

# **Additional evidence on COVID-19: Association of Independent Showmen**

## **Summary**

**1.0** This, our additional evidence submitted by the Association of Independent Showmen (AIS) to the Treasury Committee in welcoming any further views about the Chancellor's most recent statement on support for the self-employed can be summarised as follows.

**1.1** The Association of Independent Showmen is a UK-wide trade association set up by independent "travelling Showmen" twenty seven years ago whose primary objective was, and is, to promote and support the maintenance of the fairground and circus community, advise that community and help that community prosper. We regularly consult with the other travelling showmen associations – Showmen's Guild of Great Britain (SGGB), Association of Circus Proprietors (ACP), Amusement Catering Equipment Society (ACES) and The Society of Independent Roundabout Proprietors (SIRPS) on industry wide issues.

**1.2** We welcome the opportunity to contribute to this call for additional evidence and to provide insight from the "travelling Showmen" community, as represented through this recognised trade association to the request extended.

**1.3** That the term "travelling Showmen" used here within this evidence, and in our initial submission, refers to UK legislation, guidelines and debates both in the Houses of Parliament and House of Lords since the 1800's as to mean a travelling cultural minority of peoples who provide funfairs, circuses and those 'Showmen' who travel to outdoor events to perform.

**1.4** As a community of small family and collective family travelling businesses we are asking the UK government to show a willingness to interpret our submission of additional evidence as a request for assistance in protecting not only a 'business', but protecting the UK's cultural heritage and traditions, and to understand that some business activities possess non universal and collective dimensions.

**1.5** We are asking the government in the making of further economic decisions of support to contemplate the idea that the right to enjoy one's culture includes rights to engage in economic activities essential to cultural reproduction.

**1.6** Where the self employed with jobs like construction, etc, can pick up 'the next day' where they left off, for showmen, fair, circus, outdoor performers their work is usually booked up to a year in advance, and once the dates are lost its nothing until the following year comes around.

**1.7** For Showmen, travelling is not only a way of life, nor just a tradition that they follow, nor just an economic necessity, or just a way of reaching the public, but it is a cultural embodiment of the historically negotiated dynamic between themselves and the dominant society that has been enjoyed by the general public for over two hundred and fifty years both here in the UK and across the world.

## **Income support for the self-employed – the likely nature of the economic impact through their current format as a result of Covid -19**

**2.0** To answer this request for further views, the “real” economic impact of the support for the self-employed requires evaluation through, and it will be important to distinguish, two sources:

- First is the economic impact of public and private containment measures – things like travel restrictions, and quarantines.
- The second is literally ‘all in our heads’ - beliefs.

We would like to address these two lenses in reverse order

### **Belief-based economic impacts as a result of the support package introduced**

**2.1** In being self-employed, individual behaviour depends upon beliefs, and these are subject to the usual cognitive biases. It is natural, for example, to make guesses on the effectiveness of the measures brought in for the self-employed by the Chancellor based on the number of views that you are able to find within your social network. This can lead to grave mistakes, or can lead to correct conclusions.

**2.2** The psychological or beliefs-based elements of the impacts of these measures introduced by the Chancellor are also founded, in part, on the beliefs and actions of others. When beliefs are based on others’ beliefs, multiple influences are likely. There can be good and bad influences – and very ‘nonlinear dynamics’ in transition. If everyone trusts the authorities have done the right thing, people may not rush out to try and carry on their work since they believe no one else will. But a mad scramble is likely if many think others will continue to work because the belief is ‘there’s nothing for me included in these measures’. If beliefs switch from the good to the bad influences, due say to loss of confidence in their government’s ability to honour its statement ‘that no business will suffer’, the result can be chaotic.

**2.3** Or to put in a more direct fashion, beliefs that depend upon others’ beliefs can produce herd behaviour and panic – just as it so often does in economic settings ranging from bank runs to panic buying of toilet paper. It is our understanding that the impact of Covid-19 for “Services, will experience an ‘L’ shape economic shock. The shock to tourism, transportation services, and domestic activities generally will not be recovered, and the projected slowing of global growth will further weigh on the L-shape evolution of demand for these non-storable tradable services. Domestic services also will bear the brunt of the outbreak, depending in part on the responses of authorities, business, and consumers. This goes back to the belief model above.”<sup>1</sup>

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<sup>1</sup> Richard Baldwin and Beatrice Weder di Mauro Graduate Institute, Geneva and CEPR, Economics in the Time of COVID-19 ISBN: 978-1-912179-28-2 Copyright © CEPR Press, 2020.

**2.4** This understanding by leading economists can be borne out by the statement of one of our members,

“Where the self employed with jobs like construction, etc, can pick up 'the next day' where they left off, for showmen, fair, circus, and outdoor performers their work is usually booked up to a year in advance, and once the dates are lost its nothing until the following year comes around.”

