



Rt. Hon. Jeremy Hunt MP,
Chancellor of the Exchequer,
1 Horse Guards Road,
London,
SW1A 2HQ

8 March 2023

Dear Chancellor,

I am writing to you ahead of your Budget on 15 March on behalf of UK Music, the collective voice of the UK's world-leading music industry. We represent all sectors of the music industry, bringing them together to collaborate, campaign and champion music.

The UK music industry is a key national asset, contributing billions to the economy and supporting hundreds of thousands of jobs across the country. The music industry is worth £4bn to the UK economy, enjoying a 26% increase on last year, yet still down on the pre-pandemic high of £5.8bn. The sector employs 145,000 people with exports growing by 10% last year to £2.5 billion. Four of the ten most-streamed tracks globally on Spotify over the past year were by British artists, with Harry Styles' *As It Was* being streamed an unrivalled 1.6 billion times.

Despite this success there remain challenges that the music sector seeks to overcome. With the right level of support, we can work together with the Government to ensure the UK music industry retains its competitive edge and continues to grow. This year ministers have already supported the sector by halting plans for a catastrophic exception to copyright for data mining. The benefits of such a measure to artificial intelligence are unevidenced and if progressed would amount to an act of music laundering. The Government now has a huge opportunity to build on this progress and support the sector in the following ways:

1. **Energy Bills:** Music spaces are inherently high energy use spaces. The high cost of energy bills could see music venues, studios, and other music businesses face closure without adequate support from the Government. Schools and music education providers face these challenges too. Data from the Music Venue Trust shows that the average increase in energy bills for music venues is 278%. While statistics from the Music Producers Guild show recording studios have seen their bills rise by as much as 309%. Studios have found themselves caught in a perfect storm throughout this crisis, as running sophisticated audio equipment must always be left running or face costly breakages, as well as not being able to pass on the massive increases in cost to their customers, and are therefore being hit incredibly hard by the crisis.

While UK Music welcomed the introduction of the Energy Bill Relief Scheme in September 2022, this has not brought the price low enough for many businesses and is not a cap on overall costs. This scheme ends in March 2023 and is being replaced by the less generous Energy Bills Discount Scheme (EBDS). A higher tier of support is available for Energy and Trade Intensive Industries ("ETII"); however, venues and

studios will not be supported by this. The Government should reconsider this decision. If museums, libraries, and zoos are eligible for this higher level of support, then it makes sense that music venues and studios should be too.

2. **Business Rates:** To further help music spaces impacted by spiralling energy costs and the pandemic, the Government should ease the tax burden by reducing Business Rates on live music venues and studios. The current system of Business Rates unfairly penalises these spaces that often require a large floor space and are in city centres or regenerating locations. Business Rates rises are divorced from the ability of the business to pay, often effectively taxing otherwise viable small businesses out of existence. UK grassroots music venues have the highest premises taxes in Europe, reducing the sector's potential to support new and emerging talent. Music benefits local communities with £4.7 billion in local spend as a result of music tourism. As recommended in the DCMS commissioned Music Studio Market Assessment¹ there should be a specific business rates category for music studios, given the current practice of inconsistent classification leading to subjective calculations.
3. **VAT:** Government should also look to reduce VAT on live events, including music and theatre, to 5%. Currently at 20%, this is almost double the EU average (10.3%) and triple countries like Belgium (6%) and Germany (7%). Bringing VAT in line with the EU average would help stimulate live music activity and boost local economies.
4. **Fiscal incentive:** We would also welcome the ending of the anomaly that music is one of the few creative fields that does not receive a direct fiscal incentive (existing ones include film, TV, animation, and video games). A tax relief would stimulate UK content creation and attract inward investment. If it stimulated a similar boom in music production as it has in the film sector it could be worth billions of pounds to the UK economy.
5. **Export office:** The Government should look to create a music export office. This would essentially act as a trade office responsible for exporting British music, supporting future talent by helping build their international audiences and export profile. Creating an export office would also help artists with the bureaucracy and administration associated with touring. It would also assist with expansion of the Music Export Growth Scheme (MEGS) and International Showcase Fund (ISF). Similar offices are common across the globe, including in Germany, France, and Canada. The UK's global market share of recorded music has declined from 17% in 2015 to 12% last year, and a music export office would help British talent reach new build new global audiences.
6. **Orchestral Tax Relief:** The Government should extend the 50% uplifted Orchestra Tax Relief (OTR) rate which commenced in October 2021 in response to the pandemic. This is due to reduce to 35% in April 2023, and reduce further to 25% in April 2024. The 50% rate has been vital for the sector in the wake of the pandemic and due to the ongoing impact of the cost crisis, should be extended further. The Theatre Tax Relief temporary uplift should also be maintained.

