UK MUSIC

MEASURING MUSIC

2018 REPORT

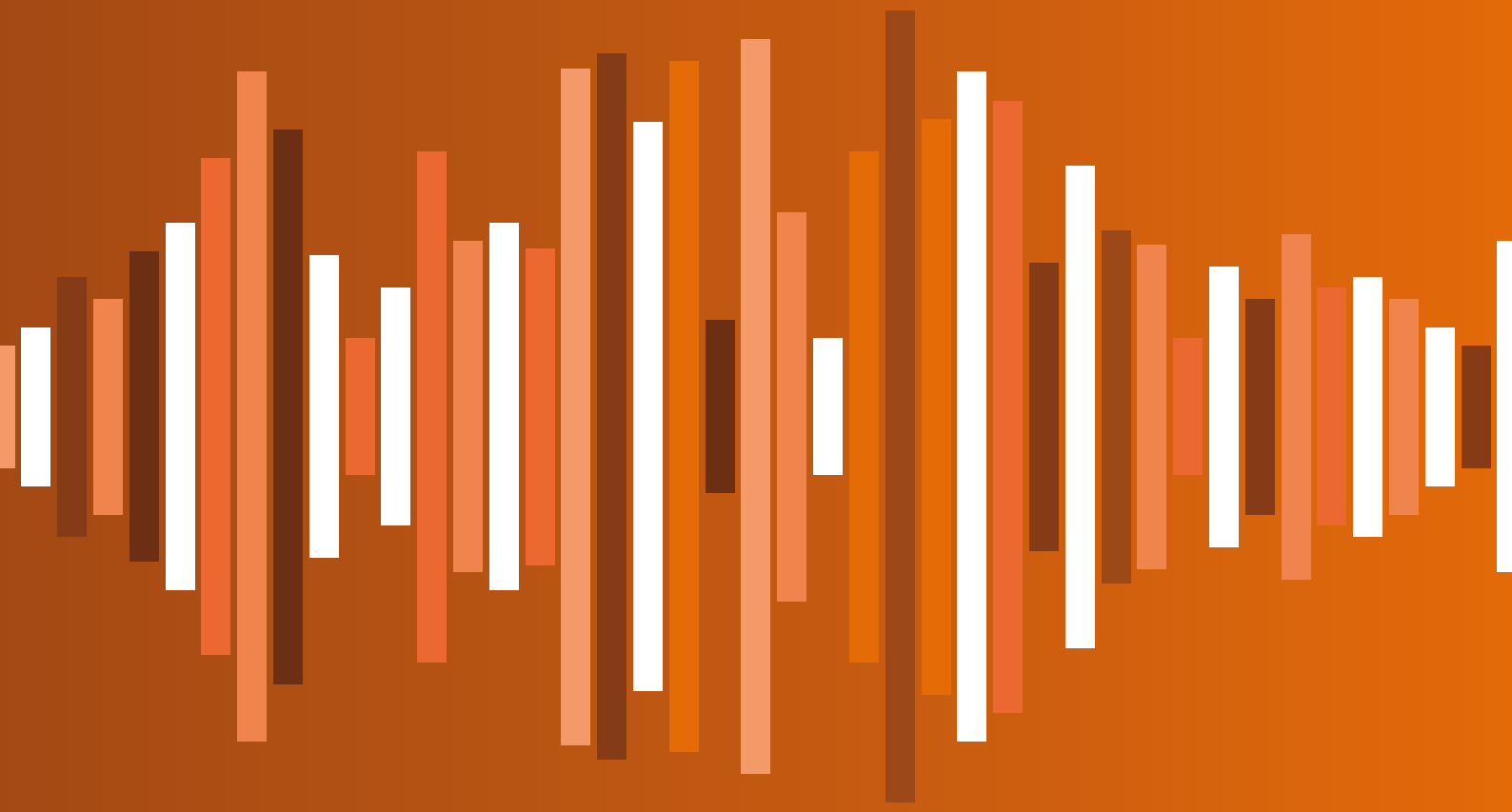


Photo Credit | Sheku Kanneh-Mason | © Lars Borges / Decca

CONTENTS

WELCOME

Margot James MP
Minister of State for Digital & Creative Industries 3

INTRODUCTIONS

Michael Dugher
CEO, UK Music 4

Andy Heath MBE
Chairman, UK Music 4

HEADLINE 2017 FIGURES FOR UK MUSIC INDUSTRY 6

THE UK MUSIC INDUSTRY'S 2017 ECONOMIC CONTRIBUTION IN NUMBERS 7

CHALLENGES WE FACE 12

WORKING IN THE MUSIC BUSINESS

Ralph Salmins 15

Printed Music Licensing Limited 16

Nadia Khan 17

Metropolis Studios 18

PPL PRS Ltd 19

METHODOLOGY 21

ACKNOWLEDGEMENTS 23

WELCOME

MARGOT JAMES MP
Minister of State for Digital & Creative Industries

I am delighted to welcome the findings in this year's Measuring Music report and congratulate UK Music for their commitment to producing firm evidence on behalf of their sector.

Working with Michael and his excellent team remains a perk of my job. The report demonstrates continued sustained growth with the music industry now contributing £4.5 billion to the economy. Exports have risen to £2.6 billion and the sector employs 145,815 people.

