

# Written evidence submitted by the Association of Independent Festivals (AIF)

## Association of Independent Festivals (AIF) written evidence in relation to 'The Future of UK Music Festivals' DCMS Select Committee Enquiry.

### 1. About AIF:

1.1 The Association of Independent Festivals (AIF) is the leading national not for profit festival trade association representing the interests of over 75 UK music festivals, ranging from 500 to 75,999 capacity. Our members collectively entertain almost one million fans every summer-<https://aiforg.com>

1.2 Member directory- <https://aiforg.com/directory-category/members/>

### 2. Executive summary:

2.1 This submission includes an overview of the economic and cultural contribution of the UK festival industry including a breakdown of festival types and a market breakdown via capacity. The source of this data is AIF and it takes into account the entire UK festival market.

2.2 There is an overview of the devastating impact of Covid-19 on the festival industry and the risks to such events taking place in 2021. To summarise, the key risks are: Uncertainty and the lack of reopening timeline, a lack of working capital and the absence of an insurance / reinsurance solution.

2.3 This submission outlines our five key asks to HMG and these are:

2.4 **A Government backed reinsurance scheme for festivals and other live events.**

2.5 **Conditional start date** - a clear timeline for 'Stage 5' reopening in Spring 2021 outlining exact 'No earlier than' dates and activity permitted.

2.6 **VAT extension** – three-year extension to the reduced 5% cultural VAT rate on tickets in line with DCMS Select Committee recommendations.

2.7 **Sector specific financial support** until the industry recovers- continuing eligibility of festivals for further rounds of the culture recovery fund and further support if the industry is not able to return in 2021. That HMG announce further rounds of CRF as soon as possible, some businesses are facing collapse before the end of the calendar year.

2.8 **Premises license fee rollovers-** Urging all local authorities to not charge 'capacity multiplier' fees for festivals this year and to roll over any fees paid to at least next year.

2.9 The report also covers the impact of the Culture Recovery Fund (CRF) on AIF members in detail. The headline figures are that over £5.5m was awarded to AIF members, with 71% of members who applied successful.

- 2.10 In terms of measures needed to enable audiences to safely attend festivals without social distancing, we've outlined the work being done through the DCMS Festivals working group. The AIF operations sub-group has led on the publication of festival specific Covid-19 guidance with input from DCMS, PHE and across the festival industry and a number of sub-groups have now been set up to develop specific mitigation measures in the areas of close contact, social distancing and public safety, bars, traders and merch protocols, accreditation and ticketing, site adjustments, transportation and sanitation.
- 2.11 In terms of the structure of the UK Festival market, we highlight some ownership data published in 2019 and note that also in 2019, the DCMS Select Committee recommended that the Competition and Markets Authority (CMA) might "consider conducting a market study of the music industry to assess whether competition in the market is working effectively for both consumers and those working in the industry". This has not occurred and is an area that demands further scrutiny.
- 2.12 Finally, we highlight some initiatives and measures that AIF and its members are taking to reduce environmental impact and tackle the dangers of illegal drug use.

### **3. What is the economic and cultural contribution of the UK's festival industry?**

#### **Background- UK Festival market overview and typology**

- 3.1 There are an estimated 975 festivals in the UK according to publicly available listings available on [www.efestivals.com](http://www.efestivals.com)
- 3.2 As explored recently with the DCMS festivals working group, AIF has identified several key categories of UK festival and these are as follows:
- 3.3 **Micro multi-day greenfield music festival (up to 5,000 capacity).** These festivals are multi arts, with sales not driven by headline acts. They are hyper local, community arts based with repeat customers, a relatively low-ticket price and minimal daily audience travel. They are often not commercial and run on a voluntary basis. Such events have a strong engagement with a localised audience and a broad age demographic from families up to older couples.
- 3.4 **Examples:** Bromyard Folk Festival, Dartmoor folk festival, Dentedale Music and Beer Festival.
- 3.5 **Small multi-day greenfield music festival (5,000-10,000 capacity).** These festivals are also multi arts and sales are not driven by headline acts. Some are very family orientated with a largely locally drawn audience and broad age demographic. They often function as 'Gateway' festivals for younger audiences prior to attending larger national events.
- 3.6 **Examples:** Elderflower Fields (East Sussex), Deer Shed (North Yorkshire), Nozstock the Hidden Valley (Herefordshire).

- 3.7 **Medium multi-day greenfield music festival (10,000 – 30,000 capacity).** These festivals have significant headliners and are often more genre driven with some multi arts elements (comedy, literature etc..). There is some repeat custom, with audiences regionally and nationally drawn and line up drawn to an extent. There is variable audience travel and a varying demographic that is partially dependant on the headline acts playing.
- 3.8 **Examples:** End of the Road (Dorset), Bluedot (Cheshire), Truck (Oxfordshire)
- 3.9 **Large multi-day greenfield music festival (30,000+ capacity).** Most of these festivals are headliner driven, though the category also includes large scale immersive and experience-based festivals. There is significant audience travel, with national and international drawn audiences. There are varying demographics, but these events generally attract younger age groups between 18 - 25.
- 3.10 **Examples:** Glastonbury (Somerset), Boomtown Fair (Hampshire), Boardmasters (Newquay).
- 3.11 All of the above categories are in rural environments and are multi day multi-stage camping events often featuring a range of weekend activities and live entertainment.

