

Communications and Digital Committee - A Creative Future

UK Music is the collective voice of the UK's world-leading music industry across each region and nation of the UK. UK Music represents all sectors of the music industry – bringing them together to collaborate, campaign and champion music (please see the annex for a full list of members). UK Music promotes the music industry as a key national asset to all levels of Government, Local Authority, devolved Parliaments and the UK Parliament and publishes research on the economic and social value of music.

This paper will focus on the UK music industry and the skills it needs to make a success of the future. The UK music industry is a national asset, it is a global leader in both relative size and innovation in a way few other UK sectors are, according to analysis by the BPI who represent the recorded music industry last year almost 400 UK artists amassed over 100 million audio streams worldwide.¹ It is an important employer, with a workforce that is greater than the steel and fishing industries combined, and is a key pillar of the UK's soft power.² It also has a symbiotic relationship with a range of other UK businesses recorded music works closely with the UK film and TV sector and live music powers spend in hospitality across the UK. UK music is an intrinsic part of life and the economy across the UK, but it is not guaranteed that it will remain so.

However, looking into the future the sector faces a very changed landscape. Streaming has already transformed how people in the UK get their music, the numbers taking music A-levels and GCSE have fallen heavily since 2014, Artificial Intelligence and new technologies may change the industry further, the UK music industry faces the rise of new government sponsored international rivals. The decline of music spaces like grassroots music venues and small studios, as well as other SME music businesses and entrepreneurs risks constricting growth and opportunities.³ To create a sustainable sector the UK needs a workforce with both

¹ <https://www.bpi.co.uk/news-analysis/british-music-exports-leap-137-to-new-high-as-a-record-number-of-uk-artists-each-hit-100-million-global-streams-in-2021/>

² <https://www.ukmusic.org/news/uk-music-calls-for-government-action-to-boost-recovery-as-new-report-reveals-covid-wiped-out-one-in-three-music-jobs/>

<https://researchbriefings.files.parliament.uk/documents/SN02788/SN02788.pdf>

<https://researchbriefings.files.parliament.uk/documents/CBP-7317/CBP-7317.pdf>

<https://publications.parliament.uk/pa/ld5801/ldselect/lducom/248/248.pdf>

³ <https://www.ukmusic.org/research-reports/securing-our-talent-pipeline/>

practical and digital music skills, opportunities to build their careers and the legal ability for the industry and rights holders to protect their music.

For too long creative education, and particularly music, has been seen by policy makers as a ‘*nice to have*’ rather than what it is – the skills base for a key national asset. The UK needs music workers with both the skills to navigate developments in the sector and practical music skills and all UK industries need the kind of creative thinking which music education can stimulate. The same goes for tax incentives, new work and research in the music sector should be celebrated and supported to drive the industry and the national economy forward. The global recorded music market is projected to double in value between 2021 and 2030.⁴ People have far greater access to a broader range of music creating intense global competition and huge potential for future to growth.

To secure that growth UK Music suggests:

- **Maintaining a gold standard copyright regime in the UK, and the Government should actively work to support UK creative intellectual property.**
- **Establishing a fiscal incentive to stimulate new music investment.**
- **Linking music education with music businesses and delivering the Arts Pupil Premium.**
- **Improving the rights of the self-employed.**
- **Reducing the tax burden on music businesses.**
- **Breaking down barriers to touring the EU, establishing a ‘one stop shop’ for information and a Transitional Support Fund.**
- **Bolstering funding for musicians as exporters, boosting funding for MEGS, ISF and creating a Music Export Office.**
- **Including creative research in R & D tax relief programmes.**

Ultimately, our creative future will only be successful and sustainable if it builds on our strong creative history and is delivered in partnership with the musicians, music workers and music businesses of all sizes that have made the UK music industry a global powerhouse.

Answers to specific questions from the inquiry

1. *Which areas of the creative industries face the greatest potential for disruption and change in the next 5–10 years, and what impact could this have? a) What changes are expected in the way creative/cultural content is produced; the way audiences are engaged (for example through digital or immersive experiences); and the way business models operate?*

In many ways the great digital change in the music sector has already happened. Since the turn of the millennium how people consume music has been transformed. According to the BPI in the year 2000, almost the entirety of recorded music revenues came from the sale of physical albums and singles that were bought from

⁴ <https://www.bpi.co.uk/news-analysis/british-music-exports-leap-137-to-new-high-as-a-record-number-of-uk-artists-each-hit-100-million-global-streams-in-2021/>

bricks and mortar stores.⁵ Throughout the rest of the decade, online consumer demand for music increased and illegal and damaging music piracy exploded. In response the music industry innovated through licensing digital download services such as iTunes. In 2008, Spotify was launched as the first music streaming service in the UK, in 2021 over 80% of music in the UK was listened to via a streaming service. As opposed to a one-off physical sale most of these services offer a buffet of almost all the licensed music in the world for a subscription.⁶ There have also been expanded opportunities to reach audiences through digital platforms. The industry is still working through the effects of these changes and music piracy online remains an issue.