2017 was a very successful year globally for the UK music industry. Ed Sheeran's third album ÷ (Divide) was the biggest selling album of the year. The O2 in London was officially the most popular live music arena in the world. Five of the top ten most successful worldwide tours were from UK acts. 2018 is proving to be no different.

We need to build on these achievements and as the Minister responsible for the creative industries I am firmly committed to doing just that.

Earlier this year the Government, in partnership with our creative industries, introduced a sector deal as part of our Industrial Strategy. The Creative Industries Sector Deal sets out firm commitments to support sectors like music.

We recognise that protecting copyright is crucial to music's success and that we are committed to addressing the transfer of value from the creative industries and progress work on closing the value gap at European and domestic levels.

The Government also recognises the challenges music venues face with 35 per cent closing over the past decade. Working alongside Ministry of Housing, Communities and Local Government we introduced the agent of change principle in the new National Planning Policy Framework, providing a much needed tool to venues as part of any planning disputes. Music venues are crucial to the future success of our music industry and we are committed to protecting them.

I am confident that the UK music industry is brilliantly placed to benefit from the opportunities that lie ahead of us and maintain the global success story it undoubtedly is.

INTRODUCTIONS

MICHAEL DUGHER
CEO, UK Music

The figures in this Measuring Music report reveal that British music is doing incredibly well.

These are exciting times with our contribution to the economy at a record high £4.5 billion, exports are rising significantly, and growth in the creative industries overall is twice as fast as the rest of the economy.

I'm really proud of the fact that these figures show that when it comes to music, we in the UK are very, very good at what we do.

But when things are going well, that is exactly the time when we need to think about the future. We need to use this as an opportunity not for a moment of self-congratulations, but to say: what do we need to do today to ensure that we protect, nurture and build on this success for the future?

If we want to produce the next generation of global British stars for the future, we've got to think about, plan and invest in that future.

We have to make sure that every child, regardless of what background they come from or how much money their parents have, has the opportunity to access music, to enjoy its transformative power and to try out a career in a the industry if they want to.

The UK music industry is ready to play its part. We want to work with government and others to build on our current success so we can achieve even more in the future.

We are fortunate that levels of creativity in the music industry are really promising at the moment.

It is a fantastic time for music-makers and for consumers – both in the variety of music on offer and the different ways that people can choose to listen to music.

However, there are challenges. It is difficult in the digital age to break new talent because of the sheer quantity of music out there in a crowded marketplace.

That difficulty is growing and means brilliant creators have to fight harder than ever to get their music heard.

In the years ahead, it will be a test to help audiences and consumers differentiate and find the musical gems that make our industry so unique.

Due to our success, there are some digital services that are trying to break the unity we saw over the recent copyright battle to increase their own already huge profits.

I would just urge people to beware of Greeks bearing gifts in an effort to divide us. We are far stronger and more successful as an industry when we work together.

ANDY HEATH MBE
Chairman, UK Music

HEADLINE 2017 FIGURES FOR UK MUSIC INDUSTRY

£4.5 BILLION
Total Gross Value Added (GVA) contribution generated by the UK music industry 2017

£2.6 BILLION
Total export revenue generated by the UK music industry in 2017

145,815
Total Full-Time equivalent UK employment sustained by music in 2017

60%
Almost 60% of PRS for Music International revenue comes from Europe

12%
Increase in overseas revenues that were earned by UK record labels in 2017

£355 MILLION
International revenue collected by PPL over the last 10 years for performers and record companies

The success of the UK music industry is testimony to a creative sector that is punching well above its weight as the world's largest exporter of music outside of the US. Alongside Ed Sheeran, the most recent albums by Rag'n'Bone Man, Sam Smith and Harry Styles all featured in the International Federation of the Phonographic Industry's (IFPI) global top 10 for 2017.

Collaborative initiatives that see the UK Government working in partnership with the music industry have also helped to raise the international profile of British artists. The Music Export Growth Scheme (MEGS) – managed by the BPI and funded by the Department for International Trade (DIT) as part of the Export is GREAT campaign – has now distributed over £3 million to around 200 music exports projects since it made its very first awards to 15 artists in February 2014. MEGS has to date delivered an £11 return on every £1 invested to help support mainly independently-signed artists develop their fan-bases and commercial opportunities overseas. There is a strong case for this being extended beyond the current 2020 target.

The UK music industry is involved in international trade missions and events. This includes collaborative working between organisations like AIM, BPI, MPA, PPL and PRS for Music in promoting British music. Recent missions include visits to growing markets including China and India, while the annual LA Sync mission and UK presence at MIDEM in France and SXSW in Austin, Texas are key fixtures in the music industry calendar. The industry also takes a proactive approach for events designed to attract international buyers to the UK, such as The Great Escape in Brighton.

THE UK MUSIC INDUSTRY'S 2017 ECONOMIC CONTRIBUTION IN NUMBERS

We have used the same definition for the core music industry in this report as we did in our first assessment of its economic contribution.

The table below displays the relationship between what UK Music has identified as Sectors (Thematic Groups) and Sub Sectors (Elements of the Core) within the music industry.

The infographic overleaf shows the music industry's contribution in goods and services, known as Gross Value Added (GVA), to the UK's national income or Gross Domestic Product (GDP). Exports are the part of this contribution generated by revenues outside the UK.

