UK MUSIC

THIS IS MUSIC 2021

GRIFF | Jordan Rossi ©

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Introductions

Nadine Dorries MP
Secretary of State for
Digital, Culture, Media and Sport

Musicians, artists, composers, and all the people who support them have just been through one of the most challenging periods they've ever faced. So I'm very glad to welcome UK Music's landmark This is Music report. It highlights the impact of the pandemic on the music industry - but it also strikes a note of hope for the future and proposes a path towards recovery.

It's hard to overestimate the value of our world-leading music industry. It contributes billions to our economy, fuels tens of thousands of jobs and is a huge source of soft power on the global stage. But music is also incredibly important for our national wellbeing. It comforts us when we most need it, and is at the beating heart of communities up and down the country.

I know how difficult the last year and a half has been - with venues closed, stages dark, and artists prevented from doing what they love. The whole industry has shown great strength, patience and resilience during these hard times, pulling together to help the whole country get through the COVID-19 crisis.

The Government has been by your side throughout the pandemic. Our £2 billion Culture Recovery Fund has been a vital lifeline, helping music organisations across the UK to survive one of the worst peacetime crises on record. As doors reopened, our Events Research Programme has enabled music events to return safely. We have also listened carefully to UK Music's arguments about a market failure regarding events insurance, and introduced the Government-backed £700 million Live Events Reinsurance Scheme to ensure future events can be planned with certainty.

Until now, our focus has been rescue and reopening. Now the priority is to ensure a strong recovery. The UK music industry is one of our country's great national assets, and I give my commitment that the Government will continue to back it every step of the way.

Jamie Njoku-Goodwin
UK Music Chief Executive

Welcome to UK Music's ground-breaking This Is Music 2021 report.

Every year, we publish data on the economic value of the UK's world-leading music industry. After a period of double-digit growth and record figures in 2019, many were hoping that the start of the new decade would bring continued success.

But 2020 was a year like no other. The onset of COVID-19 devastated the industry and left us fighting for survival. The impact was felt across the industry – from performers, songwriters and composers to businesses, other rightsholders and the wider supply chain.

The past 18 months have been exceptionally challenging for the UK music industry, with billions wiped off the value of the sector – but we are determined to look to the future and focus on recovery. In our Music Industry Strategic Recovery Plan we identify the policy interventions required and set out a clear action plan to get the industry back up on its feet.

However, our industry's value is not just economic – it also carries huge social and emotional importance. For the first time, we've conducted in-depth polling of the British public to understand the role music plays in all our lives. The results are incredibly revealing. Not only does the British public actively consume more than 60 billion hours of music a year – that's the equivalent of seven million years, or as long as humans have existed – but music plays a central role in the lives of citizens across the whole country.

As this report shows, music matters to us all. And in a year when we've seen just how important music is to all our lives, it's more important than ever that we take the necessary steps to protect, strengthen and grow the industry.

With the right support, the UK music industry can help drive the post-pandemic recovery. This Is Music sets out the positive role the music industry can play in our country's future, and the steps that need to be taken to achieve that. I hope you enjoy it.

Porridge Radio | El Hardwick ©

The Figures

In 2020 GVA fell to £3.1 billion, down 46% from £5.8 billion in 2019

GVA

2015	£4.1BN
2016	£4.3BN
2017	£4.5BN
2018	£5.2BN
2019	£5.8BN
2020	£3.1BN

Exports

£2.2BN
£2.5BN
£2.6BN
£2.7BN
£2.9BN
£2.3BN

Employment

118,000	
142,000	
146,000	
191,000	
197,000	
128,000	

In 2020 employment fell to 128,000, down 35% from 197,000 in 2019

In 2020, the music industry contributed £3.1 billion to the UK economy – a 46% decrease from £5.8 billion in 2019. The impact of COVID-19 hit the live industry and recording studios especially hard, disrupting the lives of music creators including artists, musicians, songwriters, producers and engineers, many of whom were unable to work. The industry's £3.1 billion Gross Value Added (GVA) contribution in 2020 is well below the £3.5 billion contribution it made in 2012, the first year UK Music collected such data. For an industry that had recorded double-digit growth since then, this represents a huge loss.

The music industry is interconnected and the consequences of COVID-19 extend well beyond the live sector. The shutdown of live activity hit venues and promoters, resulted in fewer performing opportunities for artists and fewer commissions for composers and songwriters. Collecting societies PPL and PRS for Music saw a sharp decline in public performance income and broadcast income also fell as advertising spend declined, impacting labels, publishers, artists and songwriters.

The consumption of recorded music remained strong, with streaming income increasing and vinyl sales up on 2019, according to the BPI. While the transition from CD to streaming continued, vinyl continued to grow, up 31% on 2019.[1] This success has been enhanced by impassioned and innovative marketing around Record Store Day, National Album Day and other initiatives across the year.

Exports fell to £2.3 billion, a 23% drop from £2.9 billion in 2019. The inability for artists to tour internationally was the greatest contributing factor to this decline. Studios were also heavily impacted by the loss of international artists coming to the UK to record. Publishing and recording exports performed well as the appetite for British music around the world remains strong, although it is possible there may be a knock-on impact in future years if some international markets experience a COVID-19 related decline. The impact of the new regulations, as a result of Brexit, is also an ongoing threat to future export performance.

Employment fell to 128,000, a 35% drop from 197,000 in 2019. The Music Creators and Live Music sectors experienced the greatest decline – the majority of those working in the industry are self-employed, and they have been hit especially hard by COVID-19.

In 2020 exports fell to £2.3 billion, down 23% from £2.9 billion in 2019

While some were able to access government schemes, like the Self-Employment Income Support Scheme (SEISS), many were not eligible. This has resulted in thousands of music creators, crew and others leaving the industry for other sectors. Many are still committed to a career in music, but necessity has meant finding alternative sources of income.

2020 was a catastrophic year for the music industry – yet despite these losses, the sector still made a significant contribution to the UK economy. We expect it to recover, but that will take continued investment and effort, addressing COVID-19 and post-Brexit issues, both of which pose significant threats.

The UK music industry is a multi-billion pound exporter, one of the most successful exporters of music in the world. The industry continues to offer employment opportunities across the UK. Despite the upheaval of 2020, music is still a major contributor to the UK economy. With the right support it can return to growth and help power the post-pandemic economic recovery.

1 BPI (2021)

The Story

Overview

To tell the story behind the numbers, this report shows how economic value is created around the four commercial assets that form the foundation of the music industry. They are: musical composition, recording, live performance and the artist as brand and image.

By showing how all the sectors of the industry (listed in Table 1) come together to build economic value around the four commercial assets, we can demonstrate a rich and realistic picture of how the industry functions in practice. These are the foundations on which GVA, exports and employment are built.

This report focuses on the macro level picture, but digging a bit deeper, there are a range of back stories of vastly differing experiences and circumstances. For instance, a consistent pattern emerged whereby those least advantaged financially felt the greatest decline in incomes. This was true of creators, music managers and recording studios. In each case, the lowest earners experienced the greatest percentage income decline.

This was because some higher earning creators and their managers can look to royalty-based income to offset the decline in live income. Emerging artists, niche artists and musicians are far more reliant on live performance. In the case of recording studios, the bigger facilities were better able to adapt and accommodate social distancing, whereas smaller studios had less flexibility and some remained closed during 2020.

The employment numbers, which have dropped dramatically, make for particularly stark reading. It is hard to say how many people will return to the industry and continued uncertainty will not help their prospects. For music creators, especially, the side hustle or day job, which is often an essential ingredient when starting out, has become a necessity again to support themselves while they continue to create music.

The industry that is built on and supports music creators is full of proudly entrepreneurial free marketeers, most of whom are unaccustomed to asking for government help. The industry is famously competitive, but it is also collaborative and that is often overlooked.

As Festival Republic's Melvin Benn makes clear in his commentary, he and his fellow promoters have eased their competitiveness to work together and find solutions. We see this more broadly across the industry including various support schemes initiated by the likes of AIM, BPI, MMF, Help Musicians UK, the Musicians' Union, PPL, PRS for Music and its charitable bodies, the PRS Members' Fund and PRS Foundation, to help those most in need.

The music industry is down, but it is certainly not out. It is a people business fundamentally and its people are creative, resilient and determined. We shall rise again.

