

## Written evidence submitted by Southby Productions

### Call for evidence on “The future of UK music festivals”

Closing Date: Wednesday 9 December 2020

#### Introduction

I own and run a technical event production company that specialises in audio provision for events such as UK music festivals. I started the business in December 2007 and stored the equipment I bought and rented out in my kitchen. In February 2020 the business employed fifteen people and traded from a 6500sq ft. warehouse in High Wycombe. We predominantly rent audio equipment such as speakers, microphones and mixing desks, either with or without the labour to set up and operate them. Our primary rental customers are in public entertainment such as live music and theatre, but we also supply to corporate and private customers. Southby Productions sell and install audio, lighting and video equipment into houses of worship, cinemas, night clubs, restaurants and theme parks. We also production manage the technical aspects of live events such as a temporary theatre complete with ice rink at London’s Hyde Park Winter Wonderland and the 2019 Shakespeare’s Rose Theatres located in York and at Blenheim Palace.

More background on the company can be seen on our website:

<https://www.southby-productions.co.uk/>

I consider myself very lucky to operate as part of an industry I enjoy working in. I work with a highly skilled and hugely dedicated team of professionals, both full time and freelance, who work all hours of the day and night, often when the majority of the population are not working. They deliver exceptional results, often in challenging and fast evolving circumstances, for the enjoyment of the entertainment loving inhabitants of the UK and its tourists.

In 2019 we did the first tour of European arenas with d&b audiotechnik’s Soundscape technology for Bjork’s Cornucopia which was a huge technical challenge. We also delivered audio for Glastonbury’s Acoustic Stage.

In the financial year ending March 2020 we had worked for 133 different clients and turned over £2.7 million working on around 1300 events. In the financial year to date starting April 2020 we have only worked for 19 customers on around 60 events and turned over £600,000. £186,000 of which has come from government support, largely the Coronavirus Job Retention Scheme.

The pandemic has affected most sectors in a negative way and the past 7-8 months have not been easy for anyone. However, I believe the entertainment industry in particular, including UK music festivals, is in continued danger, despite the optimism supplied by news of effective vaccines, and I am grateful for the opportunity to answer the call for evidence on how elements of that danger might in my opinion be addressed.

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

Economically around a third of our 2019 £2.7million turnover was derived from the UKs festival industry. About a third of that, £300,000, was spent on wages for individuals working on UK festivals. We are a small business, but I could name tens of other businesses for whom the situation will be similar. Pro rata across all businesses supporting the sector, that number which goes into tax paying public pockets is a significant contribution.

The demand from the public for festivals is still hugely strong. Watching a live music event on your television, laptop or tablet will never replace being there in person, whilst it can be a good substitute on occasions. There is significant pent up demand from the festival going population, who are not largely in the high-risk categories of suffering terminally from Covid19, whilst of course they can still be spreaders.

I was fortunate enough to take a weeklong holiday in Cornwall just before the second lockdown and the overwhelming consensus from hospitality businesses I visited was that they had by the end of October largely made up their losses from the earlier in the year. That may not be the case across the entire country, but perhaps a similar approach could be applied to the UK music festivals in the summer of 2021 if sufficient notice and support is given.

The increase in the number festivals of all types and sizes up to and including the summer of 2019 further supports the suggestion of high demand across the nations. Culturally not only do these festivals harbour and grow UK talent that then travel the world taking with them an army of support staff, often from the UK as well, but they also encourage people to visit the UK. The opportunity for the UK population to see a diverse range of acts at festivals broadens horizons and brings a sense of togetherness that helps to combat the divisions that seem to plight the population on acrimonious subjects such as Brexit.

Once people have seen an artist or been introduced to a new artform at a festival, their engagement and involvement often grows. Regular attendance at annual and other events lead to benefit in other sectors as well. For example travel, tourism and hospitality all benefit from UK music festivals, both directly and indirectly.

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

We, and most other businesses like us to whom I speak often weekly at the moment, have not employed a freelancer for a single day since March 2019. In the financial year ending March 2019 we spent £172,000 on freelancers to support our work in live events as a whole. Some of these individuals will have been able to claim from the SEISS. However, many have been freelance for less than a year and not have submitted the required accounts yet to qualify for the SEISS. They have been left unsupported for the past 7-8 months. As a result, these individuals can't afford to pay their rent, and many have moved back to their parent's houses. They are unable to spend in other areas of the economy too because their work is unable to take place. Their contribution to the UK's economy is halted, whilst their dependence on the state increases and their health decreases.

