

# Written evidence submitted by UK Music

December 2020

## House of Commons DCMS Select Committee

### The Future of UK Music Festivals

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#### **1. Introduction**

- 1.1 UK Music is the umbrella body representing the collective interests of the UK's music industry, from songwriters and composers to artists and musicians, studio producers, professional recording studios, music managers, music publishers, major and independent record labels, music licensing companies and the live music sector. UK Music exists to represent the UK's music sector, to drive economic growth and promote the benefits of music to British society (see annex for full list of members).
- 1.2 COVID-19 has had a devastating impact on the whole music industry, in particular festivals, which have been shuttered since March.<sup>1</sup> The 2020 festival season was effectively decimated as a result of the pandemic and there remains huge uncertainty about the prospects of the 2021 season taking place. So not only do festivals need urgent support to survive in the short term, there also needs to be a clear long-term plan to get the sector back up on its feet.
- 1.3 In this submission, UK Music sets out the economic and cultural value of music festivals, the challenges that they are currently facing, and a clear strategy to support the safe reopening of festivals and the wider live sector in an economically viable way. With its rich economic and cultural value, the music industry can in turn play a leading role in galvanising the UK's post-pandemic recovery strategy.

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<sup>1</sup>[https://www.ukmusic.org/assets/general/UK\\_Music\\_Submission\\_to\\_DCMS\\_Select\\_Committee\\_ImpactCOVID\\_7\\_May2020.pdf](https://www.ukmusic.org/assets/general/UK_Music_Submission_to_DCMS_Select_Committee_ImpactCOVID_7_May2020.pdf)

## **2. Executive Summary**

### **Importance of music festivals**

2.1 Festivals play a vital role in the UK's £5.8 billion music industry – they contribute £1.75 billion to the economy, according to the AIF<sup>2</sup>, and form an important part of the wider music ecosystem. The economic benefits of festivals are spread across the whole of the UK and they are vital to supporting local economies and regional growth. Festival attendance grew in 2019 and given jobs in the cultural and creative industries will be particularly resilient to automation, the long-term employment prospects for the sector before COVID-19 hit looked bright. The UK live music scene also brings significant social and health and wellbeing benefits and generates huge soft power advantages. Festivals make an enormous economic, social and cultural contribution and are key to our country's future. UK festivals should be promoted and championed by Government in normal times, and protected and supported during this pandemic.

### **Impact of COVID-19 and challenges faced by festivals**

2.2 Pandemic restrictions have impacted music festivals and the wider live music scene significantly. Bans on mass events and the national lockdown meant that the 2020 festival season was wiped out. This has resulted in a 90.2% drop in revenue for festivals in 2020, with potentially 50% redundancies in the workforce by the end of the year. When festivals suffer, the whole music industry suffers, and the impact has been felt across the industry – up to 80% of music creators' income will be lost this year, and three quarters of musicians may leave the sector. The prospects of holding festivals in 2021 are extremely unclear. Social distancing, capacity limits, and restrictions under the tiered systems all mean that it is an immense challenge to hold events in an economically viable way. There is no certainty about when restrictions might end and so little confidence to plan and organise major events. COVID-19 has created an existential crisis for UK music festivals – the 2020 season was wiped out, and there is a real threat that the vast majority of the 2021 season will not happen either.

### **Recovery – how to get the sector back on its feet**

2.3 The best way to support and protect the festivals sector is to get it back on its feet and enable it to start generating income again. The focus must therefore be on how we get live performances happening again at capacity. This means we must first demonstrate that we can effectively manage the health risk by taking necessary measures to reduce the risk of transmission at live music

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<sup>2</sup> <https://www.theticketingbusiness.com/2020/07/08/uk-festival-association-seeks-clarity-inclusion-1-57bn-aid-package/>

events, and secondly find a way to operate in the current landscape in a way that is financially viable.

2.4 Until a vaccine is fully rolled out, measures must be taken to manage the public health risk. The music industry has therefore been looking at all options to reduce the risk of transmission:

- We are working closely with government to develop guidance and clear protocols to enable live music events to return safely, and will continue this collaboration as a priority.
- UK Music is committed to engaging with the Moonshot programme and using rapid testing to eventually bring back full capacity events. This requires proof of concept, conducting testing pilots with social distancing, then gradually building up to full capacity.
- We are looking at and piloting improved ventilation and other pathogen reduction systems. There are a number of ventilation and air purification systems on the market that reduce the risk of transmission in inside spaces, but unless they are recognised or validated by Government then there is no incentive for industry to invest in them.
- For indoor events, the industry is also proposing an enhancement to the *Hands, Face, Space* approach: *Test, Clean, Prevent*, which switches the management of the risk of COVID-19 from individuals onto venues which already have the expertise.

2.5 As an industry, we are working on multiple options to manage the public health risk. However, there is no clear mechanism for validating these various approaches with Government. We therefore recommend establishing a taskforce that can advise, evaluate and validate the various innovations we are looking at implementing. This has been very effective for the sports sector, with the Sports Technology and Innovation Group. We recommend Government does the same for the live performing arts sector.

2.6 We are confident that through partnership with Government and the private sector we can effectively manage the public health risks at festivals and live music events and make them safe places to be. However, there will remain significant challenges for the industry as it seeks to get itself up onto its own feet. To support festivals, UK Music has a set of key asks of Government:

- **An indicative date for full capacity restart.**
- **A Government-backed indemnity scheme.**
- **Targeted financial support.**
- **Extension to the VAT rate reduction on tickets.**

- **Rollover of the paid 2020 Local Authority license fees for festivals to 2021.**
- **Extension to business rates relief.**

## **Conclusion**

2.7 Festivals play a key role in the social, economic and cultural life of the UK. They have faced unprecedented challenges during the pandemic, but there is a route for them to return to delivering the huge benefits for our country that they have consistently generated in the past. The music industry is committed to working with Government and the private sector to get the live music sector back up on its feet – by taking necessary measures to reduce the risk of transmission, and securing the right support from government to enable festivals to return in an economically viable way.

2.8 With the right support, music festivals and the wider music industry can be at the forefront of the post-pandemic economic and cultural revival.

### 3. Importance of Music Festivals

- 3.1 Festivals play a vital role in the UK's £5.8 billion music industry – they contribute £1.75 billion to the economy, according to the AIF<sup>3</sup>, and form an important part of the wider music ecosystem. Artists and musicians use festivals to engage fans, build their fan base and make commercial sales. They also provide significant employment opportunities to skilled technical staff such as sound and lighting engineers. A festival performance will engage managers, promoters, marketers, and organisers, circulating employment opportunities and revenue throughout the supply chain. It also will generate royalties down the line, providing a source of income to creators including composers and publishers. This revenue is significant for all creators, whether those on stage or the ones who wrote or co-wrote the music, particularly as generated by licensing. This activity then generates revenue for the Government through direct and indirect forms of taxation. Label A&R, the part of record companies who scout and source new and emerging artists to sign record deals with them, will often discover unsigned talent at live events such as festivals.
- 3.2 UK Music's recently released *Music By Numbers 2020 (MBN)* report demonstrates the economic value of the UK music industry and specifically the strength of our live music sector when operating at full capacity pre-pandemic. In 2019 alone, music added £5.8 billion GVA to the UK's economy (up 11% from 2018), employed almost 200,000 people (up 3%) and generated £2.9 billion in export revenue (up 9%).<sup>4</sup> The GVA growth figure is more than triple the GVA growth across the UK economy in 2019 (3.3%) – showing that the music industry has the potential to be a key growth industry for our country in the 2020s.<sup>5</sup>
- 3.3 The report also revealed that festival attendance showed a strong increase in 2019, up by 6% to 5.2 million in 2019, from 4.9 million in 2018. Festivals, including the likes of Reading, Download and British Summer Time, performed well. Revenues will vary from one event to another, but typically events of that scale, 80-100,000 attendance can generate in the region of £8-12 million per day, or around £25-30 million per event per weekend in revenue\*.<sup>6</sup>
- 3.4 The rapid growth rate of the creative industries has been a consistent trend in recent years.<sup>7</sup> The UK music industry employs comparatively more people than other sectors which are perceived as strategically important, for example fishing and steel-making: 200,000 employees vs. 12,000 and 32,000,