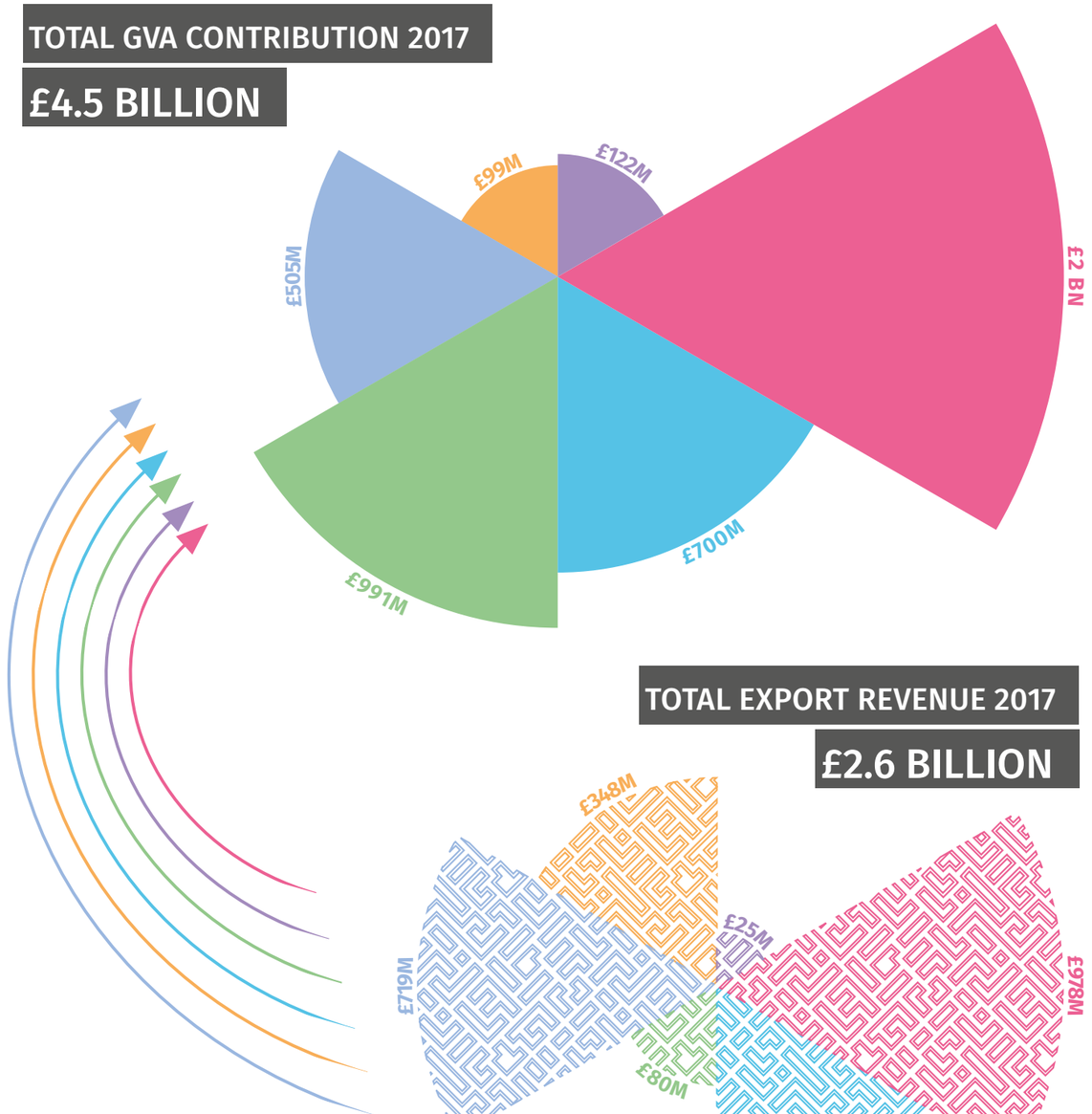
This is followed by a graphic below which shows the number of jobs sustained in 2017.

While musicians, composers, songwriters and lyricists contributed over £2 billion in Gross Value Added (GVA) to the UK economy last year, and producers, recording studios and their staff contributed £122 million, it is vital to understand that these figures do not reflect the level of their earnings. A small proportion of those in the industry do earn well. But there are also many in the music business who earn an average or below average salary.

SECTORS	SUB SECTORS
Musicians, Composers, Songwriters & Lyricists	Musicians, singers
	Composers, songwriters, lyricists
Recorded Music	Record labels
	Online music distributors
	Design and manufacture of physical product and packaging
Live Music	Music festival organisers, music promoters, music agents
	Production services for live music
	Ticketing agents – the proportion of their activities involved with live music
	Concert venues and arenas – the proportion of their activities involved with live music
Music Publishing	Music publishers
Music Representatives	Collecting societies
	Music managers
	Music trade bodies
Music Producers, Recording Studios and Staff	Music producers
	Recording studios and staff

