

Public Document Pack



BARRY KEEL
Chief Executive
Floor 1 - Civic Centre
Plymouth
PL1 2AA

www.plymouth.gov.uk/democracy

Date: 17/11/09 Telephone Enquiries 01752 307990 Fax 01752 304819
Please ask for Judith Shore, Democratic and Member Support Manager e-mail judith.shore@plymouth.gov.uk

EXTRAORDINARY GENERAL MEETING OF THE CITY COUNCIL

AGENDA SUPPLEMENT PACK

DATE: MONDAY 23 NOVEMBER 2009
TIME: 2.30 PM
PLACE: COUNCIL HOUSE, PLYMOUTH (NEXT TO THE CIVIC CENTRE)

Members –

The Lord Mayor, Councillor K Foster, Chair
Deputy Lord Mayor Councillor Drean, Vice Chair
Councillors Mrs Aspinall, Ball, Mrs Beer, Berrow, Bowie, Bowyer, Mrs Bowyer, Mrs Bragg, Brookshaw, Browne, Coker, Dann, Delbridge, Mrs Dolan, Evans, M Foster, Mrs Foster, Fox, Fry, Gordon, James, Jordan, Kerswell, King, Martin Leaves, Michael Leaves, Sam Leaves, Lock, Lowry, Dr. Mahony, McDonald, Miller MBE, Monahan, Mrs Nelder, Mrs Nicholson, Nicholson, Mrs Pengelly, Purnell, Rennie, Reynolds, Ricketts, Roberts, Dr. Salter, Smith, Stark, Mrs Stephens, Stevens, Thompson, Tuohy, Vincent, Viney, Mrs Watkins, Wheeler, Wiggins and Wildy

Members are invited to attend the above meeting to consider the items of business overleaf

Members and Officers are requested to sign the attendance list at the meeting.

BARRY KEEL
CHIEF EXECUTIVE

CITY COUNCIL

- 3. MOTION ON NOTICE (CITY SUBMISSION TO BE A CANDIDATE HOST CITY FOR THE FIFA WORLD CUP 2018/2022) (Pages 1 - 16)**

To consider a motion from Members in accordance with paragraph 13 of the Constitution.

(Full, supporting report.)

CITY OF PLYMOUTH

Subject: FIFA World Cup Host City Bid
Committee: Full Council
Date: 23 November 2009
Cabinet Member: Councillor Glenn Jordan, Cabinet member for Leisure, Culture & Sport
CMT Member: Carole Burgoyne, Director of Community Services
Author: James Coulton (Assistant Director, Community Services (Culture, Sport & Leisure))
Contact: 01752 307013 james.coulton@plymouth.gov.uk
Ref:
Part: 1

Executive Summary:

This report invites Members to consider a number of issues relating to the proposed submission of a bid by a consortium of bodies including Plymouth City Council, for the City to be one of the Host Cities for the 2018 or 2022 FIFA Football World Cup. The report describes the background to the bid, the process and timetables to be followed, and assesses implications for the City in terms of benefits and costs. The report requests members to consider whether the City, as part of the consortium, should sign the relevant agreements and submit a bid to England 2018 to become a FIFA World Cup Host City, should England be awarded the event.

Corporate Plan 2009 - 2012

Contributes directly to achieving the vision for the city to be '1 of Europe's finest, most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone'.

This also links directly to the following corporate improvement priorities

Reducing inequalities between communities
Improving skills and education attainment
Providing more and better cultural and leisure opportunities
Delivering sustainable growth.

**Implications for Medium Term Financial Plan (MTFP) and Resource Implications:
Including finance, human, IT and land**

The event would generate substantial revenue into the city and region with an estimated total spend in the city of around £292 million. The benefits of this would largely flow to the private sector.

There are a number of implications for the MTFP and other resources. These are discussed in the report, but they are very difficult to quantify at this stage, however, they are likely to be in the region of £15 million in the period from 2010 - 2019. The majority of these costs would be incurred in the last three years (2017-2019). The Council will need to work with Central Government and partners, in particular the private sector to identify potential further sources of funding to try and ensure that some of the economic benefits which flows into the city will be

available to offset local authority costs. Officers will report back to the Council as the bidding process progresses regarding the funding options.