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<sup>3</sup> <https://www.theticketingbusiness.com/2020/07/08/uk-festival-association-seeks-clarity-inclusion-1-57bn-aid-package/>

<sup>4</sup> <https://www.ukmusic.org/research/music-by-numbers-2020>

<sup>5</sup> <https://www.ons.gov.uk/economy/grossvalueaddedgva/timeseries/abml/pn2>

<sup>6</sup> \* revenues includes ticket price and onsite spend, this does not include spend offsite. UK Music estimates 2020.

<sup>7</sup> <https://www.sounddiplomacy.com/our-insights/music-tourism-white-paper>

<https://www.creativeindustriesfederation.com/publications/growing-uks-creative-industries>

respectively.<sup>8</sup> Furthermore, as the Royal Society of Arts has noted, jobs in the cultural and creative industries will be particularly resilient to automation – meaning that the long-term employment prospects for the industry look bright.<sup>9</sup> The music industry is a vibrant and dynamic sector with hugely positive long-term prospects – so strategic support would not just benefit the music industry as it looks to recover from COVID-19, it would also benefit the wider economy.

3.5 Music both contributes to onshore economic growth and supports local economies. Festivals and music venues are intrinsically linked to supply chain businesses in their local areas including technical freelancers, catering providers and service suppliers (for example security). According to the Association of Independent Festivals (AIF) a 5,000 capacity festival is worth £1.1 million to the local area, while a 110,000 capacity festival can be worth over £27 million.<sup>10</sup> Glastonbury generates over £100 million into the economy of South West England each time it takes place and music festivals as a whole employ over 85,000 people directly.<sup>11</sup> Analysis has showed that for every £10 spent on a ticket for a live music event, £17 goes back into the local economy, driving business for local transport, hospitality outlets and retailers.<sup>12</sup> Given this synergy, implementing a plan for the swift and safe return of live music and festivals could be a boost not only to a strategically vital sector, but also mobilise a whole range of economic activity.

3.6 The role that live music and festivals could play in reopening the UK post-COVID-19 is emphasised by the broad geographical spread of the sector. A huge range of vibrant and culturally rich festivals of varying scales are spread across the country such as Glastonbury in the South West and Creamfields in the North West. They showcase an incredible diversity of musical genres from Solihull Summer Fest to Sidmouth Folk Festival to Cheltenham Jazz Festival. Our *MBN* report highlights the rapid growth of music tourism outside of London – for instance, the West Midlands saw an increase of 19% in music tourists from 2018.<sup>13</sup> The table below highlights the importance of live music to each region and nation of the UK.<sup>14</sup>

Nation/Region	Number of music Tourists	Music Tourist Spend	Jobs Supported
East Midlands	516,000	£208 million	2,545
East of England	596,000	£212 million	2,918
London	4.1 million	£1.5 billion	10,697

<sup>8</sup> <https://www.gov.uk/government/news/fishing-industry-in-2019-statistics-published#:~:text=In%202019%2C%20there%20were%205%2C911,metres%20and%20under%20in%20length.>  
<http://researchbriefings.files.parliament.uk/documents/CBP-7317/CBP-7317.pdf>

<sup>9</sup> <https://www.thersa.org/reports/work-automation-covid>

<sup>10</sup> Updated Optimy figures, AIF DCMS Select Committee Submission on Future of Festivals

<sup>11</sup> <http://kilimanjarolive.co.uk/news/let-the-music-play/>

<sup>12</sup> <http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/digital-culture-media-and-sport-committee/live-music/oral/91709.pdf> p.22

<sup>13</sup> <https://www.ukmusic.org/research/music-by-numbers-2020> p. 26

<sup>14</sup> <https://www.ukmusic.org/research/music-by-numbers-2020/>

South East	1 million	£533 million	5,371
South West	1 million	£528 million	6,402
North East	242,000	£60 million	662
North West	1.5 million	£477 million	4,976
Northern Ireland	234,000	£81 million	901
Scotland	1.3 million	£453 million	4,757
Wales	440,000	£143 million	1,843
West Midlands	877,000	£252 million	2,453
Yorkshire and the Humber	754,000	£264 million	2,918

3.7 In cultural terms music has an invaluable place in our society, providing an immense source of support for people in what has been an exceptionally trying year. The UK has a passion for music that supports its world class commercial music sector. UK acts made up 5 of the biggest 20 global stadium tours in 2019, the UK has the busiest music venue in the world in the O2 and in Glastonbury has the largest greenfield festival in the world.<sup>15</sup> The UK has been placed second in the world for soft power. This role has been supported by its iconic music scene, which shows an idea of the UK and its values to the world that has proven to be enduringly popular.<sup>16</sup> The live sector and touring in particular has been a significant contributor to the soft power of the United Kingdom. It directly encourages people to visit the UK enjoy our culture and spend money while here. Music tourism was worth £4.7 billion to the UK economy in 2019.<sup>17</sup> The global importance of the UK music industry and our live sector was underscored by the worldwide response to UK Music’s *Let the Music Play* campaign, with globally renowned artists including Cher endorsing the UK live scene.<sup>18</sup>

3.8 However, the value of music goes far beyond all the pound signs and the piles of economic data. Music has a huge impact on our health and wellbeing. A study published in 2017 in the American Journal of Hospice and Palliative Medicine revealed 96% of patients in a controlled study had positive responses to music therapy.<sup>19</sup> Mental health charity MIND has also advocated research that revealed the levels of dopamine were up 9% when participant volunteers listened to music.<sup>20</sup> Music experiences can be supported through social prescribing with live music providing a key role here. Patients with long-term conditions who have been treated in this way report to feel less isolated, attend 47% fewer hospital appointments and made 38% fewer visits to A&E.<sup>21</sup>

<sup>15</sup> <https://www.pollstar.com/article/the-year-end-top-tours-pop-tops-record-breaking-year-143014>  
<https://www.bbc.co.uk/news/world-44697302>

<sup>16</sup> <https://softpower30.com/>

<sup>17</sup> [https://www.ukmusic.org/assets/general/Music\\_By\\_Numbers\\_2020\\_Report.pdf](https://www.ukmusic.org/assets/general/Music_By_Numbers_2020_Report.pdf)

<sup>18</sup> <https://www.ukmusic.org/policy/let-the-music-play/>

<sup>19</sup> <https://www.medpagetoday.com/resource-centers/pain-management/music-therapy-improves-symptoms-and-behaviors-palliative-care-patients/1852>

<sup>20</sup> <https://www.bbc.co.uk/news/health-12135590>

<sup>21</sup> <https://www.gov.uk/government/news/social-prescribing-new-national-academy-set-up>

Based on arts participation rates in England, the Government estimates that the total annual NHS cost savings due to reductions in GP visits is £168.8 million.<sup>22</sup> Festival attendance can have a profound impact on the health and wellbeing of audiences and its absence in 2020 is felt by those who are responsive to such treatments.

