

## **Written evidence submitted by the Production Services Association**

### **• What has been the immediate impact of Covid-19 on the sector?**

1. The Production Services Association is the trade association for companies and individuals that provide technical services like lighting, sound, staging, power and video to live events such as music concerts, exhibitions, product launches, conferences, festivals and arena or stadium shows. In the UK, we provide our services to enable the £70bn Events industry, our world leading design and technical expertise is exported globally.
2. From around February 19<sup>th</sup>, our sector suffered a sudden collapse; within the space of that month, before any 'lockdown' measures were announced by Government, our members saw order books empty, tours cancel (some mid-flow) and income stop, including payments for work already completed. This had an instant effect on our 2000+ members, many of whom make up the majority self employed workforce that allows our SME suppliers of technology to flex with seasonal requirements of the various events sectors they serve.
3. To illustrate this rapid demise; our Council of members met on 10<sup>th</sup> March. Within the space of 3 hours, one of our Council members, the MD of a company supplying screens and cameras to corporate events, saw the company order book empty until at least the end of June; he and the rest of his company was placed on a 4 day week, this was the day before any initial measures were announced in the Budget and long before the Job Retention Scheme was devised.
4. It is important to note that the timing couldn't have been worse, with the effects being felt as the sector exits the 'hungry gap' over Christmas and starts building towards the spring touring and summer festival markets; in the live entertainment sector, the season ended before it began. This left companies with already stretched reserves looking at a rapid demise. Research carried out by the PSA for a group of stakeholder associations within both the Events Industry Forum and the Business Visits and Events Partnership and published on 9<sup>th</sup> April found that 60% of companies supplying the events sector had liquidity for 3 months or less. We have now started to lose companies.

### **• How effectively has the support provided by DCMS, other Government departments and arms-length bodies addressed the sector's needs?**

5. At announcement, the support measures were most welcome. DCMS ministers and officials have been phenomenally supportive in delivering clarity

where possible and hopefully being effective in feeding the needs of its various sectors to relevant departments.

6. That said there has been little or no delivery of clarity on many points; the delivery of business rate relief and associated grants for companies in the events supply chain, a key element of the hospitality and leisure sector, has been inconsistent. Some authorities have delivered through effective online portals; others have refused relief, discounts and grants due to archaic records of building use rather than current business function. This confusion persists, even after the Chancellor stated clearly when questioned in Parliament that events supply businesses would qualify if they had a premises. According to events supply sector research from early April, 60% of companies had liquidity for 3 months or less, rate relief and grants could be the lifeline for many. Some businesses, which have been successful in obtaining CBILS loans (although very few have), have based projections on receiving rates relief and grants, only to be refused. This issue has been communicated to DCMS and beyond; no clarity of guidance is forthcoming.
7. The Coronavirus Business Interruption Loans Scheme seems to be a misnomer; otherwise profitable businesses that have been interrupted by Coronavirus have been refused loans. The lack of ability to forecast any kind of return to business related to organised gatherings has hampered the scheme for our sector. The new bounce back loans scheme may help but it is too early to measure any effects it may have.
8. With a workforce that, according to DCMS, is 72% self employed, measures to support those outside of PAYE schemes are key. Our self employed workforce, which makes up the majority of our membership is, according to our 2019 workforce survey, made up of over 30% single director Ltd 'Personal Service Companies'. Setting aside company structure, it is crucial to note that workers in our sector were among the first to be affected, jobs were cancelled way before other, seemingly more recognised sectors within hospitality and leisure were affected by enforced closure. While the minority of workers on PAYE schemes receive 80% of their salary through the job retention scheme, individuals that haven't had any paid work since February have to wait until June for financial support.
9. On a positive note, our early loss of work and apparent loss of any prospect of work has led to much of our workforce 'rocking a new role', something we encouraged at the outset.
10. Many that are unable to take on new roles have been forced to navigate an alien benefits system. We welcomed clarity that Universal Credit payments would not be affected by savings set aside for business expenses such as tax. This clarity came not from any Government source directly, but indirectly

from Martin Lewis, the Money Saving Expert via his conversations with Government agencies. This news hasn't yet filtered to DWP staff, as claimants are still being told that savings are savings, no matter what they are for or where they are held. This is a worrying situation as Universal Credit is the last hope for many.

