

THE HIGHLAND COUNCIL

RESOURCES COMMITTEE

3 DECEMBER 2008

Agenda Item	
Report No	

HIGHLAND HOUSING FAIR 2010

Report by Director of Planning & Development

SUMMARY

This report updates Members on the new vision for the Highland Housing Fair event which has been rescheduled to take place in the summer of 2010. A review and streamlining of the event to suit these new circumstances has been completed with a revised funding package and consequent reduction in the need for Public Sector support. The Fair supports the Programme for the Highland Council's commitments to housing and sustainable development. Additional funding support of £40k is being sought from the Highland Council and the Planning & Development Service has no budgetary provision for this. This request has been discussed and approved by the Planning, Environment & Development Committee at its meeting on the 23rd September 2008 and remitted to the Resources Committee for consideration.

1. Background

- 1.1 Members will be aware that the proposal to hold a Highland Housing Fair in 2009 in Inverness has been rescheduled to take place in the summer of 2010. The Fair will be the first of its kind in the UK and will be an innovative development of around 50 homes which will be at the cutting edge of modern design and sustainable building techniques. The concept behind the Fair is to:
- Showcase innovative modern low energy housing designs and to demonstrate sustainable development through advanced forms of site servicing, scheme layout and building practice.
 - Stimulate wider use of timber construction and other Highland materials/finishes thus promoting a distinctive local vernacular.
 - Help secure a step-change in developer products and public aspirations for new housing, including encouragement for self-builders and component suppliers.
 - Promote the creativity and quality of lifestyle in Highland to residents and the significant number of visitors expected to attend the Fair.
- 1.2 Following a successful design competition where over 100 entries were received from across Scotland, the 25 winning entries, including five from Highland, are currently going through the development process to have their buildings complete in time for the Fair event itself. Construction activity is due to commence on-site in February 2009 with all houses being complete by December of that year.

- 1.3 The Fair will be marketed as a major event for locals, tourists, companies and construction professionals. All of the properties will be open to visitors and there will be supporting display, exhibitions and events within the Fair site. The properties will then be sold or rented and occupied by the owners/tenants. 40% of the houses will be affordable.

2. Update

- 2.1 Members will appreciate that Highland Housing Alliance who are project managing the housing aspect of the Fair, are naturally in close contact with all the architects and developers involved. Towards the end of June 2008 it became clear that macro economic factors relating to the 'credit crunch' meant that a number of developers were having difficulty accessing development finance. Over the early summer meetings took place with all of the architects and developers to take soundings from all involved. This confirmed that the problem of development finance is shared but the consensus was that the Fair should be rescheduled to 2010. Commitment and enthusiasm for it remains strong and it was felt that by 2010 some 'green shoots' of recovery will be there. The Fair could be a timely and vital catalyst to encourage confidence and economic growth.
- 2.2 All developers were in agreement however, and urged the public sector partners to investigate how assistance could be provided to help access development finance as ultimately the Fair could only proceed if the houses are built. Highland Housing Alliance recognised this impediment and have brought forward an innovative method of funding the purchase of the housing plots for the developers. This will ease the financial burden in the early stages and allow developers to raise development capital on the plot.
- 2.3 On 5th August 2008 the Highland Housing Fair Board formally agreed to reschedule the Fair to 2010. This was reported to the PED Committee on the 13th August. In addition, the Highland Housing Fair Board agreed to investigate how assistance with the development finance could be provided and to prepare a revised Event Proposal and funding package for the rescheduled Fair exhibition. The revised Event Proposal and financial projections were reported to and accepted, with modest changes, by the HHF Board on the 2nd September (copies attached as Appendices 1 & 2).

3. Council Support

- 3.1 The Council has been an active promoter and supporter of the Fair since its inception. In light of the decision to reschedule the Fair the HHF Project Manager has produced a revised proposal to adapt the event to suit these new circumstances.
- 3.2 A consortium of public agencies is required to finance the fair event. It is intended that this should include all agencies that have provided initial seed-corn funding though there is scope, as a consequence of the delay, to take advantage and secure other matched funding opportunities.