However, UK music is also a part of the Creative Tech (CreaTech) boom, with the expansion of Virtual Reality (VR), collaborative 'Web 3.0' technology, and Artificial Intelligence with the UK creative tech sector attracting the third highest amount of foreign venture capital investment behind the US and China.⁷

It is too early to say what effects these will have on the music sector. Immersive experiences like VR have been high profile but with low economic impact thus far. While the 'Fortnite' game series has pioneered in-game live music concerts (including with huge industry names like Ariana Grande and Travis Scott), it has been relatively sparing in using live events, and it is relatively uncommon to see these in online games more generally.⁸

The development of 'Web 3.0', technology also has the potential to create a more diffuse industry, as well as develop new forms of content that are saleable to fans. One example of this is Jason Mudd's single *Growing Pains*, which is accompanied by an app that fans can use to pay for a unique algorithm-created instrumental section for the song and then download. This is an example Non-Fungible Token (NFT).⁹ NFTs are unique online tokens whose provenance can be proved through their unique code and place within a diffuse digital ledger known as a blockchain.

It remains to be seen the degree to which these new digital advances will change the sector overall. NFTs are highly volatile digital assets with worldwide sale value reaching \$12.6 billion in January 2022 but crashing to \$1 billion in June 2022.¹⁰ In form an artist's NFT is not all that different from a registered signed piece of merchandise, and returning to a model where fans pay for individual singles is actually in many ways reminiscent of the pre-download music industry.

Perhaps the more interesting question will be if diffuse digital ledgers like blockchain and trusted crypto-currencies (online assets) continue to facilitate user-to-user transfers, and how that will change the artist-fan and artist-label relationship.

⁵https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/109369/8/220726_Music_and_streaming_-_update_paper.pdf p. 9

⁶ <https://www.bpi.co.uk/news-analysis/bpi-publishes-its-yearbook-all-about-the-music-2021/>

*A sync is the inclusion of a music piece in a piece of media

⁷ <https://technation.io/the-creattech-report-2021/#key-statistics>

⁸ <https://www.forbes.com/sites/paultassi/2022/06/06/fortnites-vibin-season-has-three-main-artist-options-for-its-next-live-concert-event/?sh=378bee6b3685>

⁹ <https://muddy.julianmudd.com/#/mint>

¹⁰ <https://www.theguardian.com/technology/2022/jul/02/nft-sales-hit-12-month-low-after-cryptocurrency-crash>

There are also a range of ethical questions, for example increasing the involvement of crypto-currencies and NFTs will make the sector less sustainable given the high energy use needed to maintain digital assets. Therefore, it is important that people in the sector have the ability to understand and navigate these changes, and that the UK copyright regime is sufficiently robust to ensure the integrity of the sector in the face of new technologies.

The development of the sync market has shown how the music industry has also experienced continuity. Syncs have seen an explosion in value and popularity with the proliferation of digital channels for delivering music, including its integration into social media, as well the streaming boom.* A sync in the exceptionally popular Netflix series *Stranger Things* unexpectedly gave Kate Bush's *Running Up That Hill (A Deal with God)* a chart resurrection, after originally being released in 1985. But, the power of sync is not new. Australian band Jet sold 3.5 million copies of the album *Get Born* after *Are You Gonna Be My Girl?* was used in an Apple advert. Furthermore, the enduring appeal of vinyl records (recording a 13th successive sales growth year in 2021) highlights that at its core the UK music industry's *raison d'être* is the music not the method of delivery.¹¹

One area of content creation that might see a paradigm shift for the UK music industry is the increasing use of Artificial Intelligence (AI) in music creation. AI is “*the capability of a computer system to mimic human cognitive functions such as learning and problem-solving*”.¹² In the music space there already exist a number of companies that market AI software that can ‘create’ music.¹³ The UK music sector remains deeply concerned about proposals by the Intellectual Property Office (IPO) to allow a blanket exemption from copyright for work being used for AI text and data mining.¹⁴ This decentres human creativity and disadvantages artists and rights holders who currently have the legal right to be paid for the use of their work in this way.

AI relies on information (data sets) to ‘learn’. When the Google AI AlphaGo defeated the Go world champion, it taught itself to play using a data set of old Go matches combined with playing itself thousands of times.¹⁵ In music the equivalent could include songs and the whole back catalogues of artists, this ‘data’ is work that is currently protected under copyright law.* The ingestion of work by an AI is a licensable activity that rights holders are entitled to payment for. The music industry already offers innovative and easily accessible licensing option for the use of music. Removing this protection as the IPO proposes would allow AI music to be created using copyright content that those controlling the AI do not own, with no compensation to the artists and rights holders whose investment created it.

UK Music has urged the Government and the IPO not to proceed with this change, Chief Executive of UK Music Jamie Njoku-Goodwin has noted this ; *Some might call*

¹¹ <https://www.bpi.co.uk/news-analysis/bpi-publishes-its-yearbook-all-about-the-music-2021/>

¹² <https://azure.microsoft.com/en-gb/solutions/ai/artificial-intelligence-vs-machine-learning/#introduction>

¹³ E.g. <https://www.aiva.ai/>

¹⁴ <https://www.gov.uk/government/consultations/artificial-intelligence-and-ip-copyright-and-patents/outcome/artificial-intelligence-and-intellectual-property-copyright-and-patents-government-response-to-consultation>

¹⁵ <https://www.bbc.co.uk/news/technology-40042581>

*Though music is de jure distinct from data.

*it music laundering.*¹⁶ It is vital that Government listens to the creative industries on this point that this change is at best unnecessary and at worst actively harmful.

While the IPO presented the UK AI tech sector as the target for the change, the main beneficiaries would be the already advanced US AI sector. This would effectively allow our music heritage to fuel the next wave of Silicon Valley AIs. To protect our musical history and the UK music industry it is vital UK maintains its gold standard of copyright protection and does not adopt this damaging and open-ended exception.