The concept that they should retrain has been met with hostility because their jobs are not unviable. Their job is currently prevented from taking place by government policy. Perhaps for good reason, but the demand for their job will return and if all those skilled people have changed industry our ability to deliver the cultural entertainment we did before will be hampered as will the economic benefits it once brought.

People who work in this industry are not inherently lazy. They work at all hours of the day and night in every form of weather and often on public holidays. They don't want handouts or support for eternity, but if their ability to earn a living is being prevented by government policy for good reason, then supporting them until that policy can safely be reversed is, in my opinion, a pragmatic approach that will reap significant rewards when the industry recovers.

There has been support for a significant number of those employed and self-employed individuals and it is important that is acknowledged. However, there has not been any certainty over how long

that support will last in comparison with when the work will be allowed to return. In August with the seemingly committed end to the CJRS approaching we were faced with a severe threat of a second winter without the summer's income to support us. We are a more diverse business than some in our operations, but we still make a significant portion of our income in the summer months which sees us through the winter months. Having missed a boost to our reserves this summer without a single festival taking place, and with the support for wages drying up we were forced to make seven of our team redundant. With the remaining 50% of team members we entered difficult and complex conversations about how might make it through to the summer of 2021 in the hope our industry would be allowed to reopen.

The original JSS was too costly for us, and seemingly almost everyone else. The revised offering was better, but eventually the CJRS was brought back. Each time the approach changed it cost hours of our time talking individually to each employee and revising cash forecasts. It was an incredibly difficult time that put a huge strain on everyone.

What is needed is support that lasts inline with the restrictions on the industry. That will give businesses the certainty that is needed to keep going and plan ahead. The constant change in direction, new plan, abolishment of plan is chaotic and does not help anyone.

A medium to long term plan that is certain, committed and adhered to, that is not changed every few weeks is what is required to allow planning and for businesses like mine to survive and continue to do their part in supporting employees and suppliers alike. A plan with regards to financial support packages that is directly related to the restrictions in place. This does not include support for those whose businesses have been forced to close due to tier 3 being applied to their local area. That may help hospitality, but our sector is in a pretty similar position whether in full lockdown, tier one, two or three. When will the restrictions on event capacity both indoor and outdoor be removed, and will support such as the CJRS continue at its current 80% level until then? These are the sorts of plans and statements that are required.

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

Looking forwards if the current significant support is going to end by 31<sup>st</sup> March 2021 then festivals should be allowed to take place largely unrestricted from at least February 2021. In the latest change in government guidance the concept of the lower of 4000 people or 50% capacity is a welcome step forwards for outdoor events, along with the indoor limits, but how long will these restrictions be in place? No information has been provided on a timescale and given recent examples it would not surprise me if the government changed its approach again within weeks before Christmas.

Festival promoters and organisers need certainty, preferably for the next 10 months, not the next two months. These events take months, often years to plan, and not knowing what the restrictions will be in January, make planning something for the summer incredibly risky and largely impossible. Most promoters and organisers don't have the resources or financial backing to plan for ten different options subject to what the government decide to do next.

In my opinion what is needed is a clear approach laid out in a timeline. Currently the restrictions are X, on 31<sup>st</sup> January these will be reduced to Y and from 1<sup>st</sup> May they will be further reduced to Z. I recognise it is hard to be that specific, but if the government with its resources cannot commit to that, how are small businesses such as ours or festival promoters expected to do it?

Secondly, insurance, there have been many calls for the government to use its resources to support insuring events rather than handing out money to keep businesses closed. The cancellation of the Southampton Boat Show at the last minute, despite active council involvement from the beginning

on covid safe measures, is a good example of the challenge facing organisers and promoters. If promoters do not have the confidence their event will go ahead, and cannot get insurance against it being cancelled due to "covid", then most will simply not organise their event. The costs they may otherwise incur are too great a risk.

If the government were to offer support in the form of insurance that pays out to cover costs incurred by a promoter or organiser in the event and event has to be cancelled that would otherwise have gone ahead had government measures not be changed, for example restrictions on event capacity due to local increase in covid cases, then that would give confidence to organisers which ultimately employ businesses like ours to assist them.

