



REF NO. CTEEA/S5/20/C19/

UK Music Submission to Scottish Parliament Culture, Tourism, Europe and External Affairs Committee

June 2020

Introduction

1. UK Music is the umbrella body representing the interests of the commercial music industry across all the nations of the United Kingdom (see annex for full list of members). We campaign and lobby for the collective interests of the commercial music industry on behalf of artists, musicians, songwriters and composers, record labels, music publishers, studio producers, managers, and music licensing organisations. We strive to promote the extraordinarily successful commercial music sector across Scotland, England, Wales and Northern Ireland and support policies that drive growth and promote music to society.

Immediate Impact of Coronavirus

2. Our *Music by Numbers* report 2019 ([here](#)) showed the UK music industry in robust health, contributing £494 million GVA to the Scottish economy in 2018 and employing 190,935 people across the UK. Festivals such as TRANSMT and Belladrum Tartan Heart Festival attracted 1.1 million music tourists to Scotland in 2018.
3. However, the Scottish live sector has been immediately impacted having been shut down since March and it now faces an indeterminate period of closure as well as post-lockdown disruption. Consultation with stakeholders suggests it may not be economically viable for many live venues to open alongside social distancing measures. A recent survey for the ITV Peston programme indicated 40% of gig goers may not return to festivals or events until there is vaccine, highlighting the long term impact the crisis will have on the industry. Without appropriate support, the live sector may never recover from this economic hit.
4. The COVID-19 public health crisis and subsequent lockdown and social distancing measures have also hurt the wider Scottish music industry. Lockdown has prevented new music being created in recording studios and rehearsal spaces, stopped the live sector from operating at all and has further harmed physical retailers, impacting on the whole music eco-system. The likely continuation of physical distancing under Step 4 of the Scottish Government's *Route Map Through and Out of the Crisis* highlights the importance of clear guidance to give those parts of the sector that can, the confidence to reopen safely. However, without further support it will not be economically viable for live venues to open with social distancing until there is a treatment or vaccine in place.

5. There are certain structural features of the music industry that render it particularly vulnerable to this current crisis. Firstly, the importance of physical spaces to the industry such as venues, festivals, recording studios, record shops and rehearsal spaces. Each have a vital role to play in powering the industry across Scotland and beyond.
6. The majority of industry activity is focused on these physical spaces. This infrastructure powers an economic circuit that extends from the creation of content involving not only the headline artists but also song writers and composers as well as a team of session musicians, sound technicians, producers and venue staff and into the promotion and sale of the work, including managers, promoters, record shops and others.
7. Secondly, the UK music industry has a high level of self-employment. 72% of workers are self-employed as opposed to 10.8% across the Scottish economy as a whole, which renders them especially vulnerable to industry shocks.¹
8. Scottish high streets have also been hit with all record shops closing as lockdown was introduced. The future of all record stores - worth £325 million to the UK economy in 2019 - is now in jeopardy, and this includes their ability to reopen once lockdown restrictions are lifted. We are facing the potential loss of a vital part of the music ecology.
9. In addition to the specific impact on physical music sales, the use of music by businesses which have closed down due to lockdown measures in Scotland has been impacted. This will therefore have a knock on effect on the flow of royalties from the licensing of those uses on behalf of music rightsholders. PPL and PRS for Music have introduced a number of temporary licensing concessions for affected businesses.
10. A few statistics illustrate the depth and breadth of this impact, with the Musicians' Union (MU) reporting that 90% of their members have seen a drop in income. The Music Producers Guild has found that producers and sound engineers have lost an average of 70% of their income and their average earnings loss in March was £3,300, rising to £4,300 in April.² The BPI reports that physical music sales have fallen by 50%.
11. The Music Venue Trust (MVT) reports that costs at a value of £524,000 per day are being sustained daily by Grassroots Music Venues (GMVs), with no income available to meet them. As a result 82% of the entire grassroots network is threatened with closure.³ The MVT has calculated that for the 62 GMVs in Scotland, the total support offered by the UK and Scottish Governments is £450,976 less than they will accrue in costs between lockdown and 18th May, with potentially months left to go without income. The Scottish Government's response to the crisis is crucial to help the industry mitigate both this immediate shock and the long-term impact set out later in this paper.

