

Management report to Council

Agenda item 6.3

Event Partnership Program (EPP) and Triennial Sponsorship Program (TSP) Review Recommendations

Council

Presenter: Louise Scott, Manager Events Melbourne

30 April 2019

Purpose and background

1. The purpose of this report is to seek Council approval for the recommended changes to the Event Partnership Program (EPP) and Triennial Sponsorship Program (TSP).
2. Through event sponsorships, Melbourne City Council positions Melbourne as a globally recognised, locally loved events city. The programs specifically support events which are either free to attend or have a free component ensuring that the events are accessible to all.
3. The EPP and TSP are well established and successful sponsorship programs, receiving a high level of applications each year.
4. Council invests \$2,558,840 annually on over 60 event partnerships, and in return receives reciprocal rights and benefits that contribute to achieving Council's vision, goals and objectives.
5. Approximately 3.45 million visitors attended TSP and EPP sponsored events in 2018-19, delivering an economic impact of \$618.8million to the City of Melbourne and the state of Victoria. (Figures derived from 2018-19 post event reports)
6. The events sponsored must take place within the City of Melbourne, be free to attend or have significant free components, while having widespread appeal resulting in a significant number of event attendees.
7. Sponsored events are expected to drive visitation and foster a positive profile for Melbourne, while supporting a vibrant economy through activation, innovation, and collaboration.
8. A review of both the EPP and TSP was undertaken to ensure both programs continue to deliver best practice outcomes for the community, whilst optimising return on investment for the City of Melbourne.

Key issues

9. Management liaised with stakeholders (Attachment 1) through a community engagement framework and engaged an external agency with expertise in the sponsorship market to guide the review process.
10. Currently the EPP stipulates the same criteria, assessment and acquittal process for all events – irrespective of investment level (from \$5000 to \$50,000). This was identified as a potential barrier for smaller event organisers and community groups to meet the contract obligations.
11. Multi-year partnerships are currently only available via the TSP. EPP event organisers must submit a new sponsorship application each year even if events are held annually, of a high quality, and consistently meet their sponsorship objectives. This gives little security for event organisers, and restricts Council in further developing relationships with these organisations where leverage opportunities exist to achieve Council Plan objectives and best value from the partnership.
12. The number and frequency of sponsorship rounds for both programs was considered unnecessary, and participants agreed that a single annual program offering flexible sponsorship tiers (with scaled KPIs tied to the level of investment) would provide a clear approach for applicants (Attachment 2).
13. By considering the total annual investment of \$2,558,840 in one sponsorship application round annually, Council can make more informed decisions on which events to fund.

Recommendation from management

14. That Council:

14.1. Merge the Event Partnership Program and Triennial Sponsorship Program into one annual Event Partnership Program with one sponsorship application round per year (Attachment 3).

14.2. Introduce the following four tiers of funding within the annual Event Partnership Program:

14.2.1. Tier 1: \$100,001+(combined value of cash and/or in-kind)

14.2.2. Tier 2: \$50,001 - \$100,000 (combined value of cash and/or in-kind)

14.2.3. Tier 3: \$10,001 - \$50,000 (combined value of cash and/or in-kind)

14.2.4. Tier 4: \$5,000 - \$10,000 (combined value of cash and/or in-kind)

14.3. Approve the introduction of multiyear funding for all tiers of the Event Partnership Program.

Attachments:

1. Supporting Attachment (Page 3 of 8)
2. EPP Objectives (Page 5 of 8)
3. Change table(Page 8 of 8)

Supporting Attachment**Legal**

1. There are no direct legal issues arising from the recommendation from management.

Finance

2. The proposed EPP and TSP budget for 2019-20 is below. Sponsorship expenditure is recognised in the financial year that the funds are approved by Council, except for (i) Round One 2019-20 funding which would be approved by Council in 2018-19 but recognised in 2019-20, as per prior years' practice; and, (ii) multi-year funding (such as TSP), the first year of which is recognised in the financial year that the funds are approved by Council, and the remaining years of which are recognised by their annual amount in each subsequent year.

2019–20 Event Sponsorship Budget (Proposed)	\$2,558,840
TSP (14 x events contracted until 2020-21 FY)	\$1,650,000
EPP Round One 2019-20 and Annual EPP 2020 funding	\$908,840

3. Should Council adopt the recommendation as shown the total proposed 2019-20 budget for EPP and TSP funding would not change.
4. The amount of funds therefore available for Annual EPP 2020 funding round (2019-20 financial year) would be - subject to Council approval of its 2019-20 Annual Budget - \$908,840 less the amount of funding approved for Round One 2019-20 EPP funding.
5. Future financial year event sponsorship budgets will be determined and approved by Council according to the normal annual process. However, to illustrate, for 2020-21, notionally, the amount of budget available for Annual EPP 2021 funding would be \$2,558,840 less any funding pre-committed by Council, which would include existing pre-committed TSP funding, any multi-year funding committed to as part of Annual EPP 2020 funding, and any other Council-approved pre-commitments were they to occur.
6. Whilst a portion of the budget is allocated to multiyear funding, at least 20 per cent of the total budget will be available to new or one off events on an annual basis.

