

Written evidence submitted by LIVE (Live music Industry, Venues & Entertainment)

LIVE Response to DCMS Select Committee Call for Evidence: The future of UK music festivals

About LIVE

LIVE is an umbrella coalition of the businesses, promoters, agents and associations that make up the UK's live music industry. It represents the industry in the media and with government stakeholders, and campaigns for the fair treatment of the sector during the COVID-19 pandemic.

The key festival associations and organisers are important members of LIVE and we welcome the opportunity to respond to the DCMS Select Committee's call for evidence into the future of UK music festivals.

Consultation Response

Executive Summary

- Festivals make a significant contribution to the UK's economy and cultural life.
- They contribute £1.7 billion to the UK's GVA each year, part of the £4.5 billion contributed by the live music industry as a whole¹.
- The measures taken to support the cultural sector to date have been welcome, but there are many businesses across the industry, including festivals, that have not benefited and are in a desperate situation.
- The whole of the live music industry now faces a cliff-edge scenario, without urgent and targeted Government intervention, the companies, artists, workers and infrastructure that support the industry's complex ecosystem will simply not be there to recover when the pandemic is over.
- The live music industry, including our world-renowned festivals, urgently requires the following support:
 - A Government-backed COVID-19 specific reinsurance scheme to give festivals and the wider industry the protection it requires to book events in the face of ever-changing lockdown measures.
 - A date and timeline for the return of full capacity events, including the parameters by which a return to these events will be possible.
 - A vaccination roll-out plan to inform not just when, but how events will be able to reopen.
 - An exemption from business rates to bring parity to festivals on private land with those held on public land.
 - Premises licence fee rollovers to ensure local authorities do not charge 'capacity multiplier' fees for festivals this year, and roll over any fees paid to next year.
 - A three-year extension to the reduced 5% cultural VAT rate on tickets in line with the Committee's recommendations.

¹ Carey & Chambers (2020), *UK live music at a cliff edge*, Carey & Chambers

Question 1: What is the economic and cultural contribution of the UK's festival industry?

National impact

There are an estimated 975 festivals in the UK according to publicly available listings on www.efestivals.com. The festival industry is also growing, over 5 million people attended a festival in 2019, compared with 2.7 million in 2012.

At a national level, festivals:

- Contribute £1.76 billion to the UK's GVA each year (part of the £4.5 billion provided by the live music industry as a whole)²
- Provide 85,000 of the 210,000 FTE roles supported by the live music industry³
- Contribute significantly to VAT receipts. In 2019, the live music industry contributed £1.6 billion in VAT from festivals and concerts⁴

Evidence shows that festivals have a significant wider impact on the UK economy, bringing in international tourists and helping to keep domestic tourist spend in the UK. Such inward economic activity will be invaluable for the UK's recovery from coronavirus and to support our exit from the European Union in 2021.

The table below gives the Optimity modelling for 2015 festival figures with a multiplier for 2019. The multiplier is important as the market has grown significantly since 2015.

UK Music's 2020 Music By Number report⁵ shows that from 2015 to 2019 the UK festival market saw:

- 1) Festival Box Office growth in the region of 113-119% from 2015 to 2019
- 2) Total festival spend (i.e onsite spend + box office) growth in the region of 151-174%.

Using the lower base multiplier of 1.5 from total festival spend, the updated Optimity impact figures in column 4 will (conservatively) reflect better 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

² Carey & Chambers (2020), *UK live music at a cliff edge*, Carey & Chambers

³ Ibid.

⁴ Ibid.

⁵ UK Music (2020), *Music By Numbers 2020*

[The Optmity 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]

Additionally, UK Music's 2019 report into the industry's impact in 2018, *Music By Numbers*⁶, states: "Live music in the UK continues to be a great success story. Every year the sector shows growth. Last year...the biggest growth was festivals, where the total audience in 2018 soared by 23% to 4.9 million – up from 4 million in 2017."

"Even though 2018 was a fallow year for Glastonbury, a surge in festival ticket sales across the country saw the UK's live music sector's contribution to the economy grow to a record high of £1.1 billion, which is a 10% overall rise on 2017."