In addition, we've identified the following categories that sit outside of greenfield camping events:

- 3.12 **Urban large-scale metropolitan / park festival.** These are non-camping, metropolitan, multi day events that are headliner driven, separately ticketed with different audiences each day with late afternoon opening and full audience travel each day. Varying demographic that is almost entirely dependent on headline acts.
- 3.13 **Examples:** British Summer Time (London), Love Saves the Day (Bristol), Parklife (Manchester).
- 3.14 **Urban Multi venue festival-** These events take place in multiple city or town based indoor venues, have a locally and regionally drawn audience and are entirely music and line up driven.
- 3.15 **Examples:** Twisterella (Teesside), Dot to Dot (Nottingham and various other city locations), Live at Leeds.
- 3.16 **Outdoor concert series-** While technically not festivals, these events share similar characteristics to metropolitan festivals. They are often built with temporary infrastructure within the grounds of established venues such as stately homes, parks, visitor attractions and feature multiple separately ticketed events. Audiences are locally and regionally drawn, featuring couples & friendship groups predominantly, skewed towards older groups.
- 3.17 **Examples:** Kew the Music (London), The Eden Sessions (Cornwall)

### **Market breakdown of the 975 UK festivals:**

- 3.18 75 of these can be classified in the ‘**Small multi-day greenfield music festival**’ category (**5,000-10,000 capacity**): **8%**
- 3.19 80 of these can be classified in the ‘**Medium multi-day greenfield music festival**’ category (**10,000-30,000 capacity**): **8%**
- 3.20 22 festivals can be classified in the **Large multi-day greenfield music festival** category (**30,000 plus capacity**) (**2%**)
- 3.21 There are an estimated 778 UK festivals below 5,000 cap. These fall into the **Micro multi-day greenfield music festival** category (**80%**).
- 3.22 The remaining 2% are over 5,000 but fall into the ‘Other’ category, including metropolitan and urban based festivals.
- 3.23 However, the estimated 778 micro festivals are hyper local and not commercial entities, often run on a voluntary basis. Therefore, we have produced a separate breakdown which illustrates the commercial festival market in the UK based on the estimated 197 festivals over 5,000 cap which operate in this part of the market.
- 3.24 In this version, the small multi-day greenfield music festival category represents 38%, while 41% fall into the Medium multi-day greenfield music festival category. The Large multi-day greenfield music festivals represent 11% and the ‘other’ category represent 10%.

### **Observations:**

- 3.25 In the overall UK festival market of 975 events, the majority (80%) of festivals are micro multi day greenfield music festivals (below 5,000).
- 3.26 The amount of small (5,000-10,000) multi day greenfield music festivals and medium multi day music festivals are very similar and together these represent 79% of the commercial market.
- 3.27 Large multi-day greenfield music festivals represent a minority of the market (2% of the overall market, 11% of the commercial market).
- 3.28 The ‘other’ category represents 2% of the overall market and 10% of the commercial market. These events include multi day and single day urban multi venue (indoor) festivals and metropolitan / park-based festivals.

### **Economic and cultural impact:**

- 3.29 The music festival sector generates an estimated £1.76 billion GVA for the UK annually (Carey & Chambers, ‘Valuing Live Entertainment’, June 2020) with at least 10% of this directly benefitting local businesses and economies according to data accumulated by AIF over ten years of annual audience surveys.<sup>1</sup>

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<sup>1</sup> <https://aiforg.com/wp-content/uploads/AIF-Ten-Year-Report.pdf>

- 3.30 The festival sector supports 85,000 jobs and according to UK Music's recently published 'Music by Numbers' 2020 report, over 5m people attended a festival in 2019 (in comparison to 2.7m in 2012).<sup>2</sup>
- 3.31 Festivals contribute significant economic value to the local economy in the area in which they are held including:
- 3.32 supporting local farmers and other rural landowners and helping them diversify their income
- 3.33 supporting the local supply chains: local shops, equipment, hire, accommodation;
- 3.34 supporting local charities and community organisations through donations
- 3.35 The table below gives the Optimity modelling for 2015 figures with a multiplier for 2019. The multiplier is important as the market has grown significantly since 2015.
- 3.36 UK Music advise that from 2015 to 2019 the UK festival market saw:
- 3.37 Festival Box Office growth in the region of 113-119% from 2015 to 2019
- 3.38 Total festival spend (i.e. onsite spend + box office) growth in the region of 151-174%.
- 3.39 Using the lower base multiplier of 1.5 from total festival spend, the updated Optimity impact figures in column 4 will reflect the economic impact in 2019.

Festival	Capacity	GVA to local economy 2015	GVA to local economy 2019 (x1.5)
Festival A	4,999	£777,000	£1,165,500
Festival B	11,000	£1,712,000	£2,568,000
Festival C	35,000	£5,733,000	£8,599,500
Festival D	78,535	£16,080,000	£24,120,000
Festival E	110,000	£18,247,000	£27,370,500

- 3.40 The Optimity research was endorsed and supported in 2015 by the Concert Promoters Association; Association of Independent Festivals; Association of Festival Organisers; UK Music Live Group; Agents Association; Events Services Association; Events Industry Forum; National Outdoor Events Association; British Visits and Events Partnership; Local Authority Event Organisers Group

**Cultural value:**

- 3.41 The UK is globally renowned as the leader in music festivals. These events provide a vital platform for new acts to break, develop their craft and

<sup>2</sup> <https://www.ukmusic.org/research/music-by-numbers-2020>

then be exported globally so that the UK continues to be the world's second biggest exporter of recorded music. Alongside artists, festivals support an extensive supply chain including technical production, staging and catering companies, many of which are small businesses local to the area of the festival.

3.42 In addition, our members programme numerous PRSF Momentum funded artists across the festival season and play an integral role in developing and incubating emerging talent, with previous AIF research indicating that between 35% to 83% of an independent festival's line-up is composed of emerging artists.