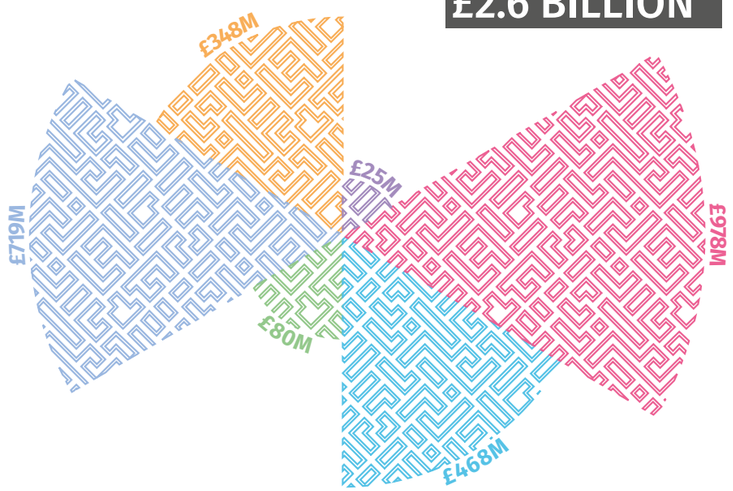
TOTAL GVA CONTRIBUTION 2017

£4.5 BILLION



TOTAL EXPORT REVENUE 2017

£2.6 BILLION

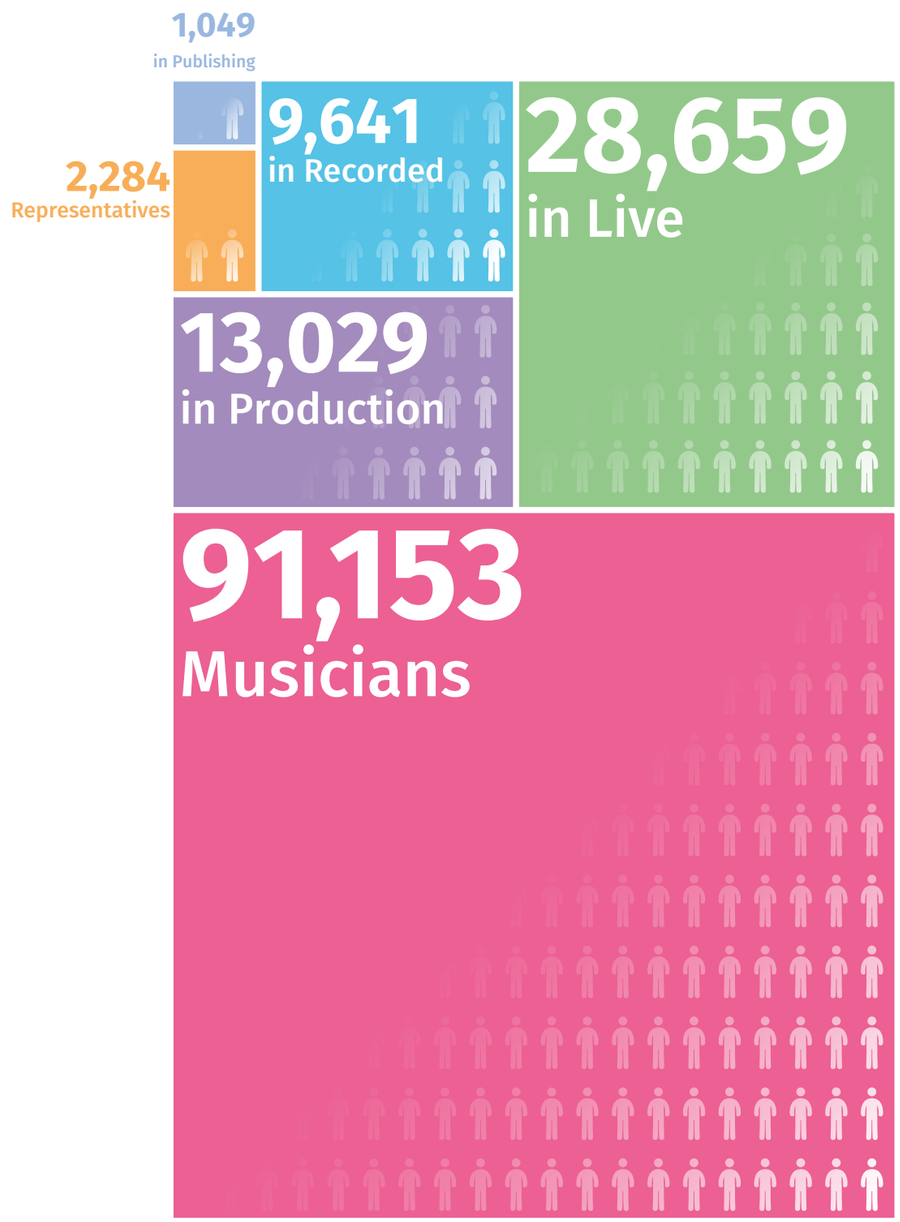


Production Musicians Recorded Live Publishing Representatives

* 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.

2017 EMPLOYMENT

145,815



Production Musicians Recorded Live Publishing Representatives

Photo Credit | Rag'n'Bone Man performing at the Brit Awards 2018 | © JM Enternational, Courtesy BRIT Awards Limited/BPI

CHALLENGES WE FACE

The clear evidence of continuing growth across the music industry outlined in our Measuring Music report is fantastic news.

But it is vital we recognise the challenges we face in the years ahead. We will need to meet these challenges if we are to safeguard the continued success of our sector. As well as highlighting success, we must also recognise a number of issues facing our industry today. These affect thousands of jobs in our industry, supporting and influencing the pipeline that will produce future talent.

We report that creators contribute £2bn in Gross Value Added but as set out on page 8 this does not reflect their level of average earnings in the industry. For too many, this remains a low-earning sector.