Andy Edwards
UK Music Director of
Research and Analysis

Table 1: **Thematic Grouping**

Sectors	Sub-Sectors
Music Creators	Musician Composer Songwriter Lyricist Vocalist Producer Engineer
Live Music	Music Festival Organisers Music Promoters 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
Music Publishing	Publishing Rights Holders Publishing Companies
Recorded Music	Recorded Rights Holders Record Labels Physical Manufacturing and Distribution Digital Distribution Recording Studios
Music Merchandise	Music Merchandise Companies
Music Representatives	Collective Management Organisations Music Managers Music Trade Bodies Music Accountants Music Lawyers
Music Retail	Retail of Musical Instruments Manufacture of Musical Instruments Digital Music Retail Physical Music Retail

Diagram 1: **Commercial Assets**

Asset 1:
A musical composition and/or lyrics

Asset 3:
A live musical performance

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

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

Music Composition

The Backstory

Composition is the creative spark that lights up the music-making process and the first commercial asset upon which economic value is built. Composition can involve composers, lyricists and songwriters (including top-line melody and track writers). Individual roles can be fluid, often involving artists and producers who also write.

Music publishers play a key role in supporting the process by signing and developing writers and providing them with administrative services designed to ensure that songwriters and composers are paid for their work whenever, however and wherever it is used. Music publishers are significant investors, alongside record labels, in the creation of new music. This builds on the investment songwriters make in their own careers and the development of artists with whom they work.

Music managers can play an important role in representing songwriter clients to music publishers, but also in either running a songwriter's own publishing company, or publishing the songwriter client through the manager's own publishing company. There are many permutations.

Collective Management Organisations (CMOs), such as the UK's Performing Rights Society (PRS) work with both writer and publisher members to ensure income generated from the public performance of musical works is collected and distributed. PRS for Music manages this process in the UK and works with CMOs in other territories to collect international income.

PRS for Music collected £650 million, down 20% from £810 million in 2019

The Numbers

Revenues from composition assets have grown consistently in recent years and that trend continued in 2020, albeit more modestly. Growth has been sustained by the continued expansion of streaming platforms such as Spotify, video-on-demand services such as Amazon and international markets such as Africa. An additional factor has been a series of recent catalogue acquisitions by UK-based publishers, where the acquisition of overseas competitors has provided a further boost to export revenues.

Nevertheless, revenues have been hit by the COVID-19 pandemic in a number of ways.

Firstly, income from music featured in film, TV and theatrical productions has been badly hit. Productions ceased during lockdowns, which restricted the amount of music placed. Some projects have been able to resume, but the market remains depressed.

The collapse of the live industry, the closure of shops, restaurants and other public spaces that require a licence to play music has had a very significant negative impact and will continue to do so for some time. Revenues collected during 2019 were still being distributed to writer and publisher members during 2020. This means the full impact of COVID-19 during 2020, both within the UK and, especially, internationally, will be felt by writers and publishers in 2021 and beyond.

We can see this very clearly in the figures for 2020. PRS for Music collected £650 million, down 20% from £810 million in 2019.[2] This was in line with their expectations, because of the closure of live venues and public places.

However, PRS for Music succeeded in growing overall payments to writers and publishers, distributing close to £700 million in 2020 - up 2% from £686 million in 2019. The decline in royalties resulting from the COVID-19 restrictions will be most acutely felt when we report the 2021 numbers.

Despite COVID-19, songwriters and composers continued to create. During 2020 over 5 million songs and compositions were registered with PRS for Music , nearly one third more than in 2019. Creativity continued to flow, even when the nation and much of the world was in lockdown.

In 2020, over 5 million songs and compositions were registered with PRS for Music, nearly a third more than in 2019

MNEK | Baluga Media ©

PRS for Music distributed £700 million in 2020, up 2% from £686 million in 2019

2 PRS for Music (2021)

Case Study | **Catherine Anne Davies**

Catherine Anne Davies is an artist, songwriter, musician and producer. She an Artist Ambassador for the Featured Artists Coalition (FAC), and is a member of the Ivors Academy and the Music Producers Guild (MPG). Here she tells us about her varied career.

“My creative process can differ quite dramatically, depending on whether I’m producing and co-writing for another artist, or working on my own project as The Anchoress.

When I’m co-writing it’s all about being adaptable and filling in the gaps between the artist’s strengths. Sometimes you are brought in to help focus the lyrics, other times I have written complete backing tracks of music that the artist then writes a melody and lyric over. Every project is so different and I think the key to being a good co-writer is to leave your ego at the door: your role is to coax and encourage what the band or artist has to say.

This couldn’t be more different to how I work on my own solo project as The Anchoress. For my recently released second album (which scored a Top 40 chart placement as well as #1 on iTunes), I wrote and produced everything from scratch in my studio at home.

I always have a running list of song title ideas and I’ll keep little voice memo ideas on my phone of piano ideas or bits I’ve come up with on guitar. I don’t believe in writer’s block. If you have enough different ways of working then it’s just a matter of changing up how you are approaching a song.

My productions for The Anchoress can be quite dense and complex but when working for other bands and artists often it is all about keeping a lot of space in the arrangement and sprinkling a few unexpected textures to keep it sounding fresh.

The song is key: at the end of the day the basic lyric and chords have to be good enough to stand alone if you played it on an acoustic guitar or piano. Without that, you are adding Christmas decorations to a coat hanger! Production should complement the song, not be a substitute for one.

Recognising the power of fanbases is crucial. Joining the line-up of Simple Minds (from 2014-2018 on keys/vocals) was a tipping point for my career: it enabled me financially to create my own studio space but it also exposed me to their loyal fanbase, many of whom have gone on to become fans of The Anchoress. Equally, duetting with Manic Street Preachers has opened up touring opportunities and helped build my profile. So many artists now are recognising the power of sharing fans through collaboration and featuring on each others’ songs.

It can often be a huge wait before a song or album is actually released and any delays (such as the COVID-19 pandemic) can really affect cash-flow in terms of receiving mechanical and performance royalties from vinyl, CDs, streaming and live shows or radio plays. It’s been important for me to be able to keep working in my studio at home to keep creating new work that will provide future income. Not being able to play live shows for nearly two years has been a devastating loss of a major source of revenue, as well as denying a crucial means of promoting the success of my recent album, and cutting off a main way of my connecting with new and existing fans.”

The Anchoress | Ella Charlesworth ©

Recorded Music

The Backstory

Recorded music starts with a recording artist. They may write their own songs or record songs written by others, often working with session musicians, producers, mixers and engineers. This process begins life in the studio, which could be a full-service studio such as Metropolis or Abbey Road, a production room such as those at the Tileyard complex in London's Kings Cross, a home recording studio or a combination of all these facilities.

Once the finished record is mixed and mastered, the record is prepared for release, with videos, artwork, photoshoots and other materials utilised to help position and market the record. Marketing and promotion require careful planning and often very significant budgets to establish the record in the market.

In 2020, streaming revenues grew £737 million, up 15% from £638 million in 2019

Very often, this process is managed by record label artists and repertoire (A&R), marketing, press and promotion teams, who bring a wealth of specialist experience to the table. Music managers are, invariably, involved, working closely with the label teams. Some artists are entirely self-released and self-managed, using services such as the distribution company AWAL.

For those aiming for mainstream success, this means playing for very high stakes. Record labels are overwhelmingly the principal investors at scale and they shoulder the bulk of the financial risk. Seed and early stage investment often comes from the artists themselves and also music managers, a number of whom run labels.

Music retail makes the final connection with music fans, be that through streaming services such as Spotify and Apple Music, download services such as iTunes or Qobuz, non-specialist retailers such as supermarkets or specialist retailers such as HMV, Chalkys.com or Jumbo Records in Leeds.

PPL licenses recorded music broadcast on TV or radio and, via the PRS PPL Limited joint venture, when it is played in public such as in shops, restaurants, nightclubs and offices. It distributes the resulting income to record companies and performers (including featured artists and session musicians). PPL also collects for similar uses of music internationally, via 100+ agreements with CMOs around the world.

The Numbers

For the most part, recorded music performed well during 2020. One positive that did emerge from the disruption caused by COVID-19 is that more people turned to music to help them get through the pandemic and its associated lockdowns. There are, however, some significant exceptions where the impact of COVID-19 has been very severe.

Streaming had the greatest positive impact on recorded music trade revenues,[3] which BPI figures show grew to almost £737 million in 2020, a 15% increase from £638 million in 2019. Physical sales dropped slightly to £210 million in 2020, a 3% drop from £216 million in 2019.[4]

Within the physical market and despite the restrictions of lockdown, vinyl continued to grow generating almost £87 million in revenues during 2020, 31% up from £66 million in 2019. Innovative marketing by record label catalogue marketing divisions has driven this success.

