



Leicester
City Council

Minutes of the Meeting of the
SPECIAL OLYMPICS FUNDING REVIEW (CULTURE & LEISURE TASK GROUP)

Held: WEDNESDAY, 28 JULY 2010 at 11.00 am

P R E S E N T :

Councillor Clair – Task Group Leader

Councillor Allen	Councillor Newcombe
Councillor Grant	Councillor Shah

Also present:

Gordon Armstrong	– Members Service Officer, Leicester City Council
Elaine Baker	– Democratic Service Officer, Leicester City Council
Ted Cassidy	– Chair, Leicester Games 2009 Ltd
Tim Davies	– Vice-Chair, Leicester Games 2009 Ltd
Nev Hammond	– Financial Advisor, Leicester Games 2009 Ltd
Nick Townsend	– Board Member, Leicester Games 2009 Ltd
Richard Watson	– Director of Cultural Services, Leicester City Council

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1. WELCOME AND INTRODUCTIONS

Councillor Clair, the Task Group Leader, welcomed all present to the meeting and introductions were made.

2. APOLOGIES FOR ABSENCE

An apology for absence was received from Councillor Lloyd-Harris.

3. DECLARATIONS OF INTEREST

No declarations were made.

4. TERMS OF REFERENCE

AGREED:

that the Terms of Reference for this review be noted.

5. EVIDENCE SESSION

The Task Group welcomed the following people to the meeting, who had attended to provide evidence:-

- Richard Watson – Director of Cultural Services, Leicester City Council
- Ted Cassidy – Chair, Leicester Games 2009 Ltd
- Tim Davies – Vice-Chair, Leicester Games 2009 Ltd
- Nick Townsend – Board Member, Leicester Games 2009 Ltd
- Nev Hammond – Financial Advisor, Leicester Games 2009 Ltd

Introduction

Ted Cassidy reminded the Task Group that Leicester Games 2009 Ltd was a company that was independent of the Council.

The Board and organising committee had two main objectives, namely to show that Leicester could stage a world-class event and, through the efforts of the athletes, to showcase what those with learning disabilities could achieve.

A third objective had been to not just have one memorable week of sport, but create a lasting legacy for the participants and the City. An added benefit was that it was estimated that the Special Olympics had generated an estimated income of £2.8 million for the City and surrounding area.

The financial process had been professionally managed. A formal structure had been put in place and financial plans had been drawn up. Through competitive tendering, the First Rights company was appointed to obtain sponsorship for the Games and, when the continuous monitoring undertaken showed that it could be difficult to obtain all of the sponsorship needed, an alternative budget was put in place.

Although First Rights continued to pursue sponsorship, Leicester Games Ltd identified a date by which it knew it would either have to cancel the Games or find further finance. At the end of 2008, Leicester Games Ltd therefore requested an immediate meeting with the Leader of Leicester City Council to discuss the situation. As a result of this, agreement was reached that the Council would underwrite the Games for up to £1.2 million.

Continued efforts were made to find alternative sources of funding and all expenditure continued to be monitored and challenged by Leicester Games 2009 Ltd's finance committee. All discussions regarding this were fully minuted.

A Games evaluation report had been prepared, to show what had been learned from the Games.

The Task Group acknowledged that the objectives set by Leicester Games 2009 Ltd in relation to making the Games a success and changing people's perceptions of those with learning difficulties were achieved. However, the

Task Group wanted to learn any lessons it could from Leicester Games 2009 Ltd's experiences.

Question 1 – How were the costs of hosting the Special Olympics arrived at?

Richard Watson advised the Task Group that it initially had been estimated that the Games would cost £3 million. It was assumed that athletes would contribute £1 million and the rest would be met through sponsorship and other funding. There was an aspirational budget of £4.8 million. However, it soon became clear that sufficient sponsorship would not be forthcoming to use this budget.

Leicester Games Ltd established a finance sub-committee to look at sponsorship and funding for the Games and this established that an absolute minimum of £2.762 million would be needed to enable the Games to go ahead. There was a projected shortfall of £1.2 million, which quickly fell to £1 million due to a grant of £200,000 being received from Sport England.

Richard Watson confirmed that this budget had proved to be accurate, as the event had been produced for just under £2.8 million. In addition over £1 million worth of "in kind" support had been received from a range of partners and other interested parties.

