

February 2018

House of Commons DCMS Select Committee

Live Music inquiry

1. UK Music is the umbrella body representing the collective interests of the UK's commercial music industry, from songwriters and composers to artists and musicians, studio producers, music managers, music publishers, major and independent record labels, music licensing companies and the live music sector.
2. UK Music exists to represent the UK's commercial music sector, to drive economic growth and promote the benefits of music to British society. A full list of UK Music members can be found in annex.
3. The UK creative industries are of huge economic and cultural importance. According to the most recent DCMS economic estimates the creative industries account for £91.8 billion in GVA.¹ The music industry is worth £4.4 billion to the UK economy with the live music industry contributing £1 billion and employing 28,538 people and generating exports of £80 million.²
 - ***Music Tourism: What are the economic benefits of music festivals and concerts? What can we do to solve the disparity of spending in cities and regions? How can we sustain music tourism especially audiences coming from the EU and overseas?***
4. Music tourism makes an enormous contribution to the UK economy. The UK is home to a host of internationally acclaimed festivals and concerts, covering a diverse range of musical genres. From Glastonbury to the Proms, from Creamfields to Bestival, the UK's live music industry is world renowned in terms of its talent, quality and production.
5. *Wish You Were Here*, is the annual report published by UK Music which outlines the contribution of live music to the UK economy.³ The latest report found that music tourism generated £4 billion of direct and indirect spending to the UK economy in 2016. Some 47,445 full-time jobs in the UK were sustained by music tourism in 2016. Since 2011,

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https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/662958/DCMS_Sectors_Economic_Estimates_2016_GVA.pdf

² https://www.ukmusic.org/assets/general/Measuring_Music_2017_Final.pdf

³ https://www.ukmusic.org/assets/general/Report_WYWH_17.pdf

UK Music
4th floor
49 Whitehall
London, SW1A 2BX

T. 020 3713 8444
info@ukmusic.org
www.ukmusic.org

music tourism's economic contribution has grown by 60%. Further data from UK Music shows that 30.9 million people attended a live music event in the UK in 2016, a 12% increase on the previous year.

Regional Spending

6. Live music regional spending disparities exist. In the North East only £51 million in spend was generated and in East Midlands it was £194 million. Contrastingly, in London over £1 billion was generated in 2016.
7. UK Music believes that the devolution of power to Combined Authority structures presents a great opportunity to promote and grow music in cities and regions across the UK. In 2015 the International Federation of Phonographic Institutes (IFPI) published *Mastering of a Music City*⁴ which highlighted the ways in which a vibrant music economy drives value for cities through job creation, economic growth, tourism, city brand building and artistic growth. It contains key strategies through which to grow and strengthen the music economy.
8. Devolved Government in London has followed the "Music City" model with the creation of a Music Board, which has had success in the protection of grassroots music venues⁵ and succeeding in the abolition of the Met Police's Form 696.⁶ The Board brings together those in the music industry, local authorities, the Greater London Authority and tourism bodies to promote music in the capital. In addition, a Night Czar has been appointed in order to champion London's night time economy.
9. UK Music has engaged with the Combined Authority Mayors elected in May 2017 and there is interest in developing similar initiatives in the areas that they represent. We ask the Government to consider incentives to develop these initiatives for existing and future devolution deals.
 - ***Impact of Brexit: What impact will Brexit have on British artists and international artists intending to tour in the UK? How can these effects be mitigated? What should the UK seek in the transitional arrangements in regards to music and live events?***

Live touring across the EU

10. North America aside, of the top 100 highest grossing box office concerts last year, 52 took place in EU (non-UK), 13 in UK, 35 rest of the world.⁷
11. Leaving the European Union is likely to result in new rules that restrict freedom of movement for people. That could have a serious impact on touring musicians and crews, and risk limiting millions of fans keen to see their favourite UK acts.
12. At present, there are no travel restrictions for UK artists performing in the EU. This means artists can play a gig in Amsterdam one night and then simply travel to Paris for a concert the next with no associated costs or red tape.