According to the Office of National Statistics, the average wage in the UK in 2017 was £29,002 per annum. After analysing the earnings of 21 million people, it concluded music creators earned significantly less at £20,504 than many other professions. So, it is no surprise that financial barriers remain a major impediment in the development of talent.

If we want to keep producing world-leading stars in every field, we need to open up opportunities to music so that they are available to people of all backgrounds. And we also need to invest in music education, venues, rehearsal spaces and other areas that combine to form the unique ecosystem of the music industry.

According to a UK Music survey, 17 per cent of music creators were educated at fee-paying schools - compared with seven per cent across the population as a whole. This matters because 50 per cent of children at independent schools receive sustained music tuition, while the figure for state schools is only 15 per cent. That has to change.

As we highlighted in our UK Music Talent Pipeline report earlier this year, the latest GCSE results revealed a 7.4 per cent drop in the number of pupils taking the subject despite overall GCSE entries increasing by 0.2 per cent in the 2017/18 academic year. This follows an 8 per cent drop in the 2016/17 academic year. One fifth of schools did not offer GCSE Music that year. Of those that did, 11 per cent were taught outside curriculum time.

In 2010 the EBacc, which excludes creative subjects such as music, was introduced. A total of 59.7 per cent of state schools say it has had a negative impact on music provision and uptake, according to a study conducted by the University of Sussex.

This is also a story that is mirrored at A-Level which is under threat due to schools and colleges no longer being able to afford a budget to keep music courses running. A survey by the Association of Schools and college leaders (ASCL) revealed that four in 10 have had to cut back on lesson time, staff or facilities for A-Level Music over the last two years.

The Government urgently needs to commit to a new National Plan for Music Education. It must also consider how creative learning can be incentivised in schools. For example, a school should not receive an “outstanding” Ofsted rating if it does not provide adequate provision for music education. Music education hubs should be made more accountable to local stakeholders.

Additionally, ahead of the 2018 Budget, UK Music called for a review into the funding of music in state education to evaluate the impact that pressures on school budgets is having.

The UK Music Talent Pipeline Report also highlighted that financial barriers can act as a significant hurdle for the music talent pipeline with 46 per cent of musicians, composers, songwriters and lyricists needing financial help from family and friends at some point in the development of their professional music career.

Exciting schemes do exist which can tackle this. For instance, the PRS Foundation Momentum Music Fund was set up to address the growing disconnect in the funding of emerging artists. The Fund provides career-boosting grants to precommercial, independent artists at a crucial tipping point in their career. The Government must partner with tipping point programmes like Momentum to feed further growth.

The UK Government has recently developed a number of creative sector tax credits to incentivise new productions, however music does not receive equivalent assistance, reinforcing financial challenges that the sector faces.

It is vital that big tech plays its part in addressing this problem. Google-owned YouTube needs to return fairer rewards.

At present, creators can expect to get as little as £0.00054 per stream from the service.

On infrastructure some solutions have been put in place for music venues, where 35 per cent have closed across the past decade. This includes the welcome introduction of the agent of change principle by the UK Government to tackle planning disputes affecting music venues. However, hikes in business rates and licensing issues still present problems for grassroots music venues, significantly cutting the chances for up and coming musicians to develop their skills.

There is also Brexit and the implications of new restrictions on our ability to tour the EU, coupled with other uncertainties for the industry at this critical time.

These are just a few of the hurdles that present challenges to our talent pipeline. We need to work with the Government, as well as devolved administrations and city region mayors to address these concerns. Industry must also play its part to ensure that the UK music industry continues to grow and is vibrant, diverse and even successful in the years ahead.

Photo Credit | Ralph Salmins | © Ralph Salmins

WORKING IN THE MUSIC BUSINESS

RALPH SALMINS - MUSICIAN

There are a huge variety of jobs within the ecosystem of the UK Music industry. We have taken a look at some of those roles to show how they fit into a complex infrastructure which produces music and talent that is the envy of the world.

Musicians are at the core of the industry and the story behind drummer Ralph Salmins' career is an inspirational one.

Ralph's signature groove has made him drummer of choice for producers and composers worldwide and he has performed or recorded with Sir Paul McCartney, George Martin, Aretha Franklin, Elton John, Madonna, James Brown, Sir Tom Jones, Mike Oldfield, Chaka Khan, Dionne Warwick, Quincy Jones, Diana Ross, Burt Bacharach, Alison Krauss, Sheryl Crow, Elvis Costello, Jeff Beck, Michel Legrand and many more.

He played his first professional gig when aged just 16 with a working dance band and his playing and stagecraft developed during his teens thanks to such extensive stage experience. This was followed by his studying classical percussion at The Guildhall School of Music & Drama in London.

Ralph then secured the drum seat in Van Morrison's band, touring the world from 1995 to 1999, in addition to recording four albums with the legendary vocalist.

He has played on the soundtracks of more than 150 movies, including Harry Potter: The Prisoner of Askaban, Goldeneye, Tomorrow Never Dies, Charlie and The Chocolate Factory, Moulin Rouge and Lord Of The Rings: Return Of The King. Ralph joined The Waterboys in 2011 and continues to record and tour internationally with the band.

