UK MUSIC

MU5IC BY NUM8ERS

Little Simz performing at the Hyundai Mercury Prize Awards Show | BPI - JMEnternational ©

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RT HON NICKY MORGAN
Secretary of State for Digital, Culture, Media and Sport

Not only does the UK music industry make a huge contribution to the country's cultural life but it is also an economic powerhouse.

This year's *Music By Numbers* report reveals the industry is worth an amazing £5.2 billion to the economy and the live music sector is breaking the £1 billion barrier.

We are seeing exciting new artists like Sam Fender, Dave and Little Simz achieve great success and the figures in this report are testament to the outstanding creativity of our world-leading artists.

There are now 190,935 people working in the music industry in a variety of roles and disciplines. I have no doubt that initiatives such as the Creative Careers Programme, developed between the Government and the creative industries, will make sure this figure can grow even further in the years ahead.

Delivering an international strategy for the UK's creative industries is an important priority and I am hugely grateful for UK Music's ongoing contribution to the Creative Industries Trade and Investment Board.

As this report reveals, music is a hugely successful British export worth £2.7 billion a year and we need to work together to ensure this success continues.

We know there are also some specific challenges for the music industry. From protecting intellectual property to safeguarding the grassroots sector and growing the talent pipeline, the Department for Digital, Culture, Media and Sport will continue working with UK Music to allow this country's music industry to grow and flourish.

UK Music has built an excellent reputation over the years for providing robust data that helps shine a light on the music industry. It enables all of us involved in policy making to understand the impact of this important sector, so I am delighted to introduce this year's *Music By Numbers* report.

MICHAEL DUGHER
Chief Executive of UK Music

Welcome to our inaugural *Music By Numbers* report, which I believe offers a fascinating and definitive insight into the health of the British music industry.

We are always looking at ways to improve the economic reports that we produce to give the best analysis of what makes the music business tick.

As part of this process, we have made big changes this time. We have expanded the number of sectors of the industry from which we draw information to give an even more detailed and authoritative account of a complex eco-system that delivers so much value to the economy and so much pleasure to millions.

Music By Numbers pulls together its forerunner reports, *Measuring Music* and *Wish You Were Here*, into this new expanded and enhanced report. It reinforces once again that the British music industry is doing fantastically well. It's vitally important to realise that we understand that the success is not down to one particular sector, but the whole industry working together to deliver a massive contribution to the nation.

But that does not mean that we do not face significant challenges if we are to build on that success and continue to be a world leader when it comes to music.

One crucial task is making sure that we protect and nurture our talent pipeline so that we keep on producing global superstars. That requires collaboration, not just across the music industry, but across government, in the devolved administrations, city regions and local authorities, among education leaders and everyone involved with music.

Music has the power to enrich and change lives. We need to ensure that everyone, regardless of their background, gets the chance to enjoy music. If access to music is increasingly something that is only available to those who have the benefit of the 'Bank of Mum and Dad' then we as a society and a country will be all the poorer for it. That's why we outline in our 'Next Steps' section the actions needed to keep our British music industry on top of the world.

I hope you enjoy the report and thank you for supporting all that we do at UK Music.

2figures.

MUSIC INDUSTRY CONTRIBUTED

£5.2 BILLION

TO THE UK ECONOMY

£2.7 BILLION

GENERATED IN

EXPORT REVENUE

190,935

FULL-TIME JOBS

SUSTAINED

The UK music industry contributed £5.2 billion to the UK economy in 2018. The total export revenue of the music industry was £2.7 billion and employment in the industry hit 190,935.

These statistics show that music continues to be a firmly established part of our cultural fabric and a vital part of the economy.

The Music Creators sector represents almost half of the UK music industry Gross Value Added (GVA) contribution at £2.5 billion, strongly demonstrating how creation is the beating heart of the music industry.

The Live sector also continues to be a huge success, making a GVA contribution of £1.1 billion in 2018. Exports are also strong. The Recorded sector contributed £478 million and Publishing £618 million to the total export revenue of £2.7 billion.

This year we introduced a revised methodology which gives us a sharper and more detailed picture of the economic contribution and importance of the UK music industry, however it means the direct, like-for-like comparisons with the data we collected in previous years are not possible to make.

We are now measuring the impact of the Retail sector for the first time on music's economic contribution. We have also captured new data about lawyers, accountants, recording studios, instrument sales and music retailers.

While like-for-like comparisons are not possible, our analysis of the broad trends shows us that the industry has seen growth across the board in every sector from music creators, retail and recorded, to publishing, representatives and live.

The growth came despite the various challenges the music industry faces including concerns about Brexit, rising business rates and the issues of enforcing copyright in an increasing complex online market, where platforms are often incentivised to avoid fairly rewarding creators.

Sam Smith performing at the BRIT Awards Show | BPI - JMEnternational©

Table 1: **Thematic Grouping**

Sectors	Sub-Sectors
Music Creators	musician composer songwriter lyricist singer producer engineer
Music Retail	retail of musical instruments manufacture of musical instruments digital music retail physical music retail
Recorded Music	recorded rights holders record labels physical manufacturing & distribution digital distribution recording studios
Music Representatives	collective management organisations music managers music trade bodies music accountants music lawyers
Music Publishing	publishing rights holders publishing companies
Live Music	music festival organisers music promotors music agents production services for live music ticketing agents - proportion of their activities involved with live music concert venues and arenas - the proportion of their activities involved with live music

Diagram 1: **Commercial Assets**

Asset 1:
A musical composition and/or lyrics (notes on a page)

Asset 2:
A (master) recording of the music composition

Asset 3:
A live musical performance

Asset 4:
An artist him or herself (as a brand, reputation or image)

Our definitions were first developed in 2013. For the purpose of *Music By Numbers* we have updated our definition of the core music industry. *Table 1* demonstrates the relationship between what UK Music has identified as Sectors (Thematic Groups) and Sub-Sectors (Elements of the Core) within the music industry. The sub-sectors that are used in this definition are united by their relationship to the commercial assets of the UK Music industry. We have identified these commercial assets as shown in *Diagram 1*.

