



8<sup>th</sup> October 2020

## The Case for Supporting the Outdoor Events industry

### Background

The UK outdoor event industry covers a wide range of activities, from concerts and festivals to community events, circuses, air shows and agricultural shows. According to research carried out by Bournemouth University for the Events Industry Forum (EIF) in 2019, the industry generates a spend annually of £39.5 billion with the Gross Added Value of £30.4 billion and in a normal season provides 589,000 people with both full and part time employment.

Although the industry is extremely seasonal, with the majority of activity taking place between March/April and October, there is a further peak in some areas in the late Autumn/Christmas period.

By far the largest proportion of businesses operating across this sector fall into the micro or small category.

Although it was a huge help to some sectors of the UK arts and entertainment industry when the Government gave £1.57 billion in support for cultural recovery, the majority of the outdoor sector did not qualify.

### The Hidden Economic Benefit of Outdoor Events

One of the more difficult factors to assess is the economic benefit that outdoor events bring to local communities as only limited work has been done to assess this to date. However, there is evidence that the range and variety of outdoor events is a key factor in driving economic activity across towns, cities and regions throughout the UK.

Based on three reports which EIF has obtained it is evident that the economic benefit to local businesses is substantial but varies depending on the type of event.

#### Spend Off site on accommodation Food and drink etc.

	<u>Per Head</u>	<u>Total</u>	
Finsbury Park 2016 Festivals (x12)	£62.61	£24.8m	Report by Fourth Street
Southampton Boat Show 2019	£33.00	£3.5m	Report by ARUP
Birmingham Christmas Lights 2016	£44.00	£399m	Report by Marketing Birmingham

Furthermore, this takes no account of the spend locally through work for local suppliers and businesses. In the case of the Southampton Boat Show, ARUP estimated that the show generated turnover of £73 million of which £33 million was spent with local Southampton businesses.

Many of these events also provide major global fmcg and brands with the opportunity to engage directly with consumers which is why these businesses increasingly see live events as a key marketing channel, driving both brand engagement and product loyalty.

There is also evidence that charities have been affected by the loss of events this summer. Research for the Association of Show and Agricultural Organisations (ASAO) estimates that their charitable activities have fallen to £6.1m this year compared to £14.5m in 2019.

### **Current State of the Industry**

Since March 2020, when the lockdown started, this industry has been closed down. Research by EIF shows that 99% of activity ceased with no events taking place. Coming before the season had even started, this meant that businesses in this sector – both organisers and the supply chain behind them – had in many cases effectively earned nothing since the previous summer season. They had also invested substantially in preparation for the 2020 season, which had to be cancelled. For organisers an event generally involves an intense 9-10 months of planning and organisation, while for suppliers the Winter months are the time when they update and service equipment for the following season.

In June, DCMS approached EIF to produce guidance that would allow some events to restart on a limited basis and, indeed, when this was published in July some COVID-safe outdoor events started to happen. However, with the need to maintain social distancing, audiences had to be substantially reduced making it barely possible to cover the costs.

Additionally, while some local authorities initially supported the restart, many were concerned about the risks and tried to ban any events from taking place in their area. When challenged on this, they banned events on council land and put increasing obstacles in the way to deter organisers.

In September several events that had been planned in full consultation with local authority Safety Advisory Groups (SAGs) were refused permission at the last moment, often on the eve of opening, as authorities became increasingly concerned about the potential risks for spreading the virus.

To date most of the businesses in this sector have survived the lockdown through a combination of CIBLs/Bounce Back loans, furloughing and redundancies. The EIF research sadly shows that around 48% of full-time staff have already been made redundant and that this is likely to rise to 75% when furloughing ends.

### **The Organisers**

305 organisers took part in the EIF survey and reported that out of 6,207 outdoor events they would normally organise, this year they had collectively only undertaken 634 (10.2%) and most of those that had taken place barely covered their costs because of restrictions due to necessary social distancing etc.

In 2019 these event organisers employed some 1730 full time staff of which 54% have had to be made redundant and a further 47% of the remaining staff face redundancy when furloughing ends. However, most event organisers are micro/small businesses which are facing serious difficulties in getting through to 2021.

The 305 respondents collectively reported that they needed £3,672,000 to cover their fixed overheads to get through the next six months.

Based on lists held by Lance Publications, who organise the main outdoor exhibition in the UK, it is estimated that there are c 3550 event organisers in the UK. Taking this survey as a representative sample of the sector, this means that c £42.75 million is needed to see them through to the start of the next season.

### **The Supply Sector**

The supply sector provides all the infrastructure and specialist personnel that enable outdoor events to take place, without which the sector could not operate. Most businesses in this sector are dedicated to supplying the event industry and are focused around the needs of outdoor events (e.g. marquees, toilets, fencing, stages etc.).

In the EIF survey, 355 suppliers responded. Of these, 77% reported that they had had absolutely no work since the lockdown started and, overall, they reported a 99% drop off in outdoor event bookings to date and no prospects for work going forward until the 2021 season, with virtually all Autumn and Christmas events already cancelled, including 5<sup>th</sup> November firework displays.

To cover their overheads until next April, these 355 suppliers reported that they collectively needed £9,225,240 just to cover their fixed overheads through the Winter, including their remaining unfurloughed staff.

Based on this representative sample of the supply sector, Lance Publications estimates that there are c. 4200 specialist event supply businesses across the UK, this means that c. £109 million is needed to see them through to the start of the next season.

### **Start of 2021 season**

Assuming that the 2021 season is able to go ahead next March/April, the sector will need support in two key areas.

1. **Cash Flow:** Event Organisers will need access to cash flow funding to pay suppliers, particularly where they have already taken out CIBLs/Bounce Back loans and may not be able to borrow further commercially. This will be particularly important in 2021 as suppliers are unlikely to be able to obtain invoice discounting insurance and ticket agencies are likely to withhold advance payments to organisers in view of the refund risks. This could either be addressed by making loans available to event organisers or by underwriting supplier invoices, perhaps against ticket values which could tie in with point 2.
2. **Insurance:** It is clear that insurers are not going to accept the risk of events being stopped because of the pandemic, which means that organisers must bear the full risk themselves. This is a situation that few are in a position to take on. The industry needs the Government to step in and provide underwriting support for situations where a national or local lockdown prevents an event taking place.

### **Conclusion**

The outdoor events industry makes a substantial direct financial contribution to the UK economy as well as helping to support businesses in the communities where these events take place, in many cases sectors like hospitality which have been equally hard hit by the pandemic. In the current climate, with very few events likely to take place before next Spring, the industry faces a bleak future with some three quarters of the expertise likely to be lost through redundancies and business failures.

Targeted and time limited Government funding of c £152 million would help to ensure that the industry remains in a position to get through the Winter and to be ready to deliver real benefits to the economy as the UK comes out of the pandemic.

We believe that with this support, the industry would be in a viable position to start paying its own way again in Spring 2021 and would quickly re-establish the UK as a world leader in staging outdoor events.

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