

Written evidence submitted by the Association of Festival Organisers (AFO)

AFO submission to DCMS select committee enquiry into the future of UK music festivals

The Association of Festival Organisers (AFO) is a membership group of like-minded festival and event managers who believe in learning and teaching, sharing, and networking to continuously improve the festival scene. Created in 1987 with a small gathering of people working in the community festival business, AFO now has over 250 members (134 of whom are actual festivals) who exchange ideas and support one another to help develop our sector.

We note that evidence is required to give members of DCMS SC an opportunity to see what kind of support is needed for the UK music festivals to return in 2021 and the future. We understand the committee will consider economic and cultural impact of festivals and want to look at the immediate pressures and the long-term challenges. On behalf of The Association of Festival Organisers may we refer the members to our paper delivered in July 2020 as a starting point of facts, figures, and information (attached).

What is a festival?

Adopting the definition that the festival industry agreed with the Performing Right Society (PRS for Music) in a 2017 tariff negotiation, a festival can be defined as:

“A single event offering a series of music performances or music and other entertainments which is marketed as a festival and is held at a predominantly outdoor site using temporary infrastructure which is: (i) erected for the purposes of that festival (ii) used mainly for the purposes of that festival (iii) substantially dismantled after the festival”.

It is also acknowledged that there are metropolitan, city based festivals which can similarly be defined: “A single event offering a series of music performances or music and other entertainments, which is marketed as a festival and is held at two or more indoor venues or a combination of indoor and outdoor venues and sites, in both cases the infrastructure should be as in the first definition.

Creative Environments

Music festivals are creative places and vary greatly in so many ways when compared to other outdoor events. They vary in areas such as geographical location, size and capacity, live-work, nature of the build, the show, break phases and shared close-quarter accommodation. Also catering and sanitation facilities, travel, and transport, with all of these fairly unique characteristics needing careful consideration.

They are traditionally places where the atmosphere is one of self-regulation with free movement and enjoyment within an environment where safety and security is delivered in a highly but discreet manner.

Now in answer to the committee's more specific questions:

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

The UK festival industry is known to have delivered GVA £1.75bn in 2019 in addition to directly benefitting local communities. Music festivals support 85,000 jobs (UK MUSIC 2020 MUSIC BY NUMBERS) with attendance climbing to over 5 million in 2019.

The cultural impact is almost immeasurable. A festival is a celebration; humans have been celebrating a variety of events and dates for centuries be they religious, birth-marking, death- marking or indeed agricultural and cultural gatherings. The current music festival scene in the UK continues a great deal of these traditions in many genres and brings together communities nationwide.

It has been noted in recent years that the growing festival industry (17% growth in 2018/19) has shown that people are travelling shorter distances to get to their favourite festivals. Choosing to support more localised events rather than travel hundreds of miles. The reason for this we believe is both the green issue, i.e. carbon footprint, and the belief that supporting their own community will overlap into other areas of their lives on home turf.

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 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.

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

The answer is quite simple, the festival scene being cancelled virtually 100% has been devastating. Affecting everyone from the smallest, localised music festival right up to the giant events in the commercial world.

Within 1 week of lockdown ticket sales for 2020 collapsed leaving the festival industry as one of the first to stop trading and it will probably be the last to restart.

As with the answer above the effect on communities nationwide has been an additional blow for high street shops, local businesses and, of course, the resident populations. It is generally believed that for every £1 spent at a festival £7 is spent in the local community.

The organisers, the sub-contractors, the supply industry, the artists etc. have all had their work cancelled. However, thanks to some intervention by government with such things as furlough schemes some jobs have been saved, but because of the seasonal workload for festivals a good number of these people will still not be earning a proper wage until April or May 2021. In addition to the above there are an enormous number of technicians in PA, Lights, backstage, site builders, freelance small businesses etc. that have fallen through the cracks and been unable to access government support. These people can now be found barely living on universal credit or seeking out jobs elsewhere.