Ralph's love of jazz has led to work with some of the legends of the art form that include The Count Basie Orchestra, Mose Allison, Herb Ellis, Art Farmer, Jon Hendricks, John Lewis, Joe Lovano, Wynton Marsalis, James Moody, Mark Murphy, Annie Ross, Jimmy Witherspoon and Joe Williams. He is currently a member of The Guy Barker Jazz Orchestra, Colin Towns' Mask Orchestra and is a regular guest with the NDR Big Band in Hamburg.

In 2012, Ralph acted as consultant for the London Olympic Opening Ceremony, co-ordinating 1,000 drummers with whom he performed to an audience of over 1 billion. When at home he records, composes, produces and teaches at his own Bunker Studio where Georgie Fame, Hamish Stuart, Jocelyn Brown, Nick Mason, Billy Cobham, David Sanborn and Michael McDonald have also recorded.

Ralph is also a Professor at the Royal College of Music, having worked there for over 25 years, and been a Professor at The Guildhall for 7 years.

PRINTED MUSIC LICENSING LIMITED

It is vital that we nurture our talent pipeline if Britain is to maintain its reputation for producing music stars in every field. A crucial part of safeguarding that talent is the role of music in education.

Printed Music Licensing Limited (PMLL) runs the Schools Printed Music Licence (SPML). This scheme allows teachers to photocopy and arrange printed music as part of the educational provision of the school. Schools have been benefiting from this licence since 2012 and it has allowed greater access to music for many students. Rather than having to buy copies of sheet music for a whole class the school only needs to own one original to make copies. By allowing arrangements under the licence teachers can tailor songs for not only the voices but also the available instruments letting staff make the most of what is available often within a limited budget. The Department for Education centrally pays for the SPML for all schools within England (the licence is also available to schools in Scotland, Northern Ireland and Wales). At present, around 125 music publishers have mandated their rights to be included for this scheme. This allows a broad selection of repertoire to be accessed by teachers from across the UK. The monies received are distributed back to music publishers using data collected from schools regarding what publications have been copied and reinvested into new copyrights. The licence ensures that not only are rightsholders being fairly remunerated for the use of their works but also that teachers have greater access to all genres of music and are free to copy sheet music without fear of infringement.

PMLL is part of the Music Publishers Association Group of Companies.

"The SPML is a great example of how rightsholders are finding licensing models to meet the practical needs of music users, in this case students and teachers in schools. Our broad publisher mandate ensures that virtually all printed music is covered, also enabling us to provide proper and fair remuneration for music creators. We will evolve and adapt the SPML and our other licensing schemes on a continuous basis to ensure that we continue to meet the ever-changing sheet music needs – both physical and digital – of teachers, students and musicians."

Richard King
CEO of Faber & Chair of PMLL

NADIA KHAN

Artist Manager CTRL Management &
Founder of Dench Records

Managers are an important part of what makes the music industry tick. Here, Nadia Khan explains her work and her determination to inspire more women to join her on the frontline.

Nadia Khan, who manages Lethal Bizzle and runs Dench Records sits on the board of the Association of Independent Music.

'I started in the industry over 16 years ago, my first steps into the music industry was a two-week work experience placement at a music PR company. I was determined not to leave until they gave me a job. It was here that I met my first management client, Lethal Bizzle, working on his record "Pow!" in 2004 - and I approached him to manage him. I still represent him 15 years later!

One of the biggest challenges I faced was getting people to take me seriously as I started in the industry quite young and there weren't any female managers in grime at that time, so it was a big challenge. I'm happy to see a lot more females working in the industry and in management especially and through my work with Women In CTRL hope to inspire more females to get into the industry.

At a time where grime was considered too underground, myself and Bizzle started Dench Records to release our own records. Without any mainstream radio we independently charted 2 top 20 and 3 top 40 singles.'