Members should note that if they are minded to move forward with this proposal, then this will add to the pressure on the revenue budget of the Council in the years to come. In particular it would be prudent to make provision for the large expenditure amounts which would be incurred from 2016/17 onwards by allocating resources from 2012 onwards into a dedicated fund. This will be the subject of a future budget report.

Other Implications: e.g. Section 17 Community Safety, Health and Safety, Risk Management, Equalities Impact Assessment, etc.

The staging of the FIFA World Cup in the City would enable programmes to be run to use the competition to address a range of priorities including health, and community safety.

A risk analysis is included in Appendix 2 of this report. Further work would be required to address these risks if the bid is successful.

Recommendations & reasons for recommended action:

- a) The Council notes the costs and benefits of bidding to become a Host City for the FIFA World Cup;
- b) That Council considers whether to approve the submission of an application to become a candidate Host City as part of the England bid to become the host nation for the 2018 or 2022 FIFA World Cup; and
- c) If agreed, Council approves the Leader and Chief Executive signing the Host City Agreement and the Intellectual Property Rights Assignment Agreement as a requirement of the final application; and
- d) That Council delegates to the Director for Community Services, in consultation with the Cabinet Member for Leisure, Culture & Sport, the Chief Executive and the Head of Legal Services, to undertake all appropriate steps to progress the application to become a candidate Host City including approval of the final bid to be submitted to England 2018; and
- e) That Council notes that by submitting the bid, the City Council is committing itself to fulfilling its obligations as a Host City if eventually selected for this purpose by FIFA
- f) That Council authorises participation in Plymouth World Cup Bid Limited.

Alternative options considered and reasons for recommended action:

No other options considered.

Background papers: Briefing paper attached.

Sign off:

Head of Fin	CDR/CapProj 09/10 005 16.11.09	Head of Leg	DVS1070	Head of HR		Head of AM		Head of IT		Head of Strat Proc	
Originating SMT Member: DJ Coulton											

1. INTRODUCTION

This report invites Members to consider a number of issues relating to the proposed submission of a bid by a consortium of bodies including Plymouth City Council (City), for the City to be one of the Host Cities for the 2018 or 2022 FIFA Football World Cup. The report describes the background to the bid, the process and timetables to be followed, and assesses implications for the City in terms of benefits and costs. The report requests members to consider whether the City, as part of the Consortium, should sign the relevant agreement and submit a bid to England 2018 to become a FIFA World Cup Host City, should England be awarded the event and recommends that members agree to take the actions set out at section 11 of this report.

2. BACKGROUND

In early July 2009, a new board of directors and new ownership took over at Plymouth Argyle Football Club (PAFC). At their first board meeting they considered a letter inviting football clubs to express an interest in bidding to become a potential Host City for the FIFA World Cup in 2018 or 2022. The invitation had been issued in April/May however due to the boardroom changes, had not been previously considered. The deadline for expressing an interest was imminent, so an expression was made, and the PAFC approached the City Council during late July/early August 2009 to enlist support.

It was made clear by PAFC that the bid could not be successful without the City behind it, and that the bid could be withdrawn immediately if the City were unable to agree in principle. It was agreed to support the putting forward of the initial bid, however the City did go on record to state that no further commitments were forthcoming over and above the initial bid period. This was mainly due to the lack of any information at that time regarding the implications for the City Council coming from the Football Association (FA). There followed an all-Member briefing on the proposal and the Opposition Leader and Shadow Cabinet Member also received a briefing and gave general support.

As a consequence the Assistant Director (Culture, Sport & Leisure) from the Community Services Department was released from normal duties to assist in the preparation of bid documents and intelligence information gathering. A preliminary bid was submitted on 24 August, followed by two inspection visits from the FA to establish the suitability of the City for hosting the competition. Submission of the final bid document is 26 November, however it should be noted that further guidance and clarification is still being received from the England 2018 on a regular basis.