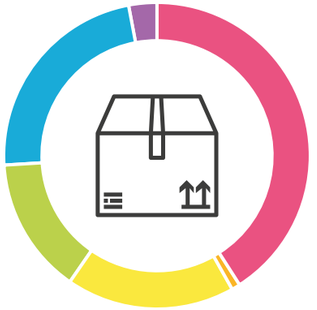
There are two types of relationships to these commercial assets that justify inclusion in the core of the music industry.

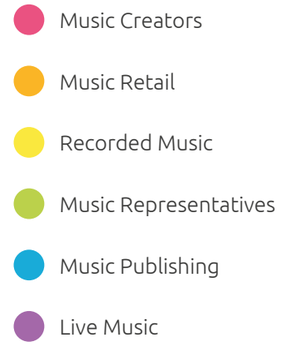
First – economic activities that create these commercial assets. (An example is the creative process of composing, performing or recording music.)

Second – economic activities whose primary focus is upon the steps necessary to bring these assets to a position where they are able to be distributed and transacted with consumers and businesses in one way or another.

GVA*
£5.2 BILLION

EXPORTS†
£2.7 BILLION





It is important to note every part of the music industry contributes to the success and assets generated by the music business. By working together, the sectors of the industry generated a value of £5.2 billion to the economy in 2018. The inter-dependency between sectors is what gives the UK music industry its diversity and economic success, fostering a unique eco-system.

EMPLOYMENT‡
190,935

* Gross Value Added (GVA) is the grand total of all revenues, from final sales and (net) subsidies, which are incomes into businesses. Those incomes are then used to cover expenses (wages & salaries, dividends), savings (profits, depreciation), and (indirect) taxes.

† Total export revenue equals the total receipts generated from music within all sectors from outside the UK.

‡ Employment is measured as full-time equivalency.

Tom Walker | Sequoia Ziff ©

3 sectors.

music creators.

GVA
£2.5 BILLION

EXPORTS
£1.1 BILLION

EMPLOYMENT
139,352

The Music Creators sector includes musicians, singers, composers, songwriters and lyricists, and for the first time, producers and engineers have also been included within this group. The data selection has been expanded to more accurately reflect and include everyone who contributes to the creation of a "musical asset" – such as a song or composition.

Overall, Music Creators contributed £2.5 billion in GVA to the UK economy, which makes up almost half the industry's total £5.2 billion contribution, showing how vitally important creators are to the music business.

It is important to understand these figures do not reflect the financial struggles of many music creators. A small proportion of creators in the industry do earn exceptionally well. However, according to the Office for National Statistics (ONS), musicians earned an average income of £23,059 in 2018 – well below the national average of £29,832.

Creators contributed £1.1 billion to the total export revenue in 2018. Our research found that producers contribute a significant amount to exports, as their jobs see them working often with international artists.

A total of 139,352 people were employed in the Music Creators' sector in 2018, and employment growth continues to be strong as more creators switch from part-time to full-time work.

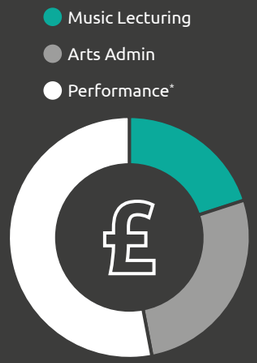
According to the DCMS, 72% of those working in music, performing and visual arts are self-employed. That compares to just 15% of the UK working population as a whole, according to the ONS. The Music Producers Guild found that 94% of its membership are self-employed according to their 2019 survey.

Many music creators still find it hard to sustain a full-time career. This has resulted in a workforce where many juggle multiple roles within the industry.

Our research found more artists are self-releasing, self-managing and self-publishing, but this can put pressure on these individuals and leave them at risk when developing their careers.

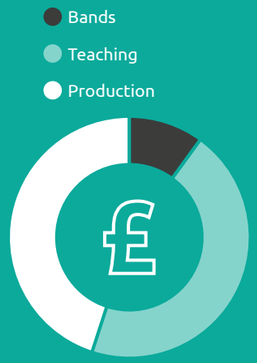
case studies - creators.

Diljeet Bhachu – Performer



After teaching herself to play the recorder, Diljeet was already making her own musical arrangements at the age of ten before later performing and composing experimental music on her flute. She is now looking to eventually split her time 50:50 between academia and performance. As a backer of #SelfieLeave, a campaign UK Music supports, Diljeet would like to see more help for self-employed parents in the music industry and better financial support for artists.

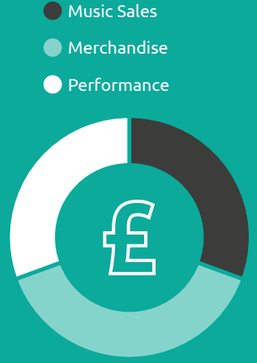
James Grunwell – Senior Producer, Ampli-fi



After playing in a blues band in Scarborough, James went to Leeds College of Music to study pop music and earned cash teaching guitar. He is now moving away from teaching and taking on more production jobs involving arranging, mixing and mastering - working via the internet with people across the world. James believes more help is needed to support emerging creators with the cost of recording their work.