3 Trade figures are income to rights owners not retail value.
4 BPI (2021)

In 2020, vinyl sales grew £87 million, up 31% from £66 million in 2019

This is not to say there have not been challenges for record labels – and in particular those in the independent sector that do not have the benefit of deep catalogues and large financial capital resources. Artist release and promotional schedules have been severely impacted by the restrictions put in place by national lockdowns and the limitations placed on travel both in the UK and internationally.

Revenues have also been adversely affected, in particular for the major labels in terms of artist ancillary income, where they share in some artists' non-recording income (such as touring and merchandise) as part of their broader deal. Synchronisation income, which derives from placing master recordings in film, TV, adverts and games has also dropped as productions ceased during lockdowns.

Music retail performed well in terms of streaming and vinyl sales. Direct-to-consumer (D2C) sales were buoyant with sales boosted by innovative online campaigns as independent retailers ramped up their online offering. There were however some structural changes negatively impacting the market, most notably supermarkets moving away from stocking physical music product. This is not surprising as supermarkets have preferred to stock CDs, while vinyl tends to perform better via specialist outlets and e-commerce platforms.

Physical music and merchandise sales including vinyl performed well as the specialist retail sector pivoted quickly to online retail, supported by both suppliers and fans, including through campaigns such as 'Love Record Stores'.

PPL collected £225.7 million in revenue during 2020, a fall of 17% from £271.8 million in 2019.[5] Public performance income fell significantly during 2020 by 42.2% to £57.5 million. Broadcast and online licensing revenue fell by just 3.8% to £82.3 million, despite the impact of the pandemic. PPL's international collections also remained strong, generating revenues of £85.9 million in 2020, which was down only 0.9% from £85.6 million in 2019. It is likely that the impact of COVID-19 in other countries during 2020 may negatively affect international revenues in 2021 and beyond, when overseas CMOs pay though 2020 monies.

Recording studios and the producers, mixers, engineers and session musicians are those in the recorded sector most adversely impacted by COVID-19. From our research, we estimate recording studio revenues in 2020 were about half what they were in 2019.

It seems that while the bigger studios were able to implement social distancing and reopen to varying degrees, the picture was much worse for smaller studios with a number remaining closed for much of 2020. According to the Department for Digital, Culture, Media & Sport (DCMS) research,[6] rehearsal spaces, many of which are attached to venues, were hit especially hard. A lack of international travel has affected the sector as a whole, with overseas artists, traditionally a major source of income, unable to travel to the UK to record.

5 PPL (2021)
6 DCMS (2021)

Case Study | **Metropolis Studios**

Metropolis Studios is an independent recording studio in west London. Richard Connell, CEO, tells us about the role of the studio and the impact of COVID-19.

“Our job is simple, to provide the professional structure and environment for an artist to maximise every second they spend with us. There are clearly differences to the level of support we provide on a technical level but we learn, adapt and improve with every client.

We are a full service studio. This includes recording, mixing, immersive mixing and mastering as well as engineer training and management and audiotechnology development. We also host live events for partner brands alongside some incredibly powerful ‘events’ like our highly successful “Live To Vinyl Sessions”.

We are fortunate to draw our clients from a very deep ocean. Studios traditionally work with labels and management teams from around the world as well as film and broadcast companies. Because we are a hugely successful mastering house, we also work across the globe directly with thousands of artists at every stage of their career. We try and anticipate our clients needs ahead of the event as much as we can.

We strive to earn our place in music too. I watched Leigh-Anne Pinnock’s powerful documentary, Race, Pop & Power, and I am determined for Metropolis to contribute to the diversity of the studio recording industries engineering talent which we have exciting plans for.

The impact of COVID-19 on the recording studio sector has been severe. We are fortunate that our mastering business has remained robust because it does not require clients to be onsite. Our studio business, however, has suffered from the lack of international artists. Prior to lockdown we welcomed some of the world’s most successful international artists to record at Metropolis. This disappeared overnight and is yet to come back.

A return to growth will require a number of elements. Firstly, enabling and encouraging artists to travel more freely will help bring back international clients. Secondly, the studio sector would benefit greatly from similar tax breaks available to the film and TV industries - breaks that have proven to be hugely successful in kick-starting investment in TV and film studios and skills in the UK. But it is vital that investment is directed firmly at UK-based studios, engineers and production talent to rebuild not only economic value in the UK, but professional skills that we are in danger of losing from this country forever.”

Richard Connell
Metropolis Studios CEO

Metropolis Studios | Tom Rowland ©

Coldplay perfroming at the BRIT Awards 2021 | BPI - JM Enternational ©

Live Performance

The Backstory

Walking on stage is often the first step many music creators take in their careers whether that is performing at school, playing in a local venue or DJing. Those who progress to writing and recording their own music for commercial release rely upon live performance to an even greater degree as their careers progress. For the overwhelming majority of artists, live performance forms the majority of their income, whether they are global superstars playing stadiums and arenas, or niche artists playing clubs.

Around the artist, especially soloists, are supporting musicians playing on stage with them. A headline artist will often have support acts playing before them on the bill, whether that is for a single show or for the whole tour.

All live shows require road crew, production crew covering sound, lights and staging, venue staff, promoters, ticket agents together with live agents who book live shows for their artist clients, often working closely with artist management. Managers often rely heavily on live performance for their management commission income.

The Numbers

The live music industry reached a pinnacle of success in 2019, following almost a decade of exceptional growth which powered the music industry's overall GVA from £3.5 billion in 2012 to £5.8 billion in 2019. With many tours and festival line-ups booked well in advance, 2020 was set to exceed the record performance of 2019. This was brought to a complete halt as the UK was put into lockdown during March 2020, with virtually no live performances taking place for the remainder of the year. Revenues effectively fell to zero overnight. A small number of socially distanced shows did go ahead during the latter part of 2020, but they proved to be largely uneconomic and unsustainable.

Live music revenues collapsed by around 90% in 2020

The live music sector is an intricate ecosystem, with a number of factors around the promotion of a live show that create economic value. When we first considered what the likely impact of COVID-19 on the live industry would be in April 2020, we felt that in very crude terms the live sector would drop by roughly 85% in revenues for the year. Having now conducted a full analysis for the year, taking into account ticket prices and ancillary spend, which vary across the year, we can reveal the actual decline was slightly higher at 90%.

The period between January and mid-March is one of the quietest periods of the year, often the live business does not properly reopen until around the middle of January. The bigger ticket shows and festivals, which contribute a much higher proportion of ancillary spend (catering and merchandise), tend to occur later in the year, hence the steep decline in revenues.

International touring revenue, a significant source of income for the Music Creators sector, which is counted under the exports figures, has also been very severely hit. These shall remain depressed for some time because of the global complexities surrounding how the COVID-19 pandemic is managed from one country to another and how international travel is restricted. The decimation of international touring contributed to a 59% decline in Music Creator's exports, which is discussed more fully under the The World section of this report, and a 56% fall in Music Creator's total revenues.

The devastation of live music had a knock-on impact on the live performance income paid to songwriters and music publishers, the sale of physical CDs, vinyl and merchandise such as t-shirts. This impacted not only on artists' revenue around live performance, but also the CMO, music publishing, recording and music merchandise companies who work with artists and their management teams.

Such a huge loss in revenues inevitably led to a loss in employment for both live music workers and music creators alike, who have experienced a 35% and a 40% decline in employment respectively. This is covered more fully under The People section of this report.

Tomorrow's Warriors IAMWARRIOR at Jazz Café | Steve Funkyfeet ©

Case Study | **Festival Republic**

Melvin Benn is Managing Director of Festival Republic. Since COVID-19 hit in 2020, Melvin has been at the forefront of trying to find solutions and a pathway to reopening, which he explains below.

“Festival Republic is the biggest festival promoter in the UK, we promote the Reading and Leeds festivals, Latitude Festival, Download Festival, BBC Proms in the Park amongst others. All of this was cancelled in 2020, but the entire live industry was in the same boat.

Although we are a competitive bunch, we also collaborate. As promoters, sometimes we promote one leg of an artist’s tour, with another promoter handling another leg of the same tour, or we share back-end resources at the same location or venue. Competition focuses on attracting talent to appear on stage and attracting audiences to attend events. Competition and collaboration have always coexisted in the live industry, but during the COVID-19 pandemic we all had to collaborate more closely than ever before.

