

Business Visits & Events Partnership
BVEP Events Industry Referendum Response
October 2016

The Business Visits & Events Partnership is an umbrella organisation representing leading trade and professional organisations, government agencies and other significant influencers in the business visits and events sector.

The BVEP exists to:

- garner the cohesive opinion of these stakeholders and to collectively influence and develop policies, practices and strategies that support and generate growth in the sector and,
- Raise sector awareness through clear communications of the social and economic benefits of the business visits and events sector.

The Partnership seeks to provide a cohesive point of view for the entire business visits and events sector. The BVEP works with prominent sector leaders including its partners, government departments and agencies to influence and develop policies and practices favourable to the growth of business events, and trade and creative enterprise through business visits and events.

It has the support of the leading trade and professional organisations and government agencies with a shared interest in the economic benefit and growth of conferences, meetings, exhibitions, trade fairs, incentive travel, corporate hospitality, ceremonies, as well as other business, sporting, cultural and festival events.

A list of member organisations is included as Appendix 1.

1. Introduction

The paper sets out both the results of the BVEP Events Industry Referendum Impact Survey which has been conducted over the summer of 2016 and based on those results identifies some of the key priorities that have been identified by the industry for consideration during the EU exit negotiations.

Reference will be made to work undertaken by other trade associations working in the tourism and hospitality sector, as business visits form a significant element of the total value of the broader tourism industry. In addition there are specific issues that relate to the design, management and delivery of the wide range of events, meetings and conferences that BVEP partner organisations are responsible for.

2. BVEP Events Referendum Impact Survey – Summer 2016

A copy of the full survey results is included as Appendix 2.

In summary the survey conducted amongst BVEP partner organisations saw responses from a broad range of businesses in the industry, with venues, suppliers and contractors forming the majority of those that took part. Over 80% of respondents worked in conference and meetings, with some 60% working in exhibitions and trade fairs. It is worth noting that the range and diversity of business in this industry means that we also captured responses from incentive travel businesses, outdoor event and festival organisers.

The majority of those that took part (over 50%) identified themselves as businesses that work in both the domestic and international markets. In terms of immediate impact following the referendum 20% reported cancellations with the balance reporting that no cancellations had taken place. A similar majority of almost 80% had not seen any potential increase in business post referendum.

The final section of the survey attempted to identify the key priorities for the events industry following the decision to leave the EU. The first question in this section asked for a single key priority; this was then followed by an attempt to identify the top three concerns event professionals had following the referendum. 62 % of respondents identified that their single key priority was safeguarding trade – by reducing uncertainty and engaging with new markets. The second priority identified was reviewing existing legislation in order to ensure future business can be conducted efficiently (16%). The third priority (12%) was investing in UK infrastructure to improve our competitive position in the global market. Investing in people in order to manage the impact of changes to foreign worker status in the UK was the final priority, attracting 9%.

The detailed responses supplied to the questions around key concerns revealed some consensus across the sample. Based on the detailed comments submitted these can be grouped as follows, ranked by order:

Ranking	Primary Concerns	Sample comments
1	Business uncertainty	<ul style="list-style-type: none">• Large international clients stopping investment in UK• Reduction in work from international clients• Lack of EU grant funding
2	Reputation	<ul style="list-style-type: none">• Damage to reputation for being a modern international leader and trendsetter• European conventions stop including UK on their rotation patterns• Perception of UK as being protectionist and unfriendly

Ranking	Primary Concerns	Sample comments
= 3	Travel impacts	<ul style="list-style-type: none"> • Travel restrictions • Cost of overseas travel and events for UK business • Free movement of delegates outbound of the UK attending international events
= 3	Workforce	<ul style="list-style-type: none"> • Employees with non UK passports • Uncertainty of visa situation for current employees • Loss of experienced and good staff in hospitality sector
4	Regulation	<ul style="list-style-type: none"> • Lack of access to regulators

A summary of the secondary concerns identified by respondents is set out below:

Ranking	Secondary Concerns	Sample comments
1	Business uncertainty	<ul style="list-style-type: none"> • Large companies moving HQ from London • Possible restrictions to trade in Europe • Loss of willingness in EU to use UK companies as they are now outside EU
2	Workforce	<ul style="list-style-type: none"> • Talent from Europe decide not to come to UK • Europe HQ with EU staff may relocate to another EU country • Freedom of movement
3	Reputation	<ul style="list-style-type: none"> • Levels of prejudice displayed during and post BREXIT makes UK less appealing to international visitors • Backlash from European corporate • Less interest in the UK as a business tourism destination
4	Regulation	<ul style="list-style-type: none"> • Visa issues could cause problems for future events • Imposition of visa requirements within EU

A summary of the tertiary concerns identified by respondents is set out below:

Ranking	Tertiary Concerns	Sample comments
1	Business uncertainty	<ul style="list-style-type: none"> • UK not carrying same weight in research areas to warrant an international congress • Trade deals & competitiveness • Lack of investment in the business infrastructure from overseas investors
2	Regulation	<ul style="list-style-type: none"> • Diminished knowledge of changing EU regulations • Bureaucratic restriction to trading with international buyers • Duty/Tax & carnets
3	Reputation	<ul style="list-style-type: none"> • Britain has forfeited international respect and reduced its power on the international stage • People may think the British are racist and unwelcoming • Negative effects of increased racial discrimination reports being shown in the media
4	Transport	<ul style="list-style-type: none"> • Transport costs increasing • Access of UK airlines to Open Sky

The penultimate section of the survey sought views on regulation and legislation, firstly looking at those that impact on business negatively and that might therefore form part of the exit negotiations. Respondents focussed on some of the key themes identified earlier in the survey, such as the free movement of people in relation to changes to foreign worker status for EU citizens. The need to review the working time directive was mentioned by a number of respondents, as was TOMS (Tour Operator Margin Scheme) and OJEU (Official Journal of European Union) in relation to future procurement arrangements.

Significantly a number of respondents adopted a free trade stance by suggesting that nothing needed changing, as the existing legislative regime created a level playing field which supported trading across both the EU region and other international markets. As one noted, "It takes the same paperwork to transport and build an exhibit in the 27 states of the EU as it does to exhibit at the NEC."

This sentiment was also evidenced in the responses to the question relating to legislation and regulations that should be retained. The question of free movement of people (and equipment) featured prominently again, particularly in relation to moving UK staff around the EU. VAT recharge arrangements were also mentioned, as was replacing funding from EU institutions. There was also mention of the need to review Health and Safety legislation

as adopted by the UK – a sense that we have perhaps gold plated directives from the EU which our European neighbours have not taken so seriously.

The final question in the survey looked at opportunities that had been identified since the EU referendum result. The fall in the value of sterling was cited as an opportunity for some businesses, although this was offset against projects being delivered in Europe where margins were being eroded due to the Pound versus Euro exchange rate. A tick-up in domestic business was cited by several respondents, particularly in relation to the need for additional conferences and meetings being required by clients to help support SMEs facing a more competitive trading future.

A significant number of respondents opted to say either that there were no new opportunities or that it was too early to identify them before the impact of the any specific negotiations became apparent. The more optimistic free trade view also welcomed greater international opportunities and perhaps some competitive advantages developing within the sector, as weaker companies lose business as a result of the medium/long term impact.

3. Broader Industry Considerations

Reviewing the results of the BVEP Referendum Impact Survey it is apparent that there are a number of key issues and considerations that link to the broader tourism and hospitality industry, to which business visits and events contribute a significant value on an annual basis. In 'Events Are GREAT Britain', published by the BVEP in 2014, the UK events industry was valued at £39.1 billion to the UK economy in terms of direct spend by event delegates, attendees and organisers. This figure increases once the wider economic impacts of indirect and induced spend are factored in.

Within that broader context the BVEP partners share common concerns that have already been identified by colleagues developing the Tourism Exit Strategy. In summary these include:

Workforce issues – both the UK tourism industry and many businesses working within the extended supply chain that services the events sector (from food production and processing to venue and catering staff) currently rely heavily on overseas workers. The future arrangements for such workers remain unclear, particularly for EU workers in the hospitality sector, many of whom would not meet the current foreign worker visa requirements applied to other overseas workers.