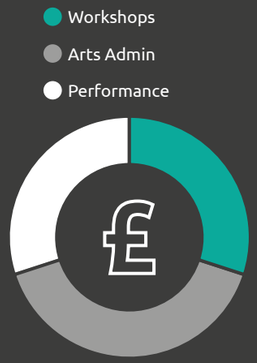
* Performance income includes royalty payments.

ShaoDow – Rapper



ShaoDow started out selling CDs on the streets to promote his work. He now earns his income from a variety of sources. Boosted by support from the PRS Foundation's Momentum Music Fund and a grant from Arts Council England, he believes emerging artists need more help. The rapper is also convinced that artists now have to be multi-disciplined to earn a living. In terms of future changes, he would like to see artists get more revenue from streaming services.

Amy Doyley – Singer-Songwriter



With musical parents, Amy went to The BRIT School before studying commercial music at Westminster University. Amy has diverse streams of revenue including performing original material, playing in a covers band and running music workshops. Citing financial issues as the biggest potential barrier to her career, Amy would like the Government to offer freelancers more help in the form of healthcare, mental health support and securing a decent pension.

music retail.

NAO

The Music Retail sector includes physical and digital recorded music sales - for example buying a CD, purchasing a musical instrument or paying for a streaming service.

Music instrument sales, an area often overlooked when examining retail in the music industry, contributes a substantial amount to the £402 million total GVA. Buying instruments is a major outlay for music creators.

Vinyl continues its resurgence with sales up 1.5% in 2018 on the previous year, according to the BPI, in part thanks to the ongoing popularity of schemes like Record Store Day and National Album Day. This has in turn helped the UK maintain a fantastic network of small independent shops who hold their own against the online giants.

The success of streaming services continues to grow. The BPI report there were 90 billion streams in 2018 in the UK alone. That's up 33% from 2017. Given the popularity of streaming and potential for its future growth it is vital that all music creators are fairly rewarded for their work.

GVA
£402 MILLION

EXPORTS
£24 MILLION

EMPLOYMENT
11,688

case study - rough trade.

Frank Carter and The Rattlesnakes | Rough Trade ©

After opening as a small record shop in Ladbroke Grove in 1976, Rough Trade now employs around 80 people from Bristol to New York and is a globally recognised brand.

Separating from the record label in 1982, the indie icon enjoys a rapidly growing online social following of more than 500,000 fans and hosts about 1,000 live events a year in the UK alone.

Music - predominantly vinyl - accounts for three quarters of Rough Trade's total sales, but its selection of books also lure in buyers with '"well above average duration" store visits, partly thanks to the refreshment offer of a coffee or a beer.

Rough Trade says that while downloads were competing against the traditional LP, streaming is very much complementary and a significant sales driver of vinyl.

Despite its increasing global success, the firm outlines some of the challenges faced by music retail companies such as raising staff salaries and the difficulty of paying employees in London the Living Wage because of high property and rate costs compared to online businesses.

Rough Trade believes the Government should be doing far more to support High Street retail, especially in London, or risk a key part of the capital's cultural fabric disappearing with all the damage that would cause to the economy and the tourist industry.

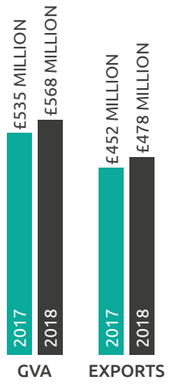
When it comes to the future, Rough Trade is convinced that the one constant will be that exciting new music will be forever in demand.

recorded music.

GVA
£568 MILLION

EXPORTS
£478 MILLION

EMPLOYMENT
5,379



Revised methodology applied to 2017 and 2018 figures to compare like with like.

Dua Lipa performing at the BRIT Awards Show | BPI - JMEnternational ©

The Recorded Music sector includes record labels, music distributors, recorded rights holders, physical manufacturers and for the first-time in our research, recording studios. Our revised methodology, which previously focused on manufacturing and distribution services, means the data capture is now able to give us an even clearer picture of the state of the industry.

The sector contributed £568 million in GVA to the UK economy, which is a rise of 5% on 2017 figures, and £478 million in exports, which is a rise of 8%.

Label revenues alone, as reported by the BPI, were up by 3% for 2018, with the rate of increase accelerating in the first half of 2019. This represents the third year of consecutive growth in label revenues, which have risen by over a fifth (22%) since 2015. The significant investment and risk undertaken by the record labels helps to prime much of the value created by the sector as a whole.

The inclusion of studios in the data for the first time has helped boost GVA. However, our research showed that many studios are facing growing financial pressures from increasing rents and business rates. This has led to many diversifying by letting out or sharing office space, putting on events and running educational activities.

case study - air studios.

AIR Studios ©

Established when George Martin quit EMI in 1969 to set up his own base, AIR Studios became one of the most successful operations in the world.

Creators from across the globe come to the studios at Lyndhurst Hall, opened by Sir George in 1992, to record at Britain's premier scoring facility.

The complex at Hampstead continues to lure the major classical labels, high-profile artists as well as some of the biggest movie scores. It also incorporates mastering facilities in its Grade II listed HQ, a former church and missionary school.

Its big clients include the Hollywood film majors, attracted by the huge reservoir of talent offered by the UK's musicians and the space available to record large orchestras.

The strength of the film market has helped compensate for the drop-off in the number of bands coming through the doors, as more creators now record their work on computers due to advances in recording software.

The sector has seen studio closures in recent years and, like other studios, AIR faces challenges such as the requirement to be ultra-flexible to meet the needs of late booking clients and rising bills for utilities and other costs.