During 2021 Festival Republic has promoted a series of test events at Sefton Park, Download and Latitude.

First came Sefton Park on the May Bank holiday weekend in Liverpool. This was a Festival Republic event, but we collaborated with other promoters. SJM helped with booking the acts and working the protocols around that, DF Promotions helped share knowledge and my own team and the Solo team managed the testing regime. We also invited anyone else from the live industry who wanted to attend on a fact-finding basis.

We planned the Sefton Park show as a 6,000 capacity event with a ticket price of £29.50. Tickets could only be purchased by people aged 18 and over who lived in the Liverpool City Region. Ticket holders were required to take a rapid lateral flow test at a local testing centre within 48 hours of entry, and were required to take a test after the event to ensure any transmission of the virus is properly monitored.

The event sold out but it lost money, which we planned for under the exceptional circumstances. Tickets were priced low, the market rate would have been £75-100 to make it viable, but everyone involved worked with us to keep costs down. Acts worked for expenses, not a fee and we focused on booking acts that were local to the North West. Many contractors charged close to cost price and some went further. There was an acknowledgement amongst some, such as catering companies who had been able to trade during lockdown, that they were more fortunate than others and able to contribute more.

Download is usually an 85,000 capacity festival, but this year we planned it as a 10,000 pilot event, that means 10,000 people in space for 10,000, not a space for 85,000. There was no social distancing, which was part of the pilot. The ticket price was £120 and which ordinarily would have been £200, so, again, we all had to keep our costs down. We still made a loss even though it sold out, again, these were exceptional circumstances as part of the trial period. The line-up was entirely UK acts.

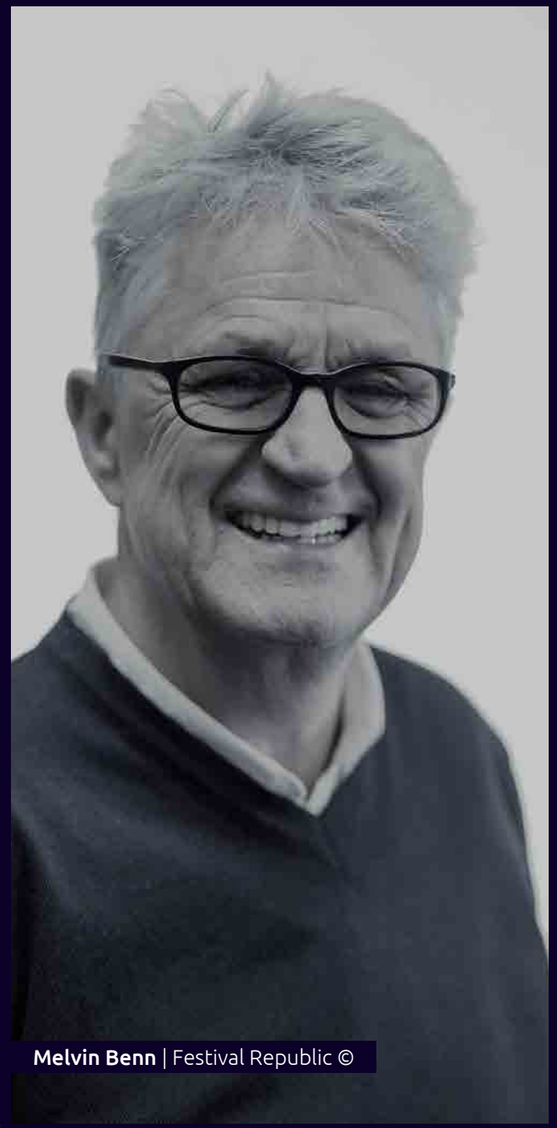
Latitude was a 40,000 capacity event with a £200 ticket price, the same as previous years, to move us back into business on a more sustainable basis. The event was part of the Government’s Event Research Programme, testing the NHS app. The line-up was entirely UK and Irish acts as it was not feasible to book US talent.

The live music industry has been incredibly supportive of one another during this time. We are a pretty decent bunch in the UK. We’ve always been fiercely competitive, but right now we’ve eased the dog eat dog and worked together. Government have stepped up too and we’ve been speaking regularly to the Department for Digital, Culture, Media & Sport (DCMS) and they have been keen to engage with us.

In terms of what happens next, the new government-backed insurance scheme is critical and welcomed. We absolutely need that but there are still details to finalise. Extending VAT relief would be massively helpful to us. We also have to be able to bring international talent into the UK and UK talent must be able to tour internationally without quarantining. If artists have to quarantine, the tour doesn’t happen.

International touring is essential to the live industry because audiences demand the very best talent they can listen to. A lot of festivals and promoters are concerned about how we might overcome this problem. It will have to involve the World Health Organisation. Territories such as Belgium have issued clear advice if you have been vaccinated using a vaccine similar to the ones approved in the UK, you ought to be able to come in without quarantine.

Maybe every industry believes this, we are very passionate about what we do. We have huge pride in what we do and I hope, through this process, the government recognises the value of what we do: economically, culturally and emotionally.”



Melvin Benn | Festival Republic ©

Brand & Image

The Backstory

Brand and image is a commercial asset in three senses. It can be the glue that holds the other three commercial assets (composition, recorded and live) together, it can be a catalyst to create further commercial assets and it can be a commercial asset in its own right. Cumulatively, brand and image boost the image of the UK around the world, creating significant soft power benefits for the country and our economy as a whole.

Brand and image begins with the artist themselves, it is an intrinsic part of their creative voice and vision. It can also apply to songwriters, musicians and producers who might have a distinctive style or sound. The process of developing brand and image will often involve managers, record labels, marketing executives, publicists, stylists, agents and music merchandise companies.

As the glue that holds the other commercial assets together, brand and image help position an artist in the market. This helps build profile in the media, social media followers, plays on streaming services and sales via traditional music retail. They also help sell an artist to a live audience whether that is positioning on a festival bill, securing a support slot or selling a headline tour in their own right.

As a catalyst to create further creative assets, the reputation an artist builds in music can lead to career opportunities in acting, presenting, writing and other creative endeavours. Such pathways have existed for decades, but social media has added a powerful catalyst to this process.

As a commercial asset in its own right, brand and image enables an artist to sell a multitude of merchandise products with staple items including t-shirts, posters, tour programmes and calendars which can be sold at live shows, via retailers or direct to consumers via the artist's website. Brand and image can also enable an artist to produce their own clothing line, fragrances or partnerships with third party brands and products.

Music merchandise companies form creative partnerships with artists to bring to life a range of concepts that amplify and underline the artist's vision. Thoughtful merchandise help connect artists with audiences in a much deeper way and this works hand in hand with the music they create and perform.

This creates revenues and economic value not only for merchandise companies themselves, but also for artists in the form of royalties on merchandise sales. Venues and promoters provide a sales service to merchandise companies, profiting from a retail margin applied to merchandise sales at live shows.

Key players in the UK market include Universal-owned Bravado, independents such as Global Merchandise and Sandbag, and the merchandise divisions of Sony, Warner and Live Nation. These companies sign artists in a similar manner to record labels and publishers, usually offering advances and royalties. There are also options for artists to self-release their own merchandise if they are not signed to a merchandise deal.

The Numbers

Looking specifically at brand and image as a commercial asset in its own right, UK music merchandise companies generated approximately £185 million in revenues in 2020, a drop of 42% from £320 million in 2019.

Touring income typically accounts for over 50% of merchandise revenues and this was very severely hit in 2020 owing to the COVID-19 pandemic. The merchandise companies surveyed for This Is Music did refocus their efforts on e-commerce, retail and licensed merchandise. Some companies lost staff through redundancies, but many staff were also retained and tasked with refocusing on revenue streams other than live. Clearly this is not sustainable and if the live music market does not recover soon, more jobs could be lost.

International touring is a major concern for music merchandise companies. For many of the bigger companies, exports can account for over 60% of global revenues. The logistics of tour merchandising are complex and requires specialist expertise. Although live shows are reappearing at a local level featuring UK talent, international touring will take longer to recover and this will impact merchandise revenues very significantly.

A further challenge for merchandise companies is Brexit. Many companies have traditionally managed international touring from their UK headquarters, however a number of companies surveyed are actively exploring relocating their operations to an EU country to avoid red tape. This is not just about VAT and e-commerce, it is also about being able to plan tour merchandise around the movement of goods and people across multiple EU countries as part of an international tour.