⁴ <http://www.ifpi.org/downloads/The-Mastering-of-a-Music-City.pdf>

⁵ <https://www.london.gov.uk/what-we-do/arts-and-culture/arts-and-culture-publications/rescue-plan-londons-grassroots-music>

⁶ <http://www.bbc.co.uk/news/uk-41946915>

⁷ https://www.pollstar.com/Chart/2018/01/2017YearEndTop100InternationalBoxoffice_624.pdf

13. It is a different story for artists and musicians from outside the European Union. For example, France requires work permits for performances by artists from non-EU countries. These can only be acquired following a lengthy and complex process administered by French promoters.
14. Theresa May has commissioned the Migration Advisory Committee to assess potential changes to our immigration system in light of Brexit. When it comes to the music industry, we need a reciprocal system that supports temporary short-term permissions and exemptions for musicians and crews - both for those coming to the UK and those performing in the EU.
15. UK Music recommends that the Government should seek a single EU-wide live music 'touring passport' to avoid new restrictions, costs and bureaucracy on our artists and musicians. This new passport would be a vital asset in keeping UK music on the road across the world, showing off our cultural talent and continuing to support exports.
16. A useful precedent exists for the 'touring passport'. The EU Blue Card is a work- and residence permit for non-EU/EEA nationals. It is an EU-wide 'pass' for non-EU nationals to travel the EU freely, albeit one subject to certain considerations being met.
17. Separately, artists from outside the EU currently use British concert hauliers for their European tours. This may cease if the UK leaves the Customs Union or there is a "no-deal" scenario with potential knock on implications for jobs and the wider industry. The incentive for international artists to use UK haulage will be diminished if there are delays at borders.

International Tours to the UK

18. Artists from the EU plus Norway and Switzerland do not need permission to perform in the UK. The UK immigration system only started making requirements for touring entertainers in the 1980s, by which time the UK was in the EU.
19. All non-EU nationals need a work permission called a Certificate of Sponsorship (CoS) to do paid performances. Some need a visa as well. For example, those that have applied to join the EU (for example Turkey and Albania) need a CoS plus a visa in their passport.
20. The UK may revert back to a system requiring EU nationals to get work permissions to do paying gigs. This was imposed on EU accession countries. A measured reciprocal approach is necessary.

Carnets

21. Any restriction on movement across Europe could result in the introduction of a carnet, a temporary customs document detailing every piece of equipment and merchandise to avoid paying import duties and taxes. On average carnets can cost around £1000 to £2000 and last around 12 months. EU bands coming to the UK may also be subject to this.
22. UK Music believes that the introduction of carnets would significantly change the live music touring experience for UK bands across the EU. It may result in delays at borders and increase costs and bureaucracy.

Other taxation and social security implications for touring

23. The current withholding tax treaties and EU rules for VAT and social security allow UK artists to tour in Europe with a minimal amount of financial barriers. While withholding tax treaties would remain unaffected by Brexit, many EU nations may remove the ability for UK touring artists to deduct their expenses at source, leading to a net loss on the tour. Brexit therefore brings a significant risk of double taxation for UK touring artists that does not exist currently, limiting the ability for UK artists and suppliers to export their talent or services.
24. Following Brexit, UK artists touring Europe would likely be subject to local deductions of social security contributions. This does not currently happen due to EU regulation and the existence of A1 and other forms. With the removal of the reverse charge VAT system, UK artists and suppliers may have to charge VAT in each market and may not be able to recharge VAT on foreign expenses.

Other considerations

25. Musicians will also travel to the EU to collaborate with overseas artists, performers and composers. These speculative visits are often the precursor to future live performances.
26. Furthermore publicly funded projects, where musicians can ensure they receive proper payment, accommodation, transport and per diems, would be in jeopardy if the funding was diverted to pay for costly visa and carnet requirements.

- ***Small Music Venues: How has the music sector been affected from the closures of small music venues across the country? Should small music venues be classified as cultural venues? What initiatives can be put in place to help grassroots artists and bands?***

27. Music venues play a vital role in supporting the industry's infrastructure and ensuring a healthy music industry across the country. They also nurture the music industry's talent pipeline.
28. Whilst the overall picture for live music is healthy there are also worrying signs. Figures show a 13% drop in the level of direct spending at smaller music venues - those with capacity of under 1,500 - in 2016 and a 21% fall in the number of overseas visitors to smaller venues.⁸ Smaller grassroots venues are increasingly finding it difficult to operate. In the past 10 years the sector has seen a decline of 35% in the total number of grassroots music venues trading in the UK.
29. There could be several reasons as to why music venues are closing but a number of targeted policy measures can be introduced to protect this important part of the music industry.