It was not known whether this was consistent with costs incurred in producing previous Special Olympics, as every Special Olympics had been different. For example, accommodation in Glasgow had been less central to the City than that used in Leicester, so more travel costs had been incurred.

Ted Cassidy confirmed that Leicester Games 2009 Ltd would have liked to be able to dress the City more than it did, but the scale of this was reduced due to the financial situation. In addition, when Leicester Games 2009 Ltd said that it could not pay for a closing ceremony, charities that were involved with services to people with learning disabilities provided funding to enable this to take place,

In reply to a question, Richard Watson advised that representatives of Leicester Games 2009 Ltd had visited Glasgow, which had previously hosted the Games, and spent as much time as possible learning lessons from its experience. It was noted that Glasgow City Council had contributed a lot of funding towards the Games in that city.

Although Leicester Games Ltd did not strive to surpass Glasgow, there were more athletes present at the opening ceremony than there had been in Glasgow. However, the number of events that could be hosted was limited by the accommodation that was available. Consequently, it had been decided not to invite teams from abroad, (as had been done when Leicester had hosted the Games in 1989), as they could not be accommodated.

Nev Hammond reported that 3,342 athletes and coaches had attended. They had paid for their own accommodation, so accommodation costs had been covered to within a few thousand pounds. Nick Townsend advised that the

universities had been asked to reduce accommodation costs. They had done this as much as possible, but as they outsourced the management of much of their accommodation they had not been able to reduce costs by as much as they otherwise would have done.

Tim Davis advised that three versions of the original budget had been drawn up, ranging from the largest budget of £4.8 million to the minimum budget of £2.8 million, depending on different income scenarios. The decision on which version to use was delayed as long as possible, until income levels were known.

Nev Hammond confirmed that he had joined Leicester Games Ltd in June 2008 and had been tasked with challenging all budget heads. By October 2008 it was recognised that there was a potential problem regarding sponsorship and the final budget was agreed in December 2008.

In response to questions from the Task Group, it was confirmed that:-

- Leicester Games Ltd was aware of the Council's original contribution of £250,000 throughout this time, as core funding needed to be in place before a bid was submitted to host the Games;
- Throughout the process, Councillor Connelly, (then Cabinet Lead Member for Culture and Leisure), and Councillor Palmer had been on the Board of Leicester Games 2009 Ltd. As such, they were aware throughout the whole process that there was a potential shortfall in sponsorship;
- Leicester Games Ltd held Board meetings on a regular basis. These were usually monthly, sometime twice a month, so all Board members were aware of the financial situation from the outset;
- When the bid to host the Games was successful in 2007 there was no recession or banking crisis. The latter happened in the summer of 2008 and the country was in recession by the winter of that year; and
- The financial position of the Games had not been ignored, but the main problem had been identifying where income would come from. Through to the end of January 2009 there had been a reasonable expectation that a major sponsor would be found.

Question 2 – How was the fundraising strategy put in place?

Question 3 – What was included in the fundraising strategy?

Richard Watson advised that the main income had been £1.1 million from the athletes, £0.4 million from Sport England and local authority contributions, £109,000 from the Lord Mayor's Appeal, £33,000 from ticket sales, £70,000 from sponsorship and £1 million worth of "in kind" assistance.

It had always been the intention that a sponsor would be found for the Games. A scoping exercise therefore was undertaken with Paul Parmenter, (Managing

Director of Paul Parmenter Marketing Ltd), to develop a comprehensive sponsorship brief.

Twelve major specialist agencies had been contacted with the sponsorship brief and three expressed an interest in the contract. In January 2008 all three were interviewed by a panel comprised of the Board of Leicester Games 2009 Ltd, Paul Parmenter and a representative of Special Olympics Great Britain. As a result of this, First Rights was appointed to find sponsorship for the Games. The credentials of the company were checked and the Board was happy with the work it had done previously.

A strategy was devised with First Rights, details of which were read out to the Task Group. It was noted that this included approaches to approximately 200 national and local organisations and brands. Following this, the focus moved to sales and marketing rights. Throughout this, regular meetings were held with First Rights.

Tim Davis advised the Task Group that media rights to the Games were sold to a media partner. Various approaches were made to appropriate businesses before ITV became the media partner in November 2008, agreeing to televise the Games on regional television.