The Rolling Stones No.9 Carnaby Street Store | Bravado / Gavsy Media ©

Case Study | **TaP Music**

TaP Music is a music management company founded by Ed Millett and Ben Mawson, with offices in London, Los Angeles, Berlin and Sydney. Co-President Anna Neville explains how the company and its artists adapted to the COVID-19 pandemic.

“The biggest impact, obviously, was the lack of touring. Our clients Dua Lipa, Ellie Goulding, Lana Del Rey and Dermot Kennedy all had tours planned for 2020 that had to be cancelled. This impacts not only the artists, but backing musicians, road crews, support staff and management in addition to promoters, venues and so on.

Despite the challenges, we did have some successes. We decided to continue with our plans to release the Dua Lipa album ‘Future Nostalgia’ in the spring of 2020. We had concerns but releasing new music in the midst of lockdown lifted people’s spirits. Obviously Dua was already a global name and not everyone was so fortunate. The biggest impact was on developing artists because you are trying to build up their fanbase. It is really difficult to get your name out there when traditional live routes are closed off.

We are a well-resourced company with our own in-house marketing and social media teams, but music discovery is a huge challenge unless you go viral, which is something you cannot plan. This is where playing smaller venues and the early slots on festival line-ups provide essential foundations on which to build campaigns. If you have not yet established your audience, this is particularly tough. A key element in launching an artist’s career is being able to capture the moment, but if the world moves on, you miss your chance.

Brand partnerships also suffered during lockdown. A key element of a brand deal is delivering content and experiences, much of which could not happen. This meant some deals needed to be extended and that will have a knock-on economic impact. It is the same with music merchandise deals - the term will extend until the advance recoups and much of that income traditionally comes from selling merchandise at live shows.

On a more positive note, lockdown did give some artists the space to try new things, create, and connect with their audience in different ways. Dua, Ellie and Dermot did pioneering livestream shows that we were immensely proud of – we wanted to create a compelling alternative to simply streaming a gig, something special that could exist viably as a format outside lockdown and I think we achieved that. Ellie Goulding used lockdown to write a book about health, fitness and lifestyle and another client, Chelcee Grimes, started a podcast and sports TV presenting role because she has a career as a footballer alongside her music career. In both cases it was about knowing yourself as a creative person and playing to your strengths to find new ways of connecting with your audience.

Easing restrictions in the UK is a positive step, but artists must be able to travel internationally. Most of our artists work globally and remote recording sessions have not really worked on a creative level. So much magic happens when you bring people together and we need to be able to bring people together again.”

Anna Neville
TaP Music Co-President

Chelcee Grimes | Callum Mills ©

The World

The Backstory

As a net exporter of music, the UK remains one of the most important and vibrant sources of music on the planet. Music exports can include sales and streams of recorded music by British artists and labels outside the UK, the performance of UK copyrighted compositions and master recordings outside the UK and live shows performed by British artists outside the UK. It can also include spending by overseas tourists attending live shows in the UK. There were a small number of music events at the beginning of 2020, as well as overseas artists recording in UK based recording studios, which was a healthy income stream pre-COVID-19.

The UK is still the largest exporter of music in the world, after the USA[7] – however, while the UK industry has worked hard to maintain its position in an increasingly competitive international market, it cannot be assumed that our export success is a given. This challenge will be exacerbated as a consequence of COVID-19 and Brexit.

Music Creator exports plummeted to £495 million, 59% down from £1.2 billion in 2019

It is vitally important that the UK music industry emerges from COVID-19 and finds solutions to the multiple problems it has presented. This must satisfy British music exports at all levels, whether that is supporting superstar names or developing niche artists who, through streaming and social media, can access audiences around the world.

The Numbers

Exports declined to £2.3 billion in 2020, a drop of 28% from £2.9 billion in 2019. This was due almost entirely to the drop in Music Creator's exports which fell to £495 million, 59% down from £1.2 billion in 2019. The cessation of international touring was mostly to blame for this fall. This also impacted exports for Music Representatives and Music Merchandise.

Music creators reported that approximately 50%[8] of the income they generate outside of the UK typically comes from European Union (EU) countries, although for some creators the proportion is much higher. This is because a music creator's international earnings rely to a very significant degree on international touring and for many a significant proportion of that comes from the EU. Festivals across the EU have become a strong and reliable source of income for British artists and help to increase their profile. British artists are also well placed to secure support slots for European tours and play headline tours across the continent in their own right. For specialist genres such as jazz, European touring often exceeds earnings from domestic touring within the UK.

The extent to which British artists can tour beyond the EU, in North and South America, across East Asia and Australasia varies considerably. Costs are significantly higher and logistics more complex. Ambitious artists and their teams aim for global success, but that can take years to achieve and requires strong foundations in markets which are closer to home.

These figures illustrate very clearly how essential it is for the UK to work collaboratively with other nations at a global level to ensure that artists can move freely around the world post-pandemic so that international touring can resume and for economic growth to return.

7 BPI (2021)

8 This figure was calculated from a combination of UK Music music creator survey responses and artist accountant survey responses and interviews.

Recorded Music exports increased to £543 million in 2020, up 5% from £518 million in 2019

A further challenge is the new EU regulations following Brexit, as increased costs linked to new bureaucracy, including carnets, transport restrictions and work permits in some member states will push up barriers, especially for mid-level and emerging artists when EU touring resumes. The impact of these has not yet been fully felt by the music industry due to COVID-19 but the challenges are already clear and they will have a very profound negative impact on current artists and their crew as well as future talent.

Intellectual property (IP) related export income remained strong, with revenues deriving from composition and sound recording experiencing strong growth. Recorded Music saw exports increase to £543 million in 2020, up 5% from £518 million in 2019. Music Publishing saw exports increase to £783 million, up 10% from £712 million in 2019. The payment of international income is often delayed, so the strong performance of IP related income may pertain, in part, to pre-COVID activity and the impact of COVID-19 in international markets, particularly public performance income, may only be felt in subsequent years.

Investment is also critical and pays dividends. One example is the BPI-run Music Export Growth Scheme funded by Department for International Trade (DIT) and Department for Digital, Culture, Media & Sport (DCMS) which boosts British music exports by supporting small to medium sized music companies as they look to build on the global potential of their artists. Since its launch, £4m has been awarded to help hundreds of diverse, independent artists generate £51 million in overseas earnings – a return of £12 for every £1 invested.

In order to sustain this success as the global COVID-19 pandemic eventually recedes, a renewed effort will be needed to ensure the continued development of new talent, a process that has been severely disrupted by the pandemic.

In the streaming age, the recorded music industry has moved to a system of global releases, meaning that when an artist releases new music it is made available around the world from day one. Previously, releases outside the artist's home market were often staggered, depending on international demand and promotional schedules. Global releases have reduced piracy of recorded music and produced benefits for artists at all levels.

The BPI report, on average, 80% of all streams of British artists come from outside the UK. For every stream of overseas content in the UK, there are two streams of British artists overseas - a massive trade surplus for British creators and rights owners.

Ensuring a robust copyright framework both in the UK and with our trading partners is essential to protecting and growing this incredibly important revenue stream.

While virtual technology has helped to some degree, there is no substitute for the impact of having an artist in an international market to promote their own music, whether that is playing live or appearing on local TV and radio. This is especially important for newer artists who are not yet well known and who need to put in that ground work to develop a strong presence on the international stage.

Music Publishing exports increased to £783 million, up 10% from £712 million in 2019

The People

The UK music industry employed 128,000 in 2020, down 35% from 197,000 in 2019

The Backstory

Music is a people business – without them there would be no music industry. Employment figures reported by UK Music are full time equivalents, which is consistent with previous reports. Employment circumstances may differ. Some are full-time salaried employees, but many are self-employed, either working on a freelance or contract basis or running their own micro business or small business. On the advice of Department for Digital, Culture, Media & Sport (DCMS), furloughed employees and equivalent (Self-Employment Income Support Scheme (SEISS), Universal Credit, etc) are counted in these figures as employed.

Music Creators employment dropped 40%

Portfolio careers are common, whether that is wholly within the music industry, for instance working as a manager and label executive concurrently or may involve non-music work such as an artist who also works as a graphic designer. Even before COVID-19, incomes varied and working on a portfolio basis made financial sense for many people. Some prefer the flexibility that portfolio careers offer, but for many music industry workers it is an essential means of sustaining their careers, even pre-COVID-19.

