to be made for additional funding.
- 25 Ideally we will be able to stagger multi-year funding arrangements going forward, which would avoid a situation where there are no arrangements in place with any events in future years. This would also help provide capacity to enable multi-year arrangements to be established with new or growing events as they are developed.

Eligibility and Criteria

- 26 There have been various changes in the eligibility and criteria of the fund since it was first established. It is proposed to update the funding eligibility and criteria as outlined below, with a focus on ensuring that the objectives of the fund are achieved:
- a) To be eligible to receive funding the event must:
 - i. take place in the Kāpiti District;
 - ii. not have already occurred in the applicable financial year;

- iii. have confirmed at least 30% of total costs;
 - iv. show how residual costs after allowing for Council funding will be covered, and
 - v. show an understanding of necessary consent and land owner approval requirements and the status of any required consents / approvals.
- b) Events will be assessed against the following criteria:
- i. be a level 1 or 2 as classified in the decision making support tool;
 - ii. showcase the Kāpiti Coast and build the profile of the Kāpiti Coast and its community;
 - iii. highlight the Kāpiti Coast as a destination for visitors, business and residents;
 - iv. have long-term economic benefits for the district;
 - v. are able to generate at least a 5:1 return on Council's investment, and
 - vi. meet tāngata whenua and community aspirations.
- c) Preference may be given to events which:
- i. attract visitors in the off season (April to October);
 - ii. have received less than three years of previous funding from Council, excluding feasibility funding;
 - iii. can demonstrate successful financial support from other funding sources;
 - iv. show potential to be self-sustaining without Council funding in future years, and
 - v. do not coincide with any other major events in the Wellington region, unless compatible.

Note: Points 26 a iii, iv, c iii – v would not be applicable to feasibility applications.

- 27 It is not proposed to exclude events that are profitable from being able to apply for funding. However, preference may be given to those events that need financial support to remain financially viable if there are insufficient funds available to meet all funding requests and provided that all other outcomes are considered equal and the necessary criteria has been met.

Decision Making Support Tool – Attachment 1

- 28 A classification system has been developed to help assess the strengths and opportunities of an events portfolio for the Kāpiti District. The matrix is designed to order events into categories to determine the type of event, its benefits and the economic and community impact.
- 29 The matrix is designed to be used as a framework for prioritising Council investment. The matrix can be seen in attachment one and is categorised into Signature Events, Major Events and Local Events. The fund is able to support events that are categorised as either a signature or major event in the matrix.
- 30 The focus areas for the assessment criteria do change depending on the level of the event, with stronger focus on economic development outcomes for signature or major events.

Funding Allocation

- 31 All applications for the Major Event Fund will be assessed by the Major Events Fund Assessment Panel. The panel will comprise a mixture of Council representatives, including one elected representative and industry specialists. The panel will be convened by the Economic Development Manager, who will facilitate any discussion with fund applicants.
- 32 The panel will make recommendations for the allocation of the Major Event Fund to Council, who will approve funding recommendations. Council has the ability to make changes to funding recommendations.

Measuring Success

- 33 Reporting requirements have been updated to enable a better understanding of the outcomes from each event. All successful applicants are required to submit a post event report to Council within two months of the event. The report is to be satisfactory to the Council in all respects and include all information requested by Council. Applicants that do not submit a satisfactory report to Council will be ineligible for future funding.
- 34 The report is to be satisfactory to the Council in all respects. Event reports must include the following information:
 - a) attendance figures including breakdown of visitor origin and visitor overnight stays in the district.
 - b) robust analysis of event outcomes, including estimated economic impacts.
 - c) full financial report, including confirmation of the level of spending within the Kāpiti district.
 - d) marketing and media outcomes.
- 35 All successful feasibility funding applicants are required to submit to Council a copy of their completed feasibility assessment and details of their proposed next steps.

OPTIONS

- 36 The delivery of a successful major event portfolio is important to the economic development of the district. Events have the potential to bring in visitors to the area, creating tourism and other business opportunities. Events are also important in attracting and retaining residents, with people more engaged and passionate about their community.
- 37 Increasing the funding for major events will provide opportunity to expand the event portfolio and provide greater support for events to grow and develop in the district. It will however be important that appropriate eligibility and criteria requirements are in place and that follow up reporting on event outcomes are received and assessed.
- 38 In addition to the provision of funding, it is important that Council does work proactively with event organisers in order to ensure that this investment is leveraged to its full potential, which can include support with marketing and communications, access to venues and support around processes.
- 39 Attachment 2 is an updated information document for the Major Events Fund, which outlines the purpose and requirements of the fund for applicants and will be used as the guide for the funding process.

CONSIDERATIONS

Policy considerations

- 40 The 2016-18 Economic Development Strategy provides the strategic structure for event development and growth in the district. This has been supported in the draft 2019-22 Economic Development Strategy which is currently in development.

Legal considerations

- 41 There are no legal considerations

Financial considerations

- 42 Funding for the 2019 – 2022 Major Events Fund will be allocated from the existing approved Economic Development budget. There will be no additional funding required from Council to deliver this proposal.

Tāngata whenua considerations

- 43 Ensuring tāngata whenua aspirations are valued and met is a key consideration of the Kāpiti Coast Major Events Fund and is included in the fund assessment criteria.

Strategic considerations

- 44 The Major Events Fund strategically contributes to the Long Term Plan's goal of, 'a positive response to our distinct district identity'.

SIGNIFICANCE AND ENGAGEMENT

Significance policy

- 45 This matter has a low level of significance under Council's Significance and Engagement Policy.

Consultation already undertaken

- 46 Council and community expressed their want for changes in the Major Events funding process in 2018. As the process was due to be reviewed in 2019 we have taken on their recommendations and guidelines. We have also met with previous major events fund recipients.

Engagement planning

- 47 An engagement plan is not needed to implement this decision.

Publicity

- 48 A communications plan will be developed to notify the commencement of the Major Event Fund application process. This will be notified through Council's existing communication channels including a page on the Council website.
- 49 All successful applicants of the major event fund are required to have a communications and marketing plan as part of their event application. The communications and marketing plan must clearly state how the event will be

promoted and how this will contribute to the Kāpiti District. This is to include confirmation of the role of Council in supporting communication and marketing activities for the event.

RECOMMENDATIONS

50 That Council

- a) Approves an increase in the amount of the Major Events Fund to \$200,000 (excl GST) per annum from the existing economic development budget.
- b) Approves the Kāpiti Coast Major Events Policy for the period 1 July 2019 to 30 June 2022.

Report prepared by	Approved submission	for	Approved submission	for
Darryn Grant	Natasha Tod		Ian Littleworth	
Economic Development Manager	Group Manager		Acting Group Manager	

ATTACHMENTS

- 1 Decision Making Tool
- 2 Kāpiti Coast Major Events Fund Policy