3.43 The impact of festivals goes beyond music- Independent festivals are by their very nature multi-arts, also featuring, visual arts, theatre, workshops and often unique interactive experiences.

3.44 According to our ten-year report, when asked to identify the single most important factor when buying a ticket for audiences, "general atmosphere, quality and character of the event" outstrips all other options, averaging 53% over a ten-year period.

3.45 Crucially, the sector also provides organised, licensed, regulated and safe outdoor events- the lack of regulated licensed music festivals this summer resulted in a spate of unsafe illegal gatherings that have been filling the void across the UK.

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

4.1 The effects of the COVID-19 pandemic on the UK festival sector have been far reaching and profound. All liquidity in the market ceased within 5-7 days of lockdown. Festivals were amongst the first sectors to be affected and realistically will be the last to emerge from the crisis.

4.2 This seasonal sector has lost the ability to generate income for an entire year rather than experiencing a temporary shutdown of business. According to an earlier AIF impact survey in March, 92% of independent festivals were at risk in March 2020 with an average of £375,000 in non-recoupable sunk costs for this year, ranging from £20,000 to £1.7m. Festival sales flatlined, with members reporting a 65.81% reduction in ticket sales as of 19<sup>th</sup> March. Subsequently, sales completely ceased.

4.3 The overwhelming majority of festivals were not covered by communicable disease insurance as it is a standard exclusion in cancellation policies. This includes 98.5% of AIF members. Even if a festival organiser did have this specific extension in place, insurance underwriters were swift in making a global exception to this in January, meaning that even if they had such cover and the cancellation of your event is connected to COVID-19, they cannot make a claim in the event of Government imposed restrictions.

4.4 In a report submitted to HMG in July 2020 based on AIF member surveys, it was projected that at least 50.5% of the skilled workforce were facing redundancy.

4.5 At that point, with average reserves of £57, 368 and average monthly liabilities of £30, 227, AIF members had an average of 1.89 months in reserves with 8.5 months remaining in the fiscal year.

- 4.6 We address the subsequent impact of the Culture Recovery Fund (CRF) and the current situation below.
- 4.7 The impact on local economies was that very little if any of the spend typically generated along the supply chain materialised this year. Based on the above figures and assuming that no festivals took place this year, this can conservatively be estimated to be at least £176m in off-site spend.
- 4.8 Festivals are reliant on a vast temporary workforce to deliver the event. In a recent AIF survey, one respondent stated that although they have three core members of staff, they employ over 200 freelancers around the festival illustrating the importance of this workforce to the sector and the opportunities it creates for freelance professionals, many of which have fallen between the cracks of Government support.
- 4.9 In addition, the supply chain around festivals is in danger of collapse. We are aware of several key suppliers who have moved into construction and will not return to the festival industry. This is reducing available inventory and without any income being generated more suppliers could be pushed towards administration. Without a defined restart date, festival organisers are in real danger of losing these essential partners.

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

- 5.1 Uncertainty and lack of reopening timeline:** The most obvious risk is that mass gatherings such as festivals are not permitted or can only go ahead with restrictions such as social distancing in place next summer. It is accepted across the industry that the vast majority of festivals are not viable with social distancing in place, either on a logistic or economic level.
- 5.2** It is also a risk that such gatherings can safely go ahead by summer, but that the sector is not given sufficient time to plan and prepare.
- 5.3** The planning cycle is a critical factor. Festivals have an average lead time of 6-8 months, in some cases longer for the large-scale events. The majority will make a determination on their summer events in January to March 2021.
- 5.4** At present, we do not have a conditional 'no earlier than' start date for any live music events- a clear timeline for Stage 5 reopening in Spring 2021 would provide the sector with at least a provisional timeline and planning framework.
- 5.5 Lack of working capital:** Festivals will clearly need the working capital to stage their event and this may mean further sector specific financial support until the industry recovers- although some businesses have been stabilised by the Culture Recovery Fund (CRF) as detailed below, 100% of those who applied to the CRF and weren't offered a grant do not have sufficient funds to stage their events next season.
- 5.6** We need eligibility of festivals for further rounds of the culture recovery fund and further support if the industry is not able to return in 2021.

**5.7** Although most festivals will have sufficient audience loyalty and brand equity to return beyond this in 2022, mothballing or hibernating for seasonal event companies for an additional year essentially means shutting down operations, with a very real risk of not returning.

**5.8 Insurance:** We have seen how a Government backed insurance scheme has been used to support film and television productions to get back to operating again. Insurance is equally essential to the festival industry. Without live shows going ahead, HMT faces lost tax revenue, potential mass unemployment in the sector and widespread insolvencies.

**5.9** An insurance scheme in place would kick start the supply chain, ensuring that companies are able to start planning for festivals, signing contracts and provide stimulus to the multitude of self-employed workers and small UK business that support the industry.

**5.10** Given the timeframe for when significant financial decisions need to be made, if there is no Government backed reinsurance scheme by January 2021 then many festivals will simply not be able to go ahead next year, even if the public health circumstances improve dramatically between now and Spring 2021.

**5.11** We appreciate that insurance alone is not the sole barrier to kickstarting festivals and subsequently generating economic activity given the wider uncertainty around what will be permitted next festival season and accept it is dissimilar to the TV / film intervention where insurance was the last remaining hurdle to productions resuming.

**5.12** However, festival organisers cannot enter the usual planning cycle for 2021 without an insurance solution, it is the key that unlocks this process, enabling organisers to be on sale with confidence. The industry cannot prepare if that means incurring costs before we have a reasonable expectation of being able to go ahead. Without insurance, many smaller events in particular that choose to proceed will face bankruptcy if they do so and are then forced to cancel due to Covid closer to the event.