3. FA BIDDING PROCESS / FIFA TIMETABLE

The FA have, for the first time, adopted an open bidding process for cities wishing to be considered as Host Cities for a FIFA World Cup competition based in England. Previously, potential Host Cities were simply identified and approached directly, however for the competition in 2018 and 2022, the FA have decided to open up the process to any city who wished to be considered. 16 cities in England have thus put themselves forward, these being:

Liverpool	Leeds	Nottingham	London
Manchester	Sheffield	Leicester	Portsmouth
Newcastle	Hull	Derby	Bristol
Sunderland	Birmingham	Milton Keynes	Plymouth

In summary the process and timetable to date has been as follows:

Outline bid/expression of interest submitted (by PAFC)	8 July 2009
Preliminary bid submitted	24 August 2009
First inspection visit	24 August 2009
Second inspection visit	14 September 2009
Final bids submitted	26 November 2009
Final presentations to FA	either 14/15/16 December
England 2018 decision on Host Cities (prov)	16 December 2009

A minimum of 10 and a maximum of 18 cities are permitted, so it is conceivable that every city will be put forward, although this is unlikely with 10-12 cities a more likely scenario.

The England 2018 bid team have to submit their bid to FIFA by May 2010, and the winning countries who will host the 2018 and the 2022 World Cups will be announced on 2 December 2010.

4. **WHAT ARE THE CHANCES OF ENGLAND STAGING THE WORLD CUP IN 2018?**

At the moment, England is one of the favourites to be awarded the competition. Current thinking is that with the next competitions being in South Africa (2010) and Brazil (2014) a northern hemisphere country is likely. Competing countries in the northern hemisphere are USA, Russia and joint bids from Spain and Portugal and Holland and Belgium. England is seen by many as a low risk option, and is one of the favourites to host the 2018 tournament, although there can be no guarantees of this.

5. **WHAT CHANCE OF PLYMOUTH BEING SELECTED BY ENGLAND 2018?**

The two FA inspection visits were very favourable. The location of the city, its 'walk ability' given the short distance between stadium, railway station and the Hoe which would be a 'FIFA Fan Fest' site were particularly highlighted. The FA has always said that it favours a good geographical spread, and in this regard our location is an advantage. Only 4 cities in the south of England are bidding, including London, so if a compliant bid can be made, Plymouth stands an extremely good chance of moving to the next stage. Our feelings are that the England bid is a stronger one with Plymouth as part of it, as we offer something different than many of the other competing cities.

6. **THE PLYMOUTH BID**

The Plymouth bid has been based around the whole of Devon and Cornwall, with Plymouth at its heart. Other partners in the consortium include the Plymouth CDC, the University of Plymouth and Devon and Cornwall Councils. The theme of the bid is 'a beautiful setting for the beautiful game', and highlights the beauty of the area as a venue. The availability of accommodation in Devon and Cornwall is a big advantage. The major point which is vital to the success of the bid is that PAFC delivers a stadium with a total capacity of 43,000 people. This will then double the existing capacity. The PAFC have acknowledged that this is an item which is for them to resolve, with all plans having to be consistent with the Central Park Area Action Plan (AAP).

There are no guarantees of the number of matches that Plymouth would stage if we were successful, however, advice indicates it would be appropriate to assume a minimum of four matches.

7. THE FIFA WORLD CUP

The FIFA World Cup is the largest sporting event in the world if judged by number of spectators, and income generated. The cumulative audience of all matches in the 2006 World Cup in Germany was estimated as 26.29 billion people, with the final being watched by 715 million people – one ninth of the population of the planet. Indeed, the draw for the 2006 finals, deciding the distribution of teams into groups was watched by 300 million people. The 2006 competition was broadcast to 214 countries. With EACH match receiving an average of 858 hours of dedicated TV coverage and almost 260 million viewers.

Members may wish to note that the 2006 World Cup in Germany is estimated by the German Government to have:

- a) Injected circa 3 billion euros into the German economy
- b) Created 50,000 new jobs
- c) Increased tax receipts by circa 600 millions euros

Overnight stays in hotels were up by 2.0 million on the previous year during the competition in June and July 2006. Total overnight stays were up 3.5 million if the period from January 2006 to July 2006 is considered. Overnight stays in German host Cities were up by an average of 16.4% in June 2006 and for those cities not regarded as traditional tourist destinations such as Dortmund and Kaiserslautern overnight stays were up by 45.3% and 30.2% respectively. Around 21 million people visited official FIFA Fan Fests in 12 Hosts Cities.

Locally, an idea of the scale of the event may be understood by the fact that FIFA, the world governing body of football, would require 3,000 hotel bedrooms PER NIGHT in and around Plymouth for the duration of the competition – 31 days.