Agent of Change

30. A growth in demand for property in UK cities has led to increasing rents and landlords deciding to sell property and land to developers. This has placed rising financial burdens on pre-existing operators of grassroots music venues, who are often situated in areas that are popular for redevelopment, and made them vulnerable to a more liberalised planning system.

⁸ https://www.ukmusic.org/assets/general/Report_WYWH_17.pdf

31. The “agent of change” principle is a solution that would mean those bringing about a change take responsibility for its impact. If new developments are to be introduced near pre-existing businesses the “agent of change” principle places the onus on the developer to ensure solutions are put in place to mitigate any adverse impacts on existing businesses from the new development. For example, new residential accommodation may increase the likelihood of noise complaints that threaten a music venue business. The “agent of change” principle would require those responsible for the new residential accommodation to put measures in place to allow venues to continue to operate and co-exist, such as sound-proofing.
32. UK Music has extensively campaigned⁹ for the introduction of the “Agent of change” principle to protect music venues. This has included working with John Spellar MP on the Planning (Agent of Change) Bill.¹⁰ We have also welcomed¹¹ positive announcements by the UK Government to include a legally binding principle in the next National Planning Policy Framework.¹² We have also supported recent initiatives by the Scottish¹³ and Welsh Governments¹⁴, Mayor of London and Mayor of Bristol to implement “agent of change”
33. UK Music calls for the speedy implementation of the agent of change principle within the National Planning Policy Framework by summer 2018 and urges the Government to prioritise effective communication of these changes to planning authorities and the Planning Inspectorate to ensure they have the desired impact.

Business Rates

34. The Government’s business rates re-evaluation has resulted in a substantial rise in the rateable value of many music companies. UK Music is concerned that solutions have not yet been put in place to avoid damaging impacts on our industry. We recommend that the Government undertakes a review of the impact of recent business rates changes on music businesses and take steps to support the industry, such as clarifying whether the pub relief scheme applies to music venues and devise other relief schemes to mitigate negative impacts. UK Music recommends that the Valuation Office Agency should work with the music industry to agree an approved guide on business rating.
35. The current system allowed the Emirates Stadium a 7% cut to their business rates whereas the nearby Lexington music venue was hit with a 118% increase.¹⁵ This demonstrate the vulnerability faced by many high profile music venues.
36. With regard to music festivals, we strongly advise that the Government maintains in practice the agriculture exemption to business rates which has historically supported music festival activities and prevent disproportionate measures which would be arbitrary to these events. This is not being observed in practice everywhere, meaning some festivals either have to find new locations or consider other ways to reclaim new costs.

⁹ <https://www.ukmusic.org/news/music-industry-turns-out-in-force-to-in-fight-to-save-venues>

¹⁰ <https://www.ukmusic.org/news/john-spellar-outlines-case-for-agent-of-change-in-house-of-commons>

¹¹ <https://www.ukmusic.org/news/uk-music-welcomes-government-move>

¹² <https://www.gov.uk/government/news/strengthened-planning-rules-to-protect-music-venues-and-their-neighbours>

¹³ <https://www.ukmusic.org/news/uk-music-welcomes-landmark-victory-to-introduce-agent-of-change-in-scotland>

¹⁴ <http://gov.wales/topics/planning/policy/dear-cpo-letters/supporting-the-night-time-economy-and-the-agent-of-change-principle/?lang=en>

¹⁵ <https://www.ukmusic.org/news/uk-music-calls-on-chancellor-for-budget-review-of-business-rates>

Licensing

37. UK Music welcomes that the Government has legislated to provide support to the live music sector through entertainment deregulations such as the Live Music Act 2012. The Act removed the requirement for premises with an alcohol licence to seek additional permissions for hosting a performance of live music under certain conditions.
38. The House of Lords Select Committee on the Licensing Act 2003 published its report in March 2017. The Committee concluded that the 2012 Act is working broadly as intended, however, noted that greater action must be taken to raise awareness of the provisions contained within the Act among Local Authorities, venues and residents.¹⁶
39. UK Music believes that further action can be taken to improve the licensing measures for music venues. The existing exemptions only apply to premises with audiences up to 500 people and there is scope for this to be extended. The exemptions also currently apply until 11pm. In support of a developing night time economy we proposed that the exemptions should be extended until midnight. We also believe that an objective within the Licensing Act should be introduced for licensing authorities to promote culture activities. This would bring more proportionality to licensing authority decision making.