**5.13** AIF are currently working with DCMS alongside wider industry to provide more data to support the economic case for a Government backed reinsurance scheme that has been proposed by industry.

**5.14** Our understanding is that the commercial insurance market is unlikely to offer any cancellation cover relating to Covid-19 until at least 2022. This could result in a situation where HMG may have confidence that large organised gatherings such as festivals will be permitted in the summer of 2021 but there is a market failure in terms of being able to obtain insurance for these at all, or at economically viable levels.

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

### **Development of festival specific guidance:**

**6.1** The AIF operations sub-group has led on the publication of festival specific Covid-19 guidance with input from DCMS, PHE and across the festival industry including the



Association of Festival Organisers (AFO), the Events Industry Forum (EIF) and Attitude Is Everything.

- 6.2** The working draft of this guidance was published on the Purple Guide site in October- <https://www.thepurpleguide.co.uk/index.php/the-purple-guide/information-news-updates/121-new-covid-19-planning-guidance-published-for-uk-festivals>
- 6.3** This is aimed at assisting festival organisers, safety advisory group (SAG) members, local directors of public health and other industry parties in assessing risk levels and planning festivals based on a flexible, pragmatic and realistic approach to the pandemic.
- 6.4** It covers eight key themes and Covid-19 safety measures, and these are: medical and welfare arrangements; Command, Control, Communication and Coordination; Response Plans, Specific Mitigation Measures; Crowd Considerations; Security; Site Adjustments; and Accreditation and Ticketing Strategy.
- 6.5** There are also ten areas to monitor set out and these are: HMG laws, rules and advice and guidance, in particular on public health policy including social distancing, International, national and local context, Vaccine(s), Testing, Symptomatic testing, Antibody Testing, NHS Test and Trace, Mutation, Treatment and Population Stratification.
- 6.6** Since the publication of the working draft, we've significantly expanded the DCMS Festival working group and set up following sub-groups to look at these six specific areas and develop guidance and worked examples:  
Close contact and public safety.  
Bars, traders and merch protocols.  
Accreditation and ticketing.  
Site adjustments  
Transportation.  
Sanitation.
- 6.7** The guidance will not address performers or back of house arrangements as there is existing guidance that the working draft already signposts towards. Each sub-group is meeting, including relevant contractors and producing the work in a risk assessment style template, supported by worked examples.
- 6.8** The emphasis is now on defining practical mitigations. This will be shared with the wider group for review prior to publication. The DCMS group is meeting in the first week of each month and we envisage that guidance will be updated and republished in the second week. DCMS, PHE and scientific advisors to Government will remain involved in the process and will provide feedback.
- 6.9** The overarching planning assumption of this guidance is that organisers will not need to manage social distancing, as it is accepted across the industry that the overwhelming majority of festivals will not be able to operate with this policy in place on either a logistical or economic level.

**Rapid testing regimes and vaccine rollout:**

- 6.10** Rapid testing regimes are not being addressed in detail with this group, although it is an important area to monitor. We are aware there is work being done elsewhere by Festival Republic / Live Nation on testing and the full capacity plan alongside pilots, and we support this in addition to monitoring rapidly evolving

vaccine development, vaccine rollout plans and the rollout of national testing programmes.

6.11 Alongside guidance, pilot events and research are vital to developing a proposition of how festivals can safely and viably operate.

6.12 We fully support these initiatives and welcome the findings of experiments such as the RESTART 19 project in Germany. The takeaways of this were focused on ventilation, ingress and entry processes, enhanced hygiene / compulsory mask wearing and minimising contact around catering outlets and during food consumption and the conclusion of the exercise was that live music events can take place under specific conditions during a pandemic and although this is focused on an indoor test event, some limited similar factors will apply to festivals with multiple arenas.

**7. 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?**

**Impact of Culture Recovery Fund (CRF):**

7.1 The CRF was a hugely welcome and remarkable intervention from HMG. The headline figures are that over £5.5m was awarded to AIF members, with 71% of members who applied successful.

7.2 Based on our post CRF member survey, only one counteroffer was made (3%), so 97% of those who were successful were offered the full amount applied for. It is a remarkable intervention and as AIF have stated publicly, HMT, DCMS and ACE should be commended for creating this lifeline to the sector.

7.3 Our post CRF report submitted to HMG in October revealed that the intervention categorically stabilised at least 65% of those who were awarded grants within the fiscal year and they will now have sufficient funds to stage the festival next year (if permitted).

7.4 The impact on employment was also significant, with a 22% overall increase in expected number of staff expected by end of December 2020 in comparison to pre-CRF. This number will be increased by the recent extension of the CJRS to March 2021.

7.5 Out of the 36% of overall respondents who didn't obtain a CRF grant, 100% of them do not have sufficient funds to stage the festival next year. Some are on the brink of imminent collapse and have exhausted (or being rejected for) other options including repayable finance such as CBILS and Bounce Back loans. These include high profile festivals, many of whom can be considered to occupy a unique and in some cases leadership position in their regions, generating significant direct and indirect economic impacts. They are in urgent need of further support.

7.6 Significantly, these festivals who were unsuccessful are collectively holding over £10m in drawn down ticket retention income, over £800k per festival on average, illustrating the extent of the detriment to the consumer. If these businesses collapse, there is a danger that refunds will not be issued. These funds also cannot be used as working capital and are ring fenced in the event that further refunds are required. On a related note, we predict there would be a much higher % of refund requests in

the event of 2021 festival cancellations in comparison to the relatively low levels seen in 2020.

7.7 It is critical that those who were unsuccessful or didn't apply remain eligible for any future rounds of CRF grants that are being considered. We strongly recommend that they are able to apply and that being rejected once does not discount them.