Aviation capacity – a decision on the final choice for increasing capacity within the South East needs to be taken, particularly in relation to signalling that GB is ready to trade on a global basis and is investing in infrastructure to do so. Linked to this are the current regulations and agreements that help facilitate the movement of people between the UK and the rest of Europe. These include the Single Aviation Market, the EU-US Open Skies agreement and the management and regulation of airspace covered by the EC Single European Sky initiative.

Regulations – there are many regulations that currently enable event businesses in the UK to compete effectively in the single market without expending additional resources or time dealing with regulatory barriers. These include the Common Travel Area, transportation such as coach and bus services, the directive relating to Mutual Recognition of Qualifications within the EEA, a wide range of consumer rights, EHIC health arrangements, the European Driving Licence, immigration controls and the Posted Workers Directive.

Customs Union – the UK is currently part of a customs union that allows relatively free movement of equipment and exhibition materials across the EU without custom duties or import VAT. Changes to these arrangements means that it is possible that the transactional costs of trading with the EU will increase. Additional costs in the form of customs duties might also be involved. It is worth noting that some respondents to the BVEP survey pointed out that their current focus on international trade meant that they were already geared to deal with the demands of complying with such arrangements in overseas markets. For these respondents the primary concern was how long it would take the UK to negotiate free trade agreements with other countries and in what order should such markets be prioritised.

VAT – in the context of the current linkage between our EU membership and the way UK VAT currently operates, internationally focussed event businesses will need to adapt to any changes as a result of the exit negotiations. The current single claim mechanism will cease to apply, making the process for UK businesses to reclaim VAT incurred in EU member states more administratively complex.

Tour Operator Margin Scheme (TOMS) – the introduction of this scheme has directly impacted event businesses that design and deliver programmes for business clients. The application of TOMS to an event means that the events company is unable to recover VAT on the cost of those services within TOMS and cannot issue a VAT invoice to the client. This obviously increases the cost of an event substantially.

Most purchasers of events are business consumers and a previous TOMS opt-out trade facilitation measure was used by many events companies. A condition for the use of the opt-out was that VAT was accounted for by the events company under the normal rules. In practice this tended to restrict the use of the opt-out to events in the UK. Nevertheless, for such events the opt-out was of great significance and was widely used in the UK event industry.

There is no suggestion that all events fall within TOMS. Even where TOMS does apply, it may apply only to a number of the services incorporated into an event, with the crucial point of distinction being the nature of services incorporated into the event. The most common services which may create a need for TOMS are overnight accommodation and passenger transport. There is a great need for clarification on a number of the issues relating to TOMS, with a re-instatement of the opt-out for business to business transactions being the main priority for any future negotiations.

4. Framing the Event Industry Response

Although the work undertaken by the BVEP gives a clear indication of the key issues from an industry perspective, framing the impact of the referendum on the diverse and creative businesses that make up the UK event industry presents a real challenge. Unlike other sectors the event industry in the UK is not classified as a separate and distinct industry sector in its own right. This means that the data associated with other industrial sectors, such as the creative industries, automotive, retail or manufacturing is not as easily available. So hard data on key statistical measures such as total number of employees, our contribution to economic performance, import and export values etc. are not available or validated from a single recognised source such as the Office for National Statistics.

Whilst the BVEP has amassed much research and published evidence on the size and worth of the event industry for UK plc, the framing questions that the government is asking business sectors to consider as part of the preparation for future negotiations highlights the lack of hard data required to support our specific industry needs. So questions around our reliance on EU imports and exports for example prove difficult to answer.

To illustrate this point the Global Events Study organised by the AEO in 2015 identified that 72% of total exhibitions turnover was generated overseas, with a value of £2.05 billion. The bulk of these exhibitions (in excess of 200) were located in Western Europe and Eastern Europe/former Soviet Union. There is no doubt that changes to the free movement of goods, services, capital and labour will impact on future exhibition business in the EEA in some form. (It should also be noted that these figures are sourced from AEO members only, so do not provide a comprehensive view of the total value for overseas exhibitions produced and delivered by the UK exhibitions industry.)