Festivals also make a significant economic contribution by supporting music tourism. In 2018:

- 11.2 million music tourists attended live music events in the UK
- Music tourists spent £4.5 billion
- 45,530 jobs were sustained by music tourism

Local impact

Festivals make a significant economic impact to regional economies, by:

- Supporting local farmers and other rural landowners and helping them to diversify their income
- Supporting local supply chains such as local shops, equipment, hire, and accommodation
- Supporting local charities and community organisations through donations
- On average, for every £1 spent at a festival, £7 is spent in the local economy

Cultural impact

Further to their substantial economic contribution, festivals play an important role in the UK's cultural life. Our world-renowned festivals put the UK at the centre of the global cultural map and are a staple of many summer plans. According to research from Ticketmaster, 45% of festivalgoers attend a festival for the atmosphere, while 42% go for the line-up⁷. The popularity of music festivals only continues to grow, with 4.9 million people attending festivals in 2018 compared to 2.7 million in 2012.

Festivals also play a key role in developing artists' fanbases. Research by the Association of Independent Festivals (AIF) found that between 35-83% of an independent festival's line-up is composed of emerging artists⁸. According to Ticketmaster, 54% of festivalgoers seek out

⁶ UK Music (2019), *Music By Numbers 2018*

⁷ Ticketmaster (2013), *State of play: festivals UK*

gigs for an artist they discover at a festival, demonstrating how the festival sector contributes to the rest of the music industry.

Question 2: What has been the impact of cancellations on local economies and those who derive income from festivals during 2020?

Live music was one of the first sectors to be affected by COVID-19 and is likely to be the last to return to normal business.

As a seasonal sector, festivals have lost an entire year's revenue. All liquidity in the festival market ceased within 5-7 days of lockdown. All festivals have been affected, from the biggest, most world-renowned festivals to the smallest local events. According to research by the AIF, an average of £375,000 in non-recoupable costs were lost by each festival this year, ranging from £20,000 to £1.7 million per festival. Unsurprisingly, this has had a knock-on effect on the local communities that host festivals.

As is the case with the wider live music industry, the overwhelming majority of festivals were not covered by COVID-related closure through their insurance cover.

The need for an industry-wide insurance scheme is addressed in Question 3 below.

Question 3: What are the risks to festivals taking place in 2021 and beyond, and how can these be mitigated?

The biggest risks to festivals are last minute cancellation and social distancing.

Last minute cancellation and the need for insurance

One of the biggest risks to festivals is last minute cancellation and the absence of insurance cover.

It can take months of preparation to get a live music event ready for performance and, without appropriate insurance in place right at the beginning of 2021, many festivals will not be able to take place next year – including some of the largest and best-known festivals.

Major festivals take many months to prepare. Because of 2020 planning, many will manage to condense that preparation time but the deadline is fast approaching for the summer's early festivals.

If insurance is not available by January it will trigger the cancellation of a number of the UK's major festivals. If insurance is not available by March, the bulk of the festivals in the UK will also be cancelled for 2021.

If major tours and festivals do decide to go ahead without the ability to secure insurance and the health situation was to change, then they would likely go bankrupt due to the high level of upfront capital that has been invested.

⁸ AIF (2019), *Ten Year Report*

The entire live music industry urgently needs a Government-backed reinsurance scheme to be put into place before Christmas. Without it, major festivals and live music events will simply not be able to ahead in 2021, even if health circumstances improve dramatically from spring 2021 onwards.

It is also imperitave that Government ensures local authorities stick to Government guidance to ensure that festivals who have been told they can go ahead are not then cancelled at a later date. Local authority licensing, the Safety Advisory Group and the Directors of Public Health must all work together to ensure Government guidance is followed.

Social distancing

Festivals are simply not viable with social distancing in place. It is therefore essential that any future guidance recognises that festivals cannot reopen under any tiers if social distancing is required.

Likewise, the industry cannot begin to plan festivals until it is given a clear indication from Government on the date that full capacity events will be able to take place. The Government must provide a ministerial instruction to local authorities to give the go ahead on holding full capacity events. DCMS have advised that this will likely be possible in April, but for the reasons outlined above this will be too late for festivals to make the decision about whether or not they can operate.