This gold-standard is critical for the long-term health of the sector. UK musicians and rights holders should not be disadvantaged by a divergence from high standards of rights management and obligations for licensing particularly with regard to international norms for transparency such as the Collective Rights Management Directive.¹⁷ There should also be the rigorous enforcement of UK standards and efforts made to close the 'value gap' where external tech companies have potentially knocked the value of UK music. The Competition and Markets Authority Update on Music Streaming noted that many music businesses feel that the use of the United States' "safe harbour" provisions that allow websites to not be liable for the hosting of otherwise copyright infringing user uploaded content hobbles the value of music in the UK.¹⁸

Recommendation: Maintaining a gold standard copyright regime in the UK, and the Government should actively work to support UK creative intellectual property.

2. What skills will be required to meet these emerging opportunities and challenges?

The changes the UK music sector has already undergone now means that it requires a broad range of new skills, such as digital content management. This does not however supersede the need for people to gain the 'nuts and bolts' musical and technical skills that the sector has always needed, and in some ways are in decline. Another aspect of the changes in delivery methods is ensuring that creatives have an understanding of the package of rights associated with a piece of work so they can market and exploit their work as effectively as possible, for example, understanding the opportunities afforded by digital marketing and new technologies. UK Music worked with the IPO to develop online training tools to help develop those skills but integrating them directly into the education system would also be helpful.¹⁹

UK Music members represent the entire music ecology and highlight the importance of a huge range of skills to the music industry. This includes not just musicians and artists, but the composers and songwriters who write the music, technical staff to support live performances, the producers, sound mixers and studio technical staff who ensure a pitch perfect recording is delivered. Then there are associated businesses skills for managers, publishers and promoters, the need for accountants, lawyers and increasingly data analysts and data entry skills. Therefore, it is vital for the sector that our education establishments are developing a range of skills.

¹⁶ <https://www.thetimes.co.uk/article/no-10-is-giving-a-green-light-to-music-laundering-blr5v7bw9>

¹⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32014L0026>

¹⁸ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/109369/8/220726_Music_and_streaming_-_update_paper.pdf p. 87

¹⁹ <https://www.ipso.gov.uk/ip-support/welcome>

The UK Government has repeatedly emphasised its desire for more focus in cultivating science, technology, engineering and mathematics (STEM) subjects which almost always excludes creative subjects, even including technical creative skills. For instance, the UK Government has stated that it wants 75% of GCSE pupils to be taking the English Baccalaureate combination of GCSEs by 2022 and 90% by 2025, this combination does not include music.²⁰ This has been reflected in a decline in the number of pupils taking music A-levels and GCSEs. Since 2014, the number of pupils taking GCSE music in England, Wales and Northern Ireland has declined by 20%. A-level music entrants has fallen even further by 29%, despite a 4% rise in A-level music entrants in 2022 GCSE entrants slumped again.²¹ This matters because it is indicative of the provision of music in compulsory education settings.

UK Music notes a growing class divide as well, with a 35% gap between access to music tuition in private schools versus state-maintained schools (15% vs. 50%).²² Levelling up should involve more access to music skills for children regardless of background, not only for the benefit of the music industry but also the economic benefit the music sector can bring to deprived areas. While there has been a rise in music vocational qualifications, central government funding is now also being withdrawn from BTECs and redirected towards T-levels, and other vocational technical qualifications.

It is unclear how the funding changes will impact the currently popular music vocational qualification ecosystems. The stated aim is to remove funding for vocational courses where they overlap with T-levels and A-levels. T-levels are not suited for performance-based courses and UK Music believes that the larger music vocational courses should continue alongside music A-levels, because these qualifications are distinct in terms of form, learner aims and content. The Department for Education (DfE) is yet to release information on which courses they feel overlap and which meet the funding criteria, meaning that redevelopments may have to be conducted at short notice and some courses may be unnecessarily cut.

UK Music is concerned that once again music qualifications could lose out, it is vital that the range of technical qualifications in the music sector are retained – and that providers are given enough time to adapt their courses to meet the aims of the DfE.²³

It should also be noted that the UK labour market is now much less flexible given the ending of free movement with the EU. It is now much harder to get music workers into the country to fill roles where UK skills are lower. Therefore, future planning on skills and ensuring that people in the UK have music skills is much more important.

One area where the UK may also need further music skills is in the area of music and health. As UK Music set out in our Power of Music report the role that music could play in delivering health and social care outcomes, having medical practitioners with the skill to integrate music into care plans and people who can

²⁰ <https://www.gov.uk/government/publications/english-baccalaureate-ebacc/english-baccalaureate-ebacc>

²¹ <https://www.ukmusic.org/news/uk-music-chief-warns-music-exam-results-reveal-need-for-urgent-action-to-protect-great-national-asset/>

<https://www.ukmusic.org/news/uk-music-chief-urges-political-leaders-to-ensure-music-is-at-the-heart-of-education-after-a-level-results-reveal-welcome-rise-in-music-students/>

²² <https://www.ukmusic.org/campaigns/talentpipeline/>

²³ <https://www.bbc.co.uk/news/education-61408894>

deliver music therapy is important to realising the full benefits of music as a Social Prescribing tool.²⁴

Earlier in this paper the importance of data and the digital revolution to the sector was set out. This means data management and curation are key skills the sector needs. To ensure everyone entitled to royalties or compensation is properly paid it is critical that it is easy to link work and people through metadata. This means all the data around a song, including song writing credits, must be properly tracked and stored across platforms. Modernising metadata practices requires that that education and awareness is raised across the sector and at an educational level of the importance of high data standards and record keeping are emphasised to students and apprentices as per the IPOs recommendations in *Music 2025: The Music Data Dilemma*.²⁵ This is critical to ensuring a healthy and functioning music making ecosystem from the songwriters pen to the last chord on the track.