A recent correspondence from Tom Robinson, pop star, songwriter, Radio 6 Music DJ, commented on his grocery delivery. The woman delivering expressed how much she had enjoyed Tom's latest show just prior to the pandemic. He was surprised and asked her which show she went to. She explained that she was the lighting technician at a local theatre. Now, due to Covid closure, delivering groceries.

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

The risks are considerable, and several festivals have already cancelled their 2021 events due to the Covid crisis uncertainties. The festival industry will look to 4 issues in order to try to get re-started and even that is unlikely to happen before early June at the best. Even with the vaccine announcements in November 2020 we still do not have a confirmed re-start date. If, as ministers are saying, the whole population is vaccinated by Easter, the planning needed to get the festivals on will take at least 3 months. First festivals in June if we are lucky. What is needed now are:

- a) Quick testing – It has been reported that a ten-minute test for as little as £5 could possibly be administered in the car park queue or on the festival site. More detail if required.
- b) A vaccination – reportedly as early as Easter the whole country will have had a vaccination and certainly any success or not, and side effects, evidence will still be being gathered (see d below).
- c) Local authority licensing – Safety Advisory Group (SAG) and Directors of Public Health (DPH) all need to sing from the same hymn sheet in order for a festival organiser to even start to put the event together. It would be crucial that this is a team effort so that expenditure is not invested into an event that the DPH then decide is unsafe (see also Licensing Act 2003 / 2005 fees regulations).
- d) Pandemic Insurance must be in place whatever the state of Covid. Several proposals are on the table that involve a partnership of our industry with government. HM Treasury will see the Tax reserves benefits of artists, the festivals industry restart with a none spend insurance investment. This however must be in place in January / February 2021 to allow for the planning cycle to commence.

And finally, customer confidence – there are of course a good number of people out there who can't wait to get back to real live music presentation at festivals. However, there are also a vast number of people still in the potential danger zone who are reluctant until there is clear evidence that large gatherings will be safe.

AFO is working with AIF and others to provide DATA to allow a better understanding of the industry's needs.

Once Covid is behind us and regarded more like flu has become, our industry will take around 2 seasons to recover. We can then continue our growing contribution to UK economy.

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

See answers as above which we believe are realistic if carried out alongside a jointly written Covid-safe Health and Safety Risk Assessment as per the Guidance. (EIF/DCMS with festival supplement and Performing Arts) OR if clear of Covid we have The Purple Guide.

Development of festival specific guidance

The AIF operations sub-group has led on the publication of festival specific Covid-19 guidance with an input from across the festival industry including AFO, The Events Industry Forum (EIF_) and Attitude Is Everything.

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-planing-guidance-published-for-uk-festivals>

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

The VAT cut to 5% for first, the short period that it was announced was welcomed but not particularly valuable to the festival industry as it was delivered in a period where ticket sales had collapsed. The extension of that to 31 March 2021 will help a good number of festivals who are selling tickets, however, see above re customer confidence. Ticket sales in the main throughout the festival industry are still very poor for 2021 and not expected to lift until there is more evidence that large gatherings of people will be safe. In order to judge the value of a VAT cut and help the festival industry back to its feet, an extension of the 5% on ticket sales for the benefit of the festival management itself should be extended to the end of the season 2023.

Cultural Recovery Fund

When the £1.57bn for cultural recovery was announced of course the festival and events industry was delighted. However, in the documentation and the detail there was no mention of festivals, it took some considerable time to get clear answers that festivals were included as part of entertainment. Another example of how our "valuable industry" (prime minister's words) is often side-lined and lumped in with theme parks. Once recognition was achieved festivals considered their options.

However, a £50,000 minimum in that first round was way outside the expectation level for the majority of music festivals. Especially the grassroots organisers felt that somewhere between 10 and 20 thousand pounds would be perfectly adequate. Much as they would have liked £50,000, they would struggle to prove the real need.

It later transpired that a variety of companies large and small applied for £50,000 + without any real evidence that they were meeting the whole criteria. I understand Arts Council England/DCMS are investigating several applications known to have not met the criteria for the awards and yet been granted funds, including an organisation that hasn't staged any events for 6 years.