**2.5** As to the view of another member, that in all honesty, reflects all self-employed views of the measures introduced by the Chancellor,

“As regards the self -employed offer, though welcome, only covers at present the next three months. Will it still be available to us in the event that the lockdown is lifted but the ban on large events remains? Further, once the ban on large events is lifted, assuming that there's anything left of the season by then, there's a good chance any that remain will have had to cancel. So will the support be extended to us until next spring? I doubt it very much indeed.”

**2.6** Another theme that no doubt will be reflected in many submissions,

“As far as support, the self employed scheme is now out and will pay up to 80% of your salary, based on the previous 3 years earnings. This is ok if you are self employed, however if you run your business as a Company and that is increasingly common with showmen, we pay many showmen in a company name and it's not an issue but they are not self employed as they are a director of a company and to date there is no support for them, it is hoped that this will change. There are some loan schemes, interest free, the Govt are offering but these are only for 12 months and are applied through the banks. There needs to be a scheme that if you are directly affected you can apply, then we would stand a chance, but they can't do the 'cover wages scheme' and help those directly affected by it as some would qualify for and claim for both. I think we are 'gonna be hung out and left', I just hope we can bounce back.”

## **The “real” economic impact of the Chancellor’s support for the self-employed for “travelling Showmen”**

**3.0** As an association and therefore understanding that one of our core responsibilities is to act in the best interest of our members, it is understanding that in essence “travelling Showmen” have all lost their travelling season, lost their deposits they have already paid for in advance, have had to lay off circus acts, and support staff, and that all the travelling funfair and touring circuses businesses and those showmen that perform at outdoor events have seen their markets disappear. While the measures introduced by the Chancellor are generally welcome, we find again that the “travelling Showmen” business of sole traders and self- employed and small limited companies find themselves in a unique situation that doesn't fit within governmental measures: that is - the idea that the right to enjoy one's culture includes rights to engage in economic activities essential to cultural reproduction. Simply put for “travelling Showmen” the “business” isn't work – it's a way of life.

**3.1** More importantly though it is understanding that the support that could be given by the government, which the raft of measures set out in the income support for the self employed doesn't cover, would protect the existence of a cultural travelling minority, protect that cultural minorities right to their identity as being a "travelling Showmen" and ensure that once the all clear is announced that all showmen will be able to pick up the tools of their trade and allow the effective and much loved participation of this travelling cultural minority to continue in public life.

## **Economic impact of public and private containment measures not covered by the income support for the self employed regarding "travelling Showmen"**

**4.0** This is a request from a member the AIS received this week - (w/c 23<sup>rd</sup> March, 2020):

"I would be interested to know if any Showmen who own their yards and pay business rates have yet had any contact from the local authorities with regards to the grant available. We are lucky enough to own our yard and have full year round Showman's planning. We pay business rates and fall under the small business rates relief scheme, so according to the Government we are eligible for the grant. But here's the thing, the council class us as a haulage yard for the purpose of rates so that takes us out of the categories that are eligible for the grant."

**4.1** This is one of many situations that reflect the unique circumstances facing "travelling Showmen" - they don't fall into any framework for "the purposes" of these measures introduced, or any other form of governmental policies regarding business support as result of the Coronavirus. This generally speaking is because the treatment of the current financial package of the government is being created around businesses that have a fixed permanent address and 'premises', and the attention to the fact that the businesses that "travelling Showmen" operate having no fixed and rate-able 'premises', or for the purposes of rates are classified as something that is not eligible for relief is not being accounted for.

## **Why the measures of income support for the self-employed won't help protect the "travelling Showmen's" way of life and protect this heritage and tradition in the UK**

**5.0** The current measures that have been introduced for the self-employed are based around the self assessment tax returns of the previous three financial tax years. Furthermore, it has been categorically stated that the assessment of these 'grants' are both taxable and do not equate or relate to turnover i.e. they do not take into account any fixed or variable cost; just simply 'profit'.

For the purposes of this example the term "Fixed Costs" refers to the following in relation to being in the "business of a travelling showman" - spread over twelve months:

- Deposits for 'grounds' – where you put on the "Show"
- Public Liability Insurance – as you are engaging in activities involving the general public  
(Please note: the number of insurer's willing to insure "travelling Showmen" is limited)

- Employee's Liability Insurance – as you are paying the people “Fixed Costs” you employ
- Test certificate's of Operational compliance – annual twelve month test/s in order to comply with the guidelines set out by the Health and Safety Executive (HSE)
- Administration fee to an industry wide monitoring system – this is the Amusement Device Inspection Procedures Scheme (ADIPS)
- UK visa and immigration – if Circus – This requires you being a Tier five sponsor  
(Please note: this amounts to approximately £1,000.00 per person, with a circus act comprising anything from 4 – 12 people on average)
- Loan repayments – either outstanding, or new  
(Please note: the number of finance companies willing to finance “travelling Showmen” is limited)
- Rents for Yards/storage
- Costs for securing support/ technical staff for the season
- Advertising and Promotion
- Vehicle Insurance – There are a small number of insurer's willing to insure “travelling Showmen”

These costs, along with membership fee's while unable to be averaged owing to the variety and size of each individual “travelling Showmen's” business will range anything between: £3,000 - £30,000.