Recommendation: Improving digital content metadata management skills.

3. *What actions are needed from the Government and local authorities to ensure there is an appropriate talent pipeline equipped with these skills? a) How can this be sufficiently flexible to take account of the pace of change in the sector?*

Despite these technological developments UK Music would still reiterate the need to avoid putting the cart before the horse on skills. To support the music sector, children need to be given the chance to receive a high-quality education - both academically and vocationally in music - to develop a basis for the performing, recording, mixing, syncing, and technical skills that the sector relies on.

UK Music contributed to the National Plan for Music Education (NPME) in England (with our Chief Executive serving on the Expert Panel) and welcomes this as a step in the right direction. However, it is now vital that it receives proper funding and is delivered effectively. The Arts Pupil Premium should also be revived to support greater access to creative education for poorer students – the ones currently least likely to have access. The Premium was a manifesto pledge of the Conservative Party at the last General Election and £90 million of funding for 2021 was announced in the Budget. This would have been worth £25,000 per school for creative subjects but it was dropped as resources were reallocated due to COVID-19.²⁶ Whilst we understand the need for resources to be reallocated to manage the unprecedented situation experienced in the education system during the pandemic, this money should now be returning to its original purpose. This funding could help support the delivery of the National Plan for Creative Education that is being developed by DfE.

Alongside the NPME in England, the National Music Service has been launched by the Welsh Government and proposals announced from the Scottish Government to remove fees from music tuition.²⁷ These are all welcome steps but the momentum, and crucially funding, needs to be maintained.

²⁴ <https://www.ukmusic.org/wp-content/uploads/2022/04/Power-of-Music-Report-Final-Pages.pdf>

²⁵ <https://www.gov.uk/government/publications/music-2025-the-music-data-dilemma>

²⁶ <https://www.artspromotional.co.uk/news/ps270m-arts-premium-schools-hold>

²⁷ <https://gov.wales/national-plan-music-education>

<https://www.gov.scot/news/music-tuition-and-core-curriculum-fees-removed/>

<https://www.ukmusic.org/news/uk-music-chief-welcomes-governments-new-music-education-plan/>

Stepping away from academic education, the development of a truly world class vocational talent pipeline requires practical access to professional levels of equipment. This will ensure that new workplace entrants have a familiarity with the kinds of equipment and kit they will be required to use (e.g., studios, sound mixing and staging a performance) and would be immensely helpful to the sector. Creative technical level 3 qualifications in Further Education establishments often have good standards of equipment and strong links to industry, which further reinforces their importance. However, this pathway needs funding and to include practical opportunities to engage with the kind of equipment they might be operating in the workplace, raising the importance of rehearsal spaces in disadvantaged communities. It is also important that courses around music business are reflecting working practices in terms of content distribution and working with social media as they are now rather than as they were.

The UK Government should also look to establish, accredit and embed a module for musical care training routes at undergraduate, postgraduate, diploma level and vocational routes, to support the skills needed to deliver the integration of music into health and social care.²⁸

This desire to link music education and businesses is partly why UK Music runs the Music Academic Partnership (MAP) that works to connect higher and further education providers, as well as Awarding Bodies directly with music businesses. The UK Government should consider how this can be done on a broader basis and how it fits with pre-existing provision such as Music Hubs.²⁹

Our talent pipelines do not end at entry to the sector. It is also important that people with these skills stay and grow in the sector. Given the project focused nature of the sector there are a high number of freelancers and self-employed or sole traders. Figures suggest as much as 72% of the sector workforce might be self-employed.³⁰ Therefore, serious consideration should be given to improving the rights to government support for the self-employed. This would allow them to better ride out times of change and turbulence. One relatively straight forward tweak would be equalising access to parental leave. At the moment, freelancers are reliant on a less generous and less flexible package (Maternity Allowance (MA)) which is only available to one person in the relationship. Replacing MA with the same Maternity and Paternity Leave rights as employed parents would help keep skilled workers in the sector and reduce gender inequality.³¹

Early career opportunities are also important to retention. Small music venues and small studios can upskill workers by giving them practical opportunities to work with artists and professional standard equipment. However, their ability to do this is reliant on their being small scale live music venues and studios, both of which have faced a long-term decline in the UK and short-term cash flow issues due to COVID-19.

The UK Government can better support these spaces by reviewing the application of Business Rates tax that UK Music has described as “*anachronistic, cumbersome*”

²⁸ <https://www.ukmusic.org/wp-content/uploads/2022/04/Power-of-Music-Report-Final-Pages.pdf> p. 29

²⁹ <https://www.ukmusic.org/education-skills/music-academic-partnership-map/>

³⁰ https://www.ukmusic.org/wp-content/uploads/2020/08/Music_By_Numbers_2019_Report.pdf p. 11

³¹ https://www.ukmusic.org/wp-content/uploads/2020/08/Music_By_Numbers_2019_Report.pdf p. 72
<https://www.ukmusic.org/campaigns/past-campaigns/selfieleave/>

and unfair".³² Business Rates are entirely divorced from the productive capacity of a business, and they particularly impact music businesses due to their need for larger floor space. This inequity has been made even greater by the connection of Business Rates with local property values which continue to spiral.