11. As with all schemes, there are those that fall through gaps; single director Ltd companies are the highest profile group of self employed people who will not receive help based on their full income as some is drawn as dividends based on their shareholding; this creates a huge disparity in the level of support afforded to self employed people. This is difficult for many to understand, especially as the income figure calculation for help for sole traders includes income from dividend payments from any shares they may hold. To add to the pain, those that receive an annual salary payment are experiencing difficulties receiving help through CJRS.
12. Those workers with mixed self employment and PAYE roles fall into a gap in provision; the most obvious solution would be the ability to apply to a mix of available schemes.

Those that work on short term contracts with a mix of employers throughout the year will find it challenging to approach previous employers to receive payments as furloughed employees, especially when companies are formed and wound up at the end of a production run.

13. For event organisers themselves, our members' clients, more certainty of when organised gatherings will be allowed in the future is required, although a current outright ban until the end of the summer, imposed by other administrations across Europe will need to be preceded by changes to regulation around refunds, perhaps a voucher refund system, to prevent a collapse of the entire event organiser market.

**• What will the likely long-term impacts of Covid-19 be on the sector, and what support is needed to deal with those?**

14. As per our introduction, our members work across a blend of creative sectors in the hospitality and leisure sectors. As all of those sectors are in the business of gathering groups of people together, whether for business hospitality or leisure, the sector will be affected by either rulings or advice on gatherings or consumer/business confidence in attending gatherings.
15. It is crucial that our events are recognised as *Organised Gatherings*, rather than mass gatherings. Ticketed events with pre-event communication channels, terms of attendance, controlled access and assessed and properly managed risks, recognised as such can meet future requirements and measures as well as build confidence for businesses and consumers. The

events sector is working to develop guidance on managing organised gatherings safely, guidance that will soon be available for review.

16. Both companies and workers will need continued support as other areas of the economy are allowed back to work. Extending the CJRS will help but only for the minority of workers that remain employed by businesses; this number will dwindle if the businesses themselves fail due to lack of support. In theory, CJRS could be extended indefinitely as companies in sectors that are allowed to return to work will not furlough staff that they need to work. The sole traders that make up the majority of the creative sector's workforce will need a system of support that can identify those that are unable to earn revenue. This is, of course, challenging as there isn't an apparent method of checking income until future tax returns; challenging but certainly not impossible.
17. Positive long term changes may be a simpler regime of taxation for self employed individuals that recognises the need for flexibility in a sector that experiences seasonal fluctuations. It provides an opportunity for companies and individuals to reflect on and review their own terms and conditions of engagement, especially with a view to cancellation.

**• What lessons can be learnt from how DCMS, arms-length bodies and the sector have dealt with Covid-19?**

18. From a sector point of view and as the head of an industry trade association, groups of associations such as UK Music, the Events Industry Forum and the Business Visits and Events Partnership have proven to be greater than the sum of their parts, opening up existing channels to ensure clear communication with DCMS officials; each group has enjoyed successes in the past because of this but Covid-19 has cemented the need for these groups to be supported in their future endeavours.
19. While communication with DCMS ministers and officials has been exemplary and welcomed, the return in terms of reaction from other Government departments to our specific needs has been sparse. Of course, every sector is asking for help but the simplest of adjustments such as absolute clarity on our place in the hospitality and leisure sector for Local Authority grant provision or the issue of savings for tax affecting Universal Credit claims have failed to materialise. Perhaps an element of sector specific support devolved to DCMS would have enabled a less stressful wait for tailored support. Likewise, in the period of recovery to come, that approach would help a sector that will take longer to return to revenue generation than others.

**• How might the sector evolve after Covid-19, and how can DCMS support such innovation to deal with future challenges?**

20. The events sector is at its heart a marriage of creativity, technology and flexible businesses; it adapts and responds continuously. Covid-19 has created a test bed for new delivery mechanisms, with live streams from artists and online conferencing being amongst the most obvious; it is safe to say that the One World: Together at Home event demonstrated the value of skilled sound and backline technicians and engineers. This innovation and application of existing technology to new platforms to create a future of hybrid events should be researched and supported to ensure that we remain at the forefront of live production technology.

21. The evolution of live events as organised gatherings will continue to adapt and adopt technology; the most important advance we must nurture is the growing recognition of events as a core element of our economy with both live entertainment and business events playing a huge part in our visitor economy and driving export of our creative output.