Photo Credit | Nadia Khan | © Nadia Khan

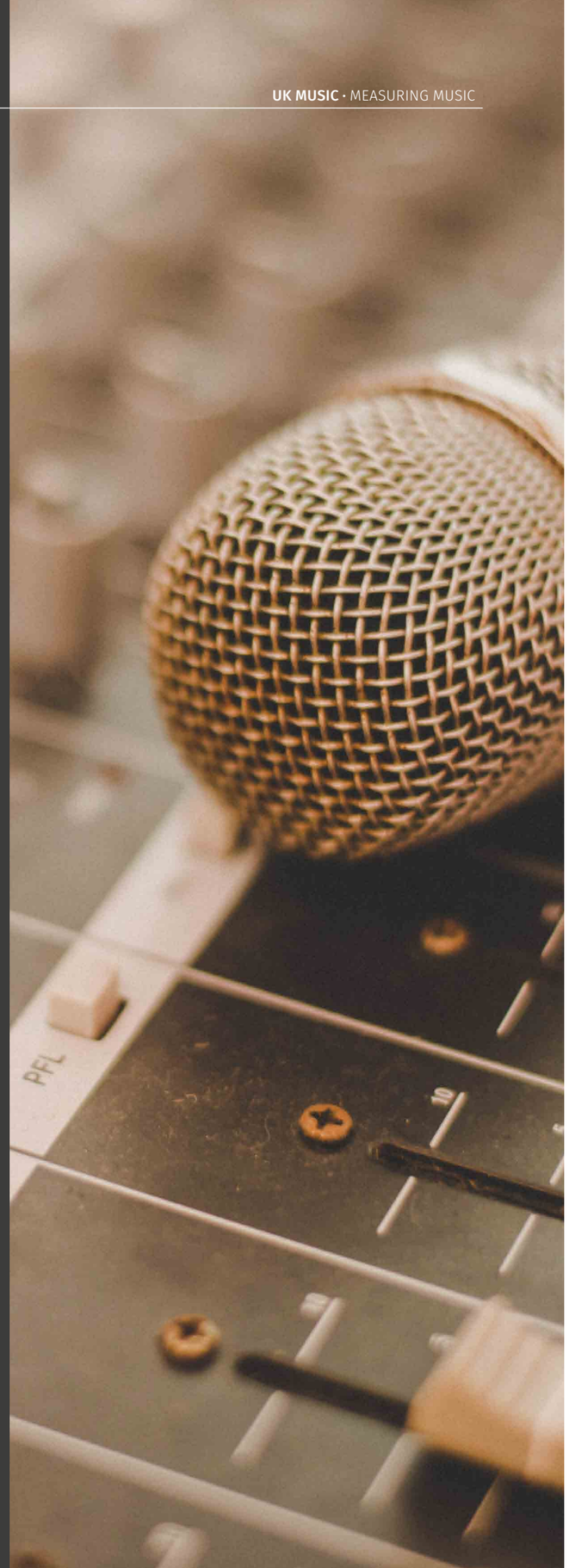
METROPOLIS STUDIOS

It is a source of great national pride that musicians in the UK are respected, resourced and revered. Central to that is the UK Studio Industry. Everyday people get out of their beds and come to work for one reason: to provide the environment for a musician to reach their full potential. And as a country, we do this better than anybody in the world. From some of the most famous state of the art studios in the world to our peerless sound and mastering engineers, producers and mixers we are home to the professionals whose one sole role is to make the artists vision a reality.

But we are in danger of squandering this resource and losing one of this country's greatest cultural contributions. There are many reasons for this - business rate hikes, developers turning studios into apartments and the costs of remaining state-of-the-art all contribute. Time and time again we have seen the buildings that witnessed the recording of some of the most important music in the world turned in to somebody's living room or office space.

Clearly nobody is immune to change or deserves a living they don't work for. However the environment where an emerging or established UK music act can experiment, fail, flourish and succeed all within one room with a team of professionals dedicated to their talent deserves preserving. We connect musicians, artists, songwriters, producers and engineers - we support the artists that produce the music that powers a £4.5 billion UK business and we have done this for 100 years and we want to do it for the next 100.

Richard Connell
Metropolis Studios Chief Executive Officer



PPL PRS LTD

Everyone wants to get properly paid for their work – and that includes those who work in the music industry. PPL PRS is the new joint venture between the UK's two music licensing societies which joined forces to make it easier to get a music licence to play or perform music in public.

The creation of PPL PRS Ltd was a hugely ambitious project and is the biggest joint venture of its kind between an author and neighbouring rights Collection Management Organisation [CMO] in the world. The new company has been created to administer all of PPL and PRS for Music's licensing of music used by businesses and other organisations in public, known as 'public performance'. It aims to provide customers with a streamlined service, a single point of contact, and one licence covering both PPL and PRS for Music's respective rights, thereby simplifying the administration and making it easier to obtain a licence to play and perform music in public. In the long term, the joint venture is expected to generate greater revenues for members as a result of making operations even more efficient.

"In PPL's 84 year history, the joint venture with PRS for Music is without doubt the most ambitious project that we have undertaken. To navigate the complexities and achieve it within two years is testament to our close working relationship with PRS and the commitment of our respective teams. This is an important moment for the music business at large and is a move towards greater efficiencies for our licensees and greater returns for our members who create the music enjoyed by those we license all around the UK."

Peter Leathem
PPL Chief Executive

"We have invested years of effort and millions of pounds to simplify music licensing for UK businesses and on behalf of PRS for Music, I am delighted to launch what is the largest joint venture of its kind in the world. This is the beginning of a new era in public performance licensing, which will bring real benefits to our members and customers alike.."

Robert Ashcroft
PRS for Music Chief Executive

"We are very excited to now offer customers of both PPL and PRS for Music a more streamlined approach for licensing their businesses to play and perform music. With the launch of TheMusicLicence we are providing one licence and one contact, enabling companies and organisations to enhance their customer and employee experience by playing music in their premises."

Suzanne Smith
Managing Director, PPL PRS Ltd.

Photo Credit | Rita Ora performing at the Brit Awards 2018 | © JM Enternational, Courtesy BRIT Awards Limited/BPI

METHODOLOGY

We have followed the same approach to Measuring Music over the last six years. In 2019 there will be a thorough survey review. In respect of data inputs, the number of musician survey respondents this year was over 1000.

In respect of what UK Music traditionally defines as the music industry we generate results in terms of GVA (Gross Value Added), exports and employment – which are the same metrics that are consistently reported by the Department for Digital, Culture, Media and Sport (DCMS). While limitations in the Standard Industrial Classification (SIC) codes apply to these metrics when reported by DCMS, these limitations do not apply to the results that we report here in Measuring Music.

We would like to add a note of clarification on 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 Measuring Music, 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.

Natalie Williams
Head of Research UK Music

Measuring Music is created on behalf of UK Music and its members to highlight the economic contribution of the music industry to the UK economy.

2018 is the sixth edition of the report, which was first published in 2013.