These stories have demoralised a good number of music festival organisers in that they feel the ACE system was never designed for them and when used by others took away the fair and democratic system that they believed they were working to. **In short, they were too honest.**

From an AFO point of view several of the members were directed toward Arts Council Project Funds which could begin around £10,000. At time of writing detail of successes or failures in this area have yet to be delivered.

It is understood again that at time of writing over £258M was still left in the pot. This, to our association, seems to be a detrimental move in that whilst Arts Council debate how best to distribute those funds several more jobs are lost, more bankruptcies, more redundancies when a small proportion of that pot would make all the difference for several small businesses.

If this new distribution were to be in loans this would not be a useful answer, as in the first round. Festivals large and small have very tight budgets and annually take out pre-season loans until ticket income flows. AFO members are in no position to add repayments from budgets designed to last each year alone.

Government intervention for those people in the supply chain to music festivals that have slipped through the cracks and received no funding whatsoever, would be valuable. See colleagues in Production Services Association and Events Industry Forum evidence for this case. In addition, as

already mentioned, the VAT cut to be maintained until the end of the festival season October 2023 would be valuable.

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?

Prior to Covid there was a blossoming of festivals throughout the country, in fact for every festival that cancelled, decided not to run for whatever reason, two more would pop up. To this end the festival industry was growing at a rate of around 17% per annum. Standing on its own two feet and in the main managing without any government funding, working almost entirely commercially or voluntarily without support. Covid stopped this progression dead in its tracks.

We believe the structure of the UK festival market will drop by at least 40% when the re-start commences. As identified earlier, already several festivals have cancelled their 2021 edition and will hope for full and proper recovery by 2022 or indeed in some cases, not start at all. There are several commercially operated festivals, there are many more voluntarily organised events, most of which work for local and national charities or indeed just the celebration of the community. The numbers of people attending more than one festival has been steadily increasing in recent years and in recent surveys has demonstrated that festival goers attend more than one each year.

Alongside this growth has come diversification of the events. Diversification of management in gender has improved enormously. Indeed, there are several occasions where more women are involved in the management than men. This has yet to spill onto the supply industry, but it is expected that it will in the course of time. It is certainly the case in customer attendance more women attend than men. The artistic diversification appears in the form of themed events which used to be known as boutique festivals. It is quite clear from hearsay that the big star on stage is not always the most important thing about the event.

What attracts our audience?

Many localised surveys have demonstrated that atmosphere, meeting friends, clean sanitation and campsites and the overall festival experience far outweighs the decision to buy the ticket over and above the big star on stage. To this end more themed festivals were starting to appear prior to Covid. We have already noted new similar events being announced for 2021 though there is some doubt as to whether any new festivals will actually take place whilst the more regular calendar is struggling.

It is generally believed that the consumer is more interested in the experience, not to dissuade people from attending for the artists who clearly are still an important part of any music festival, especially the very large events, but it is quite clear that the market place for booking of artists for festivals is wider due to more festivals but narrowed for some due to the need for expensive big stars.

The festival ecosystem

The supply industry that provides the equipment and infrastructure for conferences, exhibitions, one-off concerts, indoor and outdoor events have clearly noticed the rise in music festivals and has been dividing into several variations of companies in order to supply direct. There have been one or two major take-overs in an attempt to corner the market, these are not seen as any particular threat as grassroots festivals are the majority and are more likely to buy local than national. There is enough work for all in a normal year. However, after Covid-19 we are concerned that there may not be enough skill and experience to handle the work.

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

From an AFO point of view, in our over 130 festivals, there is no evidence whatsoever that illegal drug use is prevalent. This may well be the case identified in some major rock and pop events in other groups but the thousands of customers visiting grass roots festivals are often dismayed to find themselves identified with a drug culture.

However, the environmental impact of festivals in general is a keen subject and often used as a measure for why some customers will buy a ticket for one festival against another. AFO members are encouraged to be part of active organisations like **Powerful Thinking** (power, generators, alternative energies for festival sites) **Vision2025**, a leading body in demonstrating not only the need for green issues but leading the way in advice and education amongst many others. The majority of AFO members are signed up to the Vision2025 target project.