While the 50% cut in Business Rates for some music venues announced in the 2022 Budget was welcome, music studios need to be included, the cut overall needs to be recognised as permanent and there needs to be a broader review of how we tax music spaces to ensure they are not taxed to death, and early career and perspective music workers given the chance to develop their skills.³³

For artists and their managers, the skills needed to tour internationally effectively are important to long term success and these are often developed in the market that is geographically closest to the UK – the EU. UK artists play four times as many gigs in the EU as the US, often at a small scale.³⁴ These opportunities are also important to career longevity in and of themselves.

However, a recent report by the All-Party Parliamentary Group (APPG) on Music (which UK Music provides the Secretariat for) found that barriers had developed since the UK left the EU that were "*particularly acute for less established and younger artists*".³⁵ These include costly paperwork for transporting instruments, navigating 27 sets of work permit rules and managing checks in and out of the EU. The testimony the APPG collected found a widespread view that younger and emerging artists were losing working opportunities due to increased costs.³⁶

Therefore, from a skills perspective it is important that the UK Government works to break these barriers to touring the EU. This could be done through unilateral support for music workers (e.g. a Transitional Support Fund – similar to the £20 million received by the fishing industry), and refocused diplomatic efforts on both a country by country basis and at an EU level.

Ideally this would lead to a cultural touring agreement included in the 2025 Review of the Trade and Co-operation Agreement (TCA) which would allow the short-term movement of artists, waivers from checks for instruments and kit and permit registered event hauliers to move between the UK and the EU seamlessly.³⁷

A robust copyright regime is also important in encouraging investment in emerging talent and allowing artists to ensure they are paid for the use of their work.

Recommendation: Linking music education with music businesses and delivering the Arts Pupil Premium.

³² <https://www.ukmusic.org/wp-content/uploads/2021/08/UK-Music-Response-to-the-Proposals-from-the-Fundamental-Review-of-Business-Rates-24-08-2021.pdf> p. 1

³³ <https://www.gov.uk/government/publications/business-rates-guidance-202223-retail-hospitality-and-leisure-relief-scheme/202223-retail-hospitality-and-leisure-relief-scheme-local-authority-guidance>

³⁴ <https://www.bbc.co.uk/news/entertainment-arts-57574807>

³⁵ https://www.ukmusic.org/wp-content/uploads/2022/07/APPG-on-Music_Let-the-Music-Move_A-New-Deal-For-Touring.pdf p. 6

³⁶ https://www.ukmusic.org/wp-content/uploads/2022/07/APPG-on-Music_Let-the-Music-Move_A-New-Deal-For-Touring.pdf pp. 12 – 13

³⁷ https://www.ukmusic.org/wp-content/uploads/2022/07/APPG-on-Music_Let-the-Music-Move_A-New-Deal-For-Touring.pdf p. 7

Recommendation: Improve the rights of the self-employed.

Recommendation: Reduce the tax burden on music businesses.

Recommendation: Breaking down barriers to touring the EU and establishing a one stop shop for information and a Transitional Support Fund.

An effective talent pipeline is critical to the long-term health of the industry. South Korea has shown the long-term benefits of ensuring that new artists can grow, succeed and export their talents, with K-pop established as a worldwide phenomenon and the South Korean boyband BTS set up as one of the world's most popular ensembles. If the UK does not improve its talent pipeline it will fall behind.

4. *What actions are needed from industry to support the talent pipeline development? A) What actions are needed from organisations in the creative industries to prepare for and accommodate the requirements of the future workforce?*

The UK music industry is actively engaging in talent pipeline development and retention, UK Music was active in working with the Creative Industries Council and the Department of Digital, Culture, Media and Sport (DCMS) to deliver the *Discover! Creative Careers* project which aims to advertise roles that students may not have considered.³⁸ More broadly UK Music and our members, alongside wider music companies have a range of initiatives promoting talent development that include (but not limited to):

- **MAP, Music Academic Partnership** – A network established and maintained by UK Music to build links between around 20 higher education and further education institutions as well as Awarding Bodies and music businesses, to ensure the development of practical industry skills.³⁹
- **Middlesex University Music Business MA** – The Association of Independent Music (AIM) has co-created a post-graduate masters degree programme with Middlesex University to upskill music workers and formally recognise workplace skills and practice. This forms part of AIM's broader range of educational activities, including a partnership with accreditation organisation 'Clock Your Skills', a Music Business & Entrepreneurship scholarship and placements partnership with ICMP, and its own AIM Academy music business skills programme and EDI training.⁴⁰
- **Music Export Growth Schemes (MEGS)** – Administered by the BPI and joint-funded between industry and Government (the Department for International Trade and DCMS) MEGS provides grants of £5,000 - £50,000 to UK-registered small and medium sized independent music companies to support them in 'breaking' established UK artists internationally, since 2014

³⁸ <https://discovercreative.careers/about/about-the-creative-careers-programme/>

³⁹ <https://www.ukmusic.org/education-skills/music-academic-partnership-map/>

⁴⁰ <https://www.aim.org.uk/#/news/just-announced-put-your-valuable-workplace-experience-towards-a-new-masters-degree-in-music-business-saving-you-time-and-money>

it's supported 302 artists including rapper Dave, rock band Wolf Alice and singer-songwriter Self Esteem.⁴¹

