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 business environment to allow the UK to flourish on the global stage. Finally, there will be a focus on the environment as the agenda and building a post-Brexit business environment is essential to keep people with skills in the sector.

1. Securing Our Talent Pipeline

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.

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1.1 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.

1.2 Supporting and Incentivising Infrastructure

by protecting and rebuilding key music infrastructure, extending the Culture Recovery Fund (CRF) while the sector recovers, permanently reduce VAT on hospitality services and ensuring a boost for tourism through fostering investment from within the industry.

2. 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. Exam 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 of 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 further 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.

2.1 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.

2.2 Continuation of the CRF

The CRF has been a lifeline to many shuttered music businesses. However, the present structure 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 flow 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.