There is no doubt at all that the festival scene can lead the way in improving sustainability in communities to a point where in some small festivals i.e. 3-5000 capacity, the recycling projects put in place at the festival overlaps into the community and improves people's understanding of what can be done for the benefit for all.

In conclusion

Without doubt 2020 has been the most devastating year for the music festival industry. Prior to this the ever-increasing number of festivals, the vast number of people attending, and the considerable number of job opportunities offered to infrastructure companies, production teams and artists were increasing year after year.

Clearly, along with that was an increasing income stream and of course the appropriate HMRC taxes making up the contribution that our industry was making to the national and local economies.

During the Covid crisis approximately three months were spent with the festival industry not being quite sure whether to cancel, postpone, re-schedule, mothball or give up altogether. We were well into the summer before people started to recover from the shock of not having a festival scene.

The need for a start date

In the autumn months the questions began en masse.

When will we be able to start again?

How will we convince our audience that it is safe?

Will there be a vaccine and when will it be available?

Can we do onsite testing?

How will our infrastructure and our costs change in order to make our festivals Covid-safe?

As we entered into the winter months a question started to be raised about whether the 2021 season would ever get started, and it wasn't until November's announcement about progress with a vaccine that glimmers of light started to appear. It is now generally felt that a somewhat smaller festival industry is very likely to be able to resurrect itself, probably by June, but only if customer confidence returns and for that further government attention is needed. Not just financial investment, but insurance underwriting, announcements to help build our customer confidence and strong clear leadership.

Authority liaison

Here we will certainly need government assistance to physically tell not only our customers, but the Local Authority Licensing and Public Health England that they and the government, **want** music festivals to start again. Whether that be using the existing Outdoor Event and Festival Covid-safe Guidance or whether we are going back to normal using the well-respected Purple Guide as our basis for planning.

Pressures on festival budgets are likely to be higher than normal in 2021 as customers will be expecting high levels of sanitation, general washing facilities, security, and safety. These having been expected during the pandemic and now becoming the normal. HM government could help these budgets, not with finance but with legislative and moral support.

Business rates

Many local authorities have started levying business rates on the landowners from whom festivals hire the fields. The land is normally agricultural and so zero rated. When the festival takes over the land on rental for perhaps 3 weeks, the local authority sees fit to charge a rate. Clearly this is passed from landlord to festival and adds to the budget burden. With a rate review in March 2023, government should see fit to ensure LA's hold the rate for this hired land at zero?

Securing future staffing

In the meantime, our industry has somehow got to ensure that when we do start again there will be the professional staff, equipment, and skill there available for us to employ. We believe that to achieve that, our sector needs one final piece of government financial support to help keep those technical companies, equipment, production crews and skills ready and waiting (see EIF Submission to the Treasury for financial support - attached).

For the future once we get Covid under control, the festival industry will re-build itself. It could take two or three years but we believe that once the confidence returns to our audience they will be desperate to get out, spend the money, enjoy the music and put the UK festival industry back at the top of the world of LIVE MUSIC once again.

Steve Heap, General Secretary, AFO
November 2020

AFO Submission and Finance Report to DCMS (July 2020)

The Association of Festival Organisers (AFO) was formed in 1987, when six organisers with the same intentions came together to share ideas and exchange views in support of each other and the grassroots Festival industry. The Association now has over 220 members, 130 of whom are actual festivals.

Our work covers several genres of music, but predominantly acoustic music, singer/songwriter, folk, roots, world music and jazz.

A great number of our membership are festivals organised and run by small companies with full time staff, self-employed or volunteers. However, their contribution to local and national economies is considerable, providing not only good business but local jobs.

The effects of the COVID-19 pandemic on the UK festival sector have been far-reaching and profound. The festival season normally runs from March to October, and the overwhelming majority of festivals are now cancelled for 2020.

The Value of Festivals

The music festival sector of the UK events industry is estimated to be **£1.75 billion GVA**, in addition to directly benefiting local communities, both socially and economically. Further, the sector supports approximately **85,000** jobs in what is regarded as the world leader in festival production.

