



**BUSINESS EVENTS, ACCOMMODATION AND MEETINGS**

**- the need for special financial support and a clear identity**

## Summary

***The business events, accommodation and meetings sector is on the brink of collapse and requires continued special financial support from Government.***

Whilst Government is yet to provide long awaited industry guidance for operating under Covid-19, it is feared and expected that the business events, accommodation and meetings sector still has 12-18 months before it recovers.

HBAA and other industry associations have lobbied government and have supported their members in asking for ongoing financial government support and to provide guidance which encourages customer confidence and aids business recovery post-pandemic. As hotels and venues prepare to open, the lack of clarity on operational guidance has caused mass consternation and inefficiencies, despite all concerned doing their best to adapt their processes, accordingly.

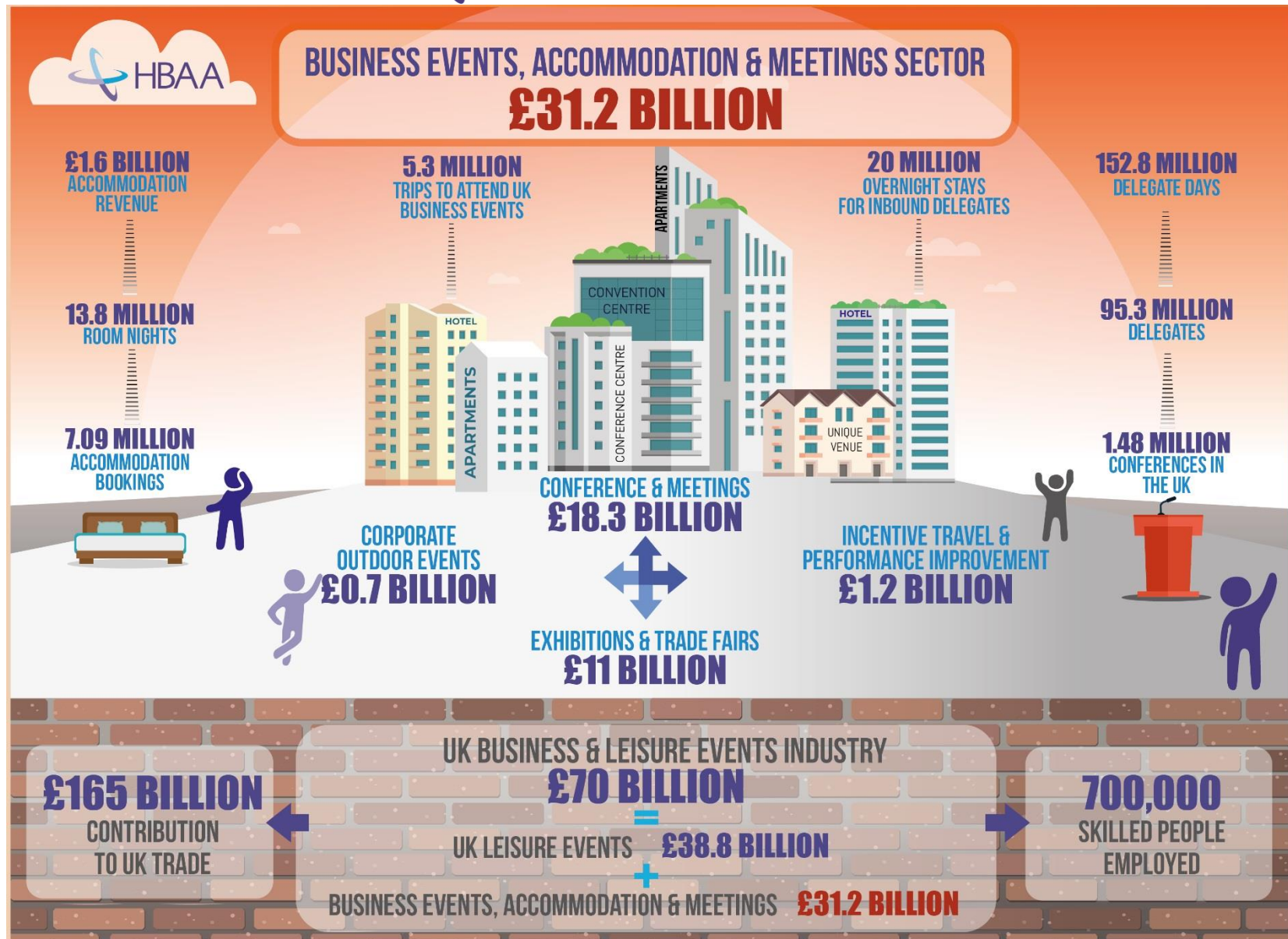
4 July 2020 marks the start of phase 3 of the Government Recovery Plan, which allows hotels and serviced apartments to re-open, in whatever capacity and subject to ongoing changes. When it comes to meetings and events, as a service industry our customers need assurances of how these will operate and right now official guidance is not in place, causing even further impact on consumer confidence.