3.3 The suggested consortium and funding breakdown being sought comprises:

The Highland Council	£40k (including a £10k contingency)
Forestry Commission Scotland	£30k (agreed)
Scottish Government	£50k (provisional)
SUST	£40k (agreed)
Others –	£45k
HIE	
Event Scotland	
SAC	
TOTAL	£205k

Other potential funding bodies include the Energy Savings Trust, Carnegie Trust, Foundation for Sports & Arts.

4. Financial Implications

4.1 The revised proposal for the Highland Housing Fair Event is seeking a further Highland Council contribution of £40k to enable the rescheduled 2010 Event to proceed. This request was discussed and supported by the Planning, Environment & Development Committee at its meeting on the 23rd September 2008 and Members agreed to remit to the Resources Committee for consideration.

6. RECOMMENDATION

6.1 Members are recommended :-

- a) to note the decision to reschedule the Highland Housing Fair to 2010,
- b) to consider the suggested level of additional financial support being sought for the Fair Event in 2010, and
- c) to agree to provide an additional £40k (including a contingency of £10k) to the Highland Housing Fair Event to enable it to proceed in 2010.

Signature:

Designation: Director of Planning and Development

Date: 18 November 2008

Author: Geoff Robson, Head of Environment & Development

Scotland's Housing Expo

Highland Housing Fair Event: Draft Proposal

Oct. 2008

Background

The Highland Housing Fair (HHF) scheduled to take place in summer 2010, will be Scotland's first ever housing fair.

A unique event, it is based upon similar models found in mainland Europe, particularly Finland where historically the housing fair concept has proven very successful in stimulating quality design and innovation in Finnish housing. The HHF aspires to be a catalyst to prompt a similar kind of change within the Highlands and throughout the UK. By creating an exemplar community, it will act as a model for future housing design and development.

The key components of the housing fair are the design and construction of 55 architect design houses, and the staging of the month long event to compliment the flagship housing development, opening to the public in summer 2010.

The show homes have a strong focus upon, high quality design, innovative technology, and the use of sustainable systems and features. The cream of Scottish architecture is reflected in the 25 winning architect/developer teams, resulting from the Royal Incorporation of Architects in Scotland (RIAS) accredited architectural competition.

It is expected that 30,000 will attend the fair event. This number was based upon several extrapolations made by Highland Opportunity Limited (HOL) including the Finnish model.

The Fair is fully supported by a consortium of agencies including the Highland Council, The Scottish Government, Highlands and Islands Enterprise, The Forestry Commission, Inverness City Partnership, SUST: The Lighthouse on Sustainability; and the Royal Incorporation of Architects in Scotland and Inverness Architectural Association.

Recent Developments

The Highland Housing Fair was originally planned for August 2009. However, as a result of the impact of the 'credit crunch' upon developers within the housing component, the project has been rescheduled, and is now due to take place in summer 2010. (Note: for the purposes of this proposal, all statistics relate to the fair being staged in August 2010).

The rescheduling of the project has also put all recent funding negotiations in jeopardy which has placed the fair in a difficult financial position.

In addition to this, the previous event proposal required a significant amount of public funding which has proved difficult to secure. It is thought that any requirement for additional public funds due to the extension of the project would not be tenable.

The combined effect of the issues as outlined above make a case for the development of a new event strategy, one which can adapt to the change in HHF's circumstances.

Proposal

The new proposal is designed to play to the events existing strengths, whilst taking account of the need to minimise the amount of funding required to make the event financially viable.

As a result of the competition the fair has the capacity to showcase in excess of 50 unique architect designed sustainable houses. This is arguably the main strength of the event as these houses, when built, will create one of the most modern architecturally rich built environments in Scotland. This core event is of great value and if marketed well, should have the critical mass by itself to attract the required number of visitors to the fair.