Conflict of interest

7. No member of Council staff, or other person engaged under a contract, involved in advising on or preparing this report has declared a direct or indirect interest in relation to the matter of the report.

Health and Safety

8. In developing this proposal, no Occupational Health and Safety issues or opportunities have been identified.

Stakeholder consultation

9. Community Engagement was undertaken with past EPP/ TSP recipients via surveys (43 responses received) and face to face interviews (four conducted). Key themes that emerged from consultation:
 - 8.1 CoM objectives and KPIs should be simpler and reflective of the level of investment;
 - 8.2 One program with a tiered structure was preferred;
 - 8.3 Multi-year funding requested to improve event outcomes.

Relation to Council policy

10. Council policies that relate to this report include the Council Plan 2017–21.

Environmental sustainability

11. All EPP/TSP applicants are asked to demonstrate how they are achieving Council's sustainability objectives in their applications; these Key Performance Indicators and measurements are formed in collaboration with CoM's Urban Sustainability branch, and are based on the tiered structure.
12. All events taking place on Council-owned land are required to have a detailed environmental impact minimisation plan that falls within the Guidelines for Sustainable Events.

Objectives of the Annual Event Partnership Program (EPP)

The Event Partnership Program (EPP) offers financial and/or in kind support to eligible events that activate Melbourne, generate benefits for our communities and businesses, and contribute to Council Plan objectives.

Sponsorship is defined as a business agreement between organisations where the City of Melbourne receives benefits equal to the value of the sponsorship investment. These benefits may include speaking opportunities, brand exposure, signage, and/or tickets and hospitality.

The Annual EPP will be divided into four tiers, with consideration for both commercial and community events. Both the tier of the event and its' commercial or community nature, will ensure a fair evaluation against events of a similar nature.

The Annual EPP will be conducted on an annual basis with one sponsorship round a year. The Annual EPP will provide options for single or multi-year cash and/or in-kind sponsorship for organisations delivering iconic events.

Application Criteria

All events must meet the following criteria:

- Take place within the City of Melbourne municipality;
- Be free to attend or have significant free components;
- Have widespread appeal and be likely to attract a significant number of attendees;
- Be financially sustainable without support from the City of Melbourne;
- Be a legal entity with an ABN; and
- Returning events must have been compliant with past sponsorship agreements and event permit requirements.

Eligible events are classified as either commercial or community in nature, regardless of the status of the organisations, e.g. a not for profit organisation can deliver a commercial event.

Specific eligibility for commercial events

All commercial events must:

- Attract a large number of visitors to the event and central city;
- Present opportunities to maximise visitor spend within the city; driving commercial benefit to city businesses;
- Have the ability to actively engage with city businesses;
- Attract significant mainstream media coverage; and
- Deliver upon commercial sponsorship benefits (e.g. designation & IP, branding, signage, digital & social etc.).

Specific eligibility criteria for community events

All community events must:

- Be a community or cultural event of national or cultural significance;
- Deliver upon sponsorship benefits (e.g. branding, signage, digital & social etc.);
- Deliver free and engaging programming, that evolves year on year (if an annual / repeat event); and
- Actively engage with community groups and encourage participation.

Ineligible Activity

The EPP does not support:

- Events that have started before the eligible date range;
- Ticketed events, or events that require a donation for entry;
- Tradeshows, conferences, exhibitions, teaching programs/lectures, university open days, commercial theatre, or recurring markets (the City of Melbourne has alternative programs that may support this activity);
- Prize money, trophy production, awards, travel, accommodation, feasibility projects, or capital expenditure;
- Activities that pollute land, air or water, or destroy or waste non-recurring resources;
- Events that involve the use of exotic animals;
- Applications from individuals/ sole traders, City of Melbourne employees, or political organisations;

- Events that have a political or religious purpose, or that denigrate, exclude or offend parts of the community;
- Events that are already receiving support from, or have applications pending with, another City of Melbourne program; or
- Organisations that have an outstanding debt to the City of Melbourne or that have failed to comply with the terms and conditions of any previous sponsorship or event permit from City of Melbourne.

Application dates for eligible events

The Annual EPP will invite applications once each year.

For 2020 events, applications will open in July 2019 with Council resolution in October 2019.

Annual applications for EPP 2021 (and beyond) will open in May to align with Arts Grants, with Council resolution in August.

The City of Melbourne's vision and goals

The City of Melbourne has a vision that Melbourne will be a bold, inspirational, and sustainable city. Council's four-year plan outlines how we will achieve this vision, with clear goals that outline what benefits we want to accomplish for our communities.