The studios would like to see the Government act to mitigate the impact of rising business rates - a rocketing cost that has hit many studios and music venues.

It is also keen to see film tax credits maintained. The credits play an important role in encouraging US film studios to come to the UK. Tax credits for the music industry could be used in a similar way to help encourage musicians to come to the UK to record.

Another recent challenge was the threat of development works with potential for noise pollution that would destroy the fundamental viability of the business. AIR would like to see consideration for construction noise impacting audio businesses taken into account during planning applications.

With its strong base in film and TV and new clients from the streaming world, AIR is facing the future with confidence.

music representatives.

The Music Representatives' sector includes music managers, music trade bodies, collective management organisations (CMOs) and for the first time in our research, lawyers and accountants who represent music organisations or music creators are also included.

Representatives contributed £148 million to the music industry's GVA in 2018, while exports remained strong at £387 million. Contributions from collective management organisations (CMOs), such as PRS For Music and PPL, were a large part of the export revenue. CMOs deal with the management of copyright and the collection of revenue for their members who include musicians and performers.

Today music managers are involved far earlier in a music creator's career with many investing their own cash into helping nurture and kick start their careers.

According to the Music Managers Forum report *Managing Expectations*, 74% of managers surveyed have invested their own money into the careers of their current clients, while 40% have received no outside investment for their artist and 35% have used personal savings to develop their profession.

The evolving and expanding role of managers means more are now extending their work into roles traditionally offered by other parts of the music industry as they broaden their skill sets beyond deal negotiations and project management.

Lawyers and accountants are also an integral part of the music business and tracking them in future years will help show trends in this area and add to the 2,624 employment figure. The services that they offer contribute behind the scenes to the success of so many on stage.

Georgia performing at the AIM Awards | AIM - Sarah Louise Bennett ©

GVA
£148 MILLION

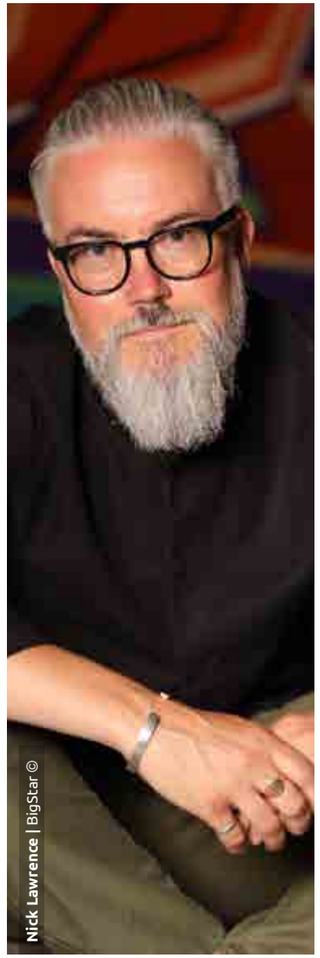
EXPORTS*
£387 MILLION

EMPLOYMENT
2,624

* See methodology on page 33 for representatives exports definition.

BIGSTAR
BUSINESS MANAGEMENT & ACCOUNTANCY

case study - big star.



Nick Lawrence | BigStar ©

With a history in the world of accountancy and music, founder and CEO Nick Lawrence established Big Star in 2017.

The firm has over 300 business management and accountancy clients including emerging artists, international touring bands, rightsholders, agents, management companies, promoters and festival organisers.

It is a rapidly growing organisation with a couple of prerequisites for staff. They have to possess the relevant experience and qualifications, but also be passionate about music.

Big Star believes communication, transparency and pricing are the key to building and maintaining good relations with clients.

It charges a monthly retainer fee for services from bookkeeping to compliance (accounts and tax) plus routine advice, so clients know exactly how much they will pay.

Its business model includes a cloud-based service for their clients with 24/7 access to their accounts.

The cost is key. If services are unaffordable, then music business entrepreneurs will be precluded from access to valuable advice, and potentially make a wrong turn that could affect their entire career.

A large part of the expanding role of the accountant, is helping clients understand how to maximise the multiple revenue streams that now exist in the music business.

The biggest challenge Big Star faces is recruiting the right employees who fit the ethos of the company. Being emotionally invested in the world of music, and the ability to establish and manage a client relationship of absolute trust are essential.

Another test, common to many accountancy firms working in the industry, is the belief that HRMC could operate more efficiently. Quicker processes and a reduction in costs would be welcomed.

By appointing the right accountant with music industry experience, today's emerging creators and artists will have the best possible chance of success.

music publishing.

Cate Le Bon | Ivanka Kličković ©

Music publishers and publishing rights holders operate on behalf of songwriters and composers, collecting revenue when their work is used commercially, securing commissions and sync deals, which is when work is licensed for use in film, advertising and games.

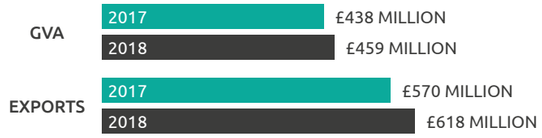
The sector contributed £459 million in GVA to the UK economy and £618 million in exports. The graph shows an illustration of the revised methodology when applied to the 2017 statistics demonstrating continued growth in the sector.

The Music Publishing sector supports around 1,363 jobs. Over the past five years, there have been several consolidations within the publishing world and many businesses have merged to form larger organisations, yet the number of employees have continued to rise reflecting the industry's expansion.

GVA
£459 MILLION

EXPORTS*
£618 MILLION

EMPLOYMENT
1,363



Revised methodology applied to 2017 and 2018 figures to compare like with like.

* See methodology on page 33 for publishing exports definition.

live music.

