23 January 2024

UK Music - Spring Budget 2024 Submission

Background

1. UK Music is the collective voice of the UK’s world-leading music industry. UK Music represents all sectors of the music industry – bringing them together to collaborate, campaign and champion music. A full list of UK Music members can be found in Annex A.

2. Music is one of the UK’s most vibrant sectors: a national asset that generates billions of pounds for the economy, supports thousands of jobs across the country, and has a global cultural impact that underpins the UK’s status as a soft power superpower. It plays a fundamental role in the success of the UK’s world-leading creative industries, which feature as one of the Chancellor’s five priority growth sectors.

3. In 2022 the UK’s music sector contributed £6.7 billion to the UK economy and employed 210,000 people. This is 0.6% of all jobs in the UK: employing as many people as the insurance, steel and pharmaceutical industries combined.

4. The UK’s music industry is a global success story. We are the third largest recorded music market in the world and UK music exports were worth £4 billion in 2022. The UK remains one of only three net exporters of music globally and is the second-largest exporter of recorded music in the world, after the USA.

5. The UK’s music sector still has significant growth potential, with Goldman Sachs predicting that the value of the global recorded music market will double by 2030 to $50.1 billion, while the live sector is expected to increase by a third to $39.5 billion.

6. However, there is increasing global competition from other emerging territories vying for a share of this expanding market. Without action, the UK risks being overtaken by those who are more proactive and ambitious in promoting and supporting their music sectors.

7. The Government must therefore invest in our innovative sector to help keep us at the forefront of the global music industry.

8. In September 2023, UK Music published “A Manifesto for Music”. Our Manifesto called on the Government to develop a medium to long-term music strategy focussed on growing the sector. Key asks included greater protections for creators from AI, creating a music export office and fixing the European touring Crisis. This submission summarises our key financial asks of the Government.
Increase Support forExisting Government-Industry Partnerships

9. Government-industry partnerships, like the BPI-administered Music Export Growth Scheme (MEGS) and the PRS Foundation’s International Showcase Fund (ISF) promote British music abroad and generate economic revenue.

10. MEGS is designed to boost UK music exports by supporting British SMEs to build on the commercial potential and profile of their artists in overseas markets. Now in its tenth year, the scheme is joint funded by the Government and the music industry and delivers over £13 for every £1 of government money invested. To date it has awarded £5m to 330 artists such as Mercury Prize winners Dave and Ezra Collective, Nova Twins and Wolf Alice. The scheme vital in helping British artists to break through on the international stage in an ever-growing and increasingly competitive global music market.

11. ISF offers vital export support for UK-based artists, bands, songwriters, and producers who have been invited to perform or create new music at international showcasing festivals or conferences. Support may include travel, accommodation and visa costs for upcoming artists looking to perform at showcase events like SXSW, Canadian Music Week and Eurosonic. For every £1 of Department for Business & Trade’s contribution to the International Showcase Fund, supported artists were able to generate £27 in revenues.

12. We are grateful for the uplift in funding that MEGS has received for the next two years and the recognition from Government of the value of this scheme. A longer-term commitment in relation to funding would provide greater certainty for the scheme and ensure it continues to support artists. In addition, to further boost export growth the ISF should continue to receive additional Government funding.

Deepen Support for Under Threat Music Spaces

13. The current system of Business Rates unfairly penalises music spaces like studios and venues - since they often require a large floor space and are in city centres or regenerating locations.

14. In addition, modern music infrastructure often involves multi-use facilities affiliated with indie labels and SMEs. These multi-use locations typically include studios, rehearsal spaces and other community music facilities that suffer from high rates.

15. Some venues have seen their Business Rates rise by as much as 800% in the last decade. Business Rates rises are divorced from the ability of the business to pay, often effectively taxing otherwise viable small businesses out of existence. Rising rates have been a major driver of music space closures in recent years.