Homes for the Future, part of Glasgow's 1999 Year of Architecture, which was open for a month in that year, staged a successful event based upon showcasing the houses. The only on site facilities were a small exhibition and a satellite of the RIAS bookshop.

Adopting this approach would require HHF to place the houses centre stage as the event. Any event activities outwith the core housing event would be viewed as additional, with any requiring funds and human resources being independently resourced. This will allow HHF to refine the core event and secure it within a defined budget. It also however allows room for in-built flexibility, as optional extras can be bolted on, subject to demand and resources.

The new proposal will see a reduction in the amount of public funding required to make the project viable. It will also significantly reduce overall expenditure on the project and consequently the fairs financial risk.

The new vision for the event therefore seeks to guarantee that the event will take place, adapting to the change in circumstances, whilst not reducing the impact or the high ideals that the fair seeks to promote.

To summarise the new proposal intends to:

- Focus on the core event i.e. the 50+ houses, the main attraction which will get 30,000 people to attend. Homes for the Future ran a successful event based on only the houses.
- Make all event activities deemed not to be part of the core event, stand alone in finance and human resources.
- Reduce public funding to make it achievable.
- Reduce expenditure to reduce the HHF's exposure
- Ensure that all of the above be achieved without sacrificing the impact and the number of attendees envisaged by the original event proposal.

Elements of the Core Event

The main elements of the core event can be described as follows:

- Houses open for a full month to the public.
- Free shuttle bus and Park n ride to the event, with limited on site parking.
- Area for receptions and press.

- Event should not be price prohibitive. Ticket price currently calculated at average £6, however it is important to highlight that this is subject to the development of a ticketing strategy and may modify.
- Event should explore the option of aiming to be a Carbon Neutral event , and if possible should be promoted as such.
- On site facilities will be limited: ticketing booth/ information desk, Reception Area, Fair HQ for fair staff and PR, and toilets.
- Educational activities will include CPD, college and school visits; however no budget has been assigned for this.

The core events as described above require limited finance and human resources to achieve. There are however, achievable additional events which could be considered.

Achievable Additional Elements

The following gives an outline of achievable additional event which can be bolted on to the core activities with the proviso that there is no financial cost to the fair.

- Scope for using the houses for added value additional activities that re-inforce the fair's ethos, utilising space such as Home Work units. HHF can work with house developers to achieve this.
- Houses can be a platform for public agencies and not for profit organisations.
- Stand alone outdoor exhibitions (no covered exhibition space planned at this time) could be accommodated.
- Additional on-site facilities e.g. cafes etc. could be accommodated. They would have to cover their costs in any additional infrastructure.
- Partnership activities at no cost to the fair e.g. Inverness Farmers Market.
- Educational workshops running up to event, however this would be subject to finance. A pilot project could be initiated, which could then be developed to its full potential in future fairs.
- Partner conferences with ticketing deals will be encouraged. These will be promoted in HHF literature and website.

Modifications to the Last Proposal.

There are several modifications to the last event proposal. These can be summarised as follows:

- 48% reduction in expenditure. This significantly reduces the exposure for the fair company.
- Limited on site facilities provided by fair. Additional facilities and events will be subject to finance and human resources.
- Reduced average ticket price from £8 to £6, in order to ensure the maximum number of attendees.
- No budget for daily diary of events.
- No workshops, speakers or exhibition space.
- Consultants have been limited to Project Manager, PR, Marketing and Graphics. The former proposal required a Programme, Sponsorship, Exhibition consultant, and administration assistance. The Project Manager will be responsible for any limited programming and all sponsorship.

