



7 November

An open letter ahead of the 2019 General Election

I am writing an open letter on behalf of members of UK Music, the umbrella body for the commercial music industry, to the leaders of all political parties contesting the 2019 UK General Election. We respectfully ask that you kindly give consideration to this letter when formulating the manifestos upon which you will be campaigning on in the coming weeks.

The value of music creators, record companies, music publishers, collecting societies and the live sector to the UK is well documented by UK Music. The industry as a whole is worth several billion to the UK economy. It also contributes billions in export revenue and creates employment for hundreds of thousands of people in the UK. We will be revealing new statistics which demonstrate this economic contribution in our new report, Music By Numbers, when it is published on 20 November.

2019 has already been an excellent year for the UK music industry. Lewis Capaldi recently reached number one on the Billboard Hot 100 in the US with “Someone You Loved”. The year has also seen fantastic debut albums from Tom Walker, AJ Tracey, Dave, Mabel and Sam Fender – all released to huge critical acclaim and commercial success. We also continue also to be a world leader in all genres – from classical to opera, jazz to folk and traditional music.

The UK music industry provides a solid foundation for these successes. Ed Sheeran is the biggest selling touring artist in the world, building on 2017 when 5 of the top 10 biggest world tours were by UK acts. Ed’s “Divide Tour” is now officially the highest grossing tour of all time. Last year 3 of the 13 most popular arenas anywhere in the world were in the UK. In 9 of the last 14 years, the biggest selling album in the world has been from a UK artist.

Year after year, decade after decade, this country produces incredibly creative musical talent that consistently takes the world by storm. People around the world still look in awe at British musicians and our music creators, as well as the industry that supports it.

At this critical time as our country prepares to head to the polls on 12 December and elect a new Parliament to tackle the challenges we face, UK Music seeks the support of all political parties, and the candidates representing them, for a vision of the music industry that will tackle fundamental issues, enable even greater future success to continue and promote growth.

Protecting Copyright

First and foremost, strong copyright protection supports all growth in the music industry. It provides financial rewards for creators and incentives for businesses to invest in their endeavours. We need a legal framework to make the UK the world's best place to make content.

We currently enjoy a high level of protection for copyright in the UK yet leaving the EU must not be used as an excuse to weaken the framework. Instead, copyright should be protected and enhanced, including in any new trade deals. The UK should aspire to be the most attractive place in the world for creativity.

Initiatives such as the Copyright Directive are designed to improve the way creators and those that invest in them are financially rewarded. Without the Directive, creators will continue to get a raw deal. For example, Google-owned YouTube currently pays creators significantly less than the real value to them. The core principles of the Directive must be reflected in UK copyright law – whatever the outcome of Brexit. The next government must set out a road map outlining how it intends to take the Directive and its key proposals forward.

Copyright infringement remains a major problem for the music industry. According to the Intellectual Property Office 2018 Copyright Infringement Tracker, around 31 per cent of online music content is accessed illegally. At present, the scope of the Government's Online Harms White Paper does not cover economic harms, such as infringement of IP. It is vital these reforms are broadened to require platforms to protect the creative work and intellectual property of music creators. The next government should also ensure, through its existing IP roundtable process, that online platforms adopt responsible new voluntary proactive measures to prevent illegal content appearing on their services.

Securing Our Talent Pipeline

Whilst the immediate outlook remains solid, there is some evidence of significant problems in the music industry's talent pipeline.

1. The first is the decline of music in state education. Over the past five years, the number of people studying A-level music has declined by an alarming 30 per cent, while the total number of people studying A-levels dropped by only 4 per cent over the same period. A total of 17 per cent of music creators were educated at independent schools, compared to 7 per cent across the population as a whole. Around 50 per cent of children at independent schools receive sustained music tuition, but the figure is only 15 per cent for state schools.