One of the fundamental reasons that we believe our opening statement to be true, is because our industry is not recognised in its own right and does not have an identity. Associations are trying desperately to support and shape the future of our industry; however, this remains unknown and the impact for all those who work in the sector is severe.

SIC (Standard Industrial Classification) code identity is missing: companies in our sector use classification codes to determine and articulate their business offerings but when it comes to recognition of the sector, we are inconsistently “lumped” into tourism, into travel, into hospitality or ‘Other’.

Our sector identity is overlooked and lost, and this will cost us dearly. Business events, accommodation and meetings deliver £31.2B to the UK economy, almost half of the £70B contributed by the overall events industry. Over 700K are employed in the UK industry which drives world class occasions including global congresses and corporate events, domestic meetings and overnight accommodation as well as major sporting and dignitary events. Our overall economy needs us and with a recession now imminent, our sector will be doubly hit when it comes to recovery. We have aided Britain to be open for business and we now need Britain to aid our businesses.

Here follows a snapshot of what we truly represent (data source BVEP, The UK Events Report 2020)



## Background

Our diverse sector includes venue finding agencies, event management agencies, creative agencies, events freelancers, production agencies, the list goes on. We plan and run events, we book hotels, serviced apartments and venues on behalf of corporate and government customers and whilst meeting those customers objectives and their budgetary requirements, we deliver experiences and provide services.

HBAA represents 100 UK agencies which specialise in creating and booking business events, accommodation and meetings, primarily within the UK but also delivering globally. These member agencies work closely with the 200 UK hotel, venue and apartment members we also represent. Prior to the pandemic, collectively, HBAA agencies annually spent £1.2billion on their customers behalf. Right now, at best, their spend represents 10-20% of this. Due to cancellations outside of their control and tentative re-bookings, most of this spend has now been pushed into 2021 and the agencies will not receive a penny for the work they have done until the bookings depart.

Our members have battled for financial support through the pandemic with varying results, mostly down to inconsistently applied local authority decisions based on whether or not they consider a B2B agency, hotel or venue sits within 'retail, leisure and hospitality' and is therefore afforded grants. Whilst it has been recognised that hotels, apartments and venues are closed and need financial support, if their income comes from corporate as opposed to individual spend on events such as weddings, banqueting and parties, they find themselves not eligible for rates relief. This also applies to our agency businesses which work B2B and are suppliers to those same hotels, apartments and venues: many have had no income since March and have existed on a £10K grant and the job retention scheme.

Not having a specific identity has never been more punitive. As a result, HBAA sees our members and the wider being overlooked and unsupported and the sector is now facing business closures and mass redundancies.

It is time for us to shine the light on our industry, our service sector, and demonstrate its value to UK plc, raising our voice and demanding much needed recognition.

Hotels and apartments will be reopening from 4 July, under the limitations of Covid-19 measures with reduced capacities and subject to fluid guidance. The changes that social distancing will bring and the impact on our industry remains uncertain and in the case of corporate customer confidence, unknown. However, we are already seeing the impact on our workforce, the people who work so passionately to provide a service to its delegates and guests.

We are now seeing redundancies sweeping across our sector with further to come as the support from the retention scheme moves to include a contributory cost to businesses, and there is nothing further to sustain their income.