7.8 On the repayable finance element of CRF, 0% of AIF members applied for this. The feedback has been that the £3m threshold excluded all of the membership. In addition, any loan is clearly about the ability to repay and racking up debt is not a solution and is arguably delaying collapse rather than averting it, however favourable the terms. In addition, many festivals had negative experiences in trying to obtain CBILS (many AIF members applied for this but only 12% were offered a loan) so did not investigate this option further. It is possible that some now would if criteria were adjusted.

7.9 A barrier to entry for some was the minimum amount you could apply for (£50k) so we also recommend this minimum threshold is reduced for any future rounds of CRF grants that may take place to open it up more to those struggling on a more micro, grassroots level.

7.10 **VAT reduction:** Although this measure was greatly welcomed by the sector, 2021 festival sales have flatlined due to ongoing uncertainty and low public confidence. We'd like to see this measure extended to three years as per the DCMS Select Committee's recommendation.

7.11 In addition, some festival companies have also highlighted it is essential that VAT deferred from 2020 and to be paid in monthly instalments from April 21 – March 22 is deferred a further 12 months and paid in monthly instalments from April 22 – March 23. This is essential to maintain working capital to stage their events in 2021 and many companies will not recoup the significant losses from non-trading in 2020 through one annual event cycle, so will need to complete the 2022 cycle to realise sufficient cash to clear these liabilities.

7.12 Alongside the collective work around festival guidance with DCMS and discussion of reinsurance proposals, we would welcome a discussion around 2021 scenarios and what further measures may be in place to support the sector should the 2021 season not be able to take place.

7.13 Based on the most recent AIF member feedback, the cut off point for making this determination for the vast majority of festivals is between January- March 2021.

**Our five key asks to support the festival sector are as follows:**

**7.14 A Government backed reinsurance scheme for festivals and other live events.**

**7.15 Conditional start date** -a clear timeline for 'Stage 5' reopening in Spring 2021 outlining exact 'No earlier than' dates and activity permitted.

**7.16 VAT extension** – three-year extension to the reduced 5% cultural VAT rate on tickets in line with DCMS Select Committee recommendations.

**7.17 Sector specific financial support** until the industry recovers- continuing eligibility of festivals for further rounds of the culture recovery fund and further

support if the industry is not able to return in 2021. That HMG announce further rounds of CRF as soon as possible, some businesses are facing collapse before the end of the calendar year.

- 7.18 Premises license fee rollovers-** Urging all local authorities to not charge 'capacity multiplier' fees for festivals this year and to roll over any fees paid to at least next year.
- 7.19** To expand briefly on premises license fee rollovers, the Licensing Act 2003 (fees) Regulations 2005, Section 5(4) states:
- 7.20** *(4) ..... in the case of a premises licence authorising licensable activities to take place where the number of persons the holder of the licence may allow on the premises at the same time is 5,000 or more, the holder of the licence shall pay to the said authority an additional annual fee, the amount of which shall be the fee applicable to the range of number of persons within which falls the maximum number of persons the applicant so allows on the premises in column 1 of the table in Part 2 of Schedule 5 specified in column 2 of that table.*
- 7.21** The capacity multiplier part of the licensing fee is essentially based on people onsite (zero for most festivals this year) and work undertaken by the council concerning the license in terms of enforcement, planning, administration etc..(very little if any this year).
- 7.22 Business rate relief-** AIF responded to HMT's call for evidence in relation to the fundamental review of business rates in September 2020. Historically, festivals and events have benefitted from an agricultural exemption to business rates.
- 7.23** From 2014, the Valuation Office Agency (VOA) began reclassifying certain festival sites as rateable. These bills were sent directly to the festival or landowner and in many cases were backdated. In cases where the landowner is sent the ratings bill, they pass it along to the festival organiser who is contractually liable to pay it.
- 7.24** Applying business rates to festivals is completely arbitrary to principles of fairness and it is a punitive way of taxing businesses. Land owners who receive the rent pay income tax on the income received and **festival organisers receive no local services as a result of paying business rates-** as part of their license, festival organisers are directly responsible for and cover the cost of refuse collection, lighting, water supply etc..
- 7.25** Not only are the direct benefits of festivals endangered but there is also clearly a negative impact on landowners and the rural economy (the local impact of festivals is outlined above in point 3.37).
- 7.26 Festivals are temporary and ancillary uses of land-** The vast majority of festivals and events have a total duration of 2-3 weeks onsite. The rateable value is calculated annually, with no empty rates relief applicable to festivals and events. In addition, festival sites on public land are not charged business rates, giving a commercial advantage to those who host events on public land. This is not a level playing field.
- 7.27** Festivals are by nature built on temporary infrastructure An AIF survey of members reveals that less than 5% of festivals have purpose built permanent infrastructure onsite.

**7.28** A further likely scenario is a renegotiation of rent with farmers and landowners, which could lead to lower income for those farmers and landowners. This would decrease the attractiveness of holding an event on such land and the benefits of diversification, meaning that some farmers could struggle to remain viable. This does not create strong conditions for rural business growth or support farm competitiveness.

**7.29** In the midst of the pandemic, some festivals have been sent backdated bills for this with no prior consultation. We ask that HMG simply removes festival sites on agricultural land from the business rates system and maintains the agricultural exemption that has historically supported music festival activities.

**8. 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?**

8.1 AIF publishes annual festival ownership maps. The most recent version of this was in 2019<sup>3</sup> and revealed the following:

8.2 The UK arm of US headquartered transnational company Live Nation Entertainment owns or controls 22.81% of festivals over 5,000 capacity.