Subsidy

40. UK music venues are unable to compete with European music venues in attracting international talent and providing comparable performance spaces for emerging UK artists due to a huge disparity in the levels of funding received. Across mainland Europe venues receive subsidies that average 42% of operating costs, or as high as 70% in France.
41. In Germany there was a package of investments into grassroots music venues to a value of €8.2million launched in November 2016. In Netherlands 51 Grassroots Music Venues receive funding from their Government. In Denmark an infrastructure and trading subsidy budget has been developed for 19 Grassroots Music Venues of exceptionally high quality. In France around 195 venues benefit from trading subsidies with 59 venues receiving infrastructure grants, all from Government ministries.
- ***Ticket Abuse: How successful have the reforms been to secondary ticketing? What more needs to be done to act against market abuse from ticket touts?***
42. UK Music supports the Government's action to date to crack down on secondary ticketing abuse, as well as the progress of the FanFair Alliance¹⁷ campaign in combatting online ticket touting. In particular, we welcome steps to criminalise practices that amount to the bulk buying and selling of tickets in industrial quantities in the Digital Economy Act 2017.
43. Reselling at a profit is an ongoing concern for a significant number of respondents to the recent UK Live Music Census¹⁸ with the report recommending that the Government

¹⁶ <http://www.parliament.uk/business/committees/committees-a-z/lords-select/licensing-act-2003/news-parliament-2015/licensing-act-report-published/>

¹⁷ <http://fanfairalliance.org/>

¹⁸ <http://uklivemusiccensus.org/>

continues to investigate the secondary ticketing via the Competition and Markets Authority alongside this Parliamentary inquiry.

44. Whilst progress has been made UK Music believes that there are three specific areas where more work needs to be done.
45. Firstly, long-standing and recent changes to legislation need to be actively monitored and enforced to ensure compliance with the law. UK Music supports the provisions in the Digital Economy Act 2017 which put additional requirements on ticket sellers to provide a unique ticket number where one was originally given as well as the changes in the Consumer Rights Act 2015. We also support the revision of Consumer Rights Act guidance to clarify the information that should be provided on sale restrictions when reselling tickets.
46. Secondly, it is important to increase consumer awareness and understanding of the secondary ticketing market. At present, secondary sites frequently market tickets at vastly inflated prices – even when the tickets are still available on official sites at face value. Tactics implemented by secondary websites include so-called “pressure buying” with unclear booking fees which are harmful to consumers. Companies that sell both primary and secondary tickets can also do more to inform and direct customers to primary sources when gigs are not sold out.
47. Thirdly, more still needs to be done by search engines. An AudienceNet / Music Ally “Ticked Off” report from October 2017 said 43% of respondents used Google as their first port of call to search for tickets, while 52% had difficulty distinguishing between authorised primary sellers and unauthorised secondary sites.
48. Google recently unveiled new rules regarding ticket resale websites. It claims that all websites are now required to make it clear if they are secondary ticket-selling sites in a bid to help customers.
49. However the changes do not prevent secondary websites from appearing at or near the top of Google search rankings – often well above the official ticketing site for a show or an artist. The changes also do not reveal on Google search result pages whether the listing is a secondary ticketing site rather than the official primary ticketing site.
50. Therefore UK Music recommends that the changes made by Google be reviewed three months’ after implementation to see if they have proved effective.
51. Concern about secondary ticketing is well documented yet it is important to note that there is a desire from customers to have a facility to return tickets that they can no longer use. There is a positive side to ticket resale with new entrants coming into the market offering face value resale.
 - ***Sustainability: How has music provision been affected by education reforms? How can people from lower socioeconomic backgrounds access quality music education?***
52. Britain’s home grown talent is second to none. From Ed Sheeran to Adele, British artists make a massive contribution to the global live sector. According to the latest statistics released by Pollstar, five UK artists made the top ten worldwide tours in 2017.¹⁹

¹⁹ Coldplay, Depeche Mode, Sir Paul McCartney, Ed Sheeran and the Rolling Stones
https://www.pollstar.com/Chart/2018/01/2017YearEndTop100WorldwideTours_621.pdf