Crowd at Tramlines Festival | Giles Smith ©

The live sector includes festival organisers, promoters and agents, production services, and ticketing agents, grassroots music venues, concert venues and arenas (the proportion of their activities which involve live music.)

Even though 2018 was a fallow year for Glastonbury, a surge in festival ticket sales across the country saw the UK's live music sector's contribution to the economy grow to a record high of £1.1 billion, which is a 10% overall rise on 2017.*

Festivals have become an important part of people's leisure time. According to research from Ticketmaster 45% of festival-goers attend a festival for atmosphere, while 42% go for the line-up. Festivals also have a key role in developing artists' fanbases. 54% of festival-goers seek out gigs for an artist they discover at a festival, according to Ticketmaster, showing how the live sector can feed back in to the rest of the industry.

A total of 4.9 million people attended festivals in 2018 compared to 2.7 million in 2012, according to our data.

Three of the top 13 arenas in the world – The SSE Hydro in Glasgow, the Manchester Arena and the 02 Arena – are in the UK, according to Pollstar.

However, grassroots also play a vital part in the industry's eco-system, acting as an incubator for emerging talent.

A total of 30,529 people were employed in the live music sector in 2018, a rise of 7% on 2017 when the total stood at 28,659.

GVA
£1.1 BILLION

EXPORTS
£80 MILLION

EMPLOYMENT
30,529

* As we have not revised definitions concerning live music, it is possible to provide year-to-year comparisons for this sector.

4 music tourism.

Live music in the UK continues to be a great success story. Every year the sector shows growth. Last year 29.8 million fans attended live music events in the UK, a rise of 2% from 29.1 million in 2017.*

Total concert attendance in 2018 remained level at 24.9 million, but again the biggest growth was festivals, where the total audience in 2018 soared by 23% to 4.9 million – up from 4 million in 2017.

As live music continues to be a big part of people's lives, the sector is leading the way in making sure these magical moments can be shared by everyone. Many festivals and venues have been working with organisations like Attitude Is Everything to ensure their events are accessible. Artists are leading the way too, putting in place practices at their shows to make sure fans feel safe and heard; whether that's concerning sexual assault or mental health issues. Live music is also looking to the future, introducing measures to cut its carbon footprint and thanks to schemes like PRS Foundation's Keychange, making sure line-ups are gender-balanced.

However, there is still more to do. We need to continue to support our grassroots venues, which are facing increasing pressures from rising rents and business rates, noise complaints and planning issues which could be addressed in part through local councils implementing the Agent of Change principle.

The data we have collected for music tourism includes both overseas and domestic visitors. We classify domestic visitors as those who are travelling from within the UK to see live music events.†

This area of the live music industry generated £4.5 billion in spend in 2018, rising 13% from £4 billion in 2017. A total of 11.2 million music tourists enjoyed events in the UK in 2018 - up 3% from 10.9 million in 2017.

Overseas visitors surged by 10% from 810,000 in 2017 to 888,000 in 2018, while domestic tourists accounted for 10.3 million of the total figure – up 2% from 10 million in 2017.

There was a 12% rise from £2.5 billion in 2017 to £2.8 billion in 2018 in direct spending from music tourists, which is expenditure from the concert and festival attendees. Indirect spending - which is the additional cost in the supply chain such as security - rose by 13% from £1.5 billion in 2017 to £1.7 billion in 2018.

A total of 45,530 full-time jobs were sustained by music tourism in 2018 – up by 1% from 44,896 in 2017.

The average spend by overseas music tourists was £851 in 2018 - up by a healthy 13% on the £750 in 2017. The figure was more than four times higher than the £196 average spend by domestic music tourists in 2018 – up by 5% on the £186 in 2017.

A breakdown of this data by region is available online on the UK Music website.

* As we have not revised definitions concerning music tourism, it is possible to provide year-to-year comparisons.

† Domestic visitors were classified as either "locals" or "tourists" based on distance travelled to the venue rather than on whether their initial location was in a different Government Office Region. See full methodology.

THERE WAS A TOTAL OF
11.2 MILLION
MUSIC TOURISTS GOING TO
LIVE MUSIC EVENTS

MUSIC TOURISTS SPENT
£4.5 BILLION

45,530
JOBS WERE SUSTAINED BY MUSIC TOURISM

number of music tourists.

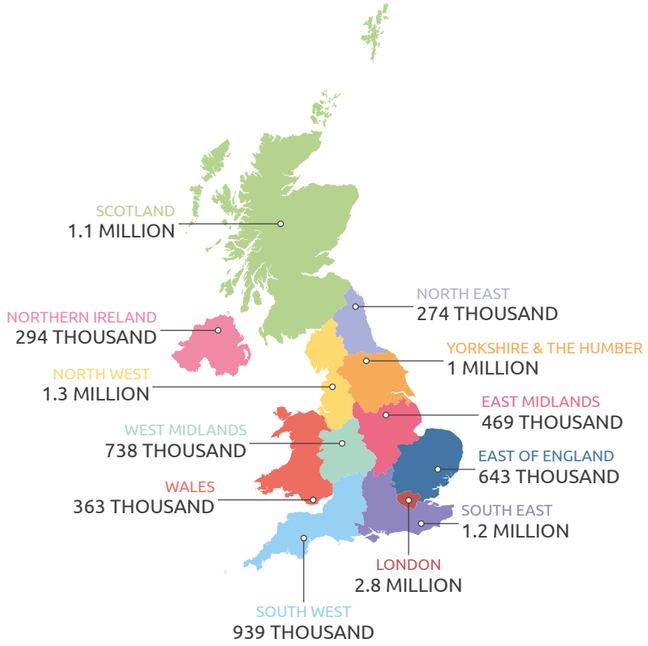
This map shows the total number of tourists attending live music events across each region in 2018. Music tourists include those travelling from overseas, as well as domestic tourists, who live in the UK but are not local to the events they are attending.