8.3 US headquartered transnational company AEG Presents has a festival market share of 6.22%

8.4 Superstruct has a festival market share of 6.52%.

8.5 AIF members accounted for 19.49% of the market over 5,000 capacity. Based on the current membership, we estimate that AIF currently represents 38% of the commercial market (over 5,000 capacity). The independent festival sector has grown significantly in recent years and we estimate that in 1988, only 5% of AIF member events existed.

8.6 A total of 29.03% of the market over 5,000 capacity is owned by Live Nation and AEG Presents. Both of these companies are vertically integrated in the live music industry- Live Nation also owns Ticketmaster, the world's largest ticketing company, which controls an estimated 46% of the top 61 venue box offices in the UK and sold 115 million tickets worldwide in 2019. The company also manages over 500 artists and promoted 40,000 concerts globally last year.

8.7 AEG owns ticketing company AXS, produces or supports more than 25 music festivals worldwide and owns, manages or books over 300 clubs and venues hosting more than 20,000+ live events annually.

8.8 It is difficult to quantify the impact of this dominance on consumers and artists, this would require further research. However, allowing vertically integrated major companies to dominate festivals, and arguably the live music sector in general could block new entrants to the market. It results in strangleholds on talent with so called 'exclusivity' deals at increasingly lower levels, whereby artists are effectively restrained as to where they can and cannot perform and the pool of talent available to non-major promoted events is greatly reduced, stifling competition and potentially reducing choice for artists and audience alike.

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<sup>3</sup> <https://aiforg.com/aif-publishes-updated-uk-festival-ownership-map-for-2019/>

- 8.9 Beyond the issue of immediate survival that the sector is facing, if independent festival businesses become vulnerable to collapse due to Covid-19 it may increase acquisitions and further consolidation across the UK festival sector. This would in turn further concentrate power and ownership of the supply chain into the hands of a small number of major companies, which could significantly affect the sector's autonomy and diversity.
- 8.10 This specific concern was cited in France's published emergency plan to save the cultural sector which states: "the goal is that small festivals can benefit from (these-state backed loans) to avoid them being bought by big actors and structures".
- 8.11 This is difficult to predict and we accept that all live music and festival companies have been profoundly affected by Covid-19. HMG should remain primarily focused on the survival and return of the sector and appropriate support as outlined.
- 8.12 Finally, we note that in 2019, the DCMS Select Committee recommended that the Competition and Markets Authority (CMA) might "consider conducting a market study of the music industry to assess whether competition in the market is working effectively for both consumers and those working in the industry". This has not occurred and remains a long-term structural concern for our members that demands scrutiny beyond the challenges of Covid-19.

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

### **Environmental impact:**

- 9.1 AIF and its members are leaders in taking affirmative action regarding environmental impact and the climate emergency. According to the Vision: 2025 industry report, UK festivals generate 25,800 tonnes of waste, 22, 876 tonnes of CO2 and use 185m litres of water annually. <sup>4</sup>
- 9.2 Our commitment to this issue is evidenced by two ongoing campaigns in particular:
- 9.3 **Drastic on Plastic (2018)**<sup>5</sup>
- 9.4 A digital campaign launched by AIF in association with Raw Foundation to coincide with Earth Day on Sunday April 22<sup>nd</sup>, 2018. For 24 hours, over 60 AIF member festival websites were 'wrapped in plastic' for 24 hours to raise awareness of the devastating effects of single use plastic.
- 9.5 Visitors to websites were faced with key facts and messages about the extent and impact of everyday plastic use, along with links to resources from campaign partner RAW Foundation- a UK sustainable development charity dedicated to sustainable consumption through education and behaviour change. One of the key messages was to promote re use as opposed to single use and to illustrate the footprint of festivals.

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<sup>4</sup> <https://www.vision2025.org.uk>

<sup>5</sup> <https://aiforg.com/archive/drastic-on-plastic/>

- 9.6 The campaign was hugely impactful and attracted national media attention across TV, radio and online including outlets such as BBC Newsbeat, Sky News, The Guardian and many more, reaching over 15m people online.
- 9.7 More importantly, all participating festivals committed to banning the use of plastic straws on-site in 2018 as a minimum first step and pledged to eliminate all single-use plastic at their events by 2021 (now pushed to 2022).
- 9.8 In the first year of the campaign and pledge, AIF members took a number of operational measures, with 93% of participants ditching plastic straws, 40% banning sales of drinks on site that were in single-use plastic, 87% promoting using reusable drinking bottles and 67% buying and selling branded reusable drinks bottles to audiences. One respondent reduced backstage plastic water bottle use by 50%, another banned all single-use serve-ware and invested in enamel plates and washing up points across the site. Numerous festivals invested in reusable bottles for crew and artists.
- 9.9 **Take your tent home (2019)**<sup>6</sup>
- 9.10 This campaign was consumer facing, with a core message of reuse aimed at inspiring festival goers to 'Take your tent home' and 'Say no to single use' in advance of the festival season.
- 9.11 Each year, an estimated 250,000 tents are left at music festivals across the UK, of which the majority are taken to landfill. The average tent weighs 3.5kg and is mostly made of plastic – the equivalent of 8,750 straws or 250 pint cups.
- 9.12 The campaign also issued a call to major retailers such as Tesco and Argos to stop marketing and selling 'festival tents' as single-use items, which result in almost 900 tonnes of plastic waste every year. AIF's ten-year report, published in 2018, revealed that 9.7% of people attending its member events had ditched a tent during that year's festival season, equating to an estimated 875 tonnes of plastic waste – the equivalent of 70 Routemaster buses or eight blue whales.
- 9.13 Research by Comp-A-Tent, suggests that as many as 36% of tents left at festivals are bought from either Argos or Tesco. As part of its 'Festival Season' range, Argos offers a four-man tent for £29.99, a sleeping bag for £9.99, an airbed for £14.99 and camping chair for £7.99 – a total of £62.96. Amazon also offers two-man tents for festivals for as little as £19.99.
- 9.14 The campaign included an animated educational video displayed across social media for all participating festivals, as well as assets being displayed on screens and at entrances to festival campsites throughout the 2019 season and we partnered with Julie's Bicycle, A Greener Festival, Raw Foundation and Camplight.
- 9.15 The campaign reached over 12m people online, attracting widespread national media coverage and further cementing AIF's status as a festival industry leader in sustainability campaigns.