In addition, each Host City must provide a minimum of two FIFA Fan Fest sites, where big screens will be erected for fans without tickets and for viewing other matches in the competition. Each site has to hold a minimum of 20,000 people.

Clearly the event is huge and would have significant implications for the city if we were to host any of the matches. The next sections will highlight some of these implications.

8. POTENTIAL BENEFITS FOR PLYMOUTH

The benefits to Plymouth of being one of the Host Cities for either the 2018 or 2022 competition are numerous, but could be categorised as follows:

- a) football benefits;
- b) direct economic benefits;
- c) marketing exposure and ongoing economic legacy;
- d) inward investment;
- e) confidence and increased aspirations; and
- f) delivering the city vision.

8.1 Football Benefits

The staging of aspects of the competition in Devon and Cornwall would have big benefits for football in the region. Bringing international matches to the far South West for the first time would stimulate interest in the game hugely, with participation increasing as a result. The

opportunity to use this as a way of helping to address wider issues such as health, community cohesion, social inclusion should not be underestimated, providing suitable programmes are developed to take advantage of this opportunity.

8.2 Direct economic benefit

The Chamber of Commerce together with the University of Plymouth have made an assessment of the Economic Impact of hosting the competition in Plymouth, and for the wider sub region.

This model by necessity makes many assumptions, and should only be seen as a rough guide to economic impact. The assessment has, however, been done on a prudent level, in most cases underestimating levels of spend/visitors compared to national assessments.

This model shows that potentially Plymouth hosting elements of the FIFA World Cup would be worth the following:

Total spend in Plymouth	£292m
Increase on GDP	£131m
Jobs created	c.3700

For the whole of Devon and Cornwall the figures are even more significant.

Total spend in Devon and Cornwall (including Plymouth)	£395.7 million
GDP	£178.0 million
Jobs created	c.5000

Further detail of the model is available if required.

8.3 Marketing exposure and ongoing economic legacy

The exposure that Plymouth and the rest of Devon and Cornwall would receive during the competition would be enormous. The FA delegation have expressly said that a FIFA Fan Fest site on Plymouth Hoe could provide one of the most iconic locations ever for a FIFA Fan Fest site. Images of Plymouth Sound beamed across the world to hundreds of millions of people should provide a marketing opportunity which is probably unsurpassable by any other means. Estimates of the ongoing benefits to tourism are difficult to quantify, however it is suggested that this could be worth £365 million in the years during and after the matches. Evidence from the 2006 FIFA World Cup supports the view that there would be substantial benefits.

“The FIFA World Cup has given the city a real boost, and our citizens can now have a real sense of pride. This was the biggest and most impressive way of advertising the region we could have imagined, and the tourism industry will reap the rewards from it in the years to come”.

Dr Ulrich Maly, Mayor of Nuremberg.

“Around a million people came to the FIFA Fan Fest in Olympia park. Whilst 8 million people flocked to the city on match days, including many who simply watch to sample the Munich FIFA World Cup atmosphere, this has made a lasting positive contribution to the cities image”.

Christian UDE, Major of Munich

8.4 Inward Investment

A successful Host City bid could generate inward investment in the city. The bid team have already received calls from hotel operators thinking of investing in Plymouth, who would be interested in coming to Plymouth in the event of a successful bid. Other projects such as the railway and bus station developments, and funding for the stadium extension maybe more easily obtained if we are successful. Again, Germany who hosted the 2006 competition gives an indication of this:

“It would be remiss of me not to mention the fact that hosting the competition brought with it a 150 million euro investment in infrastructure and development projects, representing a huge shot in the arm to the local economy and ensuring long term benefits to our city”.
Bernard J Denbig, Mayor of Kaiserslautern

8.5 Confidence and increased aspiration

If Plymouth could stage the FIFA World Cup competition, one of the lasting benefits will surely be the increased confidence and change of mind set that would be generated. It is often said that Plymouth cannot compete with Bristol or even Exeter. Staging elements of the World’s biggest sporting event would surely change this negative perception forever. The very fact that the city is showing the ambition to bid is a positive aspect, which should have benefits even if the City or England are unsuccessful. A ‘can do’ legacy should help move the City forward on many fronts.