**3.9 Festivals make an enormous economic, social and cultural contribution and are key to our country's future. UK festivals should be promoted and championed by Government in normal times and protected and supported during this pandemic.**

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<sup>22</sup> <https://publications.parliament.uk/pa/cm201719/cmselect/cmcomeds/734/73407.htm#footnote-122>



## *Importance of Music Festivals*

#### **4. Impact of COVID-19 and Challenges Faced by Festivals**

- 4.1 The decision on 16 March 2020 to withdraw emergency worker support from mass gatherings and introduce social distancing restrictions to control the COVID-19 pandemic across England made it illegal to put on live music events, be it outdoor festivals or indoor concerts.
- 4.2 In May the Government placed live music and related events at step 3 in its COVID-19 recovery plan, postponing the possibility of any relaxations until at least 4 July and effectively cancelling what was left of the traditional summer festival season for 2020 in the process.
- 4.3 On 25 June the Culture Secretary Oliver Dowden introduced a five-stage roadmap to return to live performances. A route back to live performances was of course welcome, but without solid dates attached to it there was no certainty for the sector.<sup>23</sup> For a sector that depends on long-term planning and lead in times the absence of set dates is an impediment to putting on events.
- 4.4 It is only at Stage 5 (performances allowed outdoors with fuller audiences indoors) of the roadmap when it may be possible to put on economically viable events but this Stage has yet to be met. Pilots of concerts with social distancing have demonstrated that it is not financially viable for the vast majority of venues to put on shows with profits not exceeding operating costs.<sup>24</sup>
- 4.5 The fact that it has been near impossible for any financially viable music events to take place in 2020 is also in part due to the second wave of the pandemic which called for renewed restrictions due to a rise in transmissions. This includes the introduction on 14 September of the “rule of six” restricting the number of people gathering, followed on 24 September by the 10pm curfew limiting the time venues could be open.
- 4.6 On 14 October a new three-tier system was introduced to manage regional and local disparities in infection rates before a second month-long lockdown was introduced in early November.
- 4.7 The Tiers system, which was strengthened following the November lockdown, presents further challenges for putting on live events. Even at the lower risk Tier 1 there are restrictive capacity limits for indoor and outdoor events. At Tier 2 people are not allowed to socialise indoors outside of their household or bubble, disincentivising the attraction of live events. The “substantial meal” condition in connection to consumption alcohol also initially raised concern but this has subsequently been resolved. Under the highest tier, Tier 3, all indoor entertainment must close with large outdoor events also suffering a similar fate.

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<sup>23</sup> Unless there are local restrictions outdoor performances with social distancing were allowed from 11 July yet stage 4 of the roadmap (performances allowed indoors and outdoors but with a limited distanced outdoors audience) was delayed until 15 August.

<sup>24</sup> <https://www.itv.com/news/london/2020-07-29/the-clapham-grand-pilot-concert-does-not-provide-blueprint-for-the-live-music-industry>

4.8 The following statistics further underline the existential crisis that COVID-19 restrictions have placed on music festivals and the associated ecosystem:

- **Festivals have faced severe problems as a result of the COVID-19 pandemic with the closure of their main window of operation from March to September. Over 90% of music festivals scheduled for 2020 have had to be cancelled, with an average non-refundable cost of £375,000 and are forecasting 50% redundancies in the workforce by the end of the year.**
- **UK Music's MBN report 2020 concluded that up to 85% of live revenue will be lost in 2020, revenues have been close to zero since March. According to a UK Music survey, 65% of music creators' income will be lost this year, rising to over 80% for those most dependent on live performance and recording studio work.<sup>25</sup>**
- **The Cliff Edge report found that 76% of live music employees were supported by the Coronavirus Job Retention Scheme as of 31 August 2020. Technical supply companies have seen revenue drop by 95%.<sup>26</sup>**
- **According to a survey by the Musicians' Union, 70% of musicians are undertaking less than a quarter of their usual work and 71% are either actively considering leaving the sector or are unsure of whether they will continue.<sup>27</sup>**
- **The Music Venue Trust state that COVID-19 restrictions have slashed capacities by 75% at Grassroots Music Venues (GMVs), cutting trading hours by 50 to 75%, limited both performances and performers, and introduced significant additional costs on venues to present live events under severely limited conditions.<sup>28</sup> GMVs have seen a 75.1% revenue drop and are anticipating over 60% redundancies among staff.<sup>29</sup>**
- **Under existing the existing Tier system in England Grassroots Music Venues are operating at 24% capacity in Tier 1 and 12% capacity in Tier 2.<sup>30</sup>**

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<sup>25</sup> <https://www.ukmusic.org/research/music-by-numbers-2020>

<sup>26</sup> [https://concertpromotersassociation.co.uk/wp-content/uploads/2020/10/REPORT\\_UK-Live-Music-at-a-Cliff-Edge.pdf](https://concertpromotersassociation.co.uk/wp-content/uploads/2020/10/REPORT_UK-Live-Music-at-a-Cliff-Edge.pdf)

<sup>27</sup> <https://www.musiciansunion.org.uk/Home/Advice/COVID/take-action-pandemic>

<sup>28</sup> <http://musicvenuetrust.com/2020/09/venues-are-viable/>

<sup>29</sup> [https://concertpromotersassociation.co.uk/wp-content/uploads/2020/10/REPORT\\_UK-Live-Music-at-a-Cliff-Edge.pdf](https://concertpromotersassociation.co.uk/wp-content/uploads/2020/10/REPORT_UK-Live-Music-at-a-Cliff-Edge.pdf)

<sup>30</sup> Music Venue Trust 2020

## 5. Recovery – How to get the Sector Back on its Feet

- 5.1 The Government has stated that the best way to support the sector, mitigate this damage and support recovery is for live musical performances to resume.<sup>31</sup> The longer the sector is closed, the greater the economic damage and the risk of a talent exodus from the industry. The focus must therefore be on how we can get live performance up and running again.
- 5.2 There are two risks that need to be mitigated for this to happen: the public health risk from COVID-19 and the economic jeopardy of the restrictions in place - this is both the short-term economics of putting on COVID-19-compliant gigs and the long-term challenges of ensuring a benign environment for businesses to reopen successfully allowing festivals to resume their vital role in the UK economy.
- 5.3 The task for the music industry is therefore to first demonstrate that we can effectively manage the health risk by taking necessary measures to reduce the risk of transmission at live music events, and secondly to find a way to operate in the current landscape in a way that is financially viable.

### Managing Health Risks

- 5.4 Until a vaccine is fully rolled out, measures must be taken to manage the public health risk. The music industry has therefore been looking at all options to reduce the risk of transmission. Our ongoing work on mitigating the risk of COVID-19 in music spaces rests on three pillars:
- a) **Guidance.** We are working closely with Government to develop guidance and clear protocols to enable live music events to return safely, and will continue this collaboration as a priority.
  - b) **Testing.** We are committed to engaging with the Moonshot programme and using rapid testing to eventually bring back full capacity crowds. This requires proof of concept, conducting testing pilots with social distancing, then gradually building up to full capacity.
  - c) **Ventilation & pathogen reduction systems.** We are looking at improved ventilation and other pathogen reduction systems. There are a number of ventilation systems on the market that reduce the risk of transmission by improving airflows, but unless they are recognised or validated by Government then there is no incentive for industry to invest in them.