Alongside the organisers and their teams are the artists and an extensive supply chain of technical production, staging, catering companies, traders, and contractors of many sizes. There is concern amongst festivals that especially the technical expertise needed to be employed in the managing of the events could be lost after furlough schemes end in October. This in turn would make getting started in 2021, a very difficult operation. However, financial support for festivals to continue and survive into the new season will help kickstart other parts of the supply chain and local economies.

Festival managers are creative, well-organised and resilient. They work to tight budgets on virtually a 'hand to mouth' operation. When COVID-19 hit the UK, many of the part-time wages, full-time salaries and operational costs were already spent for the 2020 season. It is this area of finance for which the festivals need support as they will have to pay these costs all over again at the start of the 2021 festival season, with no new income.

The UK Festival Market

We estimate that there are 975 festivals in the UK, according to listings available on www.efestivals.com

In our survey here we have eliminated the major local authority operated events, Glastonbury and the Concert Promoters Association, who will be providing HM government their data separately.

Therefore, we believe 933 remaining.

Collectively, the results of the AIF, AFO and BAFA surveys represents **127** festivals. **13.62%** of the known music festival market and outside of Live Nation (LN) and the Concert Promoters Association (CPA).

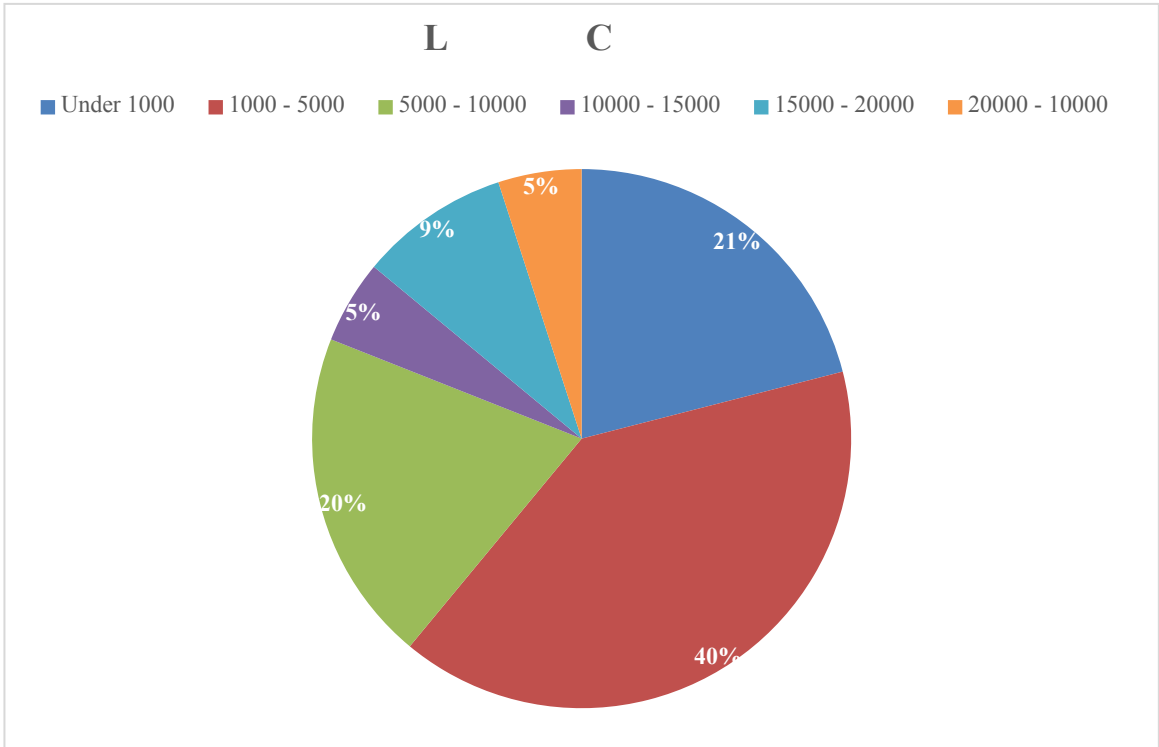
The respondents to the AFO and BAFA part of the survey are as follows (see separate paper for AIF):

1. Respondents to AFO & BAFA survey - overview

Jointly AFO and BAFA attained 95 respondents from England alone.