8.6 Delivering the City vision

‘One of Europe’s finest, most vibrant waterfront cities, where an outstanding quality of life is enjoyed by everyone’. Such is the vision for Plymouth signed up by all the major parties in the City. It could be argued that if we are serious about achieving this vision, then the Host City status is a ‘must have’. The benefits outlined above would contribute substantially to the delivery of this vision, and put the City on the European and worldwide stage.

9. **IMPLICATION OF HOST CITY STATUS FOR PLYMOUTH CITY COUNCIL**

This report so far has concentrated on the process involved in getting through to the next round in the quest for Host City status, and the potential benefits of doing so. However, there are many serious implications of submitting a bid, and these can be categorised as follows:

- Host City obligations
- Legal issues
- Financial issues

9.1 Host City obligations

In signing the Host City Agreement, the City would enter into a contract with a number of obligations. These obligations relate to such things as:

- Host City promotion;
- Host City Support;
- support and assistance in relation to stadium and training sites;
- maintenance of a Controlled Area surrounding the stadium;
- Host City dressing;

- traffic and parking;
- team base camps;
- volunteer programme;
- safety and security, fire protection and medical services;
- provision of a FIFA Fan Fest site;
- integration of Commercial Affiliates;
- general legal and administrative support; and
- environmental protection.

Recent discussions with the FA and with Government have confirmed that all costs relating to safety and security in and around stadia and training sites for the event will be met and guaranteed by Government in full.

9.2 Legal issues

In order to submit a compliant bid on 26 November, a number of agreements must be signed. These include the

- (a) Host City Agreement, signed by the City
- (b) the Stadium Agreement, signed by PAFC
- (c) the Training Site Agreement, signed by the training site operators, and
- (d) Intellectual Property Rights Assignment, signed by the City.

Items (a) and (d) are most relevant to the City, the others being the responsibility of PAFC and the bid consortium. However, members should note that the City will need to take an interest in the Stadium Agreement and Training Agreement as cross default provisions mean that a default under either of those agreements constitutes a default under the Host City Agreement which could lead to termination.

The Host City Agreement is a standard agreement that is issued by FIFA to every city in the world that is being put forward as a potential Host City. The agreement is non negotiable and cannot be changed in any way.

The City, along with the majority of the other candidate Host Cities have taken external legal advice over these agreements, and the advice is summarised below:

When exercising powers, councils can usually expect to know the likely costs and benefits and be able to quantify them there are difficulties in this case, however as the potential liabilities set out in the documentation provides for open-ended obligations and indemnities to FIFA which cannot, at this early stage, be quantified with any certainty.

To be balanced against this are the significant benefits that host Cities will clearly experience from hosting matches involved in the 2018 FIFA World Cup, should the England bid be successful.

As well as significant tourism, there will be opportunities for local people to participate in this global event, particularly through employment during the FIFA World Cup and wider commercial benefits/opportunities throughout his period and beyond.

There are also numerous economic opportunities for local organisations, as well as those organisations affiliated to hosting the FIFA World Cup which may be required, e.g. local labour.

There are a number of entitlements conferred upon host Cities through the documentation, including:

the ability to be incorporated into decorative and promotional material used by FIFA in marketing the games/stadium;
entitlement to organise, host and stage Host City events; and
presence on the official FIFA website.

There is also the opportunity to defray the costs of obligations to indemnify FIFA contained in the Host City Agreement through insurance and specialist advice in this regard will be obtained on the obligations as they arise.

In addition, all Councils should take a degree of comfort from the proposed Government Guarantee's to FIFA which, in supporting the FIFA World Cup, promise to enact any necessary laws which may be required in the event the England 2018 bid is successful.

Finally, whilst the standard Agreements issued by FIFA are governed by Swiss Law (not altogether unusual for International contracts), the City's external legal advisors have confirmed that it would not be unlawful for the City to enter into them.

There are a number of Statutory powers under which the proposed Agreements can be entered into, not least the City's powers to do anything which is likely to achieve the promotion or improvement of the economic, social and environmental wellbeing of the area under section 2 of Local Government Act 2000. The exercise of these powers is an important aspect of ensuring that the City acts within its powers. The City will need to consider any relevant matters, including weighing the benefits against the burdens and risks and reaching a reasonable decision as to whether it should participate in a bid to be a Host City.