As evidenced in the BVEP survey the key concerns affecting the events industry focus on similar challenges and opportunities for many other industrial sectors – they could be summarised as talent, tariffs and trade. Recognising that the business visits and events industry is an integral part of the broader trading nation that now needs to re-define our relationship with the EU and forge new trade agreements with other international markets appears to be the most effective way of framing our response. In the truest sense the UK events industry is part of an extended supply chain that involves many different sectors – from food production to catering, logistics to venues and hotels, hospitality to hosting major global events. In addition using our creative and technical expertise and innovation in the digital space, we support the fast growing creative industries sector that has helped establish the UK as a major source of creativity across the globe.

As identified in this paper there are some specific issues and items of EU regulation that will need to be examined carefully as part of the final negotiations – complex areas such as the Management of Health and Safety at Work Regulations being a prime example of regulation that has a very direct operational impact on the events industry. The final vehicle for exit will in many ways determine the focus for future negotiations.

5. Conclusions

Whilst the primary purpose of this paper is to reflect on the results of the BVEP Events Industry Referendum Impact Survey, it has been produced in a context where developments in both the political and business spheres are moving forward and consideration must be given to the impact of these in relation to the key concerns identified in the survey results. There is now more clarity around timing with the recent announcement by the Prime Minister that Article 50 will be triggered by March 2017. In addition she announced the repeal of the 1972 European Communities Act as part of the formal process of ending the supremacy of EU legislation in Britain.

This will transpose EU laws into domestic law wherever practical on exit day. This will then enable UK elected politicians to make the changes required to reflect the outcome of the negotiations and final exit. Whilst this political process does not provide any greater certainty in itself, it at least indicates how the government plans to cope with the biggest legislative and legal challenge that the UK has faced in peace time. Unpicking the 12,295 EU regulations that have been put in place over 40 years and that currently form one sixth of the statute book in the UK will be a complex and time consuming task. Like many other business sectors the events industry will have to be fully engaged in assisting in this process and the concerns around regulation identified in the survey are a good starting point for such discussions.

After business uncertainty and regulation, reputation featured in the BVEP survey as another key area of concern. Creating a cohesive view about how we want our economy to be seen by the world – free trade, global or protectionist – is certainly beyond the remit of the BVEP, but our partners represent a wide range of businesses that have slightly different needs and interests, all of which will dictate their attitude to how we present ourselves to new markets, partners and clients moving forward. There is a clear need to refocus our identity and offer something new and innovative to the world and the events industry by its very nature has always been agile, resilient and creative when facing such challenges previously.

The future success of the UK events industry is also inexorably linked to the longer term impacts on the key industrial sectors that we serve. One good example would be the automotive sector, where events such as product launches and dealer training sessions, trade shows and consumer experiences all provide opportunities for the UK events industry to support the sales and marketing campaigns of major motor manufacturers based in the UK. The same applies across many other sectors – from finance to pharmaceuticals, professional services to retail, manufacturing to IT and internet businesses. Aligning with the changing and developing needs of these key customers moving forwards will be critical for the longer term outlook for the UK events sector.

Issues around the workforce have also been identified in the survey results. This not only relates to the potential future skills shortage that have been identified in relation to the numbers of EU workers currently found in the hospitality sector. The higher and further education sector has also developed compelling professional routes into our industry and much of this currently depends on attracting both funding from EU sources and

international students to study and work in the UK. Maintaining this diversity and the development of a much needed talent pool for the UK events sector is another key consideration that needs to be on the agenda.

Finally the UK events industry is represented by a diverse range of separate trade associations and professional bodies which the BVEP exists to serve. It is apparent that many other business sectors have created dedicated task forces to take on the demands of the complex process that lies ahead. This means that the need to improve the sharing of resources, collaboration and communication across the UK event industry has never been greater, given the levels of engagement and insight that will be required to inform future complex negotiations across a wide range of issues. Consideration on the best ways of coping with the demands of this task will be required in order to ensure that the UK events industry can influence future developments efficiently and effectively.

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