



Cabinet report

Date	9 FEBRUARY 2023
Title	TO APPROVE THE TERMS OF A NEW LAND HIRE AGREEMENT WITH IW FESTIVAL LTD FOR THE STAGING OF THE IW FESTIVAL AT SEACLOSE PARK
Report of	CABINET MEMBER FOR LEVELLING-UP, REGENERATION, BUSINESS DEVELOPMENT AND TOURISM

EXECUTIVE SUMMARY

1. This report seeks approval for a five (5) year agreement to be concluded with Isle of Wight Festival Ltd for the staging of the Isle of Wight Festival from 2023 to 2027 (inclusive) at Seaclose Park.
2. The original ten (10) year agreement between the council and the organisers concluded in 2019 and due to the impact and uncertainties of the pandemic, which led to the cancellation of the IW Festival in 2020, the 2021 and 2022 events were delivered via single year contracts with a view to a long term agreement being concluded for 2023 onwards.
3. The report sets out the key elements of the agreement and instructs the Director of Regeneration, in liaison with the Cabinet member to conclude the land hire agreement.

RECOMMENDATION

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| <ol style="list-style-type: none">4. To agree the terms set out in the report for a new five (5) year agreement with Isle of Wight Festival Ltd. to stage the IW Festival for the period 2023-2027 inclusive and to instruct the Director of Regeneration in liaison with the Cabinet Member for Levelling Up, Regeneration, Business Development and Tourism to conclude the details of the agreement, including provision to terminate where necessary. |
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BACKGROUND

5. The Island is recognised worldwide as a major festival venue based on the iconic Isle of Wight Festival of 1970 where it is estimated more than 500,000 people attended at Afton near Freshwater. In 2002 the Isle of Wight Festival returned with an event organised and funded by the Isle of Wight Council at Seaclose Park, and it

had been delivered by Solo Promoters until 2018 when Live Nation took over as lead promoter. The negotiations regarding the land hire are with Isle of Wight Festival Ltd, who previously delivered the festival as Solo Promoters

6. The original ten (10) year land hire agreement expired in December 2019. The agreement set out the terms for operating the site including times of closure, security of the park, closure of footpaths and responsibility to repair any damage created by the event. In general terms the original agreement has worked well and these key elements have been included in the drafting of the new document.
7. In addition to land hire, the promoter also has a licence agreement for the use of the site to cover issues such as the capacity of the site for ticket sales, alcohol, traffic management and other related matters. Some of these costs are recoverable by the council under the Isle of Wight Act which gives the council certain controls on events that exceed 5,000 attendees. The licence agreement is separate from the land hire agreement and does not need to be extended as it is granted under legislation and is not time limited.
8. The promoters have a separate agreement for the use of the Medina Leisure complex (owned by IWC) which is dealt outside this land hire agreement due to the need to have control of operational issues at the facility. The promoter also has an agreement with Medina Academy for certain land and buildings at the school which is also outside this agreement.
9. As part of the single year agreements in 2021 and 2022, the organisers agreed to undertake a number of activities previously delivered and resourced by the council. Whilst not formally part of the requirements to deliver the Festival, they are seen as important activities to ensure the impact on residents and the local community are minimised. The main additional activities are the management of the West Bank (an area of council owned open space between Riverway Industrial Estate and the Medina river) and the river estuary and the delivery of the residents parking and traffic management arrangements around Halberry Lane which directly abuts the site. These elements will now form part of the organisers responsibilities under the terms of the new land hire agreement.
10. The event also uses an area of IWC land at North Fairlee Farm under a tenancy at will (known within the festival layout as "Strawberry Fields") which will also form part of the land hire agreement.

NEGOTIATIONS

11. In agreeing the single year land hire agreement for 2022, the council made it clear to IW Festival Ltd that its objective was to negotiate and secure a longer term arrangement for 2023 and beyond. In order to assist in these negotiations, the council commissioned Savills to assess the value of the council's landholdings to the event and advise how any new agreement might be concluded.
12. Savills report includes financial information of other festival and events as well as assessments relating to income and other values which are considered business and operationally sensitive.

