DCMS Select Committee Submission

Major Sport and Cultural Events

1.0 Introduction

1.1 UK Music is the umbrella body representing the collective interests of the UK’s music industry, from songwriters and composers to artists and musicians, studio producers, professional recording studios, music managers, music publishers, major and independent record labels, music licensing companies and the live music sector. UK Music exists to represent the UK’s music sector, to drive economic growth and promote the benefits of music to British society (see the Annex for a full list of members).

1.2 Live music events play a vital role in the life of the United Kingdom. A three-person band playing the Ironworks music venue in Inverness and Adele headlining Glastonbury in Somerset are performing the same role in a communal ritual that is known to everyone in the United Kingdom (UK). This shared moment can bring a room of complete strangers together, captivate a fractured nation or showcase life in the UK to the entire world.

1.3 The ecology of musicians, creative freelancers and businesses who make this common experience possible not only power growth at a macro level but also nourish communities and businesses across the entire UK.

1.4 This will lay out how live music events can:
   - Boost the UK economy.
   - Support the “levelling up” agenda.
   - Bring the UK together.
   - Promote the UK to the world.

1.5 To support this activity a number of policy steps should be taken:

1. Extension of 5% VAT level for culture tickets to the end of the 2021/22 financial year.

2. Implement a Government backed insurance scheme for major live music events looking to December 2021.

3. Matching any restrictions post 21st June with support.

4. Constructive engagement with the sector on the long-term recovery.

5. Promotion of major live events across the UK.
1.6 In an increasingly atomised world major music events in the UK present chance to share a momentary community that brings value to the UK economy, brings growth to communities across the UK, promotes the UK to the world and brings the UK together.

2.0 Boost the UK Economy

2.1 In his statement for the 2021 Budget the Chancellor made clear that the UK faces a challenging path to recovery; “It’s going to take this country – and the whole world – a long time to recover from this”.¹ Once they are allowed major music events can play a key role in the UK’s growth post-pandemic. Music, and live music in particular, are a national asset for the UK and should form a key part of any consideration of the unique offer the UK economy can make.

2.2 Pre-pandemic the UK had the second largest live music scene in Europe (behind Germany) and one of the world’s largest.² The UK possesses one of the busiest live music venues in the world in the O2 Arena, as well as the largest greenfield festival in Glastonbury.³ 12.6 million people visited UK music festivals and venues in 2019 (up 13% on 2018).⁴

2.3 The economic value of the music sector as a whole was laid out in the UK Music report Music by Numbers 2020. In 2019 the UK music sector employed 197,168 people, four times as many people as the UK fisheries and steel industries combined (44,000), while generating £5.8 billion in GVA.⁵ The sector saw growth well above the UK economic average in 2019 with GVA up 11% on 2018, employment up 3% and exports up 6%.⁶

2.4 The live sector’s contribution to these figures grew by 17% between 2018 and 2019 to £1.3 billion, with 34,000 people directly employed in the live sector, and an 8% growth in live music exports.⁷ With the right support there is no reason that

¹ https://www.gov.uk/government/speeches/budget-speech-2021
³ https://www.glastonburyfestivals.co.uk/information/an-introduction-to-glastonbury-festival/
⁷ UK Music, Music By Numbers 2020 https://www.ukmusic.org/research/music-by-numbers-2020 https://www.ons.gov.uk/economy/grossvalueaddedgva/timeseries/abml/qna GVA growth from Q 4 2018 to Q 4 2018 across the whole economy was 3.5%. https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/bulletins/employmentintheuk/december2019 total employment growth in December 2018 – December 2019 was 0.94% Export value growth to January – December (£162.5 billion to £180.5 billion = 9.97% growth).
the live music scene (and major live music events within that) cannot return to rapid growth post-pandemic, with the attendant benefits for the UK economy.

2.5 At a macroeconomic level, major live music events stimulate consumer spending by offering a unique experience that consumers cannot easily access elsewhere. They bring together a broad range of companies to deliver the experience (technical companies, venue staff, musicians) thereby creating a range of transaction points (often taxable) that diffuse the stimulated spending across a network of businesses and create employment opportunities for freelancers as well as increasing the velocity of money in the economy. It is also worth noting that live events and royalties also go back up the music supply chain to those who created the music, like non-performing songwriters.