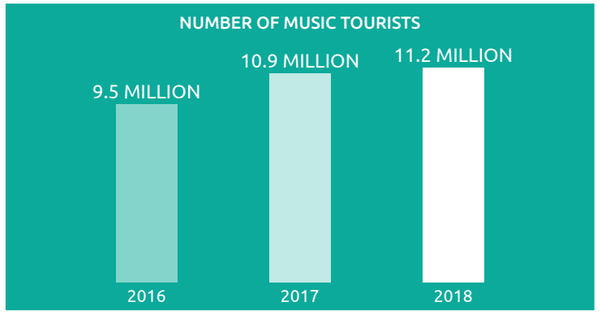
Scotland saw the strongest growth, rising from 800,000 tourists in 2017 to 1.1 million in 2018, a jump of 38%. New festivals such as Summer Sessions helped to attract the growing number of music tourists.

London attracted the largest number of music tourists with 2.8 million coming to the capital, lured partly by the range of festivals in parks such as Wireless and Lovebox.

The graph shows the number of music tourists who came to the UK over the last three years, hitting a new high of 11.2 million in 2018.

The number of overseas tourists rose by 10% to reach 888,000. The North East saw overseas tourists increase by 118%. The Great Exhibition of the North ran for two months in the region adding to the rise.





music tourist spend.

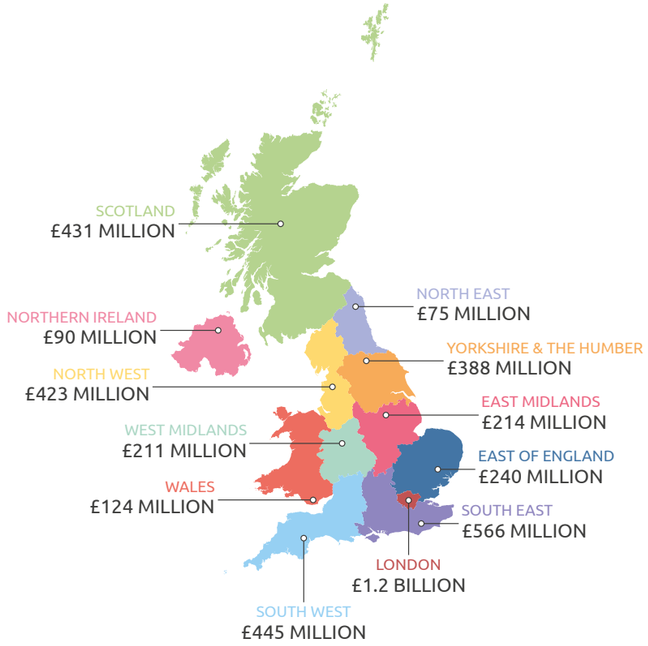
This map displays the total amount of spend generated by music tourists per region.

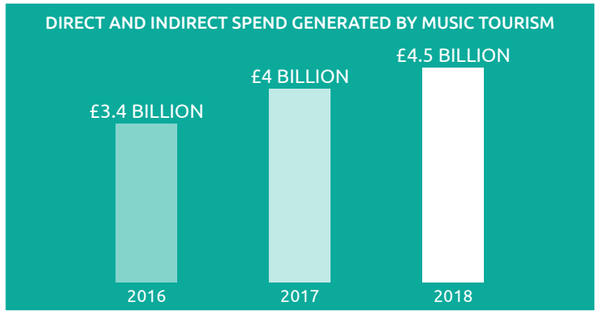
This includes direct spend such as tickets, merchandise and money spent on drinks, food and accommodation, as well as indirect spend, which covers costs created by organisers in running the event, such as hiring space or equipment.

London saw the greatest amount of spending by music tourists who spent £1.2 billion. Other regions that saw large increases in tourist spend included Yorkshire and the Humber, Scotland, and North East.

Yorkshire and the Humber had a 21% rise, from £321 million in 2017 to £388 million in 2018. The area saw concerts from acts such as Britney Spears at Scarborough Open Air Theatre, which helped contribute to the region's 49% rise in concert spend.

The graph shows the total spent by music tourists over the past three years, reaching a record number of £4.5 billion in 2018.





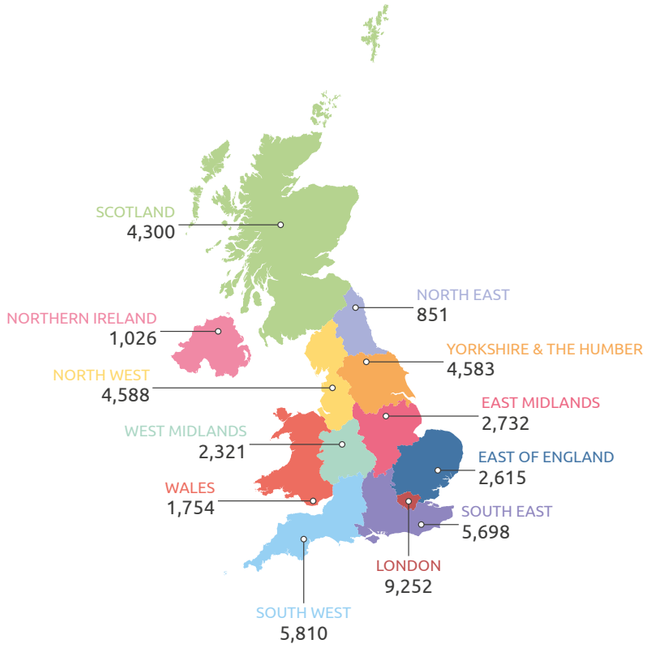
music tourism jobs.