The objective of the EPP is to partner with event organisers to help achieve Council goals; specifically delivering against 'a city for people' and 'a prosperous city', whilst enhancing the event and heroing the city.

The Event Partnership Program sponsors events that directly drives visitation to the municipality to deliver economic benefit to City of Melbourne based businesses and retailers. Approximately 3.45 million* visitors attend EPP sponsored events annually delivering an economic impact of \$618.8million* to the City of Melbourne and the state of Victoria.

**Figures derived from 2018-19 post event reports supplied by event partners.*

Program Structure

The EPP has a robust methodology for receiving sponsorship requests and assessing them in terms of an event's ability to meet Council goals. This process includes:

- An online application process, with application questions derived directly from Council goals and objectives;
- A tiered sponsorship system to categorise events by their investment to improve equity and fairness of evaluation;
- Weighted assessment criteria to ensure appropriate alignment with high-priority objectives for Council and consideration of the commercial or community nature of the event;
- Comprehensive review by an Internal Panel of managers from across the organisation; and
- Key performance indicators (KPIs) included in sponsorship agreements for measuring performance against Council goals and objectives.

The assessment and subsequent scoring of sponsorship applications using this process allows the City of Melbourne to compare the strength of an event's performance against Council goals and make sound investment decisions in line with those goals.

Sponsorship Tiers

City of Melbourne categorises all events into tiers to ensure the assessment process is fair, and the events have manageable KPIs. KPIs vary for each tier, with Tier 1 events needing to commit to specific actions around visitation, targeted business engagement, direct economic impact reporting, and advanced sustainability commitments. At the lower end of the scale, Tier 4 events are not required to provide economic impact reports, stakeholder engagement is simplified to consultation, and sustainability commitments are focused on working towards small and manageable goals.

The tiered system also guides City of Melbourne on the sponsorship benefits it acquires from each tier. Tiers are categorised by the total investment value (cash and in-kind) as per the below:

Tier 1 Events	\$100,001+
Tier 2 Events	\$50,001-\$100,000
Tier 3 Events	\$10,001-\$50,000
Tier 4 Events	\$5,000 - \$10,000

How we assess applications

Applications are assessed by officers from the Events Melbourne branch using a set of weighted assessment criteria, and then reviewed by a panel of officers from various branches across the City of Melbourne.

The assessment criteria focus on the strength of the application in demonstrating how the events will generate benefits for a variety of community sectors, attract visitation and how well those benefits align with the City of Melbourne's vision and goals for our city.

Recommendations are determined on the following basis:

- The merit of the event concept and whether it adds value to the annual calendar of events based on uniqueness, timing, location and audience;
- For returning events, the level of new programming and/or increased benefits to community sectors;
- The capacity of the organisation to deliver the event;
- The sponsorship benefits offered to the City of Melbourne in the form of speaking opportunities, brand exposure, signage, tickets and hospitality, and community engagement opportunities;
- The amount of sponsorship requested, and the total request for sponsorship by all events within the application round.
- The application's ability to meet the assessment criteria;

What has changed?

<p>PREVIOUS EPP & TSP Programs</p>	<p>REPLACEMENT Annual Event Partnership Program (EPP)</p>	<p>Proposed changes</p>
<p>TSP: applications open every 3 years; with the current round of sponsorships approved in July 2017, and contracted through until 2021.</p>	<p>Merge EPP and TSP programs.</p>	<ul style="list-style-type: none"> All sponsorships assessed annually at the same time against weighted criteria aligned to Council objectives. Events can be recommended for either single or multi-year funding. New tier structure to clearly define investment level. Improved customer experience – less administration across the sponsorship cycle.
<p>EPP: bi-annual applications open in February and July, with Council resolution in June and November.</p>	<p>Annual applications for EPP 2020 open in July 2019 with Council resolution in October 2019.</p> <p>Annual applications for EPP 2021 (and beyond) open in May to align with Arts Grants, with Council resolution in August.</p>	
<p>INVESTMENT/ TIER STRUCTURE</p>		
<p>TSP \$50,000+</p>	<p>Tier 1 - \$100,001+</p>	<ul style="list-style-type: none"> Customised sponsorship benefits negotiated depending on investment and tier. Alignment to Council Plan demonstrated through customised KPI's relevant to tier and the events' Community or Commercial status. Acquittal report and analysis customised to tier and the events' Community or Commercial status. Proposed changes allow focus on partner relationships and negotiating best value for Council.
	<p>Tier 2 - \$50,001 - \$100,000</p>	
<p>EPP Tier 1 \$35,001 - \$50,000</p>	<p>Tier 3 - \$10,001 - \$50,000</p>	
<p>EPP Tier 2 \$10,001 - \$35,000</p>	<p>Tier 4 - \$5,000 - \$10,000</p>	
<p>EPP Tier 3 up to \$10,000</p>		