

Written evidence submitted by Method Events Ltd

DCMS Evidence

INTRODUCTION

Method Events

We are a young company of event specialists delivering large-scale festivals and consultancy services to the events industry. Among our clients are several award-winning festivals, including Tramlines (50,000 capacity, Sheffield), Field Day (30,000 capacity, London) and Truck (25,000 capacity, Oxfordshire). We also work with a portfolio of venues that host regular events of a smaller scale, including The Drumsheds (10,000 capacity, London) and Magazine (5,000 capacity, London).

Outside of the world of live music we deliver corporate events such as Courier magazine's annual expo, 'Courier Live'. Like many of our peers who make up the best quality suppliers to the UK's world-leading events industry, we consider the methodology behind the delivery of an event with public safety and customer experience ensued, to be more important than the style or genre of an event.

Why we are submitting

Our revenues have seen severe impact due to the Covid-19 pandemic. We are an event production company that specialises in large outdoor events and specifically in the areas of site infrastructure, licensing and public safety. Specialities which are not applicable to virtual events and proven not financially viable at events with significant social-distancing in place (without significant sponsorship or subsidy). This has left our business with little option other than to enter a 'deep freeze'; cutting jobs, overheads and claiming whatever support is available from the treasury.

This submission of evidence forms our witness statement of the environment that exists within our industry and is mostly embedded in the supply chain. The public's perception and the media's commentary largely focus on the event organiser or promoter as the public-facing brand, but it is our experience that the majority of expertise, workforce and value-added exist in suppliers to the industry. These may include: security; medical and welfare services; temporary power provision; sound, AV and lighting; ground protection; temporary demountable structures; catering and concessions; bar services.

An anecdotal perspective on this from a typical festival we may manage as prime contractor would equate to the promoter only supplying 4 of the ~2,000 staff required to deliver a successful event.

QUESTIONS

What is the economic and cultural contribution of the UK's festival industry?

There were 3.9 million music festival attendees in 2016 and it is estimated that this figure has increased by at least 6% since. There are also a number of 'festival' events beyond this figure, especially in large cities. These include consumer brand and lifestyle events and it would not be too liberal to suggest that the audience figure may therefore sit at closer to 5 million.

The total direct spend last reported by UK Music in 2014 was more than £1.7 billion, which sustained over 13,500 full-time jobs. The full-time jobs statistic is pertinent as in reality most staff are within the supply chain of the outdoor events industry such as stewards, security and sound engineers. These roles are therefore not factored into the statistic even though these jobs and livelihoods are reliant on the festival industry.

The cultural contribution is nigh-immeasurable and priceless. Festivals are at the heart of British music and are at the centre of our music industry; which is irrefutably world-leading and disproportionately large versus our population. Such is the quality of the UK festival industry that tourism to UK festivals is an industry in its own right, with UK music reporting this was worth £4 billion in 2016.

What has been the impact of cancellations on local economies and those who derive income from festivals during 2020?

There is perhaps a lack of data surrounding the effect of festivals on local economies due to their transient nature and a lack of publicly available financial analysis in the industry, possibly due to lack of a single regulatory body to report to. There are however some individual quantitative studies for specific events:

Glyndebourne generates £11 million of Gross Value Added (GVA) for East Sussex's economy every year. (BOP 2013a)

The total gross direct spend for the 2007 Glastonbury Festival was estimated at over £73 million. (Baker Associates 2007)

It is thought the festival [Boardmasters], at Watergate Bay and Fistral in Newquay, brings around £45 million into the Cornish economy each year. (Conchie, Cornwall Chamber of Commerce 2020)

It goes without saying that none of this spend reaches local economies when the festivals do not take place.

What are the risks to festivals taking place in 2021 and beyond, and how can these be mitigated?

The risks to festivals taking place in 2021 and beyond are continuing to increase while a distinct roadmap is not in place for resuming normality in the outdoor events industry. This means that the cone of uncertainty is not narrowing, but time to safely and sustainably deliver events is still diminishing due to the fixed-deadline nature of events.

Beyond the end of the roadmap period, the overall risk profile has not substantially changed as the the most immediate and probable risks to outdoor events are largely surrounding weather and location conditions; meanwhile, the highest severity risk is terrorism as the nature of this threat is sudden loss of life for members of the public on-site. The threat of Covid-19 at outdoor events is not totally different to the risks and threats that event producers are versed in controlling and mitigating. Any highly infectious disease present within an event perimeter such as norovirus or mumps has potential to affect a great number of individuals, thus events have always had suitable controls in place; the difference in threat from Covid-19 is the n+1 infections which may occur outside the event perimeter as attendees return home and to their local communities.

The risks therefore are at a national level and the outdoor event industry can only fall into line with relaxation of social distancing measures across the board and should not necessarily be seen as unique and separate from many other scenarios that create high densities of people such as mass transit systems in urban centres.

What measures are needed for audiences to attend festivals without social distancing, and how realistic are they?

We perceive that measures designed to enable high-capacity events without social distancing are unlikely to be viable in practice. For example, both rapid testing and vaccine/antibody passports have been discussed as potential enablers for large-scale events, but both present insurmountable operational issues. Rapid testing on entry has numerous pitfalls, including the inability to ensure social distancing of attendees en-route to the event (especially where public transport is used), the impractical space, infrastructure and staffing resource required to socially distance a significant entry queue, and the issue of how to manage the return journey of attendees that test positive. Similarly, as no vaccine will be 100% effective in preventing infection, the introduction of a vaccine/antibody passport does not enable the risks of mass-transmission to be totally mitigated. The margin of error at this scale could still be seen as a substantial risk.