Pre-pandemic, 70% of those working in music,[9] performing and visual arts are self-employed. That compares to just 15% of the UK working population as a whole, according to the Office for National Statistics (ONS).[10]

9 DCMS and ONS (2020)
10 ONS (2019)

The Numbers

Employment in the music industry, which had grown consistently for almost a decade, saw a huge drop to 128,000 in 2020, down 35% from 197,000 in 2019. Music Creators and Live Music were the sectors worst affected, with other sectors showing a smaller decline.

There was a 40% drop in those working as music creators which was due primarily to the loss of live income, although studio work was similarly impacted. Most music creators are self-employed, so are their road crews and many workers across the live sector. Some did succeed in securing Universal Credit or SEISS support, but many fell through the cracks and this is reflected in the figures. A particular concern, especially amongst music creators and music managers, has been the fate of micro business owners who operate their own limited company. This left many individuals ineligible for those support schemes that were targeted either at larger limited companies or self-employed.

Individual feedback tells us that many have sought alternative work outside the music industry. In economic terms these individuals are no longer counted as employed even if many are continuing with their music careers to some degree. It is hoped that many will return as the industry recovers, but the ongoing uncertainty is not helping and it is likely that a significant number will not return.

Those music creators who did not need support and who continued with their music careers during 2020 relied on personal savings, advances, royalty income from records and publishing deals and distributions from PRS for Music and PPL. The Musicians' Union, PRS for Music , PPL, AIM, BPI and Help Musicians have all contributed very significantly to various hardship funds aimed at music creators, which went some way towards alleviating personal hardships.

Employment in the live music industry experienced a 35% drop in employment during 2020 with every aspect of the live industry affected to some degree. Many venues were successful in securing support from the Government's Culture Recovery Fund. Nevertheless, there were still redundancies and a significant number of freelance staff who fell through the net.

Employment in Music Retail also declined in 2020, but this was more a function of non-traditional retailers such as supermarkets moving away from stocking music and entertainment product such as CDs.

Music Representatives presented more of a mixed picture, which reflects the varied nature of the companies and organisations within this sector. There have been some redundancies, although it is also interesting to note that within the music management community most continued to work for their clients unpaid, relying on savings or other income sources. Managers working with new artists often undertake management duties for close to zero income until commissions build, which was the case even before COVID-19 hit. The MMF's ReBuild hardship fund continues to support managers on low or zero income, having distributed over £500,000 to date.

Employment in the Recorded Music sector was also down with studios experiencing the bulk of the decline, particularly amongst those who employ freelancers.

Although the employment numbers for 2020 look bleak, the music industry is still an important job creator for the UK economy. The task now is to recover, rebuild and return to the year-on-year employment growth we saw pre-pandemic.

Live music employment dropped 35%

Creative Mentor Network at Shoreditch House | CMN / Ben Bentley ©

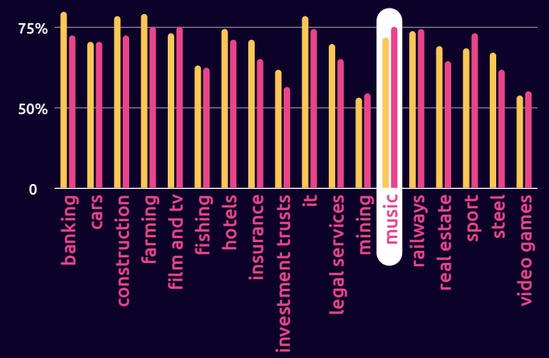
The Impact

75% of adults say they are proud of Britain's music industry and heritage

Music makes a major contribution to the UK economy. But its impact isn't just economic – it also makes a significant contribution to British society and plays an important role in all our lives. For the first time, UK Music has commissioned in-depth polling of the UK public to better understand how the music industry is perceived across the UK, the impact music has on people's lives, and what that meant during the COVID-19 pandemic.

The extensive research conducted by public policy consultants Public First demonstrates that regardless of age, gender, political views or social class, the British public overwhelmingly recognise the value and importance of music to the UK's economy, to the social fabric of the country, and to their own personal joy and wellbeing.

% important to british economy and society



Music Makes Us Proud to be British

Britain has a long a proud musical tradition stretching back centuries, from Tallis and Purcell to Elgar, Vaughan Williams and Britten. And the UK has been a global force in commercial music for decades, from The Beatles and The Rolling Stones to Led Zeppelin, Pink Floyd, Sade, Soul II Soul, Oasis, the Spice Girls, Coldplay, Stormzy and Dua Lipa, our creativity as a nation is widely known. Songwriters from Don Black to Cathy Dennis to Wayne Hector to Carla Marie Williams. Producers from George Martin to Glyn Johns to Jazzie B to John Leckie to Rollo & Sister Bliss to Camille Purcell. British musical talent is diverse and extends to every aspect of the music making process. Many are household names, but all have gained recognition amongst discerning music fans who pay attention to album and song credits.

It is a validation of this rich history that over 75% of adults say they are proud of Britain's music industry. Moreover, the social impact of music at home is widely recognised and understood. When we asked about the importance of music to British society, it came top of the list we gave – ahead of industries including sport, IT, banking and construction. In purely economic terms, music was seen as more important than insurance, cars, fishing and legal services.

Live Music Makes Us Come Alive

Music is also a social force that brings people together, to dance, sing, cheer and share good times. The restrictions and challenges that have affected everyone across the UK has not dampened the public's appetite for live music. Despite the ongoing uncertainties surrounding COVID-19, 43% of the public are interested in going to a live show. Two-thirds (66%) said they planned to attend as many or more shows than before. Among 18-24 year-olds, 38% say going to a live show is one of the things they are most looking forward to. Almost half the public (45%) are worried about the financial viability of their local music venues due to the impact of COVID-19 and 61% think local music venues are very important to their local community.

We Need Music Education

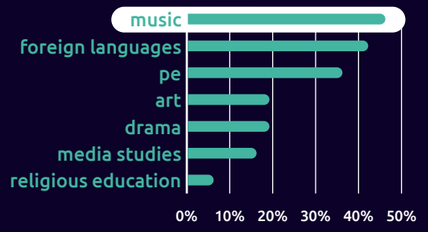
A key ingredient in the success of British music are the foundations on which musical knowledge, skills and creativity are built. This is also a key policy area for UK Music, whose MAP (Music Academic Partnership) network is a growth focused skills network, providing a link between music education and careers in music.

54% of parents stated that the quality of music education was an important factor in deciding where to send their child. 44% of adults wish that they had spent more time on music at school, and when we asked specifically music was a higher priority for more time and resources than foreign languages, PE, media studies or art.

Regardless of whether someone pursues music as a career, immersing oneself in music education enriches lives, develops character, skills and aptitude in a much broader sense. Over half of parents whose children are learning an instrument believe it has helped their children with other skills like creative thinking (56%), or boosting their confidence (54%) and encouraging perseverance and patience (49%).

A good foundation in music pays dividends and 29% of people who learned an instrument at school still play an instrument today.

what should we put more time and resource into at schools?



The UK loves music and listens to 60 billion hours of music per year

We are a Creative Nation

Anyone can be creative and we all have creativity within us. Sometimes that gets left behind as we grow up, as we take on responsibilities and get consumed by the grinding gears of life. We are a creative nation - almost 5 million people say they regularly create and perform music and almost 9 million have previously done so.

Over 1 million adults say they took up a musical instrument during lockdown

COVID-19 and the ensuing lockdowns brought many lives to a standstill, yet this also provided an opportunity for self exploration, personal development and for many of us to reconnect with our creative souls. The equivalent of over 1 million adults say they took up a musical instrument during lockdown and 72% of people who learned a new instrument during lockdown have said that they would continue after lockdown ended.

Almost 5 million people say they regularly create and perform music and almost 9 million have previously done so

Music is the Soundtrack to Our Lives

The UK public listens to an estimated 60 billion hours of music a year. In total, that is the equivalent of seven million years - or as long as humans have existed.

Whether we create music or not, music is the soundtrack to our lives. Listening to music is one of Britain's favourite pastimes - second only to watching TV. 57% say they regularly listen to music while cooking or doing housework, 58% while driving and 42% while exercising.

As a nation, we like to sing. 53% of respondents sing. We do not always need a stage or a microphone or even to be cajoled into a karaoke to sing, in fact, 24% sing in the shower.

Even while we work or study, music helps us to be more productive, 71% of Britons who listen to music while they work say that it makes them more productive.

53% of people sing and 24% of people sing in the shower

74% of adults say that music is important to them and their quality of life ...

Music Defines Us and Sustains Us

In a year when many of our lives were turned upside down, the value of music in rooting each of us in who we are, in providing us with comfort, support or simply a means to relax cannot be overstated.