- **The PRS Foundation** – The PRS Foundation, funded by UK Music's member PRS for Music, is the UK's leading charitable funder of new music, providing £41million to 8,100 new music initiatives since 2000.⁴² This includes funding for the International Showcase Fund offering support to smaller and independent UK-based artists, bands, songwriters and producers who have been invited to perform or create new work at showcases abroad with the aim of boosting the UK's music export potential.⁴³
- **FAC Step Up Fund** – A fund created by the Featured Artists Coalition supported by Amazon Music to provide support to boost the development of 10 artists while acknowledging structural challenges.⁴⁴
- **The WRD** – Launched by the Ivors Academy this is a two year pre-degree diploma in Creative Entrepreneurship that will be taking its first in take in September 2022, delivered through innovative immersive learning.⁴⁵
- **Digital Marketing for Music Managers** – A Level 3 qualification open to members of the Music Managers Forum delivered by MusicAlly that aims to deliver practical tools for digital marketing for learners.⁴⁶
- **ICMP/MPG Creative Music Production Scholarship** – A scholarship for an outstanding student to launch their music career delivered in partnership between the ICMP and the MPG presented in association with the PRS Foundation.⁴⁷
- **Richard Toeman Scholarship** – Run by the Music Publishers' Association (MPA). Designed to support the progress of two outstanding individuals, one recent graduate and one working in music publishing.⁴⁸
- **Mentoring in Music** – A guide by the Musicians' Union that covers all of the areas you need to build a beneficial mentorship link in the music industry and use that to provide a platform to build your career.⁴⁹

⁴¹ <https://www.bpi.co.uk/news-analysis/latest-round-of-music-export-growth-scheme-funding-opens-24th-august/>

⁴² https://prsfoundation.com/?gclid=CjwKCAjw6raYBhB7EiwABge5KvoGu5ser7NimYKAR99zhkLw-EaFddKdrVyfpe2eZ1HcwBL_dM74choChBMQAvD_BwE

⁴³ <https://prsfoundation.com/funding-support/funding-music-creators/international/international-showcase-fund/>

⁴⁴ <https://thefac.org/step-up-fund>

⁴⁵ <https://ivorsacademy.com/news/further-education-programme-thewrd-to-kickstart-young-creative-careers-in-music/>

⁴⁶ <https://themmf.net/training/>

⁴⁷ <https://mpg.org.uk/news/icmp-mpg-creative-music-production-scholarship/>

⁴⁸ <https://mpaonline.org.uk/our-work/richard-toeman-scholarship/>

⁴⁹ <https://musiciansunion.org.uk/events-career-development/learning-opportunities/mentoring-in-music>

- **NEKO Trust** – A charity focused on ensuring the next generation of music and live event talent breaks through and achieves their potential. This includes through the provision of workspaces and the development of a co-operative model of support.⁵⁰
- **Moving the Needle** – A network that works to provide information and support for women in the music industry to reach their full potential and be treated fairly at work in the sector.⁵¹
- **Technology in Music Education (TiME)** – A project that aims to highlight the importance and possibilities around music technical education, in Government, Hubs, schools and with teachers, and support the teaching of music technology education through support for teaching, spreading good practice and supporting workable systems.⁵²
- **Music: Leeds** – A not-for-profit that co-ordinates work across Leeds, including the City Music Forum and the Launchpad programme which supports emerging artists in the Leeds and Yorkshire areas. It has supported Leeds 2023 & Leeds City Council, Youth Music with public funding from the National Lottery through Arts Council England, as a PRS Foundation Talent Development Partner and with additional support from UK Music, Leeds Beckett University, Leeds College of Music, Leeds BID and Awesome Merchandise.⁵³
- **BRIT School** – The music industry has also worked to fund and support through the BRIT Trust which helps to support the BRIT School (the BRIT Awards helps raise funding for the trust, a key establishment in delivering high quality music education whose notable music alumni include Adele, Imogen Heap and Jessie J.⁵⁴
- **East London Arts and Music (ELAM)** – A Games Design, Music and Film and Television College, a world class Academy that opened in one of the most deprived areas of the UK in 2014 with the aim of giving children the education and training needed to be ‘industry ready’ specifically in the creative field, heavily supported by industry.

There are ongoing discussions on how emerging music workers should best be supported. However, it is important that the Government works with and listens to the industry and music workers on questions of sector and workforce skills.

⁵⁰ <https://nekotrust.org/about/our-story>

⁵¹ <https://www.mtnnow.com/>

⁵² <https://www.timemusicuk.org/about-us>

⁵³ <https://www.musicleeds.com/about-1>

⁵⁴ <https://www.brit.croydon.sch.uk/>

5. *What role do innovation and research & development play in addressing the future challenges facing the creative industries?*

In terms of the music sector the investment in new artists is as much a part of research and development as technological changes. Central to the role of record labels and publishing companies is *Artist and Repertoire (A&R)*, their work to discover, invest in, collaborate with and scout for new talent, invest heavily in, and work with these signed artists. Investment in this area has risen with UK record labels doubling their A & R investment by almost £500 million between 2016 and 2021.⁵⁵

Music companies also play a prominent role in navigating the technology change going through the sector, and it should be recognised that they are often engaged at the cutting edge of research and innovation. What is crucial is continuing to recognise the importance of human creativity in the music process through a robust IP framework.

a) *What actions are needed from the Government, funding bodies and sector organisations to support innovation, and research & development?*

Encouraging this investment in new artists and new music should be seen as a key part of encouraging innovation and development, by incentivising new music production and activity through a music tax relief. This could provide similar benefits to the UK music industry as has been seen from the Film, TV and Video Game production tax credits.⁵⁶ The British Film Institute has estimated that the Film Tax Credit created in 2007 has been worth £13.48 billion to UK economy and supported the creation of 219,000 jobs.⁵⁷

A similar tax credit for new British music production would be an opportunity to supercharge investment in new British artists and music and complement these existing tax breaks. The creation of a tax relief to stimulate UK music content creation and attract inward investment would help support exports, create diverse new talent, build and retain skills, and boost the economy all across the UK. It will incentivise investment in the next generation of world class music talent and facilities in the UK, and encourage inward investment into capacity building, professionalisation, and growth. UK Music is currently working with the sector to develop a detailed proposal for how this incentive would work in practice and make a funding pitch to Government.