2.6 Beyond the music ecology it also encourages broader consumer spending such as on hospitality before and after a gig, transport to and from the gig as well as local accommodation; all in all, UK Music have calculated that music visitors spent £4.5 billion across the UK economy in 2019.8

2.7 Major live music events are an important economic asset for the UK and a potential unique selling point for the UK as the UK looks to redefine its role in the world economy. Looking even further into the future a key challenge will be managing the automation of labour. Roles in the live music sector are more resilient than average to automation which means that in the long-term cultivating live music events as a key part of the UK economy will pay dividends.9

2.8 Therefore, major music events should be considered an important part of the UK economy going forward, and viewed as an opportunity for businesses, creatives and economic growth in a field where the UK is a world leader.

3.0 Supporting the Levelling up Agenda

3.1 In particular this economic impact can be funnelled towards less prosperous areas of the UK. The UK has high regional inequality which the Government has pledged to address through a “levelling up agenda”.10 Major music events have a role to play in this. At a local level, a major music event can bring much needed revenue to an area. The Music Venue Trust has estimated that every £10 spent on a ticket to a music venue is worth £17 to the local economy and the Association of Independent Festivals has calculated that a 110,000-capacity festival can be worth over £27 million to a locality.11 While music tourism is skewed towards London 7,347,000 music tourists visited music venues outside London in 2019.12 The South West, North West and Scotland saw over 1 million visitors each that year, and Wales

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9https://www.ons.gov.uk/employmentandlabourmarket/peopleinwork/employmentandemployeetypes/articles/whichoccupationsareathighestriskofbeingautomated/2019-03-25#:~:text=The%20ONS%20analysed%20the%20jobs%20at%20high%20risk%20of%20automation.&text=The%20proportion%20of%20jobs%20at%20risk%20of%20automation%20has%20risen.
saw music tourism rise by 17.5% from 2018. If the UK can build on this success major live music events can help redress inequalities between the nations and regions of the UK.

3.2 To take an example of how this can work in practice since opening the Principality Stadium in Cardiff has seen some of the biggest names in music including Beyonce, Madonna and the Rolling Stones. Music concerts attracted 720,000 people to the stadium between 1999 and 2019, 17.4% of the total visitors to the stadium (and almost twice the population of the city). In 2018 the stadium sold more tickets for a run of four Ed Sheeran gigs than the Six Nations. There was a gross visitor spend of £123 million in 2017 – 2018. Presuming 17.4% of those were music fans, that means £21.4 million was spent by music fans visiting a gig at the Principality Stadium in the local area in 2017 – 18 alone. To use another example Glastonbury Festival estimates that it engages with over 1,700 business partners, and that has an impact on the local economy of over £100 million per year. Wales and the South West have lower GDP per capita than the UK average, these events represent an important influx of investment and business activity. The investment injection of major music events could be leveraged further to support businesses and communities outside of London.

3.3 An example of the dividends that can be reaped from this approach comes from Ipswich Council which invested £158,000 in ensuring an Ed Sheeran concert in Chantry Park could go ahead, this returned £9,233,541 to the local economy or £58.44 for every £1 that the Council invested. Public investment can help attract major music events for the benefit of economies across the UK. This highlights how encouraging major music events outside of London could help stimulate economies across the UK.

4.0 Bringing People Together

4.1 The value of live music events to the UK and our communities extends far beyond the economic. Research by Ticketmaster found that 45% of people attend a festival for the atmosphere. This highlights how music events can bring a disparate group of strangers together to share in an incredible moment. In a similar vein live music events, their physical mixing of people, what they represent and their broadcasting can bring the UK together in a way that few other events can.

4.2 Music events encourage travel between different parts of the UK, in 2019 11.7 million people in the UK (or around 1 in 6) attended a live music event that was not in

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their local area.\(^{19}\) Major music events encourage people from across the UK to physically come together and have a shared experience, drawing the UK closer together.

4.3 This feeling can extend beyond those physically there. The broadcasting of major UK live music events can bring a diverse audience together and extend a sense of a shared experience to viewers. In 2019, Glastonbury had overall viewing figures of 19 million while the Proms had a viewership of 9.2 million, equating to around 1/3 and 1/7 of the UK population.\(^{20}\) These are shared moments, highlighting how music can bring a national audience together.