**5.1** The “profit” that the Chancellor refers to in the measures of income support for the self-employed, is, in regards to the business of “travelling Showmen” the money that is used over the winter months to meet all these listed above through ‘monthly payments’, as well as the purchase of materials and items – variable costs – to carry out repairs and general maintenance of the equipment and to prepare for the next travelling season. A percentage of that “profit” is used for personal use, or can be described in the context of this submission and call for additional evidence as wages.

**5.2** This means that when “travelling Showmen” turn out for the season – two weeks before Easter - the first few months are focused on clawing back this outlay to be secure in the knowledge that they will have enough money at the end of the season – traditionally six to eight months - to meet these ‘fixed outgoing costs’ again. This leaves July, August and September primarily to focus on ‘making a bit’, or in the context of this submission, enough time if the weather/ or amount of public is poor to make these ‘fixed costs’ and be able to pay wages and have a little bit left.

**5.3** The current measures introduced for the self-employed, mean that yes, the living costs of “travelling Showmen” are covered for the period of lockdown, but these “fixed costs”/ “Overheads” are not covered, as they're not taken into account due to the criteria set by the Chancellor for this support; this being everything based on “profit”.

## **This will mean the following for “travelling Showmen” and their businesses in regards to the measures announced:**

### **Default on insurance payments/ Loan repayments**

**6.0** A creditor may apply for a CCJ against the “Showman” if they think they won't repay money they owe them. As you are aware, if you ignore a CCJ or don't meet its terms, the court may take more serious action, such as taking the belongings to repay the debt.

For those that are aware of this and try to ‘soften’ the long term impact of this, there is a Tomlin Order

What is a Tomlin order?

For a small number of people in any business, getting a County Court judgment (CCJ) could have serious impact on their business. If you think this may happen, you could apply for a Tomlin Order (a form of consent order). A Tomlin order is a way of preventing a CCJ going ahead, if your lender is willing to agree to one.

**6.1** Furthermore, all financing of “travelling Showmen” is done following the “in principal” approval of a loan, which is in both circumstances as a sole trader, or company, incumbent on having a guarantor. With the current situation as described so far means the extra pressure of having to make someone believe that you will be able to manage repayments. We are also aware that lenders are subject to other regulatory and reporting requirements e.g. MLAR definition and reporting requirements for Impaired Credit History and European Central Bank Guidance on ‘Unlikelihood to pay indicators’, which may have an impact on the definitions used in these very quick and rapid responses to the available measures being put in place at the moment.

**6.2** As an association we feel that further clarity is required over these potential pitfalls, as we are also aware that in the process of defaulting on these “fixed costs” lenders are likely to make credit checks when a showman in the future applies for a loan in principle. As has already been stated, the biggest problem for most “travelling Showmen” in the current situation, or not has been, no ‘fixed’ ratable premises when making an application for funding.

In a research report commissioned by the FCA from ESRO and which we feel emphasizes the problem “travelling Showmen” face, the researchers found:

“Consumers are primarily concerned with the amount they will be paying each month as this will affect their monthly finances, and lifestyle. The majority of consumers have a target monthly repayment amount in mind during their research. This is usually based on previous repayment amounts. A ‘good deal’ for consumers is perceived to be an amount with an initial monthly repayment which meets this target amount.”<sup>2</sup>

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<sup>2</sup> <https://www.fca.org.uk/publication/research/understanding-consumer-expectations-of-the-mortgage-sales-process-esro.pdf>

While this quote was related to mortgages the underlying principle applies to the situation facing “travelling Showmen” – this income support is welcomed, but it is not a good deal.

**6.3** If we’re not ‘open’ we’re not earning a living and do not have the means of clawing back the financial outlay that all showmen do and have historically done over the winter months in preparation of ‘turning out’ for the season. To potentially go into the winter without having turned out, for reasons of consumer confidence, lack of venues or longer restrictions on gatherings by the government will cause roughly, by our understanding, 65% of “travelling Showmen” to go out of business.

The lifeblood of this business has been cut off – entertaining the general public.

This is our cultural heritage, and the heritage and tradition of the UK at risk.

We believe health and safety of the UK is paramount, but do we have safeguards and protection?