If we want to produce the stars of the future, we've got to make sure everyone has access to a music education, irrespective of background. As part of its work to refresh the National Plan for Music Education the Government should secure universal access to music within state education, as well as achieve a broad-based music education within curriculum learning. Improvements can also be made to teacher training, particularly for generalist teachers. Music in schools can be incentivised in schools through OFSTED making a good cultural offer a condition of an "outstanding" inspection. The UK Music Rehearsal Spaces network, which supports practice rooms and studios in low-income areas, should also be expanded and enhanced. There should also be an independent analysis of Music Education Hubs, with a view to making further improvements, building on best practice around partnership working and innovation.

2. Another worry is the impact that Brexit could have, specifically on the ability of artists to move freely across Europe, or European musicians coming to the UK, without extra costs and bureaucracy. UK Music has advocated a single EU-wide live music 'touring passport' to avoid new restrictions. What would essentially be a visa waiver would mitigate against any negative impacts that come with losing freedom of movement.

Tours could also be exposed to potential delays due to customs checks at borders as a result of the introduction of an expensive and time-consuming carnet system. Just one delay at one entry point could put an entire tour in jeopardy.

Equally, requirements to pay import duties and VAT at borders may also have an impact on selling merchandise, damaging export earnings in the process.

3. The Government must address specific problems with the business rates system. Our live music venues and festivals operate on extremely small margins. Failure to absorb rising rate charges could result in those businesses becoming unsustainable. This defeats the objective of business rates as closure would mean zero revenue would be collected.

In particular, rising business rates are the single most common reason behind grassroot music venue closures, with rates increasing on average by 31 per cent since the 2017 revaluation. These venues are not eligible for business rate relief under the Government's retail discount scheme and are instead excluded on the basis of not being "similar in nature" to pubs and clubs. This is clearly a nonsense. Reversing this policy would be modest – it would cost just over £1 million over a two-year period, benefiting 124 venues in England and enabling future talent to perfect their skills and develop fanbases in the process.

4. Furthermore, to protect venues and other establishments such as recording studios, UK Music seeks the creation of an "asset of cultural value". Based on the "asset of community value" model this would allow stakeholders to bid for culturally significant businesses to ensure the studio or venue can keep running.

Increasing Entrepreneurial Support

Businesses who invest in talent and ensure talent connects with the market must be supported.

1. Alongside some large companies, the UK music industry, like many other sectors within the creative industries, comprise a disproportionately high number of SMEs, micro businesses and sole traders. Many of these businesses suffer from a lack of sources of inward investment. There is an urgent need for a tool to educate investors and pump prime inflows of capital, as well as incentivise companies that are developing the next generation of world-class UK talent to invest more in new recordings and new artist signings and to encourage global talent to use the UK's world class studios and recording facilities.

2. Fiscal incentives have been used to great effect to support creative sectors and we look to the next Government to commit to developing policy work in partnership with UK Music with a view to introducing a tax credit system to help encourage greater investment into UK music production.

3. International trade support is also crucial to many music businesses, helping to grow exports through attracting new audiences abroad. The Music Export Growth Scheme (MEGS) - which was established in 2013 and is administered by the BPI - allows this to happen. PRS Foundation's International Showcase Fund (ISF), is another example. Both schemes are supported by the Department of International Trade. Government funding for these schemes should be renewed and extended further.

4. We want to make the creative working environment as diverse and accessible as possible. Adopting fair and inclusive employment practices is crucial to this. We are calling on the next government to update shared parental leave and pay rules to include self-employed parents as part of the #SelfieLeave campaign.

At present, there is no shared parental leave and pay system in place for self-employed parents. The current system of Maternity Allowance for the self-employed places the entire burden of childcare onto the mother and offers no financial support for self-employed fathers or same-sex partners wanting to share some or all of the childcare. This inflexible system is holding back equality in the music industry, where 72% of all workers are self-employed.

Conclusion

UK Music has been extremely grateful for the support of all the political parties over the previous Parliament. Together we have achieved much – from securing a legally binding Agent of Change principle to help music venues in planning law to securing cross-party consensus on the EU Copyright Directive.

We know that all the parties share our determination to ensure that in the years ahead we guarantee creativity continues to thrive and that our music industry remains the globally successful. We hope that you will embrace many of the ideas we set out in this letter and we wish you the best of luck for the forthcoming campaign.

Kind regards,

Michael Dugher
CEO, UK Music