Pitches to potential sponsors started in April 2008 and it became clear very quickly that various national and international organisations and companies were interested in sponsorship deals. Local and smaller companies also were contacted, but some of these were encountering problems due to the financial crisis. However, help "in kind" was provided with items such as venues and equipment.

Some delay was caused by having to wait for a major sponsor to be identified, as that sponsor could have wanted greater branding rights, thus reducing the availability of these rights for other sponsors. This made it very difficult to negotiate with other companies, particularly with local companies as, for example, they could have wanted to sponsor a specific event.

First Rights made regular reports to Leicester Games 2009 Ltd, advising which organisations and companies had been contacted, the brand value and what progress was being made in confirming sponsors. These reports regularly predicted that £2 – 3 million sponsorship would be obtained.

Problems also were encountered with the wording to be used in sponsorship branding. For example, one major company was very interested in being a sponsor if wording such as "on the road to 2012" could be used. Permission had to be obtained to approach the London Organising Committee of the Olympic and Paralympic Games (LOCOG) and this took a couple of months.

In January 2009 LOCOG finally refused permission for any association of the Special Olympics with the 2012 Games, as they wanted to protect their own branding. This affected other sponsors as well, who were considering sponsoring the Special Olympics Summer Games as part of their roll-out to

sponsorship of the 2012 Games.

By this time, the economy and the country were in recession. Many large sports clubs and events had lost their sponsorship, due to this situation. This made it harder to try to identify sponsorship for these Games. It also had become apparent that Special Olympics Great Britain had sold rights to branding in such a way that the full value was not always derived from these rights.

As a result of these problems, Leicester Games 2009 Ltd implemented its alternative plan, which was to find a sponsor for each of the 21 sports and two or three larger sponsors. One of the main problems with obtaining this sponsorship was that it was late in the process for sponsors to be providing funding, as their budgets for the year were largely committed. The other main problem was the general shortage of funding due to the economic situation at that time.

Despite the problems encountered, the Leicester Games had been successful in raising the profile of the Special Olympics and improving people's perceptions of what people with learning difficulties could achieve.

The Task Group welcomed this information, noting the problems faced in implementing a fundraising strategy, and congratulating Leicester Games 2009 Ltd on securing the funding it had in difficult circumstances. However, it expressed some concern that, to the public, it had appeared that First Rights had not fulfilled the role to which it was appointed.

In reply, Tim Davis advised that First Rights had been paid a retainer and had been incentivised on a commission basis. This was a percentage of the sponsorship raised, the actual percentage depending on whether First Rights found the sponsor or whether the sponsor was introduced by Leicester Games Ltd.

In reply to further questions, Tim Davis advised that Leicester Games 2009 Ltd initially had worked very closely with the Chamber of Commerce. For example, the Chamber had brought in Paul Parmenter and had helped contact various companies. However, members of the Chamber of Commerce were adversely affected by the recession, which limited the help it could give.

It also was noted that, once it had been confirmed that a major sponsor would not be forthcoming, the Board of Leicester Games 2009 Ltd had worked with the Chamber of Commerce to compile a mailing list based on their personal contacts. In addition, the governing body of each participating sport was written to, but no replies were received to these particular approaches.

Through personal contacts, a grant of £200,000 was received from Sport England. This was a great achievement, as it was the first time that Sport England had provided funding for the Special Olympics. The Government Minister for Disability approved funding of £15,000, which also was a great achievement, as Special Needs sport previously had been a forgotten area of

disability. A lot of support was received from the then Sports Minister, who also attended the closing ceremony.

The Board of Leicester Games 2009 Ltd also extended their thanks to the then Lord Mayor of Leicester for the contribution of £109,000 from the Lord Mayor's Appeal.

Richard Watson confirmed that, nationally, there was no central government funding in England for the Special Olympics, all funding being provided on a piecemeal basis. The problems encountered by the organisers of the Leicester Games and the need to start finding funding afresh for each Games highlighted the need to put core funding and an infrastructure in place for future events. The Board of Leicester Games 2009 Ltd anticipated that it would be difficult to find a city willing to host the 2013 Games, due to the problems identified, although there would be media value that could be sold.

The final shortfall in funding had been approximately £1 million, which Leicester City Council met. This was as a result of previous discussions with the Council, which had led to the Council agreeing to underwrite the Games to a maximum of £1.2 million, as long as this agreement was kept confidential in order to not deter any potential sponsors. Agreement to cover the £1 million shortfall was confirmed by the Council's Cabinet in June 2009. Without this cover, the Games would have been cancelled.