13. The report recognises that the event does not take place wholly under one ownership and that the site is made up of several different parties including the council (main arena, Newport Harbour, Strawberry Fields and backstage), Medina College and Solo Promoters (camp sites and main carparks along Fairlee Road to the racecourse roundabout).
14. Whilst the Seaclose site contains much of the licensable activities and the mainstage, it is clear that the festival could not be delivered in its current form unless all parties land were included. A plan of the whole site is attached as appendix 1.
15. Savills were advised of the council's plans for Newport Harbour as set out in the recent Masterplan and draft Supplementary Planning Guidance (SPG). This is because the masterplan envisages a large area of the harbour being redeveloped over the next ten (10) years, part of which is used by the IW Festival for operational purposes, including tour buses for those working on construction of the main stage and other infrastructure.
16. In summary, the Savills report recommended a significant uplift from the land hire fee originally agreed in 2009 for the Seaclose site. It also provided a commercial valuation for the Medina College playing field land used for the Festival. Medina College have always had a separate agreement with the event organiser and the council did approach the school regarding a joint approach to negotiations. The College decided to undertake their own negotiations and the council provided them with this valuation. The council understands that IW Festival Ltd have reached a separate arrangement with the college on the basis of this valuation.
17. A number of meetings between the council and the organisers have taken place in order to put forward a proposal for consideration by Cabinet. The organisers understand the council's desire to increase the land hire fee but are keen to point out the current economic uncertainties and the need to ensure the event is sustainable, given the number of festivals in the calendar, increasing costs and pressures on budgets.
18. The organisers are keen to reiterate their continued commitment to the Island and are in the process of completing an up to date economic assessment of the value of the event to the local economy which will be made available shortly. They are also keen to continue to reduce the carbon footprint of the event, something Live Nation (the main promoter) are delivering across all their events worldwide under their "Green Nation" approach. They have agreed to work with the council in establishing a "green fund" which could be based on a tariff or levy upon those attending the event using non sustainable modes of transport with the proceeds used to fund green initiatives including 'Mission Zero' projects locally. The details of any such scheme will be subject to further negotiation. This would sit alongside the land hire agreement and be community based, linked to the work of the mission zero hubs. The goal, as part of a joint Memorandum of Understanding, is to work together in order for the IW Festival to become one of the world's most sustainable music events.
19. The council have shared the main findings of the Savills Report with IW Festival Ltd who whilst having reservations of some of their findings do accept it as the basis of the council's negotiations and have committed to pay Medina College a land hire fee commensurate with that set out in the Savills report.

20. Following negotiations to date, the key elements of the agreement proposed are as follows:

- A five (5) year land hire agreement from 2023 and concluding with the 2027 IW Festival
- A fee of £86,700 for use of the Seaclose Park and North Fairlee Farm sites of subject to an annual CPI uplift (based on March CPI figures)
- The agreement of a £100,000 bond to be held by IWC for reinstatement works
- The provision by the organisers of traffic management arrangements at Halberry Lane; management of the West Bank of the river Medina and the river estuary at their cost
- A provision to terminate the agreement with agreed notice period should that be necessary
- A mechanism for allowing the relocation of IW Festival operations at Newport Harbour land should any redevelopment commence during the period up to 2027
- Continued provisions of the 2009 agreement (and amendments in 2021, 2022) in relation to security, park closure, footpath closures, reinstatement works, conditions surveys and related matters at the promoters cost.
- A separate agreement to establish a community “green fund” based on a tariff or levy on those accessing the event via non -sustainable modes of transport to support the delivery of projects, programmes and activities to reduce carbon emissions, linked to the mission zero hubs.
- A separate annual agreement for the use of Medina Leisure Centre
- A separate agreement with Medina College for the use of their land

CORPORATE PRIORITIES AND STRATEGIC CONTEXT

21. This supports the Regeneration Strategy, the Climate and Environment Strategy and the Corporate Plan.

The provision of affordable housing for Island residents

22. There is no direct impact of this decision on the provision of affordable housing.

Responding to climate change and enhancing the biosphere

23. The main promoter of the event is Live Nation, a company that deliver festivals across the UK and the world. Live Nation has an overarching plan for the delivery of their events called “Green Nation” which sets out the key principles and activities the company takes in making their events more sustainable.