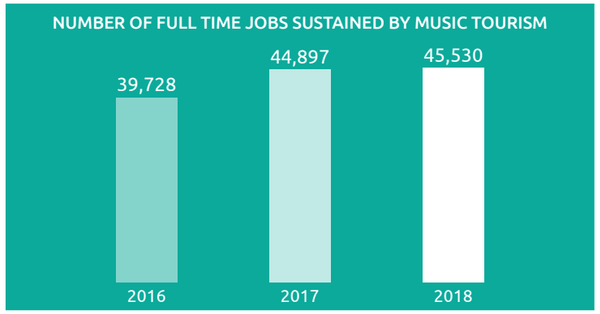
This map shows the number of full-time equivalent jobs sustained by music tourism broken down by region. Roles within the industry range from promoters and sound engineers, to security and bar staff, and reach across a range of pay grades and skill levels. Many learn on the job, as well as attend college and university courses.

London saw an increase of 23% in the number of jobs, rising from 7,518 in 2017 to 9,252 in 2018. This was especially prevalent in the festival sector which saw employment rise by 74% to 2,889. The region has seen a boom in the number of festivals and park shows taking place, with new events like All Points East and Kaleidoscope, helping to increase the number.

The graph shows the number of jobs nationally sustained by music tourism, from 2016 to 2018, with a record high of 45,530.

Employment numbers have risen by 15% over the past three years. The nature of the industry means many festival jobs are filled by freelancers and seasonal workers, many returning to the same events every year.





Dave performing at the Hyundai Mercury Prize Awards Show | BPI - JMEnternational ©

5 next steps.

Music By Numbers reveals the significant impact the music industry has on the UK economy. Here, we outline the steps that Government and policy-makers should take in order to maintain growth and success across the UK music industry.

business rates

Grassroots venues offer a great opportunity for emerging artists to develop their skills in front of audiences, however 35% of venues have closed in the past decade.

Rising business rates continue to be the single most common reason behind venue closures. The 2017 business rate revaluation amounted to a 31% increase in business rates payable by grassroots venues.

Grassroots music venues are not eligible for business rate relief under the Government's retail discount scheme. The guidance to local authorities says that music venues "are not similar in nature" to pubs and clubs.

UK Music has campaigned to establish a change to the guidance to ensure grassroots music venues are eligible for business rate relief in the same way as pubs and clubs.

This modest change would cost just over £1 million over a two-year period, benefiting 124 venues in the process. The Government must act to help safeguard our venues.

copyright protection

The successful #LoveMusic campaign, led by UK Music, helped to pass the Copyright Directive in March 2019. The Directive will improve the way creators and those that invest in them are financially rewarded.

Without the Directive, creators will continue to get a raw deal. Google-owned YouTube currently pays creators significantly less than the real value to them.

The Directive must be properly transposed into UK legislation - whatever the outcome of Brexit. Failure to deliver these vital changes would be disastrous and leave the UK out of step with its largest music market.

The Government must set out a road map outlining how it intends to take the Directive forward.

Copyright infringement remains a major problem for the music industry. According to the Intellectual Property Office 2018 Copyright Infringement Tracker, around 31% of online music content is accessed illegally.

At present, the scope of the Government's Online Harms White Paper does not cover economic harm. It is vital these reforms are broadened to force platforms to protect the creative work and intellectual property of music creators. The Government should also ensure, through the IP Roundtables process, that online platforms adopt responsible new proactive measures to prevent illegal content appearing on their services.

shared parental leave for the self-employed

We are calling on the 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. That has to change.

international trade support

Worldwide selling tours from UK artists like Ed Sheeran and Adele, as well as the critical acclaim of music genres like grime, show how successful the UK music industry continues to be overseas.

This success relies on UK artists being able to grow their 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.

talent pipeline

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

If we want to produce the stars of the future, we've got to invest in talent for the future. We need 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. Sustained funding for music education is also required to halt the decline in music in education, along with empowering local solutions for music education through City Region Music Boards. Schemes like the UK Music Rehearsal Spaces network, which supports practice rooms and studios in low-income areas, should also be expanded and enhanced.

From 2009-2011 UK Music worked with Sound Connections and the DCMS to open 14 rehearsal spaces across England. The original scheme reached over 33,000 young people (of which 75% were aged 11-18) and created 65 jobs. Its success led to an expansion to 23 spaces which are part of the scheme today. We are keen to see a greater provision of these spaces so more young people can access and benefit from rehearsal facilities.

The system that supports the music economy relies on a constantly refreshed pool of young and diverse creative talent.

UK Music is committed to helping companies diversify and adopt fair and inclusive employment practices. We continue to work with the Government and industry to achieve this and make workplaces as accessible as possible.

touring after brexit

Brexit could have an impact on the UK's touring artists' ability to move freely across

Europe without extra costs and bureaucracy.

The Government must back plans for a single EU-wide live music 'touring passport' to avoid new restrictions. This new passport would mitigate against any negative impacts that come with losing freedom of movement.

We are concerned that losing freedom of movement of goods will see the introduction of an expensive and time-consuming carnet system. The Government must ensure Brexit does not damage our world-leading industry.

fiscal incentives

Fiscal incentives have been used to great effect to support creative sectors. For example, film, big budget TV programmes and interactive entertainment all benefit from tax credits for new productions. However, currently, there is no equivalent scheme for the commercial music industry.