53. The UK has a global impact on the live sector with three of the top four most popular arenas in the world being based in the UK.²⁰ In order for this global dominance to continue, we need to constantly be looking to where the stars of the future will come from and how they will be able to grow and develop.
54. There is general ‘policy clash’ around music education. Music has its own National Plan and there is ring-fenced money for hubs, meanwhile the lack of inclusion of music within the EBacc undermines our industry. This needs to be reviewed, including greater attention to whether the aims of the National Plan are being met.
55. It has been reported that music is only compulsory for ‘all Year 9 students’ in 62% of schools, despite it being compulsory in the National Curriculum. In addition, music GCSE uptake has seen a decrease of 8%. This trend needs to be reversed to avoid a catastrophic effect on the industry in the short, medium and long term.
56. Reducing access to music could lead to an inequality of opportunity. Top earners are four times more likely to pay for social-enrichment classes for their children. 50% of children at independent schools receive sustained music tuition, whilst the figure for state schools is only 15%. Given its importance to developing our future workforce, compulsory creative learning needs to continue.
57. The Government must strengthen opportunities to develop new artistic and creative talent, irrespective of background to support our future talent pipeline, both through its industrial strategy and future creative sector deal, public investment in the arts – including partnership with the music industry to support talent development in contemporary popular music²¹, music education, access to instruments and rehearsal spaces, taxation and developing proposals for further fiscal incentives.
- ***Impact of live events: What are the economic and social benefits of festivals and cultural events to the towns in which they are held? What measures can be taken to extend their success across to the live music sector?***
58. Festivals and cultural events bring a huge amount of economic and social benefits to towns and the wider regions in the UK. As highlighted earlier in this submission, music tourism generates £4 billion per annum to the UK economy. This is an 11% increase on the previous year. The UK attracted 823,000 overseas music tourists to its shores in 2016 and their direct and indirect spend sustained 47,445 full-time jobs as well as contributing to the wider local economic infrastructure. As the UK prepares to leave the EU it is key that we address any potential barriers to the UK maintaining its position as a dominant global force as a live music powerhouse.
59. UK Music strongly supports the work of Attitude is Everything which campaigns to improve deaf and disabled people’s access to live music. UK Music’s UK Live Music

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https://www.pollstar.com/Chart/2018/01/2017YearEndWorldwideTicketSalesTop200ArenaVenues_628.pdf

²¹ PRS Foundation’s Momentum Music Fund provides career-boosting grants to independent artists at a crucial tipping point in their career. For every £1 granted by Momentum, artists have returned £7.46 to the UK music industry http://prsfoundation.com/wp-content/uploads/2015/12/Momentum-Music-Fund-2017_FINAL_no-crop_small.pdf

Group has officially backed the charity's Charter of Best Practice as an industry standard for access provision.²² We encourage wider adoption of the charter and further initiatives to overcome barriers to accessing live music.

Annex

UK Music's membership comprises of:-

- AIM – The Association of Independent Music – the trade body for the independent music community, representing over 850 small and medium sized independent record labels and associated music businesses.
- BASCA - British Academy of Songwriters, Composers and Authors – BASCA is the membership association for music writers and exists to support and protect the professional interests of songwriters, lyricists and composers of all genres of music and to celebrate and encourage excellence in British music writing.
- BPI - the trade body of the recorded music industry representing 3 major record labels and over 300 independent record labels.
- FAC – The Featured Artists Coalition represents and promotes the interests of featured recording artists in the music industry.
- MMF – Music Managers Forum - representing over 500 UK managers of artists, songwriters and producers across the music industry with global businesses.
- MPG - Music Producers Guild - representing and promoting the interests of all those involved in the production of recorded music – including producers, engineers, mixers, re-mixers, programmers and mastering engineers.
- MPA - Music Publishers Association - with 260 major and independent music publishers in membership, representing close to 4,000 catalogues across all genres of music.
- Musicians' Union representing 30,000 musicians.
- PPL is the music licensing company which works on behalf of over 90,000 record companies and performers to license recorded music played in public (at pubs, nightclubs, restaurants, shops, offices and many other business types) and broadcast (TV and radio) in the UK.
- *PRS for Music* is responsible for the collective licensing of rights in the musical works of 114,000 composers, songwriters and publishers and an international repertoire of 10 million songs.
- UK Live Music Group, representing the main trade associations and representative bodies of the live music sector

For more information please contact Felicity Oliver, Public Affairs Officer, UK Music on felicity.oliver@ukmusic.org or 020 3713 8454.

²² <https://www.musicweek.com/live/read/uk-live-music-group-backs-attitude-is-everything-charter/069237>