

Rt Hon Rishi Sunak MP  
Chancellor of the Exchequer  
HM Treasury  
1 Horse Guards Road  
London  
SW1A 2HQ

14 March 2022

Dear Chancellor,

I am writing to you on behalf of UK Music, the collective voice of the UK's world-leading music industry in anticipation of your forthcoming Spring 2022 forecast statement. As we look to recovery from the COVID-19 pandemic we are optimistic of a return to growth for our sector. I am writing to kindly ask you to consider a number of measures that the Government could take to aid this in your upcoming financial statement.

UK music is a key national asset and is an industry where the UK is a genuine world leader. Over the decades British music, like The Beatles, Ed Sheeran, Adele and Stormzy have defined the global soundtrack and inspired people. The UK is a world leader in the live sector. Globally 4 of the top 10 grossing tours of 2019 were headlined by UK artists.<sup>1</sup> The UK has one of the busiest live music venues in the world in the O2 Arena, as well as the largest greenfield festival in Glastonbury.<sup>2</sup> According to the BPI 1 in 10 songs streamed globally are UK artists.<sup>3</sup> In 2019 three of the top ten bestselling records worldwide were made in UK facilities and the soundtracks to half of the biggest grossing movies were recorded in UK studios.

Your forthcoming forecast statement comes exactly two years after the first lockdown. COVID-19 has wreaked damage on the music sector. The number of jobs in the sector fell by 35% in 2020, and Gross Value Added (GVA) fell by 46%, with subsectors like Grassroots Music Venues and large venues seeing falls in income of around 75% and vital supply chain companies like those in technical supply losing 95% of their income.<sup>4</sup> However, since 2014 music proportionately outperformed the economy as a whole, suggesting that with the correct support recovery can be rapid.

UK Music commends government initiatives such as the Culture Recovery Fund designed to support the sector during the pandemic. We share the ambition of the government to level up the country to support communities across the UK to thrive, making them great places to live and work. Music can play a fundamental part in this.

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<sup>1</sup> <https://www.kerrang.com/metallica-and-kiss-amongst-the-highest-grossing-tours-of-2019>

<sup>2</sup> <https://www.glastonburyfestivals.co.uk/information/an-introduction-to-glastonbury-festival/> <https://www.ig-mag.net/2019/01/the-o2-world-busiest-venue-2018/>

<sup>3</sup> <https://www.bpi.co.uk/news-analysis/1-in-10-songs-streamed-globally-are-by-british-artists>

<sup>4</sup> <https://www.ukmusic.org/research-reports/this-is-music-2021/>

We therefore ask you to consider the following six measures that would support the music industry in its recovery and return to growth:-

### **1. Abandon plans to raise VAT on live tickets**

The Government's move during the pandemic to reduce VAT on live events was very welcome. However, the government is set to increase this in April. We ask you to drop this planned rise and maintain VAT at 12.5% to ensure that profit from sales could be reinvested in productions, pay debts and keep the price of tickets down. At a time when the cost of living is of much concern to people and families across the UK, keeping VAT at this level will avoid a "cost of gigging crisis". This would ensure the live sector could lay a firm long-term foundation for recovery. It should be noted that many music businesses were not able to return until summer 2021 and therefore missed out on much of the reduced VAT period.

### **2. Extend Business Rate Relief for music spaces**

Another welcome support measure during the pandemic concerned business rate relief for venues. This has been reduced over time and is set to be a 50% discount up to £110,000 in 2022/23. We strongly feel this should go further and that full Business Rate Relief should be provided for all music spaces until the end of 2024/25. This would ensure profits could be reinvested in sector activity and paying down debts to secure the long-term future of the sector. This should also apply to music recording studios. The UK Government should therefore fully waive business rates from all music spaces until the end of 2024/25.

### **3. Transitional Support Fund for EU touring**

The UK-EU Trade and Cooperation Agreement failed to address a post-Brexit settlement for international touring. This therefore increases the red tape and bureaucracy associated with travelling the EU for UK artists and crew to perform at gigs and concerts. We therefore support the introduction of a Transitional Support Fund. This fund could potentially be similar to the £23 million the Government provided to fisheries to manage Brexit related impacts. In particular this would help smaller and up coming artists that may have limited financial and administrative resources.

### **4. 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 Music Export Growth Scheme (MEGS) is a vital part of this success, enabling independent labels and artists to penetrate new markets overseas. PRS Foundation's International Showcase Fund (ISF) is another impactful government backed scheme. Both MEGS and ISF should be extended and enhanced. 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.

### **5. 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, nurture 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.

## 6. Recovery funds for freelancers

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. We have already seen self-employment decrease across the board, and 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. We would also welcome further engagement from the government on the disparities between self-employed and employed parental & adoption leave which leave freelancers financially vulnerable.

These measures would offer a profound benefit to the UK music industry and economy at large. I am at your disposal to discuss these ideas further and provide you with any further additional information you may need in advance of your forthcoming statement.

Yours sincerely,



**Jamie Njoku-Goodwin**

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