This will also help onshore music production and work opportunities in a highly globalised music marketplace. For example, France has a new music production tax credit of up to €50,000 that has stimulated a rise of domestic music in their charts.⁵⁸ South Korea has also systemically invested in its cultural sector over the last twenty years.⁵⁹

⁵⁵ <https://www.bpi.co.uk/news-analysis/uk-record-labels-investment-in-talent-and-new-music-doubles-over-past-five-years/>

⁵⁶ <https://britishfilmcommission.org.uk/plan-your-production/tax-reliefs/>

⁵⁷ <https://www.bfi.org.uk/news/screen-business-report>

⁵⁸ <https://creativeindustriesnews.com/2021/11/frances-national-assembly-adopts-new-tax-credit-for-music-publishers/>

⁵⁹ <https://news.artnet.com/art-world/south-korea-president-orders-major-arts-investment-2150304>

Recommendation: Establishing a fiscal incentive to stimulate new music investment.

The UK music industry is currently a global leader in music, but as international rivals receive more and more support from their governments if the UK Government does not step up to the plate then UK music will eventually find the challenge of remaining globally important to be impossible with all of the implications that has for the UK economy and soft power.

6. How effective are the Government's existing strategies at supporting the creative industries to meet the challenges and opportunities ahead?

In 2018 the UK Government launched the Creative Sector Deal which provided £150 million over its lifecycle for the creative industries which UK Music welcomed at the time.⁶⁰ However the effects of the pandemic make it difficult to assess quantitative terms if this and other have been successful as the last year for which UK Music has reliable data on the state of the industry is when the pandemic ravaged 2020. In autumn 2022 UK Music will be releasing a report – This Is Music 2022 – covering 2021.

The statistics for 2020 are stark, with employment in the sector plunging by 69,000 (35%) from 2019 to 128,000 in 2020, GVA dropped £2.7 billion (46%) to £3.1 billion in 2020, music exports fell £0.6 billion (23%) in 2019 to £2.3 billion in 2020.⁶¹ While the industry has significant bounce back potential, and support such as the Culture Recovery Fund and the Self-Employment Income Support Schemes were vital to preventing systemic collapse this is a difficult landscape to assess how the current Government strategies are working.

The Creative Sector Deal emphasised the importance of creative exports, with the aim of doubling them by 2030, in a music context there remains a way to go on this. The Government could better support established UK artists by providing further funding for the BPI administered MEGS and the PRS for Music funded ISF.⁶² Due to the global nature of the music market, being internationally successful is now crucially important in establishing a successful career for UK artists.

MEGS joint funds grants ranging from £5,000 - £50,000 to UK registered SMEs and independent music companies to support UK artists who have achieved domestic success to expand their international following. The recorded music market is set to more than double globally from \$25.9bn in 2021 to \$53.2bn by 2030.⁶³ By increasing the co-funding that MEGS receives, the UK would be seizing on a global opportunity to increase our export revenues, which continue to grow - reaching over £580m in 2021. Ambitious funding for MEGS will reap dividends further down the line.

ISF specifically supports artists who are unsigned or at small companies play industry events and music showcases as well as attendance at song writing

⁶⁰ <https://www.ukmusic.org/news/uk-music-welcomes-government-pledge-to-safeguard-intellectual-property/>

⁶¹ <https://www.ukmusic.org/research-reports/this-is-music-2021/>

⁶³ <https://www.bpi.co.uk/news-analysis/latest-round-of-music-export-growth-scheme-funding-announced/#:~:text=The%20potential%20for%20continued%20growth,to%20%2453.2bn%20by%202030.>

campus.⁶⁴ It requires a more flexibility to fully fund promising artists and clarity around its long term funding arrangements. For example, FACTOR in Canada have longer multiannual financial frameworks and more flexibility in who they can support, in exceptional cases FACTOR can fund up to 100% of parts of a budget for a tour for example with marketing.⁶⁵

On building economic links with Europe which is our largest market, there remains a way to go. UK Music would also concur with the APPG on Music that the Government's position that the current access to the EU arrangements are "*workable*" misses the point.⁶⁶ These barriers are costing opportunities, restricting trade and acting as a tourniquet upstream on the talent pipeline. The UK will always have some large acts who will be able to absorb the additional costs, the point is we will have fewer of those acts as new artists struggle to build an international profile, therefore this is as much a talent development issue as it is a trade issue.

To holistically support UK music exports the UK Government should look at options for a Music Export Office. Music is a major global growth industry and while good work has been done in this space investment in a commercially focused and an ambitious Music Export Office could cement the UK's position as a key global music export hub as we move forward. Such an office could provide strategic advice and support to artists and music businesses at varying stages of growth. As previously stated other governments are aggressively moving into this space and UK government support would ensure that the UK music sector is competing on a level playing field.

Recommendation: Bolstering funding for early career musicians as exporters, boosting funding for MEGS, ISF and creating a Music Export Office.