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<sup>31</sup> Q 109 <https://committees.parliament.uk/oralevidence/1049/pdf/>

## Guidance

- 5.5 The four nations of the United Kingdom each have their own rules and restrictions covering live performances and festivals and these are regularly updated with regional variations. The current restrictions are defined by the *Hands, Face, Space* (HFS) approach. This requires regular handwashing, wearing of face coverings and maintaining a two metre distance from non-household members.
- 5.6 Engagement with Ministers and Officials through roundtables and workshops has produced useful work on guidance to comply with this. For example, this has included updating the Purple Guide<sup>32</sup> and other guidance to help festivals and other live music events to establish high level planning considerations which must be put in place when staging live events in the current context.<sup>33</sup>
- 5.7 This festival guidance 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. It covers medical and welfare arrangements; Command, Control, Communication and Coordination; Response Plans, Specific Mitigation Measures; Crowd Considerations; Security; Site Adjustments; and Accreditation and Ticketing Strategy. The guidance also monitors: 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. This engagement between industry and Government has also produced guidance to make workplaces in the industry, such as recording studios, COVID-19-secure. Similar conversations have occurred between industry and devolved Health Departments. We continue to work with government to develop and update this guidance as a priority.
- 5.8 This ongoing work has allowed a limited number of festivals and events to restart.<sup>34</sup> However, the vast majority remain unable to restart and with festivals and venues still deemed not safe enough to remain open as

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<sup>32</sup> <https://www.ukmusic.org/assets/general/music-festivals-COVID-supplementary-guidance-v1-13th-october-2020.pdf>  
<https://gov.wales/rehearsing-performing-and-taking-part-performing-arts-guidance-phased-return.html>  
<https://www.gov.scot/publications/coronavirus-COVID-guidance-for-the-performing-arts-and-venues-sector/>  
<https://www.gov.uk/guidance/working-safely-during-coronavirus-COVID/performing-arts>  
<https://www.thepurpleguide.co.uk/>

<sup>33</sup> <https://www.ukmusic.org/assets/general/music-festivals-COVID-supplementary-guidance-v1-13th-october-2020.pdf>

<sup>34</sup> <https://edition.cnn.com/travel/article/social-distanced-music-festival-intl-scli-gbr/index.html>  
[https://www.huffingtonpost.co.uk/entry/ginburne-park-pop-up-socially-distant-festival-review\\_uk\\_5f1603a6c5b651977c053b08?guccounter=1&guce\\_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvLnVrLW&guce\\_referrer\\_sig=AQAAAFcagMEgeLOAXN3M6Ch6-bsdErV524kzVtq85w9ltCCleLUWnYlfLylWQZCaWu1avroec6c3a\\_O3M1Rrg3Bui7jrL3jfhBEQamnm0F06ztiqFmh8ON861W7Y1ALapUHhsxhazhc4FzJPHwlwMHJKDkJNcpkvrAO1rttUerbElbxW](https://www.huffingtonpost.co.uk/entry/ginburne-park-pop-up-socially-distant-festival-review_uk_5f1603a6c5b651977c053b08?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLmNvLnVrLW&guce_referrer_sig=AQAAAFcagMEgeLOAXN3M6Ch6-bsdErV524kzVtq85w9ltCCleLUWnYlfLylWQZCaWu1avroec6c3a_O3M1Rrg3Bui7jrL3jfhBEQamnm0F06ztiqFmh8ON861W7Y1ALapUHhsxhazhc4FzJPHwlwMHJKDkJNcpkvrAO1rttUerbElbxW)

restrictions have tightened, for example during the November 2020 lockdown, more work is needed. From a health perspective, ensuring that all individuals comply with HFS is difficult and from an economic perspective it prevents most festivals from reaching the capacity they need to be profitable. The ebb and flow of restrictions has made it impossible for most festivals to go ahead in 2020. They require long lead ins, and event organisers have not had the confidence under HFS that they would be able to go ahead.

5.9 According to the AIF, 90% of festivals this year have been cancelled.<sup>35</sup> The Cliff Edge Report found that only 20% of pre-pandemic income has been secured.<sup>36</sup> According to one study, festivals have furloughed 75.5% of staff, GMVs 70.5% and larger venues 78.8%.<sup>37</sup>

5.10 To financially preserve these events and festivals through the pandemic and to better protect public health, we would suggest enhanced health approaches are used to apply to non-socially distanced events. However, it is critical that innovations and suggestions made by industry to make this possible have an impact on Government guidance where their efficacy can be demonstrated.

### Testing

5.11 The Health Secretary Matt Hancock has repeatedly made clear that large scale testing is a key part of the Government's COVID-19 strategy.<sup>38</sup> To require testing before entering a festival or venue could in the long-term allow restrictions to be relaxed inside venues and festivals, as well as support the Government's overarching COVID-19 strategy by forcing asymptomatic carriers to take a test, alerting them to the fact they COVID-19 positive and allowing them to self-isolate.

5.12 The safety focused members of the Production Services Association (PSA) have produced "quarantine protocols" to protect staff and freelancers. For the audience there are a number of routes that could be followed. The Committee has already heard evidence on this from Festival Republic, who are continuing to work on a "Full Capacity Plan" and conducting pilots of pre-event testing in Estonia.<sup>39</sup>

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<sup>35</sup> [https://www.ukmusic.org/assets/general/UK\\_Music\\_Submission\\_to\\_DCMS\\_Select\\_Committee\\_ImpactCOVID\\_7\\_May2020.pdf](https://www.ukmusic.org/assets/general/UK_Music_Submission_to_DCMS_Select_Committee_ImpactCOVID_7_May2020.pdf)

<sup>36</sup> [https://concertpromotersassociation.co.uk/wp-content/uploads/2020/10/REPORT\\_UK-Live-Music-at-a-Cliff-Edge.pdf](https://concertpromotersassociation.co.uk/wp-content/uploads/2020/10/REPORT_UK-Live-Music-at-a-Cliff-Edge.pdf)

<sup>37</sup> [https://concertpromotersassociation.co.uk/wp-content/uploads/2020/10/REPORT\\_UK-Live-Music-at-a-Cliff-Edge.pdf](https://concertpromotersassociation.co.uk/wp-content/uploads/2020/10/REPORT_UK-Live-Music-at-a-Cliff-Edge.pdf)

<sup>38</sup> <https://hansard.parliament.uk/Commons/2020-12-02/debates/FE328933-735C-48E9-9BF0-ED692E9CF8C4/CoronavirusVaccine?highlight=mass%20testing#contribution-468B52F8-92D9-4166-9E45-51A696A8B53D>

<https://hansard.parliament.uk/Commons/2020-11-17/debates/67DE24F4-8F99-4229-B6CE-0A3F739C2FE3/Covid-19TestingPilotInLiverpool?highlight=mass%20testing#contribution-03D78CE3-EC8C-42F1-8338-BE0387C7CAA7>

<https://hansard.parliament.uk/Commons/2020-11-17/debates/789ABA7D-9452-4771-847A-24BDC64D8F4C/TopicalQuestions?highlight=mass%20testing#contribution-22CFD8EA-29BD-4ADF-B36E-344BB00E0196>

- 5.13 The #WeMakeEvents campaign have proposed a pilot event under Restart Live using loop-mediated isothermal amplification tests (that have been labelled “highly effective” by NHS Trusts) to screen customers on site but before entry to allow for a non-socially distanced event.<sup>40</sup> They have worked closely with North Greenwich Safety Advisory Group and have put forward a proposal for a pilot 2,500 person event. We would hope Department for Health and Social Care (DHSC) will strongly consider approving and supporting this pilot.
- 5.14 The MVT have done preliminary work on a possible app-based solution where an individual could use their ID to create a profile (AI approved), and then store event tickets and their last COVID-19 result against their profile. This test would be conducted one to two hours prior to entry at a health centre near the event site.
- 5.15 While we appreciate this cannot be introduced overnight, allowing more UK-based pilots for fully tested events could be a game changer for enabling the early return of festivals with reduced COVID-19 restrictions. UK Music is committed to engaging with the government’s Moonshot programme and using rapid testing to eventually bring back full capacity events. This requires proof of concept by conducting testing pilots with social distancing, then gradually building up to full capacity. Trivandi, one of the global leaders in the delivery and operation of major events and venues, has been working closely with the Government to develop this work. The music industry is engaging with this work, and is committed to doing whatever is necessary to make it a success