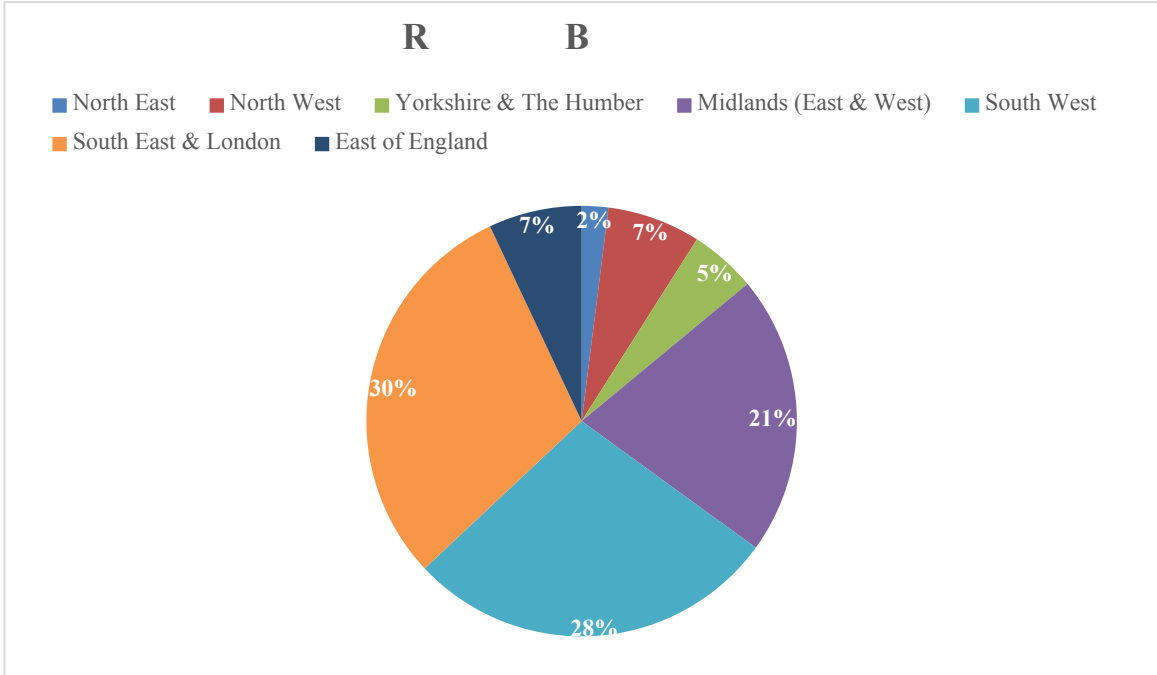
The licensed capacity range for respondents is 300 to 100,000 and the breakdown is as follows:

Under 1000 capacity	21%
1,000 - 5,000 capacity	40%
5,000 - 10,000	20%
10,000 - 15,000	5%
15,000 - 20,000	9%
20,000 - 100,000	5%



The regional breakdown of respondents is as follows:

North East	2%
North West	7%
Yorkshire & the Humber	5%
Midlands (East & West)	21%
South West	28%
South East & London	30%
East of England	7%



2. Current financial position - reserves and monthly liabilities

Average reserve position:

Note about reserve position and calculation: The figures requested are the actual current reserve position of the festival business. This does not include ticket retention income (i.e. ticket money rolled over 2020 to 2021).

That is ring-fenced and held in escrow in the event that customer refunds are requested.