24. IW Festival Ltd are engaging with a range of organisations on the Island and are developing their plans to make the IW Festival “carbon neutral” including a contract with a biogas plant to take the grass from the campsites. Engagement with the newly created mission zero hubs has also been established and the organisers have agreed to establish a tariff or levy based “green fund” to support the delivery of environmental projects linked to carbon reduction.
25. The IWC are also in discussion with the organisers regarding a new electric sub-station which would reduce the need for onsite generators and also provide increased capacity and resilience to the power supply in the area. This would be paid for by the organisers.

Economic recovery & Reducing Poverty

26. The organisers have commissioned a study to establish the value of the event to the local economy. The report has yet to be finalised but the festival has a significant direct benefit in terms of the trade for local business who supply and are engaged in its staging. In addition, there also indirect benefits such as translating large number of first time visitors to the Island in to long term customers who return for holidays and other events. It also provides positive national and international publicity and profile for the Island which is used in marketing campaigns for both tourism and inward investment.

Impact on Young People and Future Generations

27. The festival is a major event for young people on the Island providing an experience that is only available elsewhere involving considerable additional time and expense. The organisers have worked for many years with Medina College, supporting related GCSE courses in culture and the arts and enabling students to become involved in the delivery of the event, working backstage and seeing the potential career opportunities that the sector offers, they also provide the opportunity for local acts and artists to perform at the festival.

CONSULTATION

28. The council has sought to engage with Medina College regarding a coordinated approach to a new agreement given the school land is an integral part of the overall site. The college have decided to negotiate their own agreement with the IW Festival based on the Savills valuation of their land.

FINANCIAL / BUDGET IMPLICATIONS

29. The council holds a bond of £100,000 to cover any works required to the festival site in the event that they are not completed by the organiser.
30. The council also receives licence fees from the event organiser to cover the council's costs in providing certain services such as checks on food and alcohol and can also recover other costs relating to services such as health provision under the provisions of the IW Act.
31. Until the recent single year agreements (2021 and 2022) the council budget for the delivery of activities set out in paragraph 9 above (Hallberry Lane, West Bank and

River Medina) was £29,500 and transferring these functions to the event organiser under the proposed 5 year agreement will deliver this as a revenue saving to the council.

LEGAL IMPLICATIONS

32. The conclusion of the land hire agreement will ensure that the organisers are legally responsible for the safe delivery of the IW Festival taking place on council owned land.

EQUALITY AND DIVERSITY

33. The council, as a public body, is required to meet its statutory obligations under the Equality Act 2010 to have due regard to eliminate unlawful discrimination, promote equal opportunities between people from different groups and to foster good relations between people who share a protected characteristic and people who do not share it.
34. The protected characteristics are: age, disability, gender reassignment, marriage and civil partnership, pregnancy and maternity, race, religion or belief, sex, and sexual orientation.
35. It is not considered that the proposed agreement set out in this report will have any direct adverse implications to any of the protected characteristics groups.

PROPERTY IMPLICATIONS

36. The Seaclose Park site is in the freehold ownership of the council and there are no direct implications as a result of the recommendations in this report.

OPTIONS

37. The options considered by the Cabinet are:
 1. The council agree to the terms of a new five (5) year land hire agreement with Isle of Wight Festival as set out in paragraph 20 and instructs the Director of Regeneration in liaison with the Cabinet member for Levelling Up, Regeneration and Business Development to conclude the detailed arrangements in the agreement, including provision to terminate where necessary.
 2. To seek different terms and instruct the Director of Regeneration in liaison with the Cabinet member for Levelling Up, Regeneration and Business Development to negotiate further with IW Festival and report back to a future Cabinet meeting.
 3. Not to conclude a new land hire agreement.