*Ventilation & pathogen reduction systems.*

- 5.16 While most festivals are outdoors, some are indoors, and the return of indoor music is critical to the sector as a whole. The sector is actively working to look at innovative protective solutions.
- 5.17 The MVT is actively involved with trialling the use of UVGI/UVG systems in pilot projects in London and Bristol. These systems use UV light to deactivate airborne viral pathogens by drawing air from a room and passing it under a UV light. While seemingly novel technology, their use is backed by medical science. For instance, UVG systems are recommended by the Centers for Disease Control and Prevention (CDC) in the USA as part of preventing the spread of COVID-19 in an office.<sup>41</sup>
- 5.18 UK Music has also been in discussion with companies like CleanAir Spaces and BioTech Group, which use state-of-the-art air and surface purification technology to reduce the risk of COVID-19 transmission by

<sup>39</sup> <https://accessaa.co.uk/festival-republic-md-announces-plan-to-use-events-to-incentivise-testing/>  
<https://committees.parliament.uk/oralevidence/819/pdf/>

<sup>40</sup> <https://www.gov.uk/government/news/clinical-evaluation-confirms-accuracy-of-lamp-test>

<sup>41</sup> <https://www.cdc.gov/coronavirus/2019-ncov/community/office-buildings.html>

continuously filtering and cleaning the air and surfaces in an indoor environment. There is growing scientific evidence backing these types of systems and verifying the effect they have on transmission; however, there is no process for officially recognising the impact they have on reducing the risk of transmission in indoor spaces. Unless these innovations are recognised or validated by Government then there is no incentive for industry to invest in them.

5.19 The industry is keen to further develop a dialogue with DHSC and there have been productive trials involving DCMS and venues on other issues, such as the live audience trials at the London Palladium. Similar pilots could trial this technology and if successful, Government could provide a form of recognition that would enable venues (and other indoor spaces, like those in the hospitality sector) to open and operate safely without the restrictions they see today.

5.20 As they are approved, and Government certified, the sector would look to draw them together to produce economically viable festivals and events. There are a variety of ways this could be done depending on the venue and space, as different spaces face differing COVID-19 risks. For Grassroots Music Venues for example, the MVT have drawn together a *Test, Clean, Prevent* approach.

- i. **Test** – Exploit rapid testing to test people before they enter a venue or festival.
- ii. **Clean** – If an infected person were to make it through the testing system, cleanliness systems can help prevent the spread of the pathogen combined with vigorous ventilation.
- iii. **Prevent** – Use preventative anti-viral technology to halt surface transmission including anti-viral wipes and surfaces.

5.21 Global evidence from similar efforts are positive. It should be noted that the German Restart-19 initiative is already producing results that indicate that if hygiene concepts are adhered to at live events impacts on the pandemic are low to very low.<sup>42</sup> Much of the groundwork has already been put in place but needs Government recognition for the next stage.

5.22 The development of a variety of potentially effective vaccines including the Moderna, BioNtech/Pfizer and Oxford vaccine is excellent news.<sup>43</sup> However, we would urge that the Government to continue to engage with the industry on enhanced measures and guidance that could allow safe non-socially distanced performances to resume as soon as possible, and to certify any methods found to be effective. We are keen to work as closely as possible with DHSC and the devolved Health Departments to achieve this.

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<sup>42</sup> <https://www.iq-mag.net/2020/10/restart-19-results-events-could-take-place-pandemic/#.X8TzoWj7Q2w>

<sup>43</sup> <https://www.gov.uk/government/news/pfizer-biontech-covid-19-vaccine-mhra-statement>  
<https://www.gov.uk/government/news/oxfordastrazeneca-covid-19-vaccine-mhra-statement-confirming-letter-received>



- 5.23 It should also be noted that many independent festivals will quickly reach a tipping point in terms of any additional cost and we would welcome further analysis of this approach in a festival-specific context. The sooner live music events can open without social distancing, the sooner the sector will need less overt Government support. Certifying safe ways of operating under an airborne pandemic will be an important learning, and thereby future-proof the sector.
- 5.24 Finally, there is the question of certainty. Certifying enhanced health approaches would give venues and festivals certainty that it is possible for them to operate safely and profitably under COVID-19. This would give them the business confidence to invest in this technology while providing an opportunity for businesses and freelancers to secure their future in the industry. We do not know how long the vaccine rollout will take, and with many younger people who often make venues and festivals viable being among the last to be inoculated, it is imperative we find an alternative to simply waiting for the vaccine.
- 5.25 It is also crucial to stress that this work on improved ventilation and pathogen reduction systems is important not just for tackling COVID-19 – it will have a dramatic impact on reducing the transmission of seasonal viruses, like flu. It also has huge relevance for the future. COVID-19 has generated an increased focus on globally spread diseases and there is growing speculation about where the next pandemic might come from. We don't know when the next epidemic will hit us, but if and when it does, the music industry will be ready. We are determined to be among the safest environments to carry out social contact, and the various technologies and innovations we are exploring will help deliver that.
- 5.26 As an industry, we are working on multiple options to manage the public health risk. However, there is no clear mechanism for validating these various approaches with Government. **We therefore recommend establishing a taskforce that can advise, evaluate and validate the various innovations we are looking at implementing.** This has been very effective for the sports sector, with the Sports Technology and Innovation Group. We recommend that Government does the same for the live performing arts sector.

## **Managing Economic Risk**

- 5.27 For as long as the current social distancing restrictions remain in place and with the enhanced health approaches not certified, most of the live music sector cannot work. While the situation endures, more needs to be done to address the economic risk of socially distanced performances to stimulate more activity in the sector. Indeed, the Culture Secretary Oliver Dowden has stated that one of the purposes of the Culture Recovery Fund (CRF) was to act as an investment in activity as opposed to simply a mothballing exercise.<sup>44</sup>

While the £1.57 billion was very welcome, this was spread over the creative industries worth cumulatively £117 billion that have been losing £1.4 billion *per week* during the pandemic.<sup>45</sup> The CRF has been successful in protecting many valued cultural organisations and institutions, but it has not stimulated enough activity to support artists and freelancers, with a Musicians' Union survey finding that 70% of musicians have received less than a quarter of their usual work.<sup>46</sup>

5.28 Several proposals have been put forward including suggestions of subsidy schemes such as those proposed by One Industry One Voice, ticket matching, an increase to the CRF, or releasing CRF monies that has not yet been spent.<sup>47</sup> Critically, this would make socially distanced performance economical, not stimulate consumer demand. However, it would unlock consumer spending and business activity, generating work throughout the live music ecosystem.

5.29 The sector wants to get back to work yet cannot do so economically due to Government restrictions. If the Government does not think on a balance of risk an enhanced health approach is practical, it then needs to address the economic risk to festivals and venues and support socially distanced events until full reopening can be reached with a vaccine.

## Economic Support

5.30 We are confident that through partnership with Government and the private sector we can effectively manage the public health risks at festivals and live music events and make them safe places to be. However, even if an enhanced health approach and early opening is adopted, there will remain significant challenges for the industry. It is also vital that existing support is maintained until Stage 5 reopening is reached, whenever in 2021 that may be. The support and restrictions need to be synchronised.