The Task Group acknowledged the need for confidentiality. However, it regretted that the process followed had not been made public until this meeting. For example, once the games had been delivered the need for confidentiality could be considered to be reduced or removed.

Question 4 – How was the fundraising strategy monitored during implementation?

Question 5 – Please give a timeline of where and how it became clear that the expectations within the fundraising strategy would not be met

Question 6 – When and how did the Cabinet decide to intervene financially?

These questions were answered within the responses given to Questions 2 and 3, above.

Question 7 – How would you rate the success or otherwise of the fundraising strategy for the Special Olympics?

Leicester Games 2009 Ltd agreed that the fundraising strategy had not been as successful as had been hoped. The strategy had been realistic when it was formed in 2007 and First Right's proposals were realistic. If the recession, and its severity, could have been foreseen, this could have led to a decision not to bid for the Games.

The Board considered that it had done the correct things in relation to having a realistic range of budgets, the aspiration of sponsorship and planning for it, and the identification of a media partner. It would have been possible to plan better

if LOCOG had refused permission to link the wording used by sponsors to the 2012 Olympic Games at an earlier stage in the process.

Rigorous scrutiny of funding and fundraising had been undertaken by Leicester Games 2009 Ltd through its finance Committee and Board throughout the whole process.

There had been some successes, although it was recognised that these were small elements of the funding needed. For example, the Lord Mayor's Appeal had been very successful and revenue from ticket sales and merchandising was greater than expected.

A major issue had been the approach to sponsorship taken by Special Olympics Great Britain, which was not as professional as had been hoped. For example, certain franchises were made available at very low rates, restricting what could be achieved locally. In addition, any money raised by that SOGB through sponsorship was kept by SOGB, which had made it harder to find funding. However, Leicester Games 2009 Ltd felt that the experience of the 2009 Games had made the national body more aware of what could be achieved.

The Task Group noted that it would have been possible to take measures to mitigate the risk of a financial loss on the Games, but any such measures would themselves have had a cost associated with them, so taking those measures had to be cost effective.

The Task Group enquired who the lessons that had been learned would be shared with and how this would be done. In reply, Ted Cassidy explained that Leicester Games 2009 Ltd had been in touch with the Minister throughout the whole process, Sport England was aware of what had happened and the Special Olympics Great Britain had been told of the issues encountered.

This was the only Special Olympics that had been properly researched. Leicester University and De Montfort University had researched it from the start of the project and would report in September. This was very detailed research, including speaking to the athletes before, during and after the Games.

One element of the plans for the Games had been the legacy planning that had been done. A legacy meeting had been held in December 2009, which had acknowledged that a lot of the arrangements had worked well.

In addition, a number of recommendations had emerged on how the process of delivering the Games could be improved. For example, it was unreasonable to ask a city to host the Games only two years before they were held. This needed to be agreed five years in advance, as was done by the International Olympic Committee, to enable funding to be put in place. These recommendations would be rolled out to the Government Sports Minister, Sports England, Special Olympics Great Britain and other appropriate parties.

Leicester Games 2009 Ltd had visited Glasgow, which had hosted the previous Games, but any information they had gathered had been requested, not presented, as Glasgow had closed its project. In comparison, Leicester Games 2009 Ltd had planned for a legacy for the City and had a complete audit trail from the outset of the project. One difference between the approach taken by Glasgow and Leicester was that the Games in Glasgow had been fully funded by Glasgow City Council as a Council, not as a separate body.

One restriction on the Games was that only a certain size Games could be accommodated and this was not an easy market through which to attract funding. As such, the Board of Leicester Games 2009 Ltd probably would not recommend that the City should bid to host the Games again unless substantial government funding was available. This also reflected the concerns about whether it was appropriate for one City to take all of the responsibility for hosting national Games and that more recognition of learning disabilities in sport was needed.

The Task Group congratulated Leicester Games 2009 Ltd on hosting Games that were so successful, particularly in view of the problems faced in hosting them. The Task Group suggested that more could be done to lobby for the Games to be recognised as they should be nationally, possibly leading to future Games being organised differently, for example on a regional, rather than city, basis.

Question 8 - How was the overall success of the Special Olympics assessed?

Ted Cassidy reported that the first history of the Special Olympics had been produced and Leicester had played a large part in that. In addition, the research project referred to previously had been undertaken by the two local universities.