Music plays an important part in defining who we are - 57% feel music is an important part of their identity and 64% carefully choose the music they listen to.

We are inquisitive - 45% like to explore new artists, composers and styles of music.

Music enhances our lives, 74% of adults say that music is important to them and their quality of life, with 39% saying that this importance has increased over the last year.

... 39% saying that this importance has increased over the last year

Music helps us through adversity, and has been especially important during the pandemic. 57% of people say music has helped them cope with lockdown and 59% said music has helped their mental health and well-being. 50% of us use music to cheer ourselves up.

The Spillover Value of Live Music

Music events don't just benefit musicians and venue owners, but have a much wider spillover effect in the local economy, powering a wider supply chain, and encouraging significant amounts of extra spend.

On average, a medium-sized music event creates around £140,000 in additional value for the UK economy - or around seven times its direct box office revenue.[11] Two thirds of this value is in turn captured within the immediate area, i.e. the local constituency, supporting local jobs.

	Small Music Venue	Medium Music Venue	Large Music Venue
Spillover Impact per Event (£)	48,349	141,521	425,980
Captured in local constituency	32,995	94,312	283,879

[12]

These figures are representative of typical local music venues in towns and cities up and down the UK. The spillover from bigger music venues such as The O2 will be significantly greater and all of which multiplies into billions of pounds into the UK economy.

11 We asked Public First to quantify the spillover value of live music. They did this by adding up the induced and indirect effect of ticket sales, alongside the wider GVA contribution from attendees spending on items such as accommodation, travel, merchandise and catering.

12 Median Number of Attendees: Small Music Venue 200, Medium Venue 600, Large Venue 1,806.

59% believe music helps improve Britain's reputation abroad.

The Soft Power of Music

British music is a major generator of soft power for the UK. Soft power is the ability of a country to persuade or attract others internationally through the strength of their culture. The UK has been traditionally seen as a 'soft power superpower', with influence far beyond our share of the world economy or population. Beyond its cultural impact, soft power also has important economic spillovers: encouraging more people to the country, or attracting greater levels of business investment. There are clear correlations between most measures of soft power, and the number of tourists, students and the level of foreign direct investment. [13]

Music continues to be one of the most important sources of the UK's global cultural strength. The UK is second only to the US as a source of repertoire, with BPI analysis of the top 1,000 most-streamed artists around the world in 2020 revealing that the UK accounted for 11.7% of plays - more than twice the share of the third placed country.

The cultural importance of British music abroad is widely recognised by the UK public. In our poll, we found that 59% of those we spoke to agreed that the UK's music industry helps improve our reputation abroad and 53% of those we spoke to agreed that the UK's music industry punches above our weight internationally.

British Public Want Government to do More to Support the Music Industry

The British public recognise how precious the music industry is to the UK, and that the economic and cultural success achieved is the result of hard work, risk taking, investment and commitment. 63% view music as a key national asset that brings social and economic benefits to the UK, while 59% think that music helps improve Britain's reputation abroad.

The majority of the public want Government to do more to support the music industry. 54% feel the Government should be doing more to ensure musicians can work abroad post Brexit, and 43% think Government is not doing enough to help people become professional musicians. 52% of the public think the Government should do more to support the industry as a whole.

54% feel the Government should do more to help musicians work abroad post-Brexit

Ellie Goulding | Louis Banks ©

52% think the Government should do more to support the industry as a whole

13 British Council (2017)

Music Industry Strategic Recovery Plan

The UK music industry has gone through an incredibly tough 18 months – however, we are determined to recover, rebuild and return to being successful and self-reliant net contributor to the economy that we always have been.

With the right support the music industry can help drive the post-pandemic cultural and economic recovery and be a major UK success story over the next decade.

As the Government prepares for the future there will be a focus on the resilience of different sectors to respond to the shock of future pandemics. There will also be a spotlight on delivering the Government's levelling-up agenda and building a post-Brexit business environment to allow the UK to flourish on the global stage. Finally, there will be a focus on the environment as the Government prepares to host COP26.

As the Government prepares for the 2021 Spending Review and transitions into the phase of post-pandemic recovery, we present the Music Industry Strategic Recovery Plan. This plan establishes how the music industry can play a key role in building back better and delivering a recovery across the whole of the UK.

UK Music sets out three key principles to ensure that music plays a full a role as possible in the post pandemic recovery.

1. **Securing Our Talent Pipeline** by providing funds to enable freelancers to recover, creating opportunities through music education and enabling investment in the next generation of British music success stories.
2. **Supporting and Incentivising Infrastructure** by protecting live events from further pandemic disruptions, extending the Culture Recovery Fund (CRF) while the sector recovers, permanently reduce VAT on hospitality services and ensuring a boost for touring through fostering investment from within the industry.
3. **Encouraging Exports and Fostering Investment** by boosting the successful exports schemes like Music Export Growth Scheme (MEGS) and International Showcase Fund (ISF), introducing a package of fiscal incentives to supercharge the industry's export potential, a Transitional Support Package and establishing a music export office.

1. Securing Our Talent Pipeline

Recovery Funds for Freelance Workers

The pandemic has reinforced the importance of freelancers to the UK music sector. Unfortunately, gaps in Government policy for the self-employed has left many people with significant financial challenges following up to 18-months without work. It is vital that freelancers are supported in the next phase of recovery, to encourage people to stay in the industry and to help rebuild incomes post-pandemic.

As music is an ecology, activity stimulates other activity: a gig can require a range of businesses to stage it and an artist looking to record can engage session musicians and studios, which in turn stimulates further spending. A recovery fund for creative industry freelance workers is essential to keep people with skills in the sector.

Programmes for a freelancers' recovery fund could take a range of forms. It could focus on increasing the skills of freelancers. Government could mirror support offered in France, by providing a stipend for creative freelancers with a certain level of work in the sector to support them between jobs. This should sit alongside increased public funding for the arts sector through Arts Council funding and other initiatives.

Boosting Music Education Funding

UK Music has long warned of challenges in the UK's talent pipeline as student participation in music at GCSE and A-Level declines. Exams watchdog Ofsted found that the pandemic made teaching practical music much harder. This may have helped accelerate the decline, making this a desperately urgent issue.

We would welcome a commitment from the Government to increase funding for music education by implementing schemes like those proposed by the Welsh and Scottish governments to guarantee to meet the costs of learning a musical instrument through funding for instruments or lessons. The importance of early years education makes increasing funding for music education at primary level critical. The Government must reverse the decision to cut Higher Education funding following recommendations by the Office for Students. There is also a need for progress on promised initiatives such as the Arts Premium.

When it comes to music education there are considerable socio-economic barriers and disparities between pupils from state and fee-paying schools. Funding cuts will disproportionately impact pupils from state schools and lower socio-economic backgrounds. Therefore, we need equal access to free or heavily subsidised music education across the UK to level up and ensure a diverse and inclusive talent pipeline. Without this, the UK will lose out on significant potential talent.

2. Supporting and Incentivising Infrastructure

Protecting Live Events From Further Pandemic Disruptions

Key music infrastructure like performance venues face an uncertain winter. The £750 million insurance scheme announced in July 2021 was a welcome first step to ensure events could go ahead. However, given this scheme only covers cancellation in the event of a full lockdown, it is crucial that Government avoids a return to enforced social distancing at events. If we find ourselves in that situation then restrictions should be based around certification and testing protocols – not enforced social distancing and capacity limits, which are not viable for our industry.

The Events Research Programme (ERP) established that events can run safely at full capacity with certain mitigations in place. Successful pilots at events like the BRIT Awards 2021 found no positive COVID-19 cases occurred. It is important to make use of this expert research rather than resorting to the blunt instruments of capacity restrictions and social distancing, which are catastrophic for the live industry. Should enforced social distancing or capacity limits be reintroduced, event organisers will continue to be vulnerable, making the scheme itself redundant. If this were to happen, we risk losing many festivals and music events forever.

Continuation of the CRF

The CRF has been a lifeline to many shuttered music businesses. However, a mechanism for support needs to be available until full recovery. This will be particularly important if venues are not able to match previous profits because of closures due to positive COVID-19 cases or the need to self-isolate. It is also important that the full £2 billion promised to the cultural sector is allocated by DCMS and delivered in a timely manner.

It is also vital that the Government commits to offering economic support to the music sector should restrictions be reintroduced. This is important not just for the rest of this pandemic but for future ones, too.