UK Music is the umbrella organisation which represents the collective interests of the UK's commercial music industry - from artists, musicians, songwriters and composers, to record labels, music managers, music publishers, studio producers, music licensing organisations and the live music industry. The members of UK Music are: AIM, BASCA, BPI, FAC, 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 Venue Trust (MVT) with contributions from PRS for Music Foundation, MU, MMF, FAC and BPI.

ACKNOWLEDGEMENTS

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.

Each member of UK Music has granted us access to their data and permission to survey their own membership directly. In addition, accountants of some of the UK's leading music acts have provided valuable information to allow us to compile these statistics.

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 greatful 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.

For all media enquiries contact:

Vincent Moss & Megan White
vincent.moss@ukmusic.org
megan.white@ukmusic.org

For all policy enquires contact:
Tom Kiehl & Felicity Oliver
tom.kiehl@ukmusic.org
felicity.oliver@ukmusic.org

For all education enquires contact:
Oliver Morris
oliver.morris@ukmusic.org

For all research enquires contact:
Natalie Williams
natalie.williams@ukmusic.org

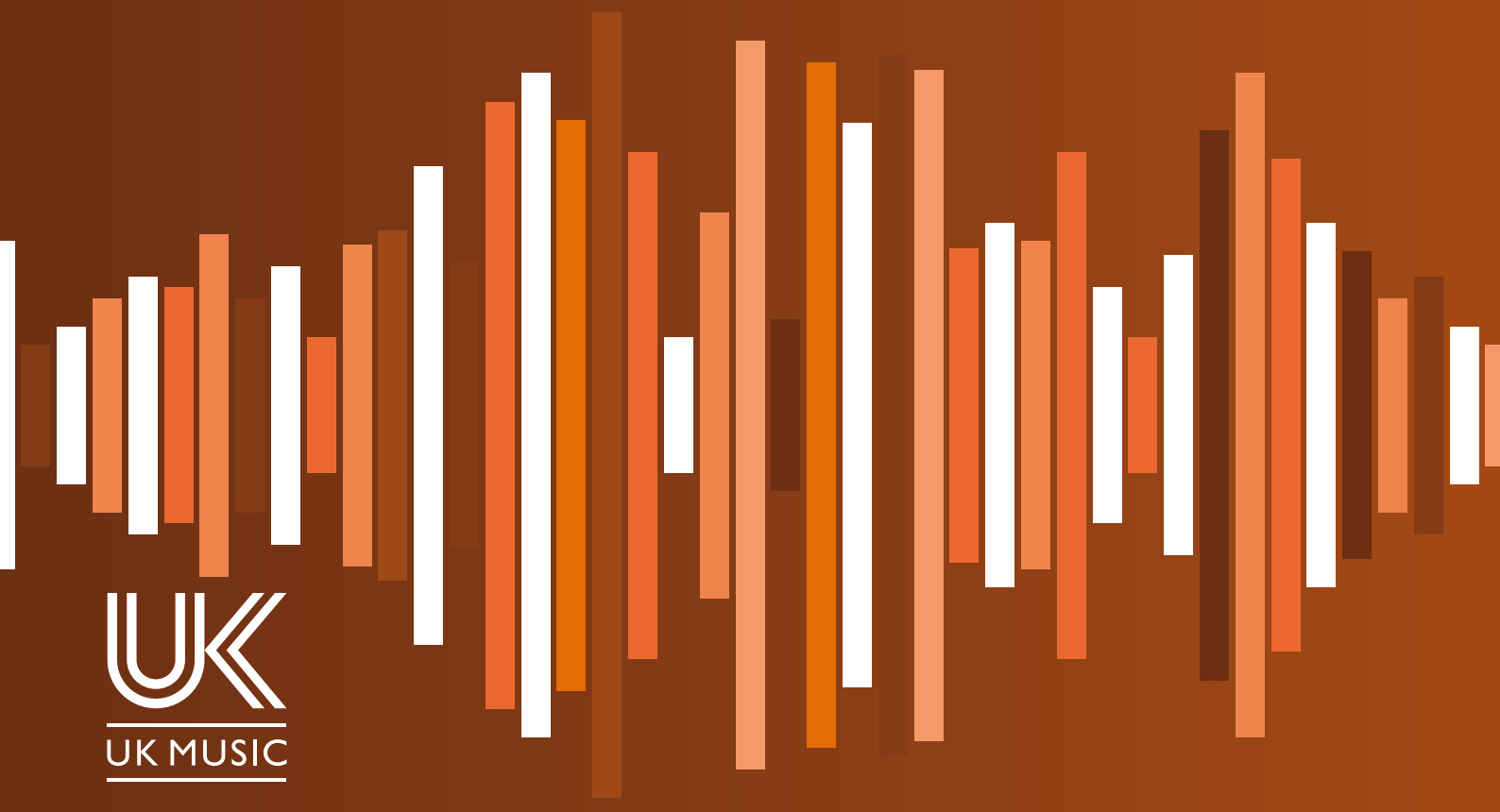
This report was designed by **Beatriz Ribeiro** at UK Music

All material copyright © UK Music 2018 except where otherwise indicated

UK Music
Savoy Hill House
7-10 Savoy Hill
London
WC2R 0BU

T: 020 3713 8444

Twitter: @UK_Music
Email: info@ukmusic.org
Website: www.ukmusic.org



UK MUSIC