House of Commons

Culture, Media and Sport Committee

Oral evidence: Grassroots music venues, HC 527

Tuesday 26 March 2024

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Watch the meeting

Members present: Dame Caroline Dinenage (Chair); Clive Efford; Julie Elliott; Damian Green; Dr Rupa Huq; and Giles Watling.

Questions 1 to 104

Witnesses

I: Jon Collins, CEO, LIVE; Mark Davyd, CEO, Music Venue Trust; John Drury, Chair, National Arenas Association and VP and General Manager, OVO Arena Wembley.

II: Stuart Galbraith, Vice-Chair, Concert Promoters Association and CEO, Kilimanjaro Live; Anna Moulson, Co-Chair, Association of Independent Promoters; Gavin Larkins, Director of Commercial Partnerships and Sales, PRS for Music.

III: Lily Fontaine, Vocalist, English Teacher; Kwame Kwaten, Vice Chair, Music Managers Forum; David Martin, CEO, Featured Artists Coalition.

Examination of witnesses

Witnesses: Jon Collins, Mark Davyd and John Drury.

Q1 **Chair:** Welcome to this meeting of the Culture, Media and Sport Committee. Today, we are talking about grassroots music venues, which are a major pipeline for our music industry but are closing at the rate of more than two a week, and more than one in three is making a loss. This morning, we are looking at what more we can do to support these incredible venues across the country.

For our first panel, I would like to welcome: Jon Collins, CEO of Live music Industry Venues & Entertainment, also known as LIVE; Mark Davyd, CEO of Music Venue Trust; and John Drury, chair of the National Arenas Association and vice-president and general manager of OVO Arena Wembley.

We have previously had two roundtable events with grassroots music venues—one here in Westminster and one, much more glamorously, in the Night & Day Café in Manchester; that were very kindly organised by Music Venue Trust. We want to put our thanks on record to all the live music venues that came along and represented themselves so fantastically in those sessions. They have helped inform a huge amount of the thinking we have already done on this piece of work and, indeed, who we have invited today to give evidence.

Before I start, would any of the members like to declare any particular interests? No? In which case, I am going to kick off the questions.

Mark and Jon, I am going to start with a question for you. The UK lost 125 live music venues last year; can you quantify that? What does it mean in terms of the damage to venues, the pipeline of artists and engineers, and the fabric of communities? I want to try to get an understanding of the impact.

Mark Davyd: We will probably spend a lot of today talking about the pipeline, but the first impact we need to recognise is 125 communities have lost access to live music on their doorstep, and the impact on those communities and artists is very traumatic.

The closure of a space like Moles in Bath has a huge impact on the pipeline but also a massive impact on Bath as a music city. We need to recognise that young people, communities, and music fans across the country, are finding live music further and further away from them.

In terms of the short-term economic impact, those 125 venues will have provided 16%—circa 30,000—of all the performance opportunities for artists in the UK. Each venue will also have provided roughly 30 jobs so about 4,000 jobs have come under threat or been lost. It is very important to recognise that 125 venue operators have lost the space that was an intrinsic part of their life and their careers. Many people have spent decades running one of these live music venues; we are not sure what will happen to them or what they will do next.

In terms of the longer-term impacts, we are seeing a very significant blockage in the talent pipeline. I want to thank the Committee for the guests you have invited to come and speak today after those two excellent meetings with venues.

You can hear the concern our sector has about whether the UK is going to continue to bring up the exceptional talent with which we have dominated the world for the last seven decades. We are a huge net exporter of music. Where does that all start? At a grassroots music venue. Your inspiration and aspiration probably started there—even if your career did not—because you lived in a community with music. If we take that away, we are taking away the ignition engine and the starter motor of our entire music industry. We need to really think about that and plan for the future because we do not have a plan at the moment.

Q2 **Chair:** Jon, do you have anything to add?

Jon Collins: Mark has given quite a comprehensive answer. For the benefit of the Committee who do not know LIVE, we have 16 associations on our board. We have Mark as MVT, and John as NAA, as well as festivals, promoters, producers, ticket agents, orchestras, and electronic music, so we have a broader perspective on this, which mirrors everything Mark says.