4.4 The Proms works with a range of venues including parks and the Royal Albert Hall to put on an 8-week season of classical music performance which seeks to draw in as wide an audience as possible in a national and international event. The Proms sells 300,000 tickets across a range of events in a normal year (including the “Proms at…”), including 100,000 sold at £15 or less to encourage accessibility, as well as the broadcasting of concerts on Radio 3, BBC Sounds, BBC TV and availability on iPlayer and the BBC World Service.

4.5 Music also supports other national events, providing an emotional punch and an artistic anchor, for instance the role of the “Diamond Choir” in the Queen’s Diamond Jubilee celebrations or that of Paul McCartney, Dizzee Rascal and the Arctic Monkey’s in the opening ceremony of the London 2012 Olympic Games.\(^{21}\) Most, if not all, sports events will use music in the broadcasting build up, ambient in the stadium or even in a half time show, underlining music’s near universal appeal (it is hard to imagine a sports match being used as an entertainment during a lull in a concert).

4.6 Therefore on top of the economic value, major music events can draw people together physically in the moment of a performance as well drawing in an emotional audience across the UK through broadcasting. Creating a “national moment” in a way few other forms can, as well as ably supporting other major events.

5.0 Promoting the UK to the World

5.1 As well as drawing together a UK wide audience, UK music often reaches and captivates the ears of the world. The UK routinely reaches the top three in studies of “soft power”(non-military and non-economic influence) with music featuring

\(^{19}\)https://www.ons.gov.uk/peoplepopulationandcommunity/populationandmigration/populationestimates/bulletins/annualmidyearpopulationestimates/mid2019estimates


Defined as at least three times the average commuting distance in the Government Office Region (GOR) in which the event took place in order to attend the event.


prominently, one study noting the “enormous global appeal” of UK musicians.\textsuperscript{22} The UK is one of only three net exporters of music globally (the others being the US and Japan).\textsuperscript{23} Major music events are a vital part of this, five of the top twenty global tours of 2019 were by UK artists and the UK hosts the largest greenfield festival in the world in Glastonbury and one of the world’s busiest music venues in the O2 Arena.\textsuperscript{24} This has firm benefits for the UK in both major events attracting visitors to the UK and projecting a positive vision of the UK.

5.2 In terms of attracting visitors our \textit{Music by Numbers 2020} report found that music specifically attracted 880,000 international visitors to the UK in 2019, many of whom came for major events.\textsuperscript{25} These visitors spent £899 each on average.\textsuperscript{26} Glastonbury estimates that people from over 50 countries (including Yemen and Afghanistan) attended the festival in 2019. The international afterglow of the kinds of acts to play major music events can last a long time and stretch far. Despite disbanding in 1970 the Beatles are still worth £80 million per year to the economy of Liverpool, and the global nature of this appeal is highlighted by the fact one in twenty visitors to the Beatles Story attraction in 2014 were Chinese.\textsuperscript{27}

5.3 Music also attracts “virtual visitors” to the UK through the broadcasting of events internationally, while consolidated figures are impossible to get, UK Music have been informed by Glastonbury that in 2019 a Glastonbury Highlights package was distributed by BBC Sales & Distribution and viewed in sixty-nine countries including Australia, New Zealand, South Korea, Japan and China, as well as across Europe, Africa and the Americas. The Last Night of the Proms is broadcast live on the radio in eighteen different countries, and on the TV in eleven. This not only showcases the talents of UK artists and industry professionals in staging shows it helps project a positive image of the UK as somewhere a range of creatives can freely come together and make engaging music, which in turn implicitly bolsters the international image of the UK.