Permanent Reduction in Hospitality VAT

The Government announced in July 2020 that it intended to apply a temporary 5% reduced rate of VAT to certain supplies relating to hospitality, hotel and holiday accommodation and admission to certain attractions. This reduction acknowledged reducing VAT can support businesses, protect jobs and boost the economy. Yet the Government is raising VAT in stages to 20% in March 2022.

We believe VAT should be kept at a permanently reduced rate for hospitality to incentivise recovery in the live sector. A permanent VAT freeze make staging events more profitable, thereby encouraging more events to be organised. By keeping VAT low the Government will be allowing more money to be invested in venues, which will help them reduce pandemic debts. Such a policy would therefore incentivise investment in the grassroots of the sector. It would also allow continued employment for the large number of people who work in live music

3. Encouraging Exports and Fostering Investment

Enhance Music Export Funding and Support

The UK is the largest exporter of music in the world after the USA; around 1 in 10 of all tracks streamed globally are by a British artist. This contributes hugely to the economic value of the UK music industry and demonstrates the soft power of British music. The BPI-administered MEGS is a vital part of this success, enabling independent labels and artists to penetrate new markets overseas. Government should invest now to take advantage of explosive growth in the global market for recorded music, doubling its funding for the Scheme so that British indie artists can target more export markets, preventing the UK losing global market share in the face of intensifying competition. Another excellent example of the work to help boost overseas trade is the PRS Foundation's ISF.

There are clearly defined problems arising out of the EU-UK Trade and Cooperation Agreement for the music industry, which hinder international touring. As a sector, music has not been supported with financial help to manage Brexit implications in the way other sectors have, such as fishing. The Government must look to negotiate new bilateral and multilateral agreements with the EU member states on issues such as visas, work permits, carnets and cabotage. They must urgently deliver a Transitional Support Package to cushion the blow and cover additional costs for touring artists, musicians, crews and businesses arising from leaving the EU while new restrictions are clarified and resolved.

A music export office should also be set up to provide strategic support for music exports, supporting commercial and economic returns as well as cultural goals. An export office should have a defined remit to look at international examples of sector support in other nations to help make recommendations. A cohesive exports strategy means funding from MEGS and ISF and advice from an exports office working together. The body could closely resemble agencies in Australia and Canada, which provide advice on export logistics and strategy to artists, as well as helping them to expand into new markets and increase their exposure. It would be a partnership between industry and government with all relevant sector organisations involved. An export office would support future talent by allowing new artists to access international audiences and continue the great historic success of UK music abroad.

Fiscal Incentives Through Tax Relief

Unlike many other creative sectors in the UK, such as film, TV, video games and animation, the music industry as a whole does not currently benefit from a fiscal incentive, such as a tax relief scheme. The creation of a tax relief to stimulate UK content creation and attract inward investment would be welcomed by the music sector and help support exports, create new talent, build and retain skills, and boost the economy across the UK. It could incentivise investment in the next generation of world class music talent in the UK, and encourage inward investment into capacity building, professionalisation, and growth.

By mandating the use of UK based companies and freelancers for producing the work we can ensure UK business feature through the supply chain benefit. A fiscal incentive would also be useful to the large number of small and medium-sized enterprises in the sector who need particular support at this time.

Specific tax incentive schemes for music production or composition are common in other countries with strong music sectors, including France, Australia, Ireland and many North American states. Without a tax relief on offer, the Government risks putting the UK at a disadvantage and will miss the opportunity to gain a competitive edge against nations without such an incentive.

Joel Corry | Ryan Saradjola ©

Conclusion

2020 should have been a positive year for the UK music industry. After years of double-digital growth, booming employment and continued international success, we were on course to be the British success story of the decade.

COVID-19 stopped all that in its tracks. Overnight, the sector was brought to its knees, with live performances banned, international travel restricted, and hundreds of thousands unable to work.

As this report shows, the consequences for the music industry have been catastrophic: a 46% fall in GVA contribution, a 23% hit to exports, and a 35% drop in employment. This impact has been felt across the whole industry, and deep into the wider economy too. Most of all, it has been felt on a human level. Statistics alone cannot convey the devastation of the pandemic – many in the industry have lost earnings, lost jobs, even lost their lives.

As well as set out the awful impact of the pandemic on our sector, this report has sought to highlight the significance and value of the music industry on everyday life too. The landmark public polling from Public First shows that music plays an incredibly important role in all our lives, from giving us a sense of identity, to helping our mental health and wellbeing, boosting our productivity, and improving our quality of life. The public has desperately missed live music over the pandemic, while listening to recorded music has been one of the things to get us through the difficult times.

It's in all our interests to see a strong and thriving music industry that can deliver the positive economic, social and cultural benefits for the country that we know it can do.

So it's vital that we take the action required to support, protect and grow the UK music industry. We have been grateful for the support we received from Government through the pandemic. Now we need to capitalise on this investment and ensure we can recover fully and return to being the major net contributor to the economy that we were pre-pandemic.

The music industry would be nothing without the people working in it, and the UK's largely self-employed creative workforce has been hit harder than any by this pandemic. Many have fallen through the gaps in support, and some have been forced to leave the sector. The future of the industry depends on its workforce – so Government should secure our talent pipeline by providing funds to help freelancers to recover, creating opportunities through music education, and enabling investment in the next generation of British music success stories.

The UK is global hub of music-making and it is crucial that we support and protect our domestic infrastructure. This means protecting the live sector by ensuring we do not return to enforced social distancing at events, continuing economic support while the industry rebuilds, and maintaining the reduced rate of VAT for hospitality and ticket sales, to ensure we do not choke off the recovery the sector is starting to enter into.

Finally, as a major exporter it's vital that we take steps to ensure we can continue to export British success internationally. The sector continues to feel the effects of Brexit, with new rules on visas, work permits, carnets and cabotage hampering those who need to work and tour in Europe. Government has committed to resolve this crisis, and this must be acted upon as an urgent priority, but while this is ongoing the sector needs economic support in the meantime. Schemes like the Music Export Growth Scheme and the International Showcase Fund should be boosted. And the fiscal incentives that have done so much to help other creative sectors like film, TV and gaming should be expanded to the music industry.

For the music industry, the past 18 months have been all about survival. Now, as we look to emerge from this awful pandemic, our mission is to recover, rebuild and return to being the national asset that we were before COVID-19 hit. With the right support, the UK music industry can play a key role in our country's post-pandemic economic and cultural recovery.

Music matters. It matters to the hundreds of thousands of people who work in the industry, it matters to the millions of people across the country for whom music is an indispensable part of their lives, and it matters to the billions around the world who consume and love British music.

Music is a key national asset, part of our history and our heritage. More than that, it's part of our future. And we can't value it highly enough.

Jamie Njoku-Goodwin
UK Music Chief Executive

Dua Lipa | Hugo Comte ©

Methodology

In this report UK Music examines the value the UK music industry contributes to the economy. 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 This Is Music.

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 previously would usually be covered in the Music Tourism section in the report, which we have not produced this year.

For exports, UK Music uses the internationally recognised Organisation for Economic Co-operation and Development (OECD) definition: “Exports of goods and services consist of sales, barter, or gifts or grants, of goods and services from residents to non-residents”.

For the most part, exports included in this report involve money that moves across international borders. That is non-resident consumers and/or businesses making purchases outside the UK which, through various channels, transfer back across international borders to UK-based businesses.

In some cases, such as music tourism, export purchases occur inside the UK, where 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. There were a small number of these transactions in 2020 which occurred pre COVID-19, these are captured within the exports number. We have not produced a specific Music Tourism report for 2020 for the simple reason there is not much to report.

Export income comprises an unusually large proportion of revenue to Music Publishing and Music Representatives. Therefore, because of this, what remains as total GVA is less than its total export revenue.

The methodology remained the same as previous years, but we have consulted extensively with stakeholders and considered additional data points alongside our existing methodology. One addition we have made in 2020 is the inclusion of music merchandise companies.

We have worked with political consultancy Public First who have assisted in providing polling data, economic impact data and aspects of the core economic contribution work.

A complete methodology is available on the UK Music website.

Squid | Holly Whitaker ©

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Rockaway Beach Festival | Tony Jupp ©

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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 collective voice of the UK's world-leading music industry. We represent all sectors of our industry – bringing them together to collaborate, campaign, and champion music. The members of UK Music are: AIM, BPI, FAC, The Ivors Academy, MMF, MPA, MPG, MU, PPL, PRS for Music. UK Music also has an informal association with LIVE (Live music Industry Venues & Entertainment).