



The **Business Visits & Events Partnership (BVEP)** is the umbrella organisation representing the leading trade and professional organisations in the business visits and events industry.

The Industry comprises a number of diverse industry sectors covering, meetings, conferences, exhibitions, trade shows, incentive travel, event hospitality, ceremonies, sporting, cultural and festivals as well as other services provided to travellers and attendees to events

Prior to the pandemic business visits and events contributed £70 billion to the UK economy in terms of visitor spend, representing over 50% of all tourism spend. In additional economic impact over £165 billion in respect of trade was transacted at business events. The Industry employs over 700,000 people.

The major activities of the Industry have been severely curtailed by COVID19 and due to an almost total lack of ability to operate since the start of the pandemic, annual revenues will be down £55 billion and it is anticipated 434,000 jobs will also have been lost.

Despite having no prospect of being able to earn any income for 12 months, businesses and people working in the Industry have also had limited access to the government's support schemes, due to the fact that many businesses operate in the events industry without fixed premises and the sector employs a large number of freelancers.

The very nature of events is to set up operations on a temporary basis in a temporary location, thereby making the current schemes relating to rateable value premises and fixed employment contracts irrelevant to much of the Industry.

Sustaining the Industry through the pandemic is vital in order to protect business events. These showcase Britain's industrial, scientific and innovative skills to international markets, driving trade, exports and inward investment. Cultural events project Britain's creative energy and educate and entertain communities across the UK and are critical to place making and regeneration. Additionally both business and leisure events add significantly to the value of the visitor economy, productivity and the levelling up agenda.

There is currently no indication on when events will be able to reopen. Even if a start date is announced in early spring, the time needed to organise activities and take forward booking means that trading is unlikely to commence prior to the 3<sup>rd</sup> quarter of 2021. Recent research indicates that 76% of all event businesses only have resilience left until the end of February so it is critical government measures are put in place specifically for the Industry.

The Industry therefore asks that the Treasury consider favourably the following packages of measures for the Industry.

**Extension of existing schemes relating to business rates relief and furlough for 12 months.**

The Industry's core conference and exhibition venues have benefited from the support measures already in place but without any prospect of being able to earn income until the summer of 2021, it will be impossible for those businesses to afford their staff and premises overheads. It is probable that even if a start date enables conference and exhibition to commence in the summer of 2021, a combination of low consumer confidence and social distancing will continue to suppress attendances and reduce profitability, making support of premises overhead and employment costs vital for business to be viable.



### **Support to the events supply chain and freelancers**

The nature of the Industry is that it is wholly dependent on a vibrant, highly flexible and well-resourced supply chain. This includes production teams, constructors, sound and lighting technicians, logistics and organisational teams that create and operate, in multi-function facilities, individually curated presentations, often in temporary locations.

Nearly all these categories of job functions have fallen outside of the remit of government support schemes and yet their survival is essential if the Industry is to get back on its feet quickly. Most of these businesses consist of self-employed contractors and freelance workers, working on a project by project basis. The existing schemes to support those businesses in retail, hospitality and leisure do not cover the event industry supply chain nor do they cover self-employed and freelancers. This needs rectifying urgently.

### **Extension of VAT cut for 12 months**

Due to the prolonged closure of event activities, the current reduction in VAT for hospitality and leisure activities has produced little benefit to the Events Industry. However if business and consumer events and outdoor events had been permitted to operate fully the VAT cut from ticket sales, entry fees and exhibition space sales this would have been extremely beneficial in encouraging additional sales and improving operating margins. In view of this, the Industry believes it right to request that full consideration be given to extending the cut to event activities for a similar period to that which has already been allowed for other leisure, tourism and hospitality activities, from the time events are permitted to operate on a more normal basis. This is considered also to relevant to the wedding and social event sector which, similarly, has been closed for almost 12 months and where a continuation of the VAT cut would enable margins to be partly restored.

Consideration should also be given to extending the cut so as to benefit overseas visitors, when they are able to take up travel to the UK to attend events. This would be a much welcome incentive to attract overseas business visitors. International business visitors presently can-not reclaim VAT on travel, accommodation, hospitality expenses.

Additionally In line with proposals from other sectors of the visitor economy event businesses would benefit from a further extension to the VAT payment period due this Spring.

### **An Event Recovery fund to sustain the cash flow of event businesses.**

Many aspect of the Events Industry are similar in nature to the Arts and Creative Industry sectors where the Government has already provided a £1.57 billion Cultural Recovery Fund.

The Outdoor Events Industry has made proposals to the Treasury to support the cash flow requirements of its businesses. 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.

It is estimated that Government funding of c £152 million would ensure that the outdoor events 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.