In our view, it is more realistic to plan for the return of large-scale events once a significant level of community immunity in the vulnerable (via the course of time or vaccination) has reduced the prevalence of the virus to such an extent that the risks associated with mass gatherings are significantly reduced; or not beyond pre-Covid-19 levels.

What has been the impact of the temporary VAT cut and Culture Recovery Fund on festivals and their supply chains, and what else can the Government do to secure their futures?

VAT is a consumption tax that is paid by the end consumer rather than paid throughout the value chain. As such, any VAT cut can only translate to a marginal increase in customer demand rather than a fiscal stimulus for an industry. We believe the cut may have helped pubs, restaurants, cinemas and others that had periods of opening doors but as the festival industry never reopened it cannot have experienced much benefit. The only effect that may have been borne out of the VAT cut on the festival industry is a slight increase in ticket sales for events scheduled for summer 2021; this is massively outweighed by the lack of consumer confidence due to events not having taken place for a year however. Aside from this, the VAT cut does not benefit suppliers to the industry who cannot work due to ongoing restrictions, who, as mentioned elsewhere in this evidence piece, are the majority of the sector's workforce.

The Culture Recover Fund was certainly well-intended, unfortunately our experience (shared by other supplier companies) was very negative, not due to the allocation of the fund but the lack of distribution from the benefactors. The fund's guidance literature clearly intends for the cash to be distributed throughout the supply chain, to keep the industry active in planning for 2021 events, however the financial conservatism of promoters and event owners has caused funds to be withheld. Without entering legal dispute with event owners, suppliers are wondering whether to flag to the Arts Council that they are not benefitting from the funds as expected; similarly, a clearer mandate or covenant may have been required with the grants to ensure that they were distributed effectively. This creates a concern about the UK's gross benefit from the funds: for festivals that are owned by overseas private equity funds, for example, there is a threat that the funds are lost to overseas companies as they refuse to open up their balance sheets to the supply chain.

How has the structure of the UK festivals market evolved over recent years, and what has this meant for consumers, artists and the wider industry? What further changes might be anticipated?

The festival industry has seen multiple acquisitions in recent years, which has resulted in a high level of consolidation. Many formerly independent event organisers are now majority owned by a handful of conglomerates, TNC's and private equity groups, which has had an impact on competition, pricing and diversity.

Reduced levels of competition have had a negative effect on pricing, especially within the freelancer market which props up the industry. Day rates for experienced personnel that are burdened with significant responsibility and accountability have been restricted to much lower levels than other

sectors, despite the steady increase in event ticket prices. Another noteworthy example is the event security industry, which has underlying flaws that are proving difficult to rectify. The price expectation of event organisers and their inability to balance a step change in security costs has led to event security staff continuing to be amongst the lowest paid on site, despite the obvious importance of the role for customer safety. The disproportionately low rate of pay for security roles makes it difficult for suppliers to attract motivated staff, and to ensure a high quality of training and briefing.

Another effect of consolidation has been a lack of diversity within the most senior industry positions. Now the ownership and strategic responsibility lies with a small group of corporate individuals, the scope for gender, racial and cultural diversity has been lessened; stifling progress.

How can festivals be supported to reduce their environmental impact and tackle the dangers of illegal drug use?

Improvements have been made to the environmental sustainability of festivals in recent years, but there is still a long way to go. A significant step will be stopping the most environmentally impactful approaches from being the best value options. Tax and subsidy arrangements could be introduced to incentivise green initiatives at scale, potentially forming part of the licensing criteria.

The reliance on fossil fuels for the provision of temporary power is a significant contributor to the environmental impact of festivals. We propose that a government initiative be set up that facilitates collaboration between Ofgem, local authority events teams, and distribution network operators (DNOs) to enable events to make use of on-grid power for temporary requirements. Although commonplace in other European countries such as The Netherlands and Belgium, it has been seen at very few events in the UK, largely due to barriers between stakeholders, and no standard framework for delivery.

In order to focus minds on the importance of environmental sustainability, a new set of guidance could be developed, similar to The Events Industry Forum's Purple Guide, to set out best practices and suggested provisions to reduce the environmental impact of outdoor events.

Noteworthy progress has been made in recent years around the use of controlled substances at festivals, largely due to the introduction of on-site testing. However, we believe the provision of testing should be funded or at least substantially subsidised by the government, and not viewed as a P&L consideration in a profit-making exercise. It is such a pivotal instrument for harm reduction that it should be implemented at all at-risk events, regardless of cost to the organiser.

As a more general point, festivals should be supported and continue to operate where there is demand and financial viability as the nature of such highly controlled environments greatly lessens the dangers of illegal drug use. There has been a substantial increase in the number of black-market and illegal events occurring during the pandemic, causing threats to communities in terms of public safety, disruption and anti-social behaviour; without adequate risk mitigation and control measures. It is vital that the festival industry be enabled and supported, not just for the social, cultural and economic benefits, but also the prevention of unregulated gatherings.