- The on site staff required to facilitate the event has been significantly reduced.
- An Events Company will not be required; however any serious scaling up of additional events would require an Events company to be engaged for logistical reasons. In the current proposal the Project Manager will cover any Events Management.
- HHF will be required to directly employ all fair staff.
- The level of sponsorship has been reduced. Firstly because there is no designated sponsorship consultant and secondly it is expected that the credit crunch is likely to have an effect on the level of private sponsorship.
- No budget for gaining British Standard for Sustainable Events BS 8901 accreditation. This should not stop the fair seeking to market itself as a Carbon Neutral event such as T in the Park and Connect. Further research into alternative official accreditation is required.

Marketing and Promotion

It is important that a comprehensive marketing campaign be put in place and that PR activity be maintained as much as possible, to ensure that attendee number remain at the originally envisaged number.

It is also important for the event not to lose momentum due to the extension of the time frame by a year.

The revised marketing and promotional approach is therefore as follows:

- A reduction in the Marketing budget from £100K to £85K is proposed. A detailed marketing strategy requires to be developed. This will help profile the target audience locally, nationally and internationally, in order to attract the required number of visitors, and further develop brand identity.
- To keep the momentum going additional promotional activity throughout 2009 e.g. touring exhibitions etc are envisaged, these should be co-financed by other agencies e.g. RIAS. A programme of activities requires to be developed and should be designed not to significantly impact upon the Marketing Operational Budget.
- The event should aim to be marketed as a Carbon Neutral Event. It should also be marketed as a cultural event to attract as wide an audience as possible. A distinct difference should be made between the HHF and Newcastle Housing Expo which is due to take place in summer 2010.
- A range of graphically creative promotional materials will be developed to reflect the innovative nature of the event. This will include a magazine style A4 full colour brochure, general information leaflet, postcards featuring 3D images of some of the show homes, posters, Media/ Sponsor/ packs, flags, banners and general adverts.
- The website will be used as the main means of promoting the event with a 3D digital model of the fair site and houses, architects blogs, ambassador's endorsements and video clips animating the site. A webcam would be subject to TV coverage
- HHF will continue to try and seek film coverage for the housing fair as this could have a significant impact upon sponsorship levels and heightening awareness of the project.
- A Quarterly Newsletter has not been budgeted for – this would be subject to sponsorship. Instead it is recommended that a community area should be designated on the website. This could include a Newsletter to keep local residents informed of developments.

Sponsorship

The fair is seeking sponsorship both financial and in-kind. It is intended that there are three levels of corporate sponsorship in addition to in-kind sponsorship i.e. a main sponsor and two tiers of support sponsors. There will however be room for flexibility within targeted sponsorship deals.

The main sponsor would have a significant presence at the fair event. The fair is seeking a sponsorship fee of £40-50K for such a sponsor. It is expected that the main sponsor will reflect the ethos of the fair and could come from the sustainable technologies manufacturing or services sector. The main sponsor will receive significant exposure throughout the event with, targeted marketing through branded events, the opportunity to host corporate events at the fair, extensive coverage and advertising in the main event brochure and on all event promotional literature, company profile on fair website and PR support from the fair's PR agency.

In addition to the main sponsor, the fair is seeking five support sponsors with sponsor fees of £8-10K each. It is expected that targeted sponsorship packages will be developed for such sponsors, and these will be tailored to reinforce the brand identity of the respective support sponsor. Sponsors in this category will also receive as standard: free advertising space in the main brochure, company logo on all promotional material and website links. Limited PR services will also be available.

Companies or organisations giving up to £5K sponsorship will enjoy reduced rates on advertising space in the fair brochure, and have their logo on all publicity material and the fair website. They will also be able to use the fair as an advertising and marketing platform.

Major Ticketing deals are also envisaged particularly with logistics sponsors such as First Scotrail who have registered an interest. Ticketing deals are also under discussion with the RIAS, and it is intended that this be extended to all major professional bodies within the construction industry. Event sponsorship will be the responsibility of the Project Manager.