In addition a similar support package for businesses engaged in business events would indicate that a further £225 million would be required. This figure is based on research undertaken in November 2020 with DCMS and the Industry, using a range of operating costs from £25k pcm for small event agency/agent businesses to £450k pcm for larger conference and event venues. An average of this range is £99,066.00 which was multiplied by the approximately 25,000 business visits and events businesses in the UK for a 9 month period.

In total this would mean allocating £377 million to an Events Recovery Fund, which would significantly improve the prospects of the events industry to chart a course back to profitability by the 3<sup>rd</sup> quarter of 2021.

Looking at support for the industry recovery phase, the following measures should also be considered:

**Capital allowances for improvements to venue premises to ameliorate social distancing costs.**

Business balance sheets have been severely impacted by the lack of trading during the pandemic, leaving little or no room for reinvestment in facilities, premises or adaptations necessary to provide a COVID19 Secure environment. Continuing social distancing requirements, even with an extensive vaccination programme, are likely to cause significant reductions in attendance capacities leading to reduced profitability. This will make the justification of carrying out essential investment doubtful. Capital allowances should be introduced to encourage businesses to carry out these necessary changes.

**Tax incentives for technology investment for online meetings and broadcast installations.**

One of the major changes in business activity during the pandemic has been the growth in online meetings. Whilst recent research indicates that once the lifting of restrictions on event gatherings 68% of pre-COVID levels attendances will return, It is likely that the trend to online business meetings will continue for routine meetings. Many meetings will use a hybrid format of a smaller audience presence, combined with the larger reach of an online audience. Research indicates that overall 29% of events can be delivered in the digital format mainly relating to meetings, whereas exhibitions, trade fairs and experiential brand activations in outdoor settings see the absolute need for a live environment in order to deliver their product.

The UK has led in many of the creative technology presentation formats online. To encourage further innovation of online technology the government should consider development tax incentives in event technology so the UK can remain a front runner in this emerging sector of the creative and experiential economy.



### **A Government backed insurance indemnity scheme to cover upfront investment costs in staging events.**

Significant Industry discussions are already underway with Treasury Officials, BEIS & DCMS to provide a Government backed indemnity insurance scheme to underwrite the risk of upfront event investment costs being lost due to sudden lockdowns being imposed or restrictions resulting in cancellations. This measure is absolutely critical if major events are to recommence. Governments of European competitor countries are providing cover of this nature and a United States indemnity scheme was largely responsible for getting American events back on their feet post the New York 9/11 terrorism tragedy.

### **Tax allowance for upfront production and start-up costs for new events.**

This could be achieved by extending existing reliefs to theatre and film production to live events. For example extending Theatre Tax Relief (TTR), introduced in the Finance Act 2014 to provide a tax break for production companies engaged in qualifying theatre productions.

Post pandemic and Brexit, the need to encourage new event start-ups to focus on reinvigorating UK industrial, scientific and educational sectors will be key to regenerating business growth domestically and internationally.

The start-up costs of any new event can be prohibitive and speculative. If those early costs can be included in any relief to include origination costs, early marketing expenses, production set up and shut down costs in the initial period of any new business or cultural events could be offset this would make a significant contribution to establishing new events during the recovery period following the pandemic.

### **Increase in the exemption for the annual staff parties.**

Section 264 of the Income Tax (Earning and Pensions) Act (UK) 2003 provides for an annual amount of £150 per employee to be exempted from a charge to tax in respect of expenditures on staff parties and employee functions.

This amount was last reviewed in 2003, since when the cost of funding such activities has risen dramatically. The exemption covers all costs including entertainment, overnight accommodation, technical support, food and drink and transportation.

Many representations have been made to the Chancellor to uprate the amount exempted suggesting a sum of at least £350 would be more equitable.

In addition the value of incentivising and motivating workforces in this way would assist employee retention and productivity. The resulting increased expenditures would benefit the hospitality and events sectors, including many SMEs. There would also be an increase in business volumes producing increased VAT receipts and other tax revenues from business and employment activity

The Industry's overall view is that post restrictions, there will be a heightened appetite for events that deliver experience, well-being, education and training. Delivering experiential events will go beyond



traditional event settings but will be used to drive visitor traffic to retail, high street and other public environments as well.

Britain's role on the world stage post Brexit can also be boosted by a revitalised approach to government sponsorship of global events, starting with its hosting of the G7 and COP26, followed by using the Festival 2022 as a further platform for reasserting its role as a world destination of choice for events and focussing on those industry sectors that the government will wish to prioritise in any revision of its Industrial Strategy.

As was envisaged by the Industrial Strategy Tourism Sector Deal, events continue to offer opportunities to improve productivity of the visitor economy, extending the season and utilising spare capacity across the UK. The Events Industry has a unique role to play in revitalising the visitor economy, but even more broadly offering a strong platform on which the UK can showcase its industrial, scientific and cultural strengths to the world as part of its global ambitions.

I hope you will consider these proposals as part of the measures in the forthcoming budget..