### **Vision 2025 pledge:**

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<sup>6</sup> <https://aiforg.com/initiatives/take-your-tent-home/>

9.16 Many AIF members have joined wider industry in taking the Vision 2025 pledge to achieve a 50% reduction in the environmental impacts of the events sector by 2025. <sup>7</sup>

### **Red diesel consultation and changes to Biofuel duty:**

9.17 On a related note, AIF responded to HMT's recent '**Reforms to the tax treatment of red diesel and other rebated fuels**' consultation.

9.18 **Changes to Biofuel duty:** The consultation document states: "The Government announced at Budget 2020 that it would remove the application of reduced rates to biofuels from April 2022 in the same way as red diesel. Specifically, this means that biodiesel for non-road use and biodiesel blended with gas oil not for road fuel use will also be subject to the standard biodiesel road fuel duty rate (currently 57.95 ppl), except for the sectors that will retain their entitlement to use red diesel from 1 April 2022".

9.19 This would be a counter-productive measure, removing the incentive for festivals and outdoor events seeking to make the transition towards greener fuel options. In a festival context, this is contrary to HMG's strategy to incentivise energy efficiency and reduce emissions as there will essentially be no incentive to use Hydrotreated Vegetable Oils (HVO) / Biodiesel as an alternative.

9.20 The proposed loss of the rebate essentially doubles the cost of such fuels and could actually increase the use of red diesel- Festival organisers may opt for the cheapest fuel source, which after the proposed changes is most likely to be red diesel, thus reducing the current usage of HVO and increasing emissions. The industry uses an estimated 7m litres of fuel annually.

9.21 We ask that HMG reconsiders the tax treatment of biofuels for the festival sector. This should be kept at the current rate in order to incentivise use at festivals and other temporary outdoor events.

### **Tackling the dangers of illegal drug use:**

9.22 All AIF members take this issue and harm reduction strategies for audiences incredibly seriously. They work with private security, police and other relevant agencies to restrict illegal substances from entering their sites and to also safeguard those in attendance should illegal drugs find their way onto the festival site.

9.23 However, as with many other environments ranging from nightclubs to prisons, and despite the best efforts of festival and associated staff, drugs can find their way onsite and be consumed, therefore festivals need to anticipate and plan for that eventuality. Harm reduction methods include drug amnesty bins, pre-event audience awareness raising and communications, and onsite welfare and medical provisions including roaming campsite welfare teams.

### **Multi Agency Safety Testing (MAST)**

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<sup>7</sup> <https://www.vision2025.org.uk>



**9.24** Drug checking (also known as drug safety testing) is an innovative public health service that combines forensic analyses with face-to-face healthcare consultations. It aims to reduce the risk of poisoning, overdose or other harmful effects caused by ingesting substances of unknown content or strength, due to the illegal nature of the psychoactive drugs market. Drug checking was introduced to the UK by the Loop (a non-profit harm reduction NGO), with successful ‘proof of concept’ service delivery at music festivals in 2016,<sup>8</sup> then city centre substance misuse services, a community centre and church in 2018.<sup>9</sup> Drug checking expanded at independent festivals from 2016 onwards with strong support from AIF.

**9.25** The Loop coined the term *Multi Agency Safety Testing (MAST)*<sup>10</sup> for its drug checking service to emphasise its collaborative nature and its focus on the safety of its clientele. Members of the public and onsite festival support services (e.g. police, security, paramedics, welfare) are able to submit substances of concern for rapid ‘real time’ forensic analysis by teams of professional chemists in pop-up laboratories. The sample is coded with a unique identity number provided to the client. The substance of concern is then tested in the Loop lab using a range of up to six analytical processes (including FTIR and UV spectroscopy) with results triangulated and compared with computer databases of all known psychoactive and other substances. Clients wait approximately 30-60 minutes before returning with their unique identity number to be given the results of the forensic tests as part of a 15-30 minute, individually tailored harm reduction package delivered by teams of fully qualified healthcare professionals. Samples are destroyed in the testing process and no drugs are returned. Remnants are collected by police and if a new compound is discovered, this can be added to the reference libraries used in the lab.

**9.26** Thus, the Loop’s MAST service contextualises its harm reduction advice in forensic information about local drug markets and drugs in circulation at that festival on that day. Up to one third of the substances of concern submitted by the general public have already caused them ill effects, so the service offers an opportunity to intervene and discuss drug-related problems directly with health staff, as well as facilitate prompt presentation to onsite medical services, and referral to local healthcare services offsite after the festival has finished. It is a pragmatic harm reduction response with a focus on duty of care to festival goers

**9.27** Notably, MAST is both evidence-based and evidence-making, working in partnership with universities and carefully assessing and evaluating the impact of every service that it delivers. The operation is designed with regular legal advice, it only operates with full support of police and festival management, and careful consideration is given to the legal and policy environment.