Commercial Risk

The level of funding required to execute the project has been significantly reduced by 48%. This has two positive outcomes:

- Reduces the public funding requirement by 35%.
- Significantly reduces the level of exposure as demonstrated in the Quarterly Cashflow.

This makes the project more viable and less of a financial risk to potential funding bodies and the fair company.

The new fair event is not expected to be income generating; it has been designed to break even. In order to attain this, the event will be reliant upon limiting escalation of expenditure and achieving the projected income as outlined in the budget.

The revised budget makes no allowances for contingency funds, however there is scope within the ticketing strategy to make provision for a contingency. The highest risk area is site costs e.g. site preparation, temporary event structures, etc which could start to escalate. In order to account for this, costs in this area will be closely monitored and sponsorship in kind will be targeted at site costs to keep this risk as low as possible.

It is thought that most other costs can be fixed, however income is more difficult to predict. With this in mind the predicted income may be considered conservative, for example the level of sponsorship has been reduced from the previous proposal to take account of the impact of the credit crunch. The level of income is also determined by public funding and this is considered conservative for a project of this status. It is expected that 21% of public funding will be guarantee against loss.

As is typical in an event of this nature most of the income is generated shortly before or during the event itself, and this is reflected in the cash flow for the project. As can be seen from the Rolling Cash flow Forecast maximum exposure of £71K for the event is expected to occur in the 2Q 10. This maximum exposure is conditional upon 79% of public funding (coming from a consortium of public agencies), receiving 62% of sponsorship, and selling 5% of tickets all in advance of the event.

All information is subject to event taking place in August 2010; any revision of this date for example, to a shoulder month of the tourist season may reduce number of attendees and revenue accordingly.

Finance

A consortium of public agencies is required to finance the fair event. This consortium should include all agencies which gave initial seed corn funding. The fair should also take advantage of matched funding opportunities.

Suggested consortium:

- THC
- SG
- HIE
- FC
- SUST
- EventScotland
- SAC

Other potential funding bodies include: Foundation for Sports and Arts, Carnegie Trust, Energy Savings Trust etc.

Highland Housing Fair: 2010 Draft Budget 10.08 Rev.F

Expenditure	Total Event
Staffing & Consultants Fees	
Project Manager	£ 75,000.00
PR/ Marketing/ Graphics fees	£ 90,000.00
Design Team incl. Traffic Management	£ 9,000.00
	£ 174,000.00
PR Marketing & Promotional Budget	
PR and Marketing	£ 90,000.00
Promotional Material Printing	£ 20,000.00
	£ 110,000.00
Office & Administration	
General Office Costs	£ 3,000.00
Meetings/Travel Subsistence	£ 2,500.00
Financial Management	£ 7,500.00
	£ 13,000.00
Legals	£ 10,000.00
Public Consultation	
Advertising Costs	£ 500.00
Exhibition and Venue Costs	£ 1,500.00
	£ 2,000.00
Event Evaluations	
Social & Econ. Impact Study	£ 7,500.00
Energy Monitoring of Houses	£ 15,000.00
	£ 22,500.00
Site	
Car Park & Associated Areas: Site Preparation	£ 20,000.00
Temp Fair Accommodation/Toilets	£ 12,500.00
Temp Services & Utility Costs	£ 4,000.00
Fencing/Plant Hire	£ 4,500.00
Site Signage	£ 1,500.00
Site Foreman/ Stewards/Ticketing Staff/ Cleaners/ Riggers/ De-riggers, Litter Pickers	£ 25,400.00
House Ambassadors (All 55 houses x 30 days)	£ 60,000.00
Security	£ 7,200.00
Shuttle Bus/ Park n Ride	£ 21,000.00
Recovery Vehicle	£ 2,000.00
Insurance	£ 9,500.00
Licenses/ Temp.Plan. App.	£ 500.00
	£ 168,100.00
Merchandising	£ 750.00
Total Expenditure	£ 500,350.00
Income	
Ticket Sales	£ 180,000.00
Sponsorship	£ 80,000.00
Parking	£ 27,000.00
Advertising	£ 5,000.00
Merchandising	£ 1,500.00
Brochure Sales	£ 20,000.00
Total Income	£ 313,500.00
Project Balance	-£ 186,850.00
Current Deficit	-£ 22,232.00
Total Project Balance	-£ 209,082.00