5.31 Businesses right down the supply chain need to be confident that they can reopen in such a way that they can meet sufficient profit margins to at least start to claw back the debt incurred and losses made during the restrictions (much Government support has been in the form of loans as

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<sup>44</sup> <https://committees.parliament.uk/oralevidence/1049/pdf/>

<sup>45</sup> <https://www.creativeindustriesfederation.com/sites/default/files/inlineimages/The%20Projected%20Economic%20Impact%20of%20Covid19%20on%20the%20Creative%20Industries%20Report%20%20Creative%20Industries%20Federation%202020.pdf>

<https://www.ukmusic.org/news/uk-music-welcomes-government-support-to-help-save-135-grassroots-music-venue>

<sup>46</sup> [https://concertpromotersassociation.co.uk/wp-content/uploads/2020/10/REPORT\\_UK-Live-Music-at-a-Cliff-Edge.pdf](https://concertpromotersassociation.co.uk/wp-content/uploads/2020/10/REPORT_UK-Live-Music-at-a-Cliff-Edge.pdf)

<https://www.musiciansunion.org.uk/Home/Advice/covid-19/take-action-pandemic>

<sup>47</sup> <https://www.gov.uk/government/groups/culture-recovery-board>

<https://www.nme.com/news/music/musicians-and-crew-call-for-seat-out-to-help-out-scheme-and-tailor-made-job-support-to-survive-until-april-2782730>

opposed to grants). To support festivals and the live sector as they exit restrictions, (whatever the timescale for that is) UK Music has a set of key asks of Government:

- i. **An indicative date for full capacity restart.** Festivals and mass events often have long lead times, and so we need certainty and a date to work towards when full capacity events can happen again. Government has suggested the combination of vaccines and Moonshot testing means restrictions will be relaxed by April – an April restart date should be officially confirmed by Government.
- ii. **A Government-backed indemnity scheme.** The inherent uncertainty of the pandemic has had serious consequences for the insurance market. The commercial insurance market is not currently offering any COVID-19 cancellation policies whatsoever for festivals and this may be the case until 2022. The Government has recognised the importance of insurance for other industries, putting together a Restart Scheme for Film and TV which helped delayed productions obtain insurance.<sup>48</sup> Obtaining insurance is one of the biggest hurdles the industry faces – so a similar scheme is desperately needed for the live events industry.
- iii. **Targeted financial support.** The economic packages that have been supporting the sector through the pandemic come to an end in March 2021, leaving a huge gap in support. Our ambition is to get up and running as an industry by then and start generating our own income and supporting jobs. However, if we are not allowed to operate viably as a sector, then there would need to be extensions to the Coronavirus Job Retention Scheme and the Self-Employment Income Support Scheme (SEISS). We would also need continued support for venues and organisations, either in the form of an extended Culture Recovery Fund, or a seat match scheme that makes it economically viable for events to take place with limited capacity.
- iv. **Extension to the VAT rate reduction on tickets.** The VAT reduction on tickets has been very welcome in principle, but given most events are unable to take place we have been unable to take full advantage of it. This should be extended beyond March 2021, to help support festivals and allow businesses to re-capitalise more quickly, while incentivising venues to schedule performances.
- v. **Rollover of the paid 2020 Local Authority license fees.** Many festivals paid for licenses in 2020 but then found themselves unable to hold any events. They now face having to pay these charges again for 2021. Some Councils have allowed festivals to roll-over the charges on

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<sup>48</sup> <https://www.gov.uk/government/publications/film-tv-production-restart-scheme/film-tv-production-restart-scheme-draft-rules>

a discretionary basis – Government should adopt this as policy, and support councils in rolling over these fees into next year.

- vi. **Extension to business rates relief.** The COVID-19 business rate relief implemented by the Chancellor for 2020/21 was an important measure for music venues and should be extended, especially if venues are unable to generate their own income by the time the relief ends. We should also remove festival sites situated on agricultural land from the levy entirely – taxing festival sites as rateable businesses is perversely unfair, as festivals are not active on their sites for the vast majority of the year.

- *An indicative date for full capacity restart.*

5.32 The Government has published its roadmap for reopening, however it does not include any dates.<sup>49</sup> An indicative date for the reopening of venues for non-socially distanced performance is vital to allow the sector to be able to plan, particularly technologies and subsidy to allow early re-opening are not approved. The Health Secretary Matt Hancock has stressed to the Commons, “*The end is in sight...The return of our freedoms is on the horizon.*”<sup>50</sup> The Secretary of State for Digital, Culture, Media and Sport Oliver Dowden has suggested that March/April 2021 was being “looked at” as a time for loosening restrictions.<sup>51</sup> The Prime Minister himself spoke of the “sure and certain knowledge that we will succeed” in returning to normality in Spring 2021.<sup>52</sup> While encouraging, these statements are not specific enough for business purposes. We would propose that Government announce an April 2021 date for reopening without social distancing to provide clarity. It should be made clear that support will continue until this date. The timing of the announcement of an indicative date is crucial. We envisage major live music festivals for the summer will need to make decisions as to whether they are going ahead in January 2021, and so it is imperative that we have certainty for the sector as soon as possible.

- *A Government-backed indemnity scheme.*

5.33 A major barrier to the scheduling of events is the inherent uncertainty around the progress of the pandemic and the knock-on effect this has on the ability to procure insurance. Most festivals and GMVs did not have insurance which covered communicable diseases at the outbreak of the pandemic and

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<sup>49</sup> <https://www.gov.uk/government/publications/our-plan-to-rebuild-the-uk-governments-COVID-recovery-strategy/the-next-chapter-in-our-plan-to-rebuild-the-uk-governments-COVID-recovery-strategy--2>

<sup>50</sup> <https://hansard.parliament.uk/Commons/2020-12-01/debates/27DE3E44-807A-4596-AD7C-946314AC3E2A/PublicHealth?highlight=spring#contribution-34BA733A-859F-484F-B34A-2A1F30CB81BE>

<sup>51</sup> <https://committees.parliament.uk/oralevidence/1049/pdf/>

<sup>52</sup> <https://www.gov.uk/government/speeches/prime-ministers-statement-on-coronavirus-covid-19-2-december-2020>

many existing policies specifically excluded COVID-19. The commercial insurance market is not currently offering any COVID-19 cancellation policies whatsoever for festivals and this may be the case until 2022. We have seen recent successful support in this area with the £500 million Restart Scheme for Film and TV which helped delayed productions obtain insurance.<sup>53</sup> While we appreciate that the film and TV insurance scheme was put in place under a different context to live music events, it should be noted that insurance remains a primary barrier to events going ahead.<sup>54</sup>

5.34 The live music sector has drafted a proposal for a reinsurance scheme which would cover events from any indicated re-opening date in 2021 (to be confirmed) to December 2022. The promoter/venue would pay into a COVID-19 fund, to be matched by the Government, in addition to an additional premium paid by the insurance industry. This COVID-19 fund would sit separate to the usual cancellation claims and would pay out in the event of a COVID-19 enforced cancellation. The proposed fund would pay out a higher proportion of costs closer to the date of cancellation, while it would also have geographic limits on the spread of events covered to prevent overexposure. The sector has estimated that a £650 million fund would allow £2 billion worth of activity to go ahead. Giving longer term certainty would also make the current VAT cut more effective by allowing venues and festivals to take advantage of this through ticket sales. Furthermore, any income from sales would be immensely useful to businesses looking to survive this period. We would note that the German Federal Government has pledged €2.5 billion to insure events for the second half of 2021. The Austrian Government has also established a €300 million umbrella scheme for promoters.<sup>55</sup> With other countries acting to give events and festival confidence to go ahead with events in that period, we would welcome UK festivals being given the same certainty.<sup>56</sup>

5.35 We would emphasise that this issue is highly time sensitive – with many festivals usually taking six to eight months minimum of advance planning, they will be deciding whether to go ahead or not in Q1 2021. 2021 festivals early in the season (May/June) are already time shifting / cancelling due to this lengthy planning cycle. If they cannot secure appropriate insurance, then they will not be able to take place. The larger the festival, the longer the lead-in time required. The same can also be applied to venues, with many stadium tours booked over a year in advance. On a practical level, with a lack of viable insurance options hindering the ability of businesses to plan, we risk a dearth of live music events for the public to enjoy when restrictions are lifted. This is of particular note as we see increasing Government confidence of resuming normality by summer 2021.