As with any decision, it is important that the City takes all reasonable steps to minimise their exposure to liability and this can be achieved through employing effective project management disciplines and robust risk management practices.

9.2.1 Other legal matters:

In the event England wins the bid for 2018 in December 2010 there is still over 7 years until the competition commences. FIFA are unlikely to want to sign their agreements with Authorities selected as Candidate Host Cities that far ahead as the FIFA Agreements will grant to those Authorities certain rights which FIFA will not want to be binding until they are sure that Host Cities are ready.

The FIFA Agreements are subject to Swiss Law and are not legally binding until signed by all parties to them. This is not likely to be until March 2013.

The question raised, therefore, is the extent to which Authorities would be able to withdraw from the Agreements prior to FIFA signing them.

External legal advice sought by the bidding Authorities in this regard is that whilst on the basis of documentation provided to them they are not aware of any binding legal obligations upon the Authorities which expressly prevents them from revoking their signatories to the FIFA Agreements, taking such a step is likely to involve the Authorities:

- being removed from the process to be a Host City for the World Cup and;

- potentially exposing themselves to significant liabilities as England 2018, FIFA and the Local Organising Committee (LOC) all have the ability to recover any losses they might suffer depending upon at what stage the Authority pulls out of the process.

The reason for this is that pursuant to Swiss Law, the signature of one party to a contract can give rise to certain pre-contractual obligations, one of which is the obligation to maintain the offer that the signature of the contract represents. In this case, the bid offer.

Accordingly, in the event that the City wanted to breach its pre-contractual obligations and remove itself from the process, it would first need to consider whether FIFA and/or the LOC are likely to suffer any losses from it taking this step. If they are likely to suffer losses then they may be able to take action against the City on the basis of a breach of their pre-contractual obligation.

Were the City to pull out at a relatively early stage, where numerous other Authorities were in the running to be Host Cities, it is likely that losses, if any, will be small. However, any later decision by the City to withdraw from the selection process could incur significant losses, not least as this could have a negative impact upon the England 2018 bid. This is also likely to have a negative impact on the City in terms of publicity, both locally and nationally and may well prejudice opportunities to bid for future events.

The Council's external legal advisors have pointed out that a relevant consideration may also be that the FIFA World Cup is a tried and tested global event which happens every 4 years using the same basic models of operation and frameworks. Accordingly, on balance, they have advised that despite the inability to negotiate many of the clauses involved in the Agreement, the City should be able to pursue Host City status, within their legal powers, provided it seeks to minimise risks as above stated.

9.3 Financial issues

The agreements and information from the FA make reference to many expenditure items, which are the responsibility of 'the Host City'. It is however not always obvious whether this is the City Council or other parties ie the City, eg the Stadium owners.

The Plymouth bid will be fronted by an independent company – Plymouth World Cup bid Limited which would be responsible for delivering the competition. Most responsibilities are thus the responsibility of the company, and not the City Council, however the City will have to grant aid the company substantially to deliver the competition. This could however pass some risk away from the City. The company has been established, but the constitution and structure would be developed if Plymouth is successful. It has been indicated that any profit that the Bid Company makes would be paid back to the bid partners in a proportionate way to offset costs.

The initial contribution from the City towards the substantial bid costs is £75,000, with £50,000 being contributed from Devon County Council, and similar requests being considered by Plymouth CDC, the University of Plymouth and Cornwall Council.

Officers have attempted, given the very limited detail available to quantify the level of revenue expenditure required and the next 8 years should we be successful. This is summarised below: this includes some contribution for 2010/11 prior to the Host City being awarded, including a provision for staff support for 12 months if required. Some of this expenditure maybe met from the realignment of existing budgets.

Estimated cost to PCC £000	2010/11	11/12	12/13	13/14	14/15	15/16	16/17	17/18	18/19	19/20	TOTAL
	150	210	310	370	380	770	940	7010	4330	150	14620

Further detailed breakdowns of these amounts are given in Appendix 1 of this report.

Total expenditure across 9 years estimated at £14.62 million, the majority being from 2016-2018/19, most payable to the Plymouth World Cup bid company. This is the main revenue funding to support the activities outlined in section 9.1. In addition an extra £1m capital funding is estimated in 2017/18, for minor infrastructure works.