Key points:

- Total reserve figure across all respondents £2,874,552
- Average reserve figure $£2,874,552 \div 96 =$ average £29,943
- 23% of respondents (29 festivals) have no reserves at all

The financial survey for HM government July 2020 asked the following questions:

1. festival name
2. festival capacity
3. Registered name and numbers of company or charity operating the event
4. Local authority or county in which the festival takes place
5. What reserves does the festival have available to cover monthly liabilities from now until the end of the financial year and prior to substantial income coming back into the business through ticket sales
6. If there are insufficient cash reserves, on what date does the festival believe it would become insolvent without further support
7. What percentage of the festival staff will need to be made redundant without further support
8. What date did the festival start redundancy consultations
9. Does the festival expect to be able to attract private financial support in sponsorship in advance to remain solvent
10. Please provide a breakdown of average monthly liabilities between now and the end of the financial year in the following areas:
 - PAYE (inc. staff on furlough)
 - Marketing and PR
 - Office Costs
 - Licensing
 - Artists Deposits (do not include those already paid and rolled over to 2021)
 - Infrastructure Deposits (do not include those already paid and rolled over to 2021)
 - Other (please specify)

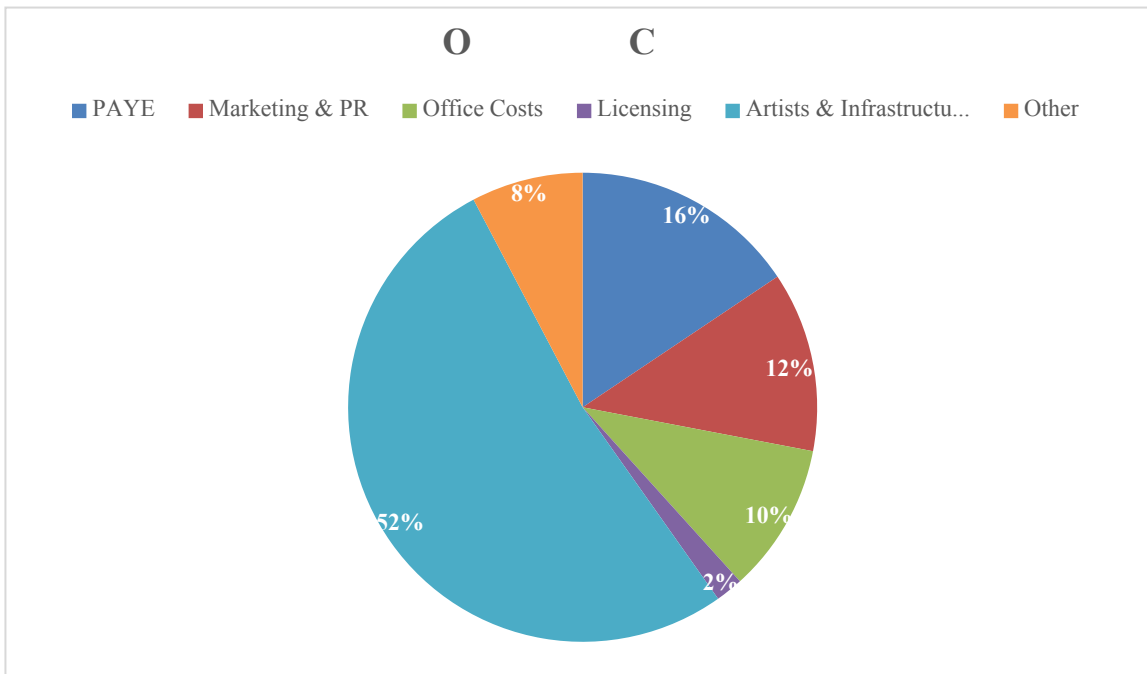
Average monthly liabilities:

- Monthly figures (pcm) total £1,689,303
- An average of £17,597 per business pcm
- Multiplied by 8.5 months to the end of the fiscal year = £149,574 up to next fiscal year

Observation: With average reserves of £30,250 and average monthly liabilities of £17,597, AFO & BAFA members have an average of 1.75 months in reserves but need to survive a further 8.5 months without substantial income.

Operating costs - breakdown into constituent areas:

PAYE	15.6%
Marketing & PR	12.4%
Office Costs	10.3%
Licensing	1.9%
Artists & Infrastructure Deposits	52.1%
Other	7.7%



- 72% of respondents gave an expected insolvency date, ranging from 31 July 2020 to 31 May 2021.
- Average redundancy figures: An estimated average of 37% of staff will be made redundant ranging from 0-100%.