¹<https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/trendsinselfemploymentintheuk/2018-02-07>

² <https://www.musiciansunion.org.uk/Home/News/2020/Mar/MU-General-Secretary-Sends-Personal-Message?feed=801abc79-dc9c-471a-85ff-4a3a36bf8a3b>

³ <http://musicvenue trust.com/2020/03/grassroots-music-venues-in-crisis-music-venue-trust-call-to-action/>

Gaps in Support

12. The support of the Scottish Government, Creative Scotland and Scottish Enterprise has been welcome in addressing some of the gaps in UK Government schemes, including establishing the Newly Self-Employed Hardship Fund, Bridging Bursaries and the Creative Hardship Fund.⁴ However, there are a number of areas which we are asking the UK Government to work on and we would like to ask the Scottish Government to review these issues as well and take action where they can. These include:

- Getting support to music businesses that do not pay Business Rates directly (many music businesses share premises) or that do not qualify for existing grant funding due to the type or size of the business e.g. recording studios.
- Support for people paid via dividend, these are very common in the music sector and currently they are neither adequately supported by the Job Retention Scheme (JRS) nor the Self-Employed Income Support Scheme (SEISS).
- Specific support for those who do not qualify for either the JRS or SEISS due to the portfolio nature of many careers in the music industry. 38% of responders to an MU survey did not think they qualified for either scheme.
- Specific support for music venues; while the suspension of water bill payments for licenced premises by Scottish Water as well as the suspension of evictions were welcome, these delay rather than solve the problem as arrears inevitably accumulate for businesses such as live music venues with large premises and no income.⁵ We note that not every businesses benefitted from the Scottish Water suspension and “standing charges” remain a significant source of arrears. We would welcome a specific grant fund for music venues similar to what the Welsh Government has provided.⁶
- Stakeholders have also reported that many creative businesses do not qualify for either Local Authority grant funding or the Creative, Tourism & Hospitality Enterprises Hardship Fund which has now closed. We would welcome the creation of grant funding for creative resilience to support musicians and the entire creative supply chain in getting back to work and to stimulate innovative creative activity. We note that the New Zealand Government has established an arts and music recovery fund which includes £8.25 million ringfenced for music.⁷
- Historically there has been limited engagement between creative businesses and Creative Scotland, in particular GMVs, which hinders the effectiveness of this conduit of support. No GMV is a Regularly Funded Organisation and there are concerns from industry on the suitability of the repurposed Open Fund as suitable for supporting creative businesses and GMVs.
- Live music venues with a rateable value of over £51,000 are also facing challenges but do not qualify for grant support. The Music Venue Alliance has raised with us the case of The Voodoo Rooms, a business in Edinburgh that hosts 250 performances a year

⁴ <https://www.gov.scot/news/additional-support-for-business/>

⁵ <https://www.gov.scot/news/additional-support-for-business/>
<https://www.gov.scot/news/additional-support-for-business/>

⁶ <https://gov.wales/18m-support-culture-creative-and-sport-sector-wales>

⁷ <https://www.rnz.co.nz/news/political/417843/government-launches-175m-arts-and-music-recovery-package>

- outside of the Fringe and 30 per day during the Fringe. Their rateable value does not mitigate the outgoings they are facing or alter the fact they currently have no income. Yet their £100,000 rateable value precludes them from most of the grant support, leaving a business high and dry high which employs 25 full-time employees, numerous contractors and puts over £1 million back into the Scottish economy every year through wages, payments to suppliers and performers.
- The road map for leaving lockdown makes clear that the Scottish Government expects some form of physical distancing to be in place for some time and the support offered must reflect this. The economic support needs to last as long for those unable to fully operate with physical distancing in place.