Other things that could be taken as measures of the success of the Games included:-

- The Prime Minister came to the opening of the Games. He was the first Prime Minister to do so;
- It was estimated that the Games had generated a minimum of £2.8 million inward investment for the City and county;
- The City had received a lot of publicity through the Games, although it was acknowledged that more publicity would have been preferable. This equated to more than £1.6 million worth of public relations coverage;
- A learning pack had been produced for all schools in the City and county; and
- The opening ceremony had been spectacular.

The representatives of Leicester Games 2009 Ltd expressed their appreciation of the City Council's willingness to put forward a bid for the Games and to support Leicester Games 2009 Ltd throughout the whole process.

The Task Group recognised the non-financial successes of the Games, such as the pride that the participants had in participating and the way they met the challenge of participating, and recognised the importance of giving the athletes the chance to compete in an event such as this.

The Task Group then expressed its thanks to Leicester Games 2009 Ltd for all that had been achieved for the City.

6. ADJOURNMENT OF MEETING

The meeting adjourned at 1.00 pm and Ted Cassidy (Chair, Leicester Games 2009 Ltd), Tim Davies (Vice-Chair, Leicester Games 2009 Ltd), Nick Townsend (Board Member, Leicester Games 2009 Ltd) and Nev Hammond (Financial Advisor, Leicester Games 2009 Ltd) left the meeting.

The meeting reconvened at 1.06 pm

7. CONCLUSIONS

The Task Group drew the conclusions set out below, in relation to its terms of reference.

- **To assess whether all efforts were made to obtain commercial sponsorship**

The Task Group felt that, from the evidence received, all reasonable efforts had been made to obtain commercial sponsorship, although these efforts had not been fully explained previously. The actions taken were the correct ones in the circumstances at the time.

- **To evaluate whether the expectations to raise up to £3M in commercial sponsorship was an achievable aim at that point in time**

The Task Group accepted that Leicester Games Ltd had a genuine intent to raise the sponsorship specified and belief that this could be done. However, on the evidence provided, it was difficult to take a considered view on whether the expectations at the outset were realistic.

Leicester Games Ltd had a range of plans that it had worked through. However, various problems were encountered during the planning stages. For example, First Rights was close to gaining a major sponsor for the Games, but the lack of links with the 2012 Olympic Games prevented this.

The Task Group expressed its interest in receiving, and giving consideration to, the report being prepared by Leicester and De Montfort Universities on the impact and legacy of the event. It was noted that this was due to be published

in September 2010.

In conclusion, the Task Group suggested that the event needed to continue, but current arrangements were not suitable for future Games. Funding needed to follow the athletes, rather than the hosts being so heavily reliant on commercial sponsorship, and it was an inappropriate expectation that one city could host the Games on its own. Alternative arrangements therefore could be considered, such as the Games being hosted on a regional basis, (or in close co-operation with other authorities in a region), using government funding, and with greater support from appropriate national organising bodies.

The Task Group believed that people with learning disabilities should be recognised explicitly in grant funding for sports and suggested that a letter could be sent to the Minister for Sport, the Minister for Disability and Special Olympics Great Britain asking that consideration be given to the points raised above.

- **To evaluate alternative ways of securing funding that could have been explored and to identify lessons learned to improve the chances of securing commercial sponsorship for similar events in the future**

The wide range of activities undertaken to attract sponsorship to the Games from local, national and international sponsors was recognised. Given the restrictions on the time available, it was felt that it would have been extremely difficult to undertake any further activities. It also was recognised that the possibility had been considered of obtaining insurance against a loss through lack of sponsorship. However, if a similar event was hosted in the future, it would be useful to undertake more extensive risk assessments at the outset of the planning phase.

The Task Group considered that, on the advice and guidance received, First Rights was the best company to employ to source sponsorship for the Games. This was backed up by the experienced people on the Board of Leicester Games Ltd.

The Task Group recognised that it was not always appropriate to have cross-party representation in discussions during the planning stages of an event of this nature, but suggested that it could be useful in the future to have greater cross-party representation, to facilitate openness and transparency.

Vote of Thanks

The Task Group extended its thanks to the Board of Leicester Games Ltd for its hard work and the personal financial risks taken.

8. CLOSE OF MEETING

The meeting closed at 1.38 pm