Access to existing Government support schemes:

The majority of AFO and BAFA members have been unable to access CBILS, have failed to achieve business rate grants and fall short of self-employed status. They have also been refused ACE Grants and Local Authority Emergency Funds.

Attracting private financial support such as sponsorships:

When asked *'Do you expect to be able to attract private financial support such as sponsorships in advance which would help you remain maintain operations to support plans for the 2021 event?'*, 9% said yes, 47% are unsure and 44% said no, with additional comments including:

"Our assessment is that revenue from sponsorship and other commercial partnerships for the festival will be much harder to achieve".

"Unlikely until the current uncertainty is resolved, and the event is assured to go ahead"

"Providing we can keep trading into 2021 then yes".

It should be noted that a small percentage have started crowdfunding campaigns with varying success, but the typical target amounts are circa £50K and therefore insufficient in themselves to keep the business going.

In conclusion

AFO and BAFA alongside colleagues at AIF would like to make the following recommendations:

Recommendations to DCMS and HMT:

- In terms of working out what the sector requires to survive, Chris Carey at Media Insight Consulting has compiled data for the live sector and worked out a figure of £19,421,824 not including Glastonbury, CPA member operated events and local authority operated events.
- This takes into consideration the entire market as described at the outset, scaling down proportionally for the rest of the market with the theory is that the lower end of 500 - 1,000-cap events (which make up the majority of the market) are going to need comparatively little given that they may be part time considerations with lower monthly overheads.
- It is not realistic or reasonable to expect Government to cover the overheads of the entire festival sector up to a point of being able to generate substantial income again, so we must reach an estimate of the percentage of the market in need of immediate assistance. 23% of AFO / BAFA festivals have no reserves at all, with 72% anticipating insolvency without further support.
- Taking a median figure between those in immediate peril and those still anticipating insolvency at a later stage, we reach 63% as a reasonable estimate of the amount of festivals who require emergency support and do not have sufficient reserves to survive into 2021.
- 63% of the estimated support figure comes to £12, 235,749 and Government should provide a ring-fenced emergency festival fund of at least £12m specifically for festivals within the £1.57bn culture emergency fund administered by ACE. There should be a robust application process including submission of a cashflow document and details of any support already accessed.

Appendix

Is there anything else you would like to say? *(these are extracts from the AFO Survey July 2020).*

The overall feeling of concern for their festival. The community and the workers in the supply chain is prominent.

Licensing costs to local authorities should be rolled over to 2021.

Marketing is mostly all done now, the festivals have to do it again for 2021, with no funds.

Festivals provide full-time and part-time jobs for direct festival workers and many other types of employment down the supply chain.

Many festivals are running to raise funds and support charities.

A majority depend on local sponsors for funds now in a recession. These are not available.

Two years of costs and only one year of income.

Most wages are already paid with no festival now have to be paid again.

Concerns over restricted capacity in 2021, especially in the early season.

Bankruptcy likely as 2019 lost money, 2020 cancelled, 2021 no cash base.

Ticket agents and venues are taking and keeping deposits. Is this legal in the current climate.

Lake Fest will go bankrupt without help.

Many festivals are run by self-employed staff.

Several personally subsidising their events or will lose them.

Some have commissioned new music and had to pay for it. Now it will not be performed.

One festival could run in November. If venues were available.

Several looking at loans to survive.

Summer festivals depend on winter fundraising events now cancelled so no funds.

The impact of cancelled festivals is a great deal more than GVA and the economy. It has considerable effect on health and well-being of organisers and staff and the supply chain, both directly and indirectly and is also affecting the environment.

Many festivals talk of business collapse.

Several of collected tourism data, both national and international and see themselves as being part of this tourist trade 2020. No tourists.

Festivals have no confidence to return especially with an early May 2021 festival, it is worth worrying that audiences are currently also holding back.

Professional organisers have waived the fees of 2020, to save the festival from collapse.

Steve Heap, General Secretary, AFO