Music Tourism and Festivals

13. Music tourism has been a growing area in Scotland in recent years. Music tourism in Scotland saw the strongest growth across the UK in 2018, seeing a 38% rise with the emergence of new festivals such as *Summer Sessions*. These tourists spent £431 million in Scotland in 2018. All music venues and festivals are closed for the foreseeable future, decimating the live sector and putting a halt to music tourism.
14. Festivals are particularly precarious, relying on a one off event at a specific point in the calendar to make enough income to sustain the business for the rest of the year. Festival season extends through the summer and is when prominent Scottish festivals like Speyfest make the entirety of their income. Therefore, most of the festival circuit has been left with no income to sustain their businesses through this year. The Association of Independent Festivals (AIF) anticipates 90% of festivals this year will be cancelled. The pre-lockdown fall in sales (a 65.81% reduction as of 19th March) also means that even where customers are happy to not ask for refunds they are relying on an even lower than usual level of January – March income to sustain the business until next summer. The AIF also found in a survey that 98.5% of festivals were not covered for communicable diseases. Due to the potential risk of infection the live music sector will be one of the last sectors to return, with festivals awaiting their “slot” in the 2021 calendar.
15. The resultant decline in music tourism has a severe effect on supply chain businesses that are not covered by existing grant support. A survey of the events industry supply chain revealed that 69% of companies who responded had liquidity for three months or less, even after current Government measures had been introduced. Including these businesses in existing support could be crucial to their survival. The removal of business rates alone would give 39% of companies one-month extra liquidity.

Long Term Impacts

16. The long-term impact on the music industry in Scotland is dependent on the protection of key parts of the infrastructure such as live music venues, record stores and recording studios. The loss of these integral parts of the music eco-system would cripple the sector and prevent new talent entering the industry (as set out in our *Securing our Talent Pipeline* report ([here](#))). Therefore, the re-opening of the sector through the resumption of content

creation as well as live performances is vital, but the manner in which it reopens is also critical.

17. Any support package must recognise that some businesses (such as live music venues and festivals) are going to be impacted for longer and harder than others. If the Scottish Government intends to ask venues to re-open at reduced capacity it must be economical for them to do so. Fiscal incentives will help a sector that has struggled to access credit. Furthermore, venues and festivals will have higher overheads to properly implement safety and hygiene measures while facing a long-term reduction in attendance due to the curtailment of international music tourism and weak consumer confidence. Government support should work on the assumption that the industry will need support beyond the mandated closures and look at how they can encourage the return of local music lovers as well as international music tourists to Scottish venues and festivals.
18. Music has a close relationship with the other creative industries. Video games companies based in Scotland such as Ruffian Games, Hyper Luminal Games and Outplay Entertainment use music and syncs when creating their products. This extends across mediums to TV companies, BBC Alba and the creators who flock annually to the iconic Edinburgh Fringe Festival. A major downturn in the Scottish music industry would deprive these mediums of Scottish music talent and encourage better supported cultural sectors to fill the gaps.
19. Protecting the value of artists, ensuring that the sector can monetise new ways of performing emerging from COVID-19 will be vital to the medium term health of the industry.
20. There needs to be clarity as we move through lockdown as to when the Scottish Government expects music venues to return and in what form. We are prepared for discussions on what is feasible, but there needs to be recognition that any reopening must be safe for staff, artists and customers as well as economically viable to the businesses. Businesses will need help to adjusting to the easing of lockdown measures while social distancing measures remain in place for the foreseeable future. We would welcome industry consultation on how this can be done, potentially through a taskforce.

Annex

UK Music's membership comprises: -

- AIM – The Association of Independent Music – the trade body for the independent music community, representing over 850 small and medium sized independent record labels and associated music businesses.
- BPI - the trade body of the recorded music industry representing 3 major record labels and over 300 independent record labels.
- FAC – The Featured Artists Coalition represents and promotes the interests of featured recording artists in the music industry.
- The Ivors Academy - The Ivors Academy is 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 800 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 producers, engineers, mixers, re-mixers, programmers and mastering engineers.
- MPA - Music Publishers Association - with 260 major and independent music publishers in membership, representing close to 4,000 catalogues across all genres of music.
- Musicians' Union - Representing over 32,000 musicians from all genres, both featured and non-featured.
- PPL is the music licensing company which works on behalf of over 100,000 record companies and performers to license recorded music played in public (at pubs, nightclubs, restaurants, shops, offices and many other business types) and broadcast (TV and radio) in the UK.
- PRS for Music is responsible for the collective licensing of rights in the musical works of 114,000 composers, songwriters and publishers and an international repertoire of 10 million songs.
- UK Live Music Group, representing of the live music sector with a membership consisting of: Agents' Association (AA), Association for Electronic Music (AFEM), Association of Festival Organisers (AFO), Association of Independent Festivals (AIF), Concert Promoters Association (CPA), International Live Music Conference (ILMC), National Arenas Association (NAA), Production Services Association (PSA), Music Venue Trust (MVT), with contributions from PRS Foundation, MU, MMF, FAC and BPI.