5.4 Similarly UK artists performing major events internationally are not only showcasing themselves (and by extension UK music as a whole), they are also implicitly presenting the UK positively as a place where you can create music and be successful. UK acts exceed at this, as stated five of the top twenty global tours of 2019 were by UK artists, and a recent report by the European Commission found that UK live artists “dominate the European panorama”.\textsuperscript{28} Ed Sheeran had the third largest global tour of 2019 with the tour as a whole grossing £211.7 million.\textsuperscript{29} While not all of this returns to the UK, touring did help make Ed Sheeran one of the top 50

\textsuperscript{22} https://softpower30.com/country/united-kingdom/
\textsuperscript{23} https://publications.parliament.uk/pa/ld5801/ldselect/ldeucom/248/248.pdf p. 6
\textsuperscript{24} https://www.pollstar.com/Chart/2019/12/Top100%20WorldwideTours_790.pdf
https://www.glastonburyfestivals.co.uk/information/an-introduction-to-glastonbury-festival/
\textsuperscript{26} https://www.ukmusic.org/research-reports/music-by-numbers-2020/ p. 24
\textsuperscript{27} https://issuu.com/cultureliverpool/docs/beatles_heritage_in_liverpool_48pp_ pp. 14 – 15
\textsuperscript{29} https://www.pollstar.com/Chart/2019/12/Top100%20WorldwideTours_790.pdf
UK taxpayers of 2021 paying £28.3 million to HMRC, or enough to pay the salary 1,000 teachers, and more generally the UK businesses that help to organise and stage a tour also directly benefit.30

5.5 UK artists and music businesses looking to play major international music events in Europe are facing more barriers to touring the EU as UK Music has set out in greater detail elsewhere.31 It is important that the Government provides specific support for touring artists and UK businesses looking to support those tours that are facing unique issues for their business models with new barriers to touring under the Trade and Cooperation Agreement.

5.6 This could potentially be similar to the £23 million the Government provided to fisheries, the Government should also look to reduce these barriers through negotiations and work on a long term plan to promote music exports through establishing a Music Export Office and buttressing existing export support programmes like the Music Export Growth Scheme and the International Showcase Fund that are run by the BPI and PRS Foundation respectively, with support from the Department for International Trade.32 It is also worth noting that the pressure on the live music exports due to increased barriers to touring the EU and the restrictions on touring due to COVID will heighten the importance of domestic live music events for music artists and businesses.

5.7 But beyond the economic benefit as a shared ritual and a form of storytelling it matters that people across the world are hearing and enjoying a story from someone from the UK. Both UK artists playing major events outside the UK and major music events in the UK do something similar, whether broadcasted or live they showcase that the UK is where creatives and businesses can come together freely to create a shared experience through the universal language of music. Which in and of itself promotes a positive view of the UK, making it a more attractive place for tourism and investment.

6.0 COVID and Major Music Events

6.1 Major music events currently cannot deliver any of the benefits laid out in this paper. They have effectively been banned in the UK from March 2020 to June 2021, bar a few exceptions. This has severely hit many venues, technical companies, festivals and musicians. Large arenas lost 75% of their income in 2020, technical

32 https://www.gov.uk/government/news/new-financial-support-for-the-uks-fishing-businesses-that-export-to-the-eu#text=New%20financial%20support%20for%20the%20UK%27s%20fishing%20businesses%20and%20exports%20to%20the%20EU,-%C2%A323%20million&text=Support%20will%20be%20available%20immediately,operators%20will%20be%20supported%20with%20%C2%A3100%20000.
https://www.bpi.co.uk/news-analysis/music-export-growth-scheme/
https://prsfoundation.com/funding-support/funding-music-creators/international/international-showcase-fund/
support companies lost 95%, festivals 90% and 70% of musicians lost at least 75% of their work.\textsuperscript{33}

6.2 It is vital that the Government looks at how large music events can be incentivised to ensure that the sector can drive growth across the rest of the economy as quickly as possible as well as return the other benefits laid out in this paper. One practical step would be addressing the question of commercial COVID insurance, which is still not available at an economic level for many businesses, Austria and Sweden have already come forward with Government backed insurance solutions for live events, the music industry estimates a £650 million co-financed package in the UK could underwrite £2 billion in activity and could be similar to the pre-existing and successful £500 million public indemnity scheme for film.\textsuperscript{34}

6.2 The other method of incentivising them would be cutting their tax burden as the music sector moves through the estimated three-year recovery cycle, including extending the 5% VAT for cultural tickets from September to the end of 2021/2022.\textsuperscript{35}