We set out proposals for enabling festivals to go ahead without social distancing in Question 4 below.

Question 4: What measures are needed for audiences to attend festivals without social distancing, and how realistic are they?

It is important that festival-specific guidance is developed. An AIF operations sub-group has produced festival-specific COVID-19 guidance with input from DCMS, PHE and from across the festival industry including the AFO, the Events Industry Forum and Attitude is Everything.

Festival Republic has developed an approach called the Full Capacity Plan that sets out the measures required for festivals to reopen without social distancing in place.

Melvin Benn, Managing Director of Festival Republic has called for the increase of testing in the UK as leisure industries (recreation, entertainment, sports) cannot operate with the measures that are currently in place.

Working in partnership with the government, a test would allow the public to access the entertainment and leisure sectors e.g. pubs, theatre, gigs and sporting events, creating a personal incentive for the public to be tested and traced. This is a viable alternative to social distancing.

The three-point plan involves:

1. Increasing COVID-19 testing through an incentive-based scheme. This would help the Government to rapidly increase public use of the NHSX trace app and raise participation rates for COVID-19 population testing
2. Restarting the economy by allowing people who have recently tested negative to safely attend events
3. Working in partnership with the wider entertainment and hospitality sector to secure a mandatory COVID-19 test that would provide a safe alternative to social distancing for the entertainment and hospitality sector

Question 5: 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?

The announcement of VAT relief and the Culture Recovery Fund were warmly welcomed by the live music industry as a whole. However, due to ongoing Government lockdown restrictions, the industry has not yet been able to benefit from those support measures.

The entire industry now faces a cliff edge scenario. Without urgent and targeted Government intervention, the companies, artists, workers and infrastructure that support the live music industry's complex ecosystem will simply not be there to recover once the pandemic is over.

In order to safeguard the future of festivals and the wider live music industry into 2021 and beyond, the following fiscal support measures are urgently required.

VAT relief extension

- To date, the industry has not benefited from the much-welcomed reduced VAT rate. This has been particularly stark for the festival industry, due to its seasonal nature and the extremely low 2021 ticket sales as a result of reduced consumer confidence in events going ahead. We require a three-year extension to the reduced 5% cultural rate on tickets in line with the DCMS Select Committee's recommendations.
- A VAT extension will also be essential for consumer confidence. Ticket sales throughout the festival industry remain poor for 2021 and it is unlikely that this will improve until it is deemed safe for large groups of people to gather together.

Targeted allocation of the Cultural Recovery Fund (CRF)

- Not all live music businesses have been successful in applying for the Cultural Recovery Fund and it took a considerable amount of time for festivals to be acknowledged as an eligible part of the entertainment industry.
- Receiving this funding is essential to keep businesses afloat and allowing companies the flexibility to allocate financial resources where they are needed most. Industry requires grants, not loans, to be made available to businesses in the events supply chain.

- It is critical that those who were unsuccessful in applying for the CRF are considered for future funding and are not discounted because they applied previously.
- Additionally, LIVE has made representations to DCMS and ACE, asking that the remaining CRF funds have a lower application threshold to allow smaller festival organisers to apply, and that grants may be used for COVID-19 mitigation measures.

Continued employment support

- Until lockdown measures are eased and the above fiscal asks are addressed, the livelihoods of the 85,000-strong skilled workforce who support the festival industry are in jeopardy.
- The industry requires urgent assurance from Government that the furlough scheme and all other employment support measures will be available to all employees (including freelancers) working in industries that are prevented from operating due to Government restrictions.