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<sup>53</sup> <https://www.gov.uk/government/publications/film-tv-production-restart-scheme>

<sup>54</sup> <https://www.theguardian.com/politics/live/2020/nov/26/uk-coronavirus-live-average-pay-covid-england-tiers-boris-johnson-scotland>

<sup>55</sup> <https://www.iq-mag.net/2020/10/e300m-umbrella-for-austrian-promoters/#.X9Dhodj7Q2w>

<sup>56</sup> <https://accessaa.co.uk/german-government-creates-e2-5bn-fund-to-cover-event-cancellation-costs/>

- Targeted financial support.

5.36 The sector is not unviable, it has been effectively closed-down all year by Government instruction put in place to preserve public health, either by law or by the economics of operating under the restrictions. Therefore, there is a moral imperative that support be maintained for those who cannot currently work. Furthermore, it makes economic sense given the promising outlook for a vaccine - a relatively small investment to keep skills in the sector now could pay massive dividends when the sector looks to reopen.

5.37 The first half of 2021 will be critical for the sector with support like Business Rate Relief, the Coronavirus Job Retention Scheme and SEISS coming to an end at the end of the financial year. If the sector is not allowed to re-open fully (i.e. without restrictions) in line with this, any withdrawal of support in March/April 2021 would be catastrophic. Furthermore, if the sector is not allowed to open without social distancing at this point, it will require economic support to make it viable. Our preference as an industry is to be able to support ourselves by generating our own income, as we always have done – but if we are not allowed to do so, then we will require additional economic support, either in the form of an extended CRF or a scheme like that proposed by the OneVoice campaign

5.38 Gaps in the existing support packages also need to be addressed. Any reopening of the sector needs the workers and businesses in place to make it happen. Many of the 72% of self-employed workers in our sector are falling in between cracks in the support as we have already highlighted. While many in the music industry have helped by coordinating and contributing to a range of hardship funds supported by UK Music members (including PPL, PRS for Music, the BPI, the Musicians' Union, AIM and the MMF) there are many in our industry's workforce who still face an immense financial struggle. Only 34.2% of creative freelancers have accessed SEISS and it is critical that the Government looks to close the gaps in support that exist including for the newly self-employed, those drawing dividends in lieu of salary and those with mixed incomes.<sup>57</sup>

5.39 Music festivals and venues have the majority of their staff on furlough and therefore a plan that explicitly links support to full reopening could help protect those jobs.<sup>58</sup> But once restrictions lift, if the skills are there the sector can quickly return to profitability - anecdotally where shows have been put on, demand has been high.

5.40 Targeted support must be put in place which recognises the unique dynamics of the music industry and how it is impacted by the pandemic.

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<sup>57</sup> <https://www.gov.uk/government/statistics/self-employment-income-support-scheme-statistics-september-2020>

<sup>58</sup> [https://concertpromotersassociation.co.uk/wp-content/uploads/2020/10/REPORT\\_UK-Live-Music-at-a-Cliff-Edge.pdf](https://concertpromotersassociation.co.uk/wp-content/uploads/2020/10/REPORT_UK-Live-Music-at-a-Cliff-Edge.pdf)

Doing so would ensure the artists, managers, composers, songwriters, sound engineers and countless others that the sector relies on can get the support they need. This is critical for the industry's recovery so it can get back on its feet and continue the work of rebuilding this world-leading industry to pre-COVID-19 levels. Support must be extended until full reopening is possible.

- Extension to the VAT rate reduction on tickets.

5.41 As it stands, the Chancellor has extended the VAT reduction on ticket sales to 31 March 2021. However, music venues and festivals were precluded from operating under the national lockdown which was in place from 5 November to 2 December 2020 and we still have no indication of when events will be permitted to take place in such a way that they are economical to put on. Therefore, this measure is currently of limited use to music businesses. Extending the VAT cut beyond March would maximise its effect of supporting festivals while incentivising venues to schedule performances, sell tickets and take advantage of the cut. This would be of greater benefit to businesses in the live sector and also incentivise activity, which would in turn support the rest of the music eco-system. An extension of the VAT cut would allow businesses to re-capitalise more quickly and maintain their cashflows. A temporary reduced rate of 5% VAT is needed to make a real difference to many live music businesses that operate at very narrow margins.

- Rollover of the paid 2020 Local Authority license fees.

5.42 Festivals have faced severe problems as a result of the COVID-19 pandemic, one of which is non-refundable costs which were sunk into the 90% of festivals which were cancelled. On an average these were of £375,000.<sup>59</sup> Licensing fees are one of the key costs festival face each year. Where those festivals have had to be cancelled due to COVID-19 those licences have not been used. Licences are normally charged on an annual basis and therefore not only will the festivals have to pay for a 2020 licence without generating any income this year, but they also face having to pay again for 2021.

5.43 We understand that some Councils have allowed festivals to roll-over the charges on a discretionary basis.<sup>60</sup> We recommend that the UK Government and the devolved governments provide funding to Councils to cover these costs. This would allow more festivals across the country a greater chance of surviving 2020/2021 and be in a stronger position to pay the charges in 2022. This would also create opportunities for the rest of the festival supply chain. Festivals have a strong impact across rural and urban

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<sup>59</sup>[https://www.ukmusic.org/assets/general/UK\\_Music\\_Submission\\_to\\_DCMS\\_Select\\_Committee\\_ImpactCOVID\\_7\\_May2020.pdf](https://www.ukmusic.org/assets/general/UK_Music_Submission_to_DCMS_Select_Committee_ImpactCOVID_7_May2020.pdf) p. 6 and 10

<sup>60</sup> <https://committees.parliament.uk/event/1878/formal-meeting-oral-evidence-session/>

economies, with music tourism generating £4.7 billion to the economy in 2019.<sup>61</sup>

- Extension to business rates relief.

5.44 We welcomed the COVID-19 business rate relief implemented by the Chancellor for 2020/21 as an important measure for music venues. Historically, business rates tended to unfairly penalise music venues and festivals (where applied) as they usually cover a large space and are often situated in valuable commercial areas. The 2017 revaluation saw rates rise by as much as 800% for some venues.<sup>62</sup> As it stands this relief will end in March 2021, however, with no indicative date for reopening it is unclear if venues and festivals will be able to put on events and therefore generate any income by then.

5.45 It is estimated that the live industry is likely to need a three-year recovery cycle, while the OBR calculates that the peak unemployment rate of 7.5% will occur after March 2021.<sup>63</sup> Indeed, the Chancellor noted in his Autumn Statement to the Commons on 25 November our “economic emergency has only just begun”.<sup>64</sup>

5.46 Since 2014 the Valuation Office has increasingly taxed festival sites as rateable businesses. This is particularly unfair as festivals are not active on their sites for the vast majority of the year with only 5% of festivals having any permanent infrastructure.