16. While UK Music welcomes the 2023 Autumn Statement’s extension of 75% business rates relief to April 2025, this should be seen as an opportunity to consider a long-term cut to business rates for all music spaces.
17. Updating outdated Standard Industrial Classification (SIC) codes is critical for business rates reform, with studios, venues, and other music spaces lacking dedicated classifications reflecting their unique characteristics. In fact, the DCMS commissioned Music Studio Market Assessment recommended that there should be a specific business rates category for music studios, given the current practice of inconsistent classification leading to subjective calculations.

Reduce VAT on Tickets to 10%

18. UK gig-goers are charged 20% VAT on tickets, which is almost double the EU average (10.3%) and around triple countries like Belgium (6%) and Germany (7%).

19. This is the third highest rate on cultural ticketing in Europe. Audience members pay more tax on tickets in the UK than anywhere else in Europe, except Denmark and Lithuania.

20. The Music Venue Trust (MVT) estimates that every £10 spent on a ticket in a live music venue is worth £17 to the local economy. Reducing VAT on tickets to 10% (in line with the EU average) will incentivise investment in the grassroots of the sector, stimulate live music activity and boost local economies.

Introduce a Tax Credit to Encourage new UK Music Production

21. Unlike other creative sectors, such as film, TV, animation, and video games, the UK music industry does not benefit from a fiscal incentive, such as a tax credit scheme.

22. This puts the UK at a competitive disadvantage compared to other established music markets, such as France, Australia, and some US states, who offer such incentives.

23. A tax credit supporting music creation in the UK would allow us to retain our homegrown talent and attract significant inward investment, helping to ensure that the UK is a global destination for music making.

Deliver Further Investment for Music Education

24. The global success of the UK music industry is rooted in music education and creative skills. High quality music education is vital for securing our talent pipeline and producing the highly skilled music professionals of the future.

25. The current Government pledged in its 2019 manifesto to spend £90 million a year on an arts premium for secondary school pupils. Initially, former school’s minister Nick Gibb MP explained the decision not to deliver the premium in 2020 was “due to the focus on new priorities as a result of the Covid-19 outbreak”. However, four years later the policy has not been delivered.
26. We therefore call on the Government to deliver its manifesto pledge and introduce an arts pupil premium to support schools in giving access to music and the arts for the poorest students. This will help ensure that no one’s ability to play is contingent on their parents’ ability to pay.

27. In addition, the 2022 National Plan for Music Education (NPME) outlined the Government’s vision for Music Education Hubs, stating their aim is for Hubs to “enable all children and young people to learn to sing, play an instrument and create music together, and have the opportunity to progress their musical interests and talents, including professionally”.

28. However, Music Education Hubs’ have seen their budgets cut, in real terms, by 17% since 2011. Additional funding is essential to guarantee widespread access to music education opportunities nationwide, thereby securing a robust talent pipeline for the crucial economic driver that is our music sector.

29. Further investment is also needed to address the shortage of music teachers. There are currently nearly 1,000 fewer secondary school music teachers today than there were in 2012.

30. The removal of the music teacher training bursary in 2020 has exacerbated the challenge of restoring teacher levels to their previous numbers. While we welcome the Government announced the reinstatement of the teacher training bursary for music for the academic year 2024/25, we urge for a sustained commitment to its future and increased investment in teacher training.

**Increase Arts Council England (ACE) Funding**

31. ACE, and its devolved equivalents, provide vital funding support and grants for music projects. Beneficiaries include many grassroots music venues, a diverse range of orchestras, music charities, independent labels and promoters, and music education organisations.

32. However, funding reductions and removals from the National Portfolio have highlighted that ACE requires a larger funding settlement to continue investing in projects without making cuts elsewhere. This additional investment should also be extended to arts councils in devolved nations.
Annex A

UK Music’s membership comprises:

- **AIM - 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 Export 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** - The representative voice of the UK’s music publishing sector. Membership includes over 95% of the country's major and independent music publishers and 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** 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.