Business rate relief

- There is currently a lack of consistency over which festivals should be charged business rates.
- Currently, festivals based on public land are exempt from paying rates, while businesses on private, agricultural land are liable to pay rates.
- This is grossly unfair as it is unclear how payment relates to the services that are funded by rates. Festivals do not benefit from many of the services that rates are meant to provide. They are temporary, ancillary uses of land that receive no local services (such as street lighting and refuse collection) as a result of paying business rates.
- The issue is compounded by inconsistency over how these rates are charged. Festivals with cross-local authority borders are occasionally charged twice, and big festivals which also cross multiple landowners' sites are sometimes also charged for each area of private land that is used.
- LIVE is calling for the Government to ensure local councils administer rate relief to all live entertainment venues that are unable to operate under tiered or national lockdown restrictions. An extension of the rate relief should apply beyond April 2021 until the end of the 2024-2025 tax year.
- The Government should also exempt agricultural festivals from paying any rates to bring the policy in line with festivals that take place on public land

Question 6: 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 pandemic, the festival industry had been growing on average by 17% year on year, with recent data showing that those who go to festivals often attend more than one festival each year.

Events have also diversified, with more and more women holding management positions. On stage, there has also been an increase in artistic diversification that is particularly notable in festivals. As a breeding ground for many new talent, festivals provide an opportunity for artists from all backgrounds to gain a platform and following that might otherwise have been unattainable for them.

Question 7: How can festivals be supported to reduce their environmental impact and tackle the dangers of illegal drug use?

Across the festival industry, action has been taken to reduce environmental impact and tackle the dangers of illegal drugs.

Environmental action

- Last year the UK's leading festival organisers, Live Nation, announced its own global sustainability coalition. Green Nation committed to new worldwide environmental goals for all Live Nation owned and operated venues, clubs, theatres and festivals. It set out to reduce greenhouse gas emissions by 50% by 2030, and to end the sale of single-use plastics at all owned and operated venues and festivals by 2021. Additionally, the company has pledged to reduce or eliminate the use of fossil fuels where possible and pursue a low-carbon economy by sourcing renewable energy, make Live Nation offices, venues and events zero waste to landfill and achieve a 50% (or higher) material recovery rate by 2030, work with partners and sponsors toward shared sustainability goals, and transparently track, measure, and share adherence to the charter.
- In 2018, the AIF launched 'Drastic on Plastic'. All participating festivals committed to ban using plastic straws on-site in 2018 and pledged to eliminate all single-use plastic at their events by 2022. In the first year of the campaign festivals took measures such as: banning the sale of drinks in single-use plastic, promoting reusable drinking bottles, buying and selling reusable drinks bottles to audiences, reducing backstage plastic water bottle usage and investing in enamel plates rather than single-use serve-ware
- The UK Vision 25 pledge signed by almost all the major festival organisers has also committed to achieving a 50% reduction in festival-related annual greenhouse gas emissions by 2025.
- In 2019, 47 festivals worldwide were assessed and awarded by UK Organisation A Greener Festival⁹, who have worked with festivals since 2007 to make the UK a world leader in sustainable festival management. 10 of the 47 certified festivals in 2019 were from the UK, from Glastonbury Festival to Manchester Pride Live. Through this detailed analysis and advice AGF have identified there is a need for local authorities, transport, waste and power sectors to collaborate closely with festivals to allow them to enhance their own sustainability targets, but also to help boost the sustainability targets of the local authorities and UK as a whole. The Dutch Government has been supporting their festival industry through funding and resources allowing them to be used as "living labs" towards the circular economy and green deal. This support and collaboration is urgently needed in the UK if we are

⁹ www.agreenerfestival.com (2020) *A Greener Festival*

to reach our climate and biodiversity targets, and to remain world leaders in sustainable festivals. Furthermore, AGF has identified that owing to the pandemic there are new threats to sustainability actions such as a return to cars from public transport and increased single use plastics usage through PPE. These are putting additional strain and expense on festivals and support is needed to help them to identify, navigate, and innovate the new normal to be a greener normal.

- Green Artist Riders have been developed by the industry and the collaborative efforts between artists and festival organisers on the topic of sustainability is increasing. Artists and festivals play a crucial role in communicating sustainability and urgent topics therein to the public in a way that is engaging, understandable, and likely to lead to actual behaviour change. The festival industry need to be supported to help bring this important and urgent topics to the public.

Tackling illegal drug use:

All festivals across the sector take illegal drug use very seriously and work with the police, private security and all other related agencies to restrict illegal drugs from entering their premises.

Festivals provide amnesty bins, pre-event audience awareness raising and onsite medical care under the watch of multiagency partners.