The music industry, like many other sectors within the creative industries, comprises a disproportionately high number of SMEs, micro businesses and sole traders. Many of these businesses suffer from a lack 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.

The risks to the UK music market of not acting now include the economic risk of the UK losing its place as one of the world's only net exporters of music, as well as vastly reducing the diversity of talent that benefits from investment. The DCMS should 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.

George Ezra | Phil Smithies ©

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Africa Oyé

888,000 overseas tourists visited Britain's brilliant festivals and live music venues in 2018. For unforgettable experiences, choose the UK

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6 methodology.

At UK Music we are constantly striving to improve the accuracy of the economic reports we produce on the state of the music industry.

This year, as part of that work, we have expanded the elements of the industry about which we collect data and have developed a new definition of what constitutes the core UK music industry.

The methodology has been revised and developed from previously published editions of *Measuring Music* and *Wish You Were Here* - the forerunners to our *Music By Numbers* report. We believe these changes will help us capture an even more accurate picture of the economic health of our industry now and in future.

These changes have seen us expand the sub-sector of music representatives to include music accountants and music lawyers who make up an important part of our industry.

We have also captured recording studio data and classified it under Recorded Music.

We have combined musicians, composers, songwriters, lyricist and singers with music producers and sound engineers to form the Music Creators sub-sector, based on feedback from UK Music member organisations.

Some figures in this report are not directly comparable to our previously published *Measuring Music* report. Therefore, we are not providing comparative figures where this is the case. This is due to some parts of the music industry measuring new additional sub-sectors which we have captured for the first time this year. We have also refined the data collection methods for a number of sub-sectors.

Our analysis of Music Retail includes physical, digital, streaming and the sale of music instruments.

In partnership with the Music Publishers Association, we have worked to revise the definition for the publishing sector and quantified such changes to more accurately reflect the market.

We have also seen an improvement in our data collection. There were more than 1,600 respondents to the Music Creator Survey. Working in partnership with Music Managers Forum, we were able to obtain data from over 150 music managers. These changes have all improved our snapshot of the industry.

In this report UK Music examines what the UK music industry generates in terms of value to the UK economy. To do this we calculate the results in terms of GVA (Gross Value Added), exports and employment.

These are the same metrics used by the Department for Digital, Culture, Media and Sport (DCMS). While limitations in the Standard Industrial Classification (SIC) codes apply to data reported by DCMS, these limitations do not apply to the results that we report in *Music By Numbers*.

For live music exports, we restrict estimations of live music exports to expenditures at gigs or festivals, rather than all expenditures incurred in relation to these events, such as travel and transport, which is covered in the Music Tourism section in the report.

With regard to exports, UK Music uses the Organisation for Economic Co-operation and Development (OECD) definition of exports, which is recognised internationally by governments and other agencies. This states: "Exports of goods and services consist of sales, barter, or gifts or grants, of goods and services from residents to non-residents".

For example, when non-residents of the UK spend money on tickets for music concerts or festivals in the UK, they are contributing to exports, as they are non-residents spending on the services of residents.

But, in respect of most of the exports covered in *Music By Numbers*, money moves across international borders. That is non-resident consumers and/or businesses are making purchases outside the UK which, through a wide range of channels, transfer back across international borders to UK-based businesses.

Export income comprises an unusually large proportion of revenue to UK music publishing and music representatives. Therefore, because of this, what remains as total GVA is less than its total export revenue.

A complete methodology is available on the UK Music website.

Daniel Kidane | Kaupo Kikkas ©

This report on the music industry has been created on behalf of UK Music and its members to highlight the contribution of the music industry and music tourism to the UK economy.

UK Music is the umbrella organisation which represents the collective interests of the UK's music industry – from artists, musicians, songwriters and composers, to record labels, managers, music publishers, studio producers, music licensing organisations and the live music industry. The members of UK Music are: AIM, BPI, FAC, Ivors Academy, MMF, MPA, MPG, MU, PPL, PRS For Music and the Live Music Group.

The UK Live Music Group is made up of members of the Association for Electronic Music (AFEM), Association of Independent Festivals (AIF), Association of Festival Organisers (AFO), Concert Promoters Association (CPA), Agents Association (AAGB), International Live Music Conference (ILMC), National Arenas Association (NAA), Production Services Association (PSA) and Music Venues Trust (MVT) with contributions from PRS Foundation, MU, MMF, FAC and BPI.

UK MUSIC

7acknowledgments.

Throughout this project we have received support from all parts of the music industry with this research. Without their collaboration and enthusiasm this report would not be possible.

We are grateful to the wide range of individuals and organisations that have provided datasets essential to this analysis. Each member of UK Music has granted us access to their data and permission to survey their own membership. In addition, accountants of some the UK's leading music acts have provided valuable information to allow us to complete this work. We would also like to thank the Music Industries Association (MIA) for their support.

We are also grateful for the assistance from a number of ticketing agents across the country who have been integral in contributing to this project, as well as the music creators and businesses for donating their time in order for us to present our case studies.

We are pleased to continue working with the Intellectual Property Office (IPO), The Department for Digital, Culture, Media and Sport (DCMS) and the Office for National Statistics (ONS) on this project.

We are especially appreciative to the ONS for allowing us access to the Virtual Microdata Lab (VWL) which has enabled us to apply a bespoke methodology for the calculation of the music industry's GVA.

The economic analysis was carried out in partnership with Oxford Economics and a methodological statement is to be found on the UK Music website.

The project is managed by **Natalie Williams**, Head of Research at UK Music.

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