6.3 The Government is currently working with the industry through the Events and Research Programme (ERP) to understand what (if any) restrictions will be in place for major events which hypothetically will be allowed without restrictions after 21\textsuperscript{st} June.\textsuperscript{36} The music industry has engaged with the Government on a range of proposals, including mass testing.\textsuperscript{37} UK Music has no wish to pre-empt the science of the ERP, what was made clear in the Save Our Summer 2021 report from January 2021 was that it is vital that restrictions and support are synchronised and that event organisers are allowed to do what they do best and manage risk.\textsuperscript{38}

6.4 The longer-term effects remain to be seen and the sector may need support to reassure the public. The absence of this in the Netherlands saw hysteria leading to the cancellation of a festival pilot.\textsuperscript{39} Furthermore, only around one-third of self-employed music workers benefitted from the Self-Employed Income Support Scheme, it remains to be seen how many of those who did not benefit will return to the sector, this may place a long term drag on sector recovery.\textsuperscript{40} Therefore it is vital

\textsuperscript{33} https://musiciansunion.org.uk/campaigns/invest-in-musicians

\textsuperscript{34} https://www.ukmusic.org/campaigns/save-our-summer-2021/
https://www.iq-mag.net/2021/04/swedish-gov-sek-3bn-event-cancellation-pot/#YG1sfehKhPY
https://www.iq-mag.net/2020/10/e300m-umbrella-for-austrian-promoters/#YILp4ZBKhPb


\textsuperscript{38} https://www.ukmusic.org/wp-content/uploads/2021/01/Let-The-Music-Play-Save-Our-Summer-2021.pdf p. 18

\textsuperscript{39} https://today.rtl.lu/news/world/a/1708347.html

that the Government constructively engages with the sector as it looks to recover, and does not presume that the crisis is past.

7.0 Conclusion

7.1 Major live music events are not simply a nice to have, they are absolutely necessary if the UK is serious about reaching its full economic potential and improving its international image. Major events not only have an appreciable impact on the UK economy as a whole, they can also bring an infusion of investment through supply chain businesses and visitor spending to specific areas and regions. Furthermore, by uniting an audience major live music events can bring people from across the UK together in a shared ritual in a way few other mediums can. The performances of all artists at UK major events and the performances of UK artists internationally act as a showcase for life in the UK and highlight the skills, creativity and vibrant cultural life of people in the UK.

7.2 However, these events do not simply happen, the UK Government needs to step in to incentivise them and ensure the recovery of the major live music sector in the UK. This should include addressing the insurance question, extending the VAT cut on cultural tickets and ensuring that the sector can either restart without restrictions or is supported to restart with restrictions, and live music events should be encouraged as drivers for growth across the UK. The Government should also look to support UK music exports both with immediate support and action to address barriers to trading with the EU and longer-term support.

7.3 The UK should celebrate its major live music events as a calling card of the best of what the UK is and what its citizens aspire to be as the UK moves forward. Over the last 100 years the UK has helped define the global sound track, with the right support our major live music events can help set the sound another 100.
Annex

UK Music’s membership comprises:

• AIM – The Association of Independent Music – The Association of Independent Music – the trade body for the independent music community, representing 1000+ independent record labels and associated businesses, from globally recognised brands to the next generation of British music entrepreneurs.

• BPI - the trade body of the recorded music industry representing 3 major record labels and over 400 independent record labels.

• FAC – The Featured Artists Coalition is the UK trade body representing the specific rights and interests of music artists. A not-for-profit organisation, they represent a diverse, global membership of creators at all stages of their careers and provide a strong, collective voice for artists.

• The Ivors Academy - 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 1000 UK managers of artists, songwriters and producers across the music industry with global businesses.

• MPG - Music Producers Guild - representing and promoting the interests of all those involved in the production of recorded music – including music studios, producers, engineers, mixers, remixer, 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 110,000 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. PPL also collects royalties for members when their recorded music is played around the world through a network of international agreements with other collective management organisations (CMOs).

• PRS for Music is responsible for the collective licensing of rights in the musical works of 150,000 composers, songwriters and publishers and an international repertoire of 28 million songs.

• UK Music also has an informal association with LIVE (Live music Industry Venues & Entertainment), the voice of the UK’s live music and entertainment business. LIVE members are a federation of 13 live music industry associations representing 3,150 businesses, over 4,000 artists and 2,000 backstage workers.