HIGHLAND HOUSING FAIR - CASH FLOW FORECAST

FP Oct'08

	Apr-June	July- Sep	Oct-Dec	Jan-March	April- June	July-Sep	Oct- Dec	Jan-Mar	Apr-June	July-Sep	Oct- Dec	Total
Cash Flow	2Q 08	3 Q08	4Q 08	1Q 09	2Q 09	3Q 09	4Q 09	1Q 10	2Q 10	3Q 10	4Q 10	
Expenditure												
Staffing & Consultants Fees:												
Project Manager	£ 5,800.00	£ 6,000.00	£ 6,000.00	£ 6,000.00	£ 6,000.00	£ 9,600.00	£ 9,600.00	£ 9,600.00	£ 9,600.00	£ 12,800.00		£ 75,000.00
PR /Marketing/Graphics		£ 5,000.00	£ 5,000.00	£ 5,000.00	£ 2,500.00	£ 7,500.00	£ 15,000.00	£ 25,000.00	£ 15,000.00	£ 15,000.00		£ 90,000.00
Design Team/Traffic Management					£ 9,000.00							£ 9,000.00
Marketing & Promotion Budget		£ 3,500.00	£ 3,000.00	£ 3,000.00	£ 3,000.00	£ 3,000.00	£ 3,000.00	£ 32,000.00	£ 42,500.00	£ 20,000.00		£ 110,000.00
Office & Admin.		£ 1,000.00	£ 3,500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 500.00	£ 3,000.00	£ 3,000.00	£ 13,000.00
Legals	£ 1,000.00		£ 2,000.00	£ 2,000.00			£ 2,000.00	£ 2,000.00	£ 1,000.00			£ 10,000.00
Public Consul.						£ 2,000.00						£ 2,000.00
Event Evals.			£ 3,000.00								£ 19,500.00	£ 22,500.00
Site								£ 4,500.00	£ 5,500.00	£ 158,100.00		£ 168,100.00
Merchandising									£ 750.00			£ 750.00
Total	£ 17,432.00	£ 6,800.00	£ 15,500.00	£ 22,500.00	£ 23,000.00	£ 22,600.00	£ 30,100.00	£ 73,600.00	£ 74,850.00	£ 208,900.00	£ 22,500.00	£ 500,350.00

Income												
Ticket Sales									£ 10,000.00	£ 170,000.00		£ 180,000.00
Sponsorship								£ 10,000.00	£ 40,000.00	£ 30,000.00		£ 80,000.00
Car Parking										£ 27,000.00		£ 27,000.00
Advertising										£ 5,000.00		£ 5,000.00
Merchandising										£ 1,500.00		£ 1,500.00
Brochure Sales										£ 20,000.00		£ 20,000.00
Public Funding/Other			£ 50,000.00	£ 60,000.00	£ 10,000.00			£ 10,000.00	£ 35,000.00		£ 45,000.00	£ 210,000.00
Total	£ -	£ -	£ 50,000.00	£ 60,000.00	£ 10,000.00	£ -	£ -	£ 20,000.00	£ 85,000.00	£ 253,500.00	£ 45,000.00	£ 523,500.00

Rolling **-£ 17,432.00** **-£ 24,232.00** **£ 10,268.00** **£ 47,768.00** **£ 34,768.00** **£ 12,168.00** **-£ 17,932.00** **-£ 71,532.00** **-£ 61,382.00** **-£ 16,782.00** **£ 5,718.00**

Cash Flow