On music education, this paper earlier outlined the decline in the number of UK students taking formal music qualifications, it remains to be seen if this will be balanced out by rising uptake vocational qualifications. A particular concern is that this will lead to a postcode lottery, as a school with very few formal entrants at GCSE or A-level is unlikely to have a strong music department while a strong department is perhaps more likely to offer the full suite of music qualifications. The effect of the NPME also remains to be seen, but it is important that Government rhetoric in this area switches and Ofsted is encouraged to mark schools down if their music provision is failing. 2022 showed a mixed year for music with A-level music rising by 4% but take up of GCSE music falling 3.8% and music A-level uptake still 29.4% down on 2014 numbers.⁶⁷

In terms of accessing support for research and development the music industry shares many of the issues that the CreaTech sector faces more generally in

⁶⁴ <https://prsfoundation.com/funding-support/funding-music-creators/international/international-showcase-fund/>

⁶⁵ <https://www.factor.ca/>

⁶⁶ https://www.ukmusic.org/wp-content/uploads/2022/07/APPG-on-Music_Let-the-Music-Move_A-New-Deal-For-Touring.pdf p.13

⁶⁷ <https://www.ukmusic.org/news/uk-music-chief-urges-political-leaders-to-ensure-music-is-at-the-heart-of-education-after-a-level-results-reveal-welcome-rise-in-music-students/>

accessing UK Government funding. The UK Treasury takes a very narrow view of the OECD Frascati definition of R&D restricting it to science and technology rather than the full definition which specifically includes “*knowledge of humankind, culture and society*”.⁶⁸ This means creative research does not qualify as a tax deductible and is therefore not incentivised in the same way as other R&D. A simple change to unleash creative research and stimulate innovation in the sector would be for Treasury to adopt the full Frascati definition. If the UK is to improve its productivity it needs to move away from the idea that research and development happens only when scientists in long coats conduct experiments in labs, and towards the idea that research and innovation should be happening continually across the economy and particularly in the creative industries.

This could help drive the creation of creative technology clusters as the Creative Sector Deal called for, to help narrow the gap between the South East of England and the other regions of the UK.

Recommendation: Include creative research in R&D tax relief programmes.

It is vital that amid the talk of technical revolution the UK Government does not lose sight of the importance of human creativity and the practical skills that the music sector needs to be able to continue to produce era defining artists, stage incredible live concerts and provide the technical support that it is vital to delivering high quality music.

Other countries have noted the economic, cultural and strategic importance of their music industries and are investing accordingly. To give the UK music industry a fighting chance of retaining its global position the UK Government needs to be ambitious and systematic in its support going forward. This should include:

- **Maintaining a gold standard copyright regime in the UK, and the Government should actively work to support UK creative intellectual property.**
- **Establishing a fiscal incentive to stimulate new music investment.**
- **Linking music education with music businesses and delivering the Arts Pupil Premium.**
- **Improving the rights of the self-employed.**
- **Reducing the tax burden on music businesses.**
- **Breaking down barriers to touring the EU, establishing a ‘one stop shop’ for information and a Transitional Support Fund.**
- **Bolstering funding for musicians as exporters, boosting funding for MEGS, ISF and creating a Music Export Office.**
- **Including creative research in R & D tax relief programmes.**

To deliver a truly creative future Government strategy must balance delivering new skills and avenues for growth with protecting the building blocks of the sector; the music itself and the people who make it that have made Great Britain synonymous with great music. UK music has bestrode to the world’s stage for decades, with the right support there is no reason we should not have an encore.

⁶⁸ <https://www.oecd.org/sti/inno/frascati-manual.htm>

Annex

UK Music's membership comprises: -

- AIM – The Association of Independent Music – the trade body for the independent music sector and community which make up more than a quarter of the UK's recorded music market. Representing 1000+ independent record labels and associated businesses, AIM's members range from globally recognised brands to the next generation of British music entrepreneurs.
- BPI - The British Phonographic Industry - The representative voice of the UK's recorded music sector. Their membership consists of approximately 500 music companies, ranging from hundreds of SME independent labels to the major global record companies Universal, Sony and Warner. They also organise the BRIT Awards, the Mercury Prize and administer the Music Exports Growth Scheme (MEGS).
- FAC – The Featured Artists Coalition - UK trade body representing the specific rights and interests of music artists. A not-for-profit organisation, they represent a diverse, global membership of creators at all stages of their careers and provide a strong, collective voice for artists.
- The Ivors Academy - An independent association representing professional songwriters and composers. As champions of music creators for over 70 years, the organisation works to support, protect and celebrate music creators including its internationally respected Ivors Awards.
- MMF – Music Managers Forum - representing over 1000 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 music studios, producers, engineers, mixers, remixers, 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 over 32,000 musicians from all genres, both featured and non-featured.
- PPL licenses recorded music in the UK when it is played in public or broadcast and ensures that revenue flows back to our members. These include independent and major record companies, together with performers ranging from emerging musicians to globally renowned artists. In 2021 we collected £252.8 million while also distributing money to 147,000 performers and recording rightsholders.
- PRS for Music is responsible for the collective licensing of rights in the musical works of 150,000 composers, songwriters and publishers and an international repertoire of 28 million songs.
- UK Music also has an informal association with LIVE (Live music Industry Venues & Entertainment), the voice of the UK's live music and entertainment business. LIVE

members are a federation of 13 live music industry associations representing 3,150 businesses, over 4,000 artists and 2,000 backstage workers.