Members should note that if they are minded to move forward with this proposal, then this will add to the pressure on the revenue budget of the Council in the years to come. In particular it would be prudent to make provision for the large expenditure amounts which would be incurred from 2016/17 onwards by allocating resources from 2012 onwards into a dedicated fund. This will be the subject of a separate report if we are successful.

There may be opportunities for recovery of some of this expenditure. Discussions have been had with officials of DCMS etc, and suggestions include the possibility of lottery funding for non-football related items, possibilities of imposing a local bed tax or supplementing business rates. This is being considered.

Further income may be possible from sources such as these, however it cannot be guaranteed, and will not be known prior to signing the agreements.

A range of sponsorship packages will shortly be launched to raise funds for a further contribution of £250k towards the England 2018 marketing fund, payable next year. This payment will be the responsibility of the bid company and other consortium members and not the City.

These estimates do not include any contributions from neighbouring authorities or others which may be negotiated.

10. RISKS

An assessment of the major risks is given in Appendix 2 of this report.

11. SUMMARY

The FIFA World Cup is the biggest sporting event in the world, and we are faced with a perhaps once in a lifetime opportunity to stage matches in Plymouth.

The economic impact assessment shows a potentially massive economic boost to the city and region and the ongoing marketing, legacy and confidence in the city would surely transform it for ever.

This marketing opportunity is probably unsurpassable, with Plymouth's name and images broadcast to a worldwide audience of hundreds of millions of people.

The scale and importance of the event does however have its downside. Because of its status, the world governing body of football, FIFA, can in effect dictate every aspect of the competition and how it is staged. The Host City Agreement is testimony to this, but we,

along with every other candidate Host City in the world must sign it if we are to be a contender.

The costs associated with the City are substantial and at this stage not fully quantifiable, although the estimates given in the report are in line with those being quoted in other Host Cities. A sensible long term plan is required in order to meet those commitments over the next 9 years, however if minded to proceed, members will be aware that this will put more pressure on the revenue budgets in the coming years.

The City does have a really good chance of being selected in the England bid to FIFA. We are then dependent upon England being selected as host country. The legal advice is that we are able to withdraw albeit with some risk prior to FIFA signing the agreement in March 2013.

In essence, members of Plymouth City Council will need to take a holistic view of the opportunities, liabilities and costs presented by the Host City bid, and decide if Plymouth wants to try and seize the opportunity to be part of a global event, or to decline on the basis of cost and risk.

If members were minded to proceed, the officers would recommend that this was on the basis that:

- 1) this would be subject to the other consortium members funding the additional £250k marketing costs required by the football association (FA) in 2010;
- 2) a letter be sent to the Department for Culture, Media and Sport, (DCMS) expressing concerns over the funding and requesting support through lottery or other means.

Recommendations & reasons for recommended action:

- a) The Council notes the costs and benefits of bidding to become a Host City for the FIFA World Cup;
- b) that Council considers whether to approve the submission of an application to become a candidate Host City as part of the England bid to become the host nation for the 2018 or 2022 FIFA World Cup; and
- c) if agreed, Council approves the Leader and Chief Executive signing the Host City Agreement and the Intellectual Property Rights Assignment Agreement as a requirement of the final application; and
- d) that Council delegates to the Director for Community Services, in consultation with the Cabinet Member for Leisure, Culture & Sport, the Chief Executive and the Head of Legal Services, to undertake all appropriate steps to progress the application to become a candidate Host City including approval of the final bid to be submitted to England 2018; and
- e) that Council notes that by submitting the bid, the City Council is committing itself to fulfilling its obligations as a Host City if eventually selected for this purpose by FIFA;
- f) that Council authorises participation in Plymouth World Cup Bid Limited.