**DCMS & YouGov research** (Source 'DCMS Business Survey' published 10 June)

The Department for Digital, Culture, Media and Sport (DCMS) has recently published the results of its Coronavirus Impact Survey which was conducted from 23 April to 22 May based on the sectors under its remit and further supplemented by the results of a YouGov survey, making an overall 3936 responses. Within the survey, following engagement with BVEP, this is the first time that events and exhibitions companies have been able to indicate their replies separately from those of 'Tourism' – a welcome step for recognition of the sector.

When asked whether their ability to trade as a viable entity up to mid-July was under threat, although tourism companies gave the highest number of yesses – 708 companies - the events and exhibitions sector gave the second highest response with 357 companies confirming that they were under threat, and almost half saying that they could only continue to trade till mid-October despite the current financial support packages available.

120 events and exhibitions respondents indicated that their revenue had fallen from 50-99% against that received in March, and a further not unexpected, but still devastating, 277 companies said that it had decreased by 100%.

Government support has been accessed by 337 companies in the sector, and of those who confirmed that they had accessed the Coronavirus Job Retention Scheme, 218 confirmed that they had furloughed 75-100% of their employees.

**HBAA research**

In May 2020, HBAA conducted a survey of agencies across the sector to gather employment impact data. We approached multiple associations and non-member companies and individuals to gather a full range of responses:

Whilst we received replies from across the landscape of UK agencies, for the purposes of our projections we have focused on the data supplied by members of HBAA, BTA, Advantage Travel Partnership, and AIEA.

By using the calculation of business accommodation, meetings events being 44.6% of the overall £70B industry and therefore responsible for 44.6% of the 700,000 jobs, this means our sector employs 312K people.

Out of 102 agency companies responding to our survey, 81% have confirmed that they have already made, or anticipate making, redundancies from July onwards.

Specifically, our survey respondents indicated that they will make 30.6% of their total workforce redundant in the next 3 months.

This indicates the start of a devastating situation, with no foreseeable end in sight.

## To conclude

- 1) Despite the government's best intentions and the support of the coronavirus job retention scheme, the lack of recognition for the sector, its value and contribution to the UK economy has resulted in a devastating loss of skilled individuals and specialised companies.
- 2) Although Phase 3 of the Government Recovery Plan allows for the reopening of hotels and apartments and eventually of venues, it will take time to build corporate confidence in resuming domestic business travel, and even more so when it comes to meetings which will need to be scrutinised under risk as well as ROI before they are sanctioned. Indications are that UK corporate events won't be happening before the end of this year, and those with inbound delegates are waiting until Q2 2021. Our sector will be the very last to recover, with so many corporates not supporting face to face meetings until Q2 2021 at the earliest.
- 3) Alongside the restoration of corporate confidence in safely holding meetings and events when they are ready to do so, there is additional challenge from travel bans and slashing of budgets to counter the recession and economic downturn that will be felt across all industries. We know from experience that business events, accommodation and meetings are the first areas to be cut during an economic recession.
- 4) On the day this document is released (25 June 2020), The House of Commons is holding a debate in response to a petition signed by over 150,000 people supporting that Government offer economic assistance to the events industry during COVID-19. It remains the fact that on this day our sector still has no government guidance and no opening date., The longer this goes on the more catastrophic the impact.
- 5) If we campaign for the very necessary ongoing financial support for companies operating in the business events accommodation and meetings sector, how will those companies be recognised when to date, aside from the CJRS which has been available to all businesses, their only genuinely accessible support has been through receiving grants based on them being classified within 'retail, hospitality and leisure' - a group which is essentially B2C, and is either already open or able to operate from 4<sup>th</sup> July 2020?
- 6) We have long been aware of the talent gap, the difficulty in recruiting and retaining great people and encouraging them to consider our industry as an excellent career opportunity. We are about to lose a minimum of 30% of our highly valued and skilled agency workforce who may well leave the industry for greater future job security elsewhere, and we offer little hope of employment in our businesses to those students graduating this year.

- 7) Our people remain and will continue to be impacted personally by this pandemic and therefore HBAA continues to champion Mental Health First Aiders being government funded across all sectors: we have to support and protect our workforce wellbeing through recovery and for the long haul as the wheels of industry and commerce start to roll forward.

Our incredible and much-loved sector so desperately needs ongoing financial support for its survival. We are business events, accommodation and meetings, and for us, Covid-19 has been catastrophic.



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