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

My understanding is that testing at entrance in 15-30 minutes is now a realistic possibility. Government support of this approach, whether financial to subsidise the cost of testing, or simply in allowing non socially distanced events to happen if testing is carried out on entrance seems to be a real possibility of enabling the summer of 2021 to be much closer to normal than that of 2020. However, action has to be taken now to facilitate that planning. It should not be left until the last minute to be announced or encouraged. Certainty and clarity of the rules and regulations, which tests and how they must be carried out is what is required.

I'm sure there are also considerations to be given to what impact the vaccine will have. If someone has been vaccinated does that mean they are safe to attend? Can they prove that, or could they still be a carrier so a test at the gate is still required?

From a supplies perspective there is very little stopping us carrying out our part in a covid safe fashion. Not sharing equipment, wearing masks, maintaining social distances where possible, working in the same small teams to avoid unnecessary mixing are all doable, let alone that festivals largely happen outdoors where ventilation is good. The challenges are largely with the promoters and how to ensure audience safety, and how to ensure the event actually takes place and is not cancelled by erratic last minute changes in restrictions.

**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?**

Unfortunately, we did not apply for the Culture Recovery Fund as the initial guidance did not apply to businesses in the supply chain. This was later changed but that change was not widely publicised and regretfully we missed it along with many others in our sector. That being said many I know who did apply were not successful, even when their reviewer had recommended them for funding, and others were successful. The amounts awarded also seemed to vary hugely and I think rather like the retail rates relief that some businesses in our sector have received and some have not, the cultural recovery fund has been a lottery of chance which has resulted in an uneven playing field going forwards for those in our industry with support and those without.

The 5% VAT rate has had no visible impact on our business as it does not directly apply to us. I would like to think those ticket sellers that can utilise it will have seen a benefit that is in part passed down the chain. A 5% VAT cut to event suppliers such as us would help. Most of our work is to trade customers so the VAT rate is irrelevant in all but cashflow as they claim it back. However, we work for many religious organisations, charities and some private clients, to which a temporary VAT cut to our supply of event equipment rental and associated labour and transport would make a significant difference.

Many of our annual repeat events such as religious events will suffer from increased costs in 2021 due to the pandemic. Some will be paying back debt from cancelled events in 2020, some will have reduced capacity or increased costs due to testing or cleaning. Either way their budget will be more stretched than ever and so a reduction in the VAT we and other event suppliers such as marquee and seating companies have to charge would both potentially help reduce their costs, as they cannot claim the VAT back, and help them bridge the gap, but may also enable companies like us to earn more to help pay back our debt incurred as a result of continued costs with little or no income as a result of the pandemic, such as CBILS loan repayments. A pragmatic approach here where both customer and supplier can benefit would be mutually beneficial. I have seen no restaurant or hotel that has passed the VAT saving on to customers, they have all, understandably, used it to recover lost earnings, and I don't resent that at all. A similar approach to event hire supply would be an excellent idea, even if its affects are less far reaching than in hospitality as much of our sector is business to business, rather than business to consumer.

To secure the future, I think three primary things are key:

1. A clear government plan and timeline along with commitment and certainty that the plan will not change. This is needed before the end of January 2021. This enables all involved to plan with confidence.
2. Government backed insurance that covers costs incurred in the situation an event is cancelled due to government or local restrictions to give security in event organisation.
3. Continued CJRS support for the event industry and its supply chain with government contributions at 80% until events can take place reliably without social distancing, and similar support for those freelancers who trade in the events industry.

**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?**

We have seen a steady rise in the popularity of festivals and our involvement with them for the years leading up and including the summer of 2019. More demand has led to the size of festivals increasing and the number of festivals taking place increasing. This increases demand on companies such as ours and we respond by increasing the size of our rental inventory to cover the busy periods in the annual calendar, and by recruiting more full time and freelance staff to plan and service the events.

Consumers have a wider choice of festival to attend, or can attend more of them, and this in turn means more artists can be supported, both up and coming and established, and that more people can hear and see their performances. This leads to greater experience and a higher standing on the world stage.

I think subject to what restrictions remain in place on festivals as we head into 2021 that we will not see an immediate return to 2019 levels. However, I am optimistic that in 2022, if we can survive that long on the work the government does permit us to do in 2021, then we will see a return to the new normality. It may be 2023 or 2024 before we see a return to close to 2019 levels.