RISK MANAGEMENT

38. If the council cannot conclude a long term agreement (option 3) then any land hire fee will be lost. The council could seek another promoter, but this requires time, resources and is high risk. The event sector has suffered greatly as a result of COVID and was becoming over saturated prior to the pandemic. In addition, the council does not have the naming rights for the IW Festival so any new music event

would have to be marketed differently unless the naming rights could be negotiated from the current organiser. This would potentially be at considerable cost even if acceptable in principle.

39. Failure to negotiate a new deal would also mean loss of revenue generated at Medina Leisure. Medina College would also lose income from the hire of its buildings and land.
40. Not to conclude an agreement with the promoter resulting in the loss of the IW Festival would lose income to the council and create reputational damage to the authority. It would have a significant impact on many Island businesses and could make the festival difficult to re-establish with the consequential losses to the economy and profile of the Isle of Wight.
41. Alternatively, there are many Islanders who feel the disruption to daily life created by the Festival does not now warrant its continued support and the view of many businesses in Newport is that there is little or no benefit to the town's economy as the festival site has changed, providing for many more of festival goers needs on site.
42. The council could seek to negotiate a different deal (option 2). It could continue to agree the land hire on an annual basis, but this would not provide any certainty for either the council or the promoter to plan and or invest over the longer term.
43. Given the regeneration plans for Newport Harbour, any short-term arrangement would have an increased risk of insufficient time to plan and put in place alternative arrangements for relocating festival operations that currently take place in the harbour area. The longer agreement would include a legal mechanism to ensure both parties had certainty over how this would be dealt with thereby reducing the risk to the staging of the festival.
44. The council could seek to negotiate a different fee structure. Officers have been in negotiation with IW Festival for some time and have explored alternative approaches with the promoter. A more complicated formula that could include, for example, ticket sales, has been considered but this would lead to uncertainty on income for the council and greater complication and evidence to validate any final income fee.
45. An agreement over five (5) years on an agreed land hire charge subject to inflation (option 1) provides the greatest certainty for the authority on fee income and confidence in the festival continuing to be staged in the longer term to the benefit of the local economy.
46. The agreement also provides continuity on existing operational arrangements which have worked well over previous years and has also provided the ability to include functions which were previously provided, at a cost to its revenue budget, by the council to become part of the festival organisers contractual responsibly, at no cost to the authority.
47. A longer agreement would also save the council significant costs in staff time in processing, agreeing and concluding any single year agreements at a time when resources are stretched, and any duplication should be avoided wherever possible.

48. A longer agreement would also provide key partners such as Police, Fire, NHS and other services the ability to more confidently plan the deployment of their resources to the event and the wider community.
49. The agreement will include a provision for early termination by the council should that prove necessary.
50. All insurance related risks connected with staging the event are made the responsibility of the promoter as part of the proposed agreement.

EVALUATION

51. The Isle of Wight Festival is considered to have an economic benefit to the Island and has been staged annually since 2002 (except during the pandemic in 2020). It provides worldwide profile for the Island as both a tourism destination and place to invest which if lost would be difficult to replicate.
52. The event has a significant direct and indirect value to the Island economy and introduces a new demographic of visitors to the Island many of whom will then continue to return both as festival goers but also long term visitors with their families, friends and relatives.
53. IW Festival Ltd are keen to conclude negotiations on a new land hire agreement to enable the staging of the event up to and including 2027. The council have taken independent advice on the value of the council's land to help inform those negotiations which has also been shared with Medina College and enabled them to agree additional income for the school for the use of its playing fields.
54. Whilst the staging of the IW Festival is not necessarily supported by everyone, any adverse impacts on the local community have been mitigated over the years and a new long term relationship will ensure that these plans will continue to be delivered and refreshed where necessary to ensure it continues to be a great event.

APPENDICES

Appendix 1 – IW Festival site plan

BACKGROUND PAPERS

Savills Report (December 2021) exempt.

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