5.47 To ensure the live sector survives the first half of 2021 we need active businesses employing people, making money and doing what they do best. For the live music sector waiving business rates would represent an investment in those businesses and allow them to focus on creating and delivering events that employ people and keep the economic gears turning. The Treasury needs to consider the cost of inaction as well. Business rates are a large drain on the music venues that help stage city festivals, as recognised by the Chancellors pre-crisis cut in business rates for GMVs.<sup>65</sup> Maintaining them when the sector has not yet recovered will cost jobs, businesses and growth. Ultimately this will hit HM Treasury in unemployment payments and forgone tax revenue.

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<sup>61</sup> <https://aiforg.com/wp-content/uploads/AIF-Ten-Year-Report.pdf>

<sup>62</sup> [https://www.ukmusic.org/assets/general/UKMusic\\_NonDomesticRatingListsBill.pdf](https://www.ukmusic.org/assets/general/UKMusic_NonDomesticRatingListsBill.pdf)

<sup>63</sup> [http://cdn.obr.uk/CCS1020397650-001\\_OBR-November2020-EFO-v2-Web-accessible.pdf](http://cdn.obr.uk/CCS1020397650-001_OBR-November2020-EFO-v2-Web-accessible.pdf)

<https://www.creativeindustriesfederation.com/publications/report-projected-economic-impact-COVID-uk-creative-industries>

<sup>64</sup> <https://hansard.parliament.uk/commons/2020-11-25/debates/6437F778-628F-48A1-ADF3-C06BA1C09EBA/SpendingReview2020AndOBRForecast>

<sup>65</sup> <https://www.ukmusic.org/news/uk-welcomes-government-cuts-to-business-rates-for-grassroots-music-venues>



5.48 As we have recommended previously, we suggest that a waiver on business rates for GMVs is put in place until 2022/23, with festivals situated on agricultural land removed from the levy entirely. This, combined with an overhaul of the business rates system, would support culturally significant live music venues and festivals to maintain viable businesses and be an investment in the long term economic health of the music industry.<sup>66</sup>

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<sup>66</sup> [https://www.ukmusic.org/assets/general/UKM\\_Final\\_HMTreasuryBusinessRates\\_18.09.pdf](https://www.ukmusic.org/assets/general/UKM_Final_HMTreasuryBusinessRates_18.09.pdf)

## 6. Conclusion

6.1 The UK music industry is a dynamic and commercially successful sector that was growing before the pandemic, and can grow again. Music has always been a British success story and a national asset, that delivers at home and abroad. There is no reason why this cannot continue, but that future depends on us saving the incredible UK music ecosystem – of which festivals are an integral part.

6.2 There is a risk that the UK's economic crisis will peak as existing support measures are withdrawn. The interests of festivals, live music and the wider music ecosystem are best served by retaining support that incentivises activity and mitigates costs for businesses in 2021/22 to allow them the opportunity to generate sufficient income to recover. In the long run, festivals which are employing people, contracting suppliers, paying taxes and driving activity is of more value to the UK economy than empty fields and venues. This support would be an investment in the UK's economic future that will pay dividends for years to come.

6.3 Given its inherent value, links with the broader economy, interconnected nature and genuine global standing and health benefits, support for the UK's music industry could have great benefits for supporting the UK's growth post-COVID-19. UK export schemes supported by the Government such as the Music Export Growth Scheme (MEGS) and PRS Foundation's International Showcase Fund are excellent examples of with high returns on investment.<sup>67</sup> Internationally, countries such as South Korea and Canada have had great success in strategically supporting music and music exports driving the global growth of K-Pop and the striking success of Canadian artists in the US charts.<sup>68</sup> Strategic support should be a key consideration in examining how festivals and the live sector can be supported to reopen in a safe and economically viable way.

6.4 2020 has been an extremely tough year for festivals, and for the whole music industry after many years of stellar growth. While we recognise and thank the Government for taking action to support the sector through the CRF and other measures, we ask the Government to build on this further with the following:

- **UK festivals should be promoted and championed by Government in normal times, and protected and supported during this pandemic.**
- **Establish a taskforce that can advise, evaluate and validate the various innovations we are looking at implementing.**

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<sup>67</sup> <https://www.bpi.co.uk/news-analysis/music-export-growth-scheme/>

[https://prsfoundation.com/wp-content/uploads/2019/09/PRSF-ISF-Report-2016-19-FINAL-DIGITAL\\_1.pdf](https://prsfoundation.com/wp-content/uploads/2019/09/PRSF-ISF-Report-2016-19-FINAL-DIGITAL_1.pdf)

<sup>68</sup> <https://www.factor.ca/about-the-foundation/annual-reports/>

<https://www.economist.com/books-and-arts/2014/08/09/soap-sparkle-and-pop>

IMF, Asia – Reaching the Top, p. 16

- **An indicative date for full capacity restart.**
- **A Government-backed indemnity scheme.**
- **Targeted financial support.**
- **Extension to the VAT rate reduction on tickets.**
- **Rollover of the paid 2020 Local Authority license fees for festivals to 2021.**
- **Extension to business rates relief.**

6.5 Drawn together, the strategy set out in this submission can ensure that the nation that gave the world Glastonbury, Reading, Download, Boomtown and hundreds of other excellent festivals can build on this cultural legacy and create a success story for the future as we bounce back past COVID-19 and beyond. With the right support music festivals and the wider music industry can be at the forefront of the post-pandemic economic and cultural revival.

## **Annex**

UK Music's membership comprises: -

- AIM – The Association of Independent Music – the trade body for the independent music community, representing 1000+ independent record labels and associated businesses, from globally recognised brands to the next generation of British music entrepreneurs.
- BPI - the trade body of the recorded music industry representing 3 major record labels and over 400 independent record labels.
- FAC – The Featured Artists Coalition is the UK trade body representing the specific rights and interests of music artists. A not-for-profit organisation, they represent a diverse, global membership of creators at all stages of their careers and provide a strong, collective voice for artists.
- The Ivors Academy - The Ivors Academy is an independent association representing professional songwriters and composers. As champions of music creators for over 70 years, the organisation works to support, protect and celebrate music creators including its internationally respected Ivors Awards.
- MMF – Music Managers Forum - representing over 1000 UK managers of artists, songwriters and producers across the music industry with global businesses.
- MPG - Music Producers Guild - representing and promoting the interests of all those involved in the production of recorded music – including music studios, producers, engineers, mixers, remixers, programmers and mastering engineers.
- MPA - Music Publishers Association - with 260 major and independent music publishers in membership, representing close to 4,000 catalogues across all genres of music.
- Musicians' Union - Representing over 32,000 musicians from all genres, both featured and non-featured.
- PPL is the music licensing company which works on behalf of over 110,000 record companies and performers to license recorded music played in public (at pubs, nightclubs, restaurants, shops, offices and many other business types) and broadcast (TV and radio) in the UK. PPL also collects royalties for members when their recorded music is played around the world through a network of international agreements with other collective management organisations (CMOs).

- PRS for Music is responsible for the collective licensing of rights in the musical works of 150,000 composers, songwriters and publishers and an international repertoire of 28 million songs.
- UK Live Music Group, representing of the live music sector with a membership consisting of: Agents' Association (AA), Association for Electronic Music (AFEM), Association of Festival Organisers (AFO), Association of Independent Festivals (AIF), Concert Promoters Association (CPA), International Live Music Conference (ILMC), National Arenas Association (NAA), Production Services Association (PSA), Music Venue Trust (MVT), with contributions from PRS Foundation, MU, MMF and FAC.