Appendix 1 - Financial Profile. Indicative Revenue Costs to give a draft profile

	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s	TOTAL £000s
FIFA											
FIFA visit	10	0	0	0	0	0	0	0	0	0	10
Sub Total	10	0	0	0	0	0	0	0	0	0	10
PROMOTIONAL											
City Dressing (branding)	50			50	50	50	50				250
Publicity	5	20	20	20	20	70	120	170	170		615
Website	5	10	10	10	10	10	10	10	10	10	85
Promotional							50	50	50		150
Sub Total	60	30	30	30	30	80	180	230	230	0	900
CORE TEAM											
1 x Team Lead /Assistant	70	150	150	155	160	165	170	175	180	50	1425
1 x Admin											
2 x Assistant											
2 x Admin						120	135	130	135	50	560
4 x Core Team								200	50		250
Office Expenses						55	50	50	50		200
Sub Total	70	150	150	155	160	335	345	555	415	100	2435
DEVELOPMENT											
Development Programme			100	100	100	200	200	200	200		1100
Strategy Planning (traffic/communications)						60	60	60	60		240
Environmental Plan							50	50	50		150
Set Up Costs							5800	7200			13200
Licensing							50	100			150
Sub Total	0	0	100	100	100	260	310	6360	7610	0	14840
CONTINGENCY (incl prov for non staff inflation)	10	30	30	35	40	45	55	65	75	50	435

	2010/11 £000s	2011/12 £000s	2012/13 £000s	2013/14 £000s	2014/15 £000s	2015/16 £000s	2016/17 £000s	2017/18 £000s	2018/19 £000s	2019/20 £000s	TOTAL £000s
Projected Cost	150	210	310	370	380	770	940	7010	8330	150	18620
INCOME											
Sponsorship											0
Income – hospitality, licenses, multi use									(4000)		(4000)
NET REVENUE COST	150	210	310	370	380	770	940	7010	4330	150	14620
CAPITAL											
Fanfest site development								1000			1000
TOTAL REVENUE AND CAPITAL	150	210	310	370	380	770	940	8010	4330	150	15620

Appendix 2 RISKS

i) Change of Government/Legislation

Legislation delayed/not enacted in Parliament due to change of administration or other reason means Host City not able to fulfil obligations

Mitigation: Ensure FA discuss with all parties
 Clear legal advice
 Local MP's present and future engaged

ii) Legal action from FIFA/London 2018

Should Plymouth withdraw after signing Host City agreement. Risks escalate with time

Mitigation: Don't withdraw after signing. Early decision required if funding/legal issues likely to be insurmountable, and withdrawal an option

iii) FIFA impose unacceptable conditions in future

As per Host City agreement conditions

Mitigation: Difficult to mitigate
 Negotiation with FIFA over assistance with costs

iv) PAFC default on stadium agreement

If PAFC default on stadium agreement this could lead to potential termination of Host City agreement and resultant losses/liabilities for city

Mitigation: Enter into legal agreement with the club over covering liabilities
 Consider insurance to limit risk

v) Claims for unauthorised use by FIFA of images supplied by the City

Potential large claims by 3rd parties for global rights for images used by FIFA supplied by Host City

Mitigation: Must ensure written consent for all images used

vi) Future Changes to the City funding conditions

Future funding position of Council changes, making it impossible to fund commitments, particularly in year before and during competition

Mitigation: Sound long term financial plan
 Provision made in early years for big costs years of 2017/18

vii) Escalating/Hidden costs

Costs escalate as a result of overspend/underestimation or the emergence of unforeseen costs

Mitigation: Use all efforts to estimate costs accurately including benchmarking with 2006 Host Cities (done) and those in 2010 and 2014. Provide suitable contingency. There would be a requirement to build support for the World Cup into future delivery contracts, e.g highways

viii) PAFC attempt development outside of AAP

The plans of PAFC with regard to the development of the stadium and other facilities will need careful consideration, particularly in relation to the timing of announcements, planning applications and approvals etc.

Conflict with Planning policy would delay stadium development, and could restrict financial viability of developments.

Mitigation: Ensure PAFC aware that all development needs to be within AAP (letter already sent)
Close liaison by the City Planning Officers – including pre-application advice

ix) Lack of consultation

Due to time constraints prior to bid submission

Mitigation: Discuss with scrutiny
Undertake consultation in 2010 if successful in first phase

x) FIFA withdraw Plymouth from England package after Host Country awarded

Mitigation: Limited
Ensure bid and delivery proposals are as fully developed as possible

xi) Volume of visitors to competition swamp infrastructure

Mitigation: Ensure planning for transport/accommodation/crowd control etc properly undertaken, with lessons taken from FIFA World Cup competitions before 2018
Ensure appropriate contingency plans developed