¹ [Music Studio Market Assesement \(publishing.service.gov.uk\)](https://publishing.service.gov.uk)

7. **Arts Pupil Premium:** With a new National Plans for Music Education specific support for lowering barriers to music education for the poorest students is vital. Talent is everywhere, opportunity is not. We therefore call on the Government to deliver its manifesto pledge and introduce an arts pupil premium to support schools in giving access to music and the arts for the poorest students, ensuring no one's ability to play is contingent on their parents' ability to pay. This is particularly important when you consider funding of Music Education Hubs has remained flat for over a decade.

8. **Transitional Support Package:** The Government should work to establish a fund to manage negative impacts of leaving the European Union, given the increased bureaucracy and complexity for musicians and their crew when now touring the EU. This could invest in infrastructure to better manage outbound paperwork (e.g. designating Eurostar a port of exit) and producing a government backed industry led information hub. £23 million was made available by the government to support the fishing industry for similar reasons.

The music sector has a huge role to play in the UK economy over the next few years and I hope your budget reflects the need to support this world-leading sector. I hope to work with you and your team to make the most of the opportunities on offer to our industry and would welcome the chance to discuss these issues with you and your officials.

Yours sincerely,



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Annex

UK Music's membership comprises: -

- AIM – The Association of Independent Music – AIM – The Association of Independent Music – the trade body for the independent music community, representing 1000+ independent record labels and associated businesses, from globally recognised brands to the next generation of British music entrepreneurs.
- BPI - the trade body of the recorded music industry representing 3 major record labels and over 400 independent record labels.
- FAC – The Featured Artists Coalition is the UK trade body representing the specific rights and interests of music artists. A not-for-profit organisation, they represent a diverse, global membership of creators at all stages of their careers and provide a strong, collective voice for artists.
- The Ivors Academy - The Ivors Academy is an independent association representing professional songwriters and composers. As champions of music creators for over 70 years, the organisation works to support, protect and celebrate music creators including its internationally respected Ivors Awards.
- MMF – Music Managers Forum - representing over 1000 UK managers of artists, songwriters and producers across the music industry with global businesses.
- MPG - Music Producers Guild - representing and promoting the interests of all those involved in the production of recorded music – including music studios, producers, engineers, mixers, remixers, programmers and mastering engineers.
- MPA - Music Publishers Association - with 260 major and independent music publishers in membership, representing close to 4,000 catalogues across all genres of music.
- Musicians' Union - Representing over 32,000 musicians from all genres, both featured and non-featured.

- PPL is the music licensing company which works on behalf of over 110,000 record companies and performers to license recorded music played in public (at pubs, nightclubs, restaurants, shops, offices and many other business types) and broadcast (TV and radio) in the UK. PPL also collects royalties for members when their recorded music is played around the world through a network of international agreements with other collective management organisations (CMOs).
- PRS for Music is responsible for the collective licensing of rights in the musical works of 150,000 composers, songwriters and publishers and an international repertoire of 28 million songs.
- UK Music also has an informal association with LIVE (Live music Industry Venues & Entertainment), the voice of the UK's live music and entertainment business. LIVE members are a federation of 13 live music industry associations representing 3,150 businesses, over 4,000 artists and 2,000 backstage workers.