**9.28** This does not encourage or assist drug use and the service makes it explicit that all drug use entails risk and that no drug use at all can be considered ‘safe’. Crucially, this service offers information and advice directly to a typically hard to

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<sup>8</sup> Measham, F. (2019), Drug safety testing, disposals and dealing in an English field: Exploring the operational and behavioural outcomes of the UK’s first onsite ‘drug checking’ service, *International Journal of Drug Policy*, May, 67, 102-107. <https://doi.org/10.1016/j.drugpo.2018.11.00>

<sup>9</sup> Measham, F. (2020), City Checking: Piloting the UK’s first community-based drug safety testing (‘drug checking’) service in 2 city centres, *British Journal of Clinical Pharmacology*, Special Issue: New Psychoactive Substances, 86 (3): 420-428. <https://doi.org/10.1111/bcp.14231>

<sup>10</sup> Fisher, H. and Measham, F. (2018), *Night Lives*, London: APPG, Durham University, The Loop and Volteface, pp.1-88. <http://volteface.me/app/uploads/2018/07/Night-Lives-PDF.pdf>. See also: <https://wearetheloop.org/mast>

reach demographic of predominantly young adults about the risks of drug use and the hidden dangers that can exist in experimentation without knowledge.

- 9.29** This non-judgemental, confidential professional consultation raises awareness and leads to ongoing behaviour change, including clients choosing not to mix drugs with alcohol, reducing their use, or discarding their drugs entirely, both at the festival and afterwards.
- 9.30** In terms of their results, the Loop's MAST service has uncovered many substances of concern at UK festivals including N-Ethylpentylone,<sup>11</sup> plaster of Paris and boric acid, with half of Loop clients whose sample was other than expected either disposing of the substance themselves or disposing of the substance with the Loop for onward safe destruction by the police. If the substance is found to be as expected but very high purity, this facilitates discussions about dosage with the health team resulting in two in five clients going on to reduce their dosage in future which will in turn reduce the risk of overdose and death both onsite and offsite.
- 9.31** It is notable that there have been no drug-related deaths at any festival that MAST has operated at and some evidence of reduced hospital admissions.<sup>12</sup>
- 9.32** MAST also provides information and intelligence to all site medical, emergency and support services, alongside monitoring of local drug trends, facilitating real time communication to all staff and customers onsite, dissemination through daily debriefs and highly regarded, targeted social media alerts which reach 100,000s of drug users in wider drug using communities.<sup>13</sup> This results in medical and welfare staff at festivals being better informed about substances of concern in circulation, helping them provide targeted treatment, leading festival-goers to seek prompt medical attention when needed, and overall through this broad range of effects, reducing the risk of public safety incidents.
- 9.33** Each summer since 2016, event organisers, local authorities, local police and public health have worked closely together to permit the only UK based operator of MAST testing, The Loop, to deliver its vital service in a safe and successful way across the country. However, despite strong support from agencies across the UK and a growing evidence base, drug checking is not part of Government policy and there is some confusion between agencies at national level.
- 9.34** At national policy level, the Advisory Council on the Misuse of Drugs (ACMD) recommended in an MDMA review<sup>14</sup> that the Government consider a national system of forensic testing. In 2018 the Police Minister said in a Parliamentary debate<sup>15</sup> that "the Home Office's position, and that of Ministers, is that these are local operating decisions that we are not standing in the way of" and in May 2019 the NPCC drugs lead wrote to Chief Constables to inform them that "police legal

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<sup>11</sup> Measham, F. and Jones, G. (2017), Pentylone: What is it, why should we care and how can Multi Agency Safety Testing help? *Volteface*, 4<sup>th</sup> August, <http://volteface.me/features/pentylone-care-can-multi-agency-safety-testing-help/>

<sup>12</sup> Measham, F., Fellowes, F., Ward, S., Jones, G., Holden, B. and Baird, N. (2020), Onsite medical and support services and the introduction of the UK's first drug checking service at Secret Garden Party festival in 2016: Response to Scott and Scott, *Internal Medicine Journal*, 50 (8): 1024-1025. <https://doi.org/10.1111/imj.14952>

<sup>13</sup> [Drug Alerts — The Loop \(weartheloop.org\)](http://www.weartheloop.org)

<sup>14</sup> Advisory Council on the Misuse of Drugs (2009), *MDMA (ecstasy): A review of its harms and classification under the Misuse of Drugs Act 1971*, London: Home Office.

<sup>15</sup> *Hansard* (2018), 'Music Festivals: Drug Safety Testing' Parliamentary adjournment debate, 644, column 677, 6<sup>th</sup> July. <http://bit.ly/2lYhbDB>

services have advised that the [MAST] service can be carried out in line with current legislation and that any provider of this service is unlikely to commit an offence under the Misuse of Drugs Act 1971, regardless of whether or not they are licensed by the Home Office". The 2019 House of Commons Health and Social Care Committee<sup>16</sup> recommended "the introduction of on-site drug checking services at festivals and in night time economies".

**9.35** It would be encouraging to see HMG clarify the current policy situation, support professional lab-level drug checking of the type delivered by the Loop to reduce drug-related harm at festivals, and to work with the UK's MAST service provider to enable roll out across the UK, as it is clear from the statistical and anecdotal evidence that drug checking and these vital face-to-face interventions are an effective method of keeping people safe from harm, alongside reducing drug use.

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<sup>16</sup> House of Commons Health and Social Care Committee, (2019), *Drugs Policy, First Report of Session 2019-20*, HC 143, London: House of Commons. [Drugs policy - Health and Social Care Committee - House of Commons \(parliament.uk\)](https://www.parliament.uk/commons/committees/health-and-social-care/drugs-policy)