The board discussed this issue at our last two meetings and recognised the pressure grassroots music generally is under, specifically venues but we have also lost 28 festivals this year. Artists cannot afford to tour. There is a general pressure at that grassroots level where costs are fundamentally overtaking the revenue side of things.

Q3 **Chair:** Given your experience, are you concerned that the breadth of genres that UK music has to offer may be lost as a result of the closure of festivals, and particularly the live music venues we are talking about today?

Jon Collins: Yes. Fundamentally, the live music industry is about having the capacity to take risks, whether that is a career as a musician and the risk that holds, Mark’s members with their 0.5% profit margin, or festivals setting ticket prices 12 months before the event happens and then seeing if the cost will allow them to have any sort of profit margin. We are always looking at how we are able to allow artists, venues and festivals to take risks. If the pressures continue as they are, that room for manoeuvre at grassroots becomes ever more restricted.

Q4 **Chair:** I am going to move to John Drury now; I am interested to find out what is happening in the world of arenas at the other end of the scale. The figures show arenas made £1.9 billion pre-covid, excluding tickets, and attendances were at a record high in 2022. How did the arenas perform last year? What is the latest information?

John Drury: The number of live performances dipped by 12% last year and hit the level we were at in around 2016.

To paint a picture, the arenas are all very different models. There are 24 UK members, all with a capacity of at least 5,000. They range from the smaller end—the Royal Albert Hall—right through to venues like The O2, AO Arena, and the new Co-op Live in Manchester at 20,000 plus. A number of the venues are community arenas that do not do a lot of music; on average, music is 50% of our diary across the arenas. Last year, the range went from 18 shows being the lowest in one venue to 120 in another, so it is quite varied. The focus is on the biggest venues, but we also have that smaller end.

In terms of the grassroots sector, we are fully on board and want to give support. We have been giving support for a while in different ways, financial and non-financial, and we align with Mark and Jon on the messaging for the grassroots. We understand the importance of that sector to the industry as a whole because we are an ecosystem.

Mark, your posters yesterday showing Glastonbury and Reading with all their non-grassroots artists taken out spoke volumes—not to the arenas so much as the academy circuit and those venues further down the line that will rely on the grassroots circuit to build their careers.

Q5 **Giles Watling:** I never thought I would hear the Royal Albert Hall called part of the smaller end, but it is an amazing venue. I wanted to talk about the Government's intervention and I have a question for Mark. The Government extended business rate relief and will provide £4 million via the Arts Council England until 2025; how has this helped? Has it made a difference and is it sufficient?

Mark Davyd: We are very grateful for the support; the 75% business rate relief was absolutely essential. Roughly, the full business rate would cost about £20 million in our sector, so 75% relief is a £15 million boost to the sector.

As early as 2019, there were moves to look at specifics around grassroots music venues and business rates. When Rishi Sunak was Chancellor, he introduced a 50% relief specific to grassroots music venues because of the nature of their operation, which was to do with how the business rate was calculated and the kind of space they could use: things called fair maintainable trade, which are different for music venues but are not recognised within the business rate system as it currently is.

We were initially, and remain, very enthusiastic about the Supporting Grassroots Music fund announced by the Department for Culture, Media and Sport in July last year. However, £4 million is the total value being made available to the whole grassroots music ecosystem between July and the final definition of what the fund will be used for in October.

Q6 **Giles Watling:** So it is not sufficient in your view?

Mark Davyd: Unfortunately, the demand far outstrips the supply. It is a great move, but we would like to see that fund increase. The division and distribution of public funding for music in the UK is still very heavily weighted towards what we might describe as the high arts. In the grand scheme of things, £4 million is great for our sector but it pales in comparison to the public support we are seeing in other sectors.

Q7 **Giles Watling:** In your view, is it absolutely vital to support the grassroots of the ecosystem John was talking about in this way?

Mark Davyd: Yes. In this economic climate, the Government are doing some great things to support the grassroots system. I am very focused on what the industry itself can do at the moment, recognising the public purse is definitely constrained.

Q8 **Giles Watling:** How did the grassroots music venues respond to the Government waiting until the autumn statement to announce the extension of rate relief?

Mark Davyd: With panic, as we did. These are very personal businesses to the people who operate them. There is a well-known saying in our sector: "How do you make £1 million running a grassroots music venue? Start with £2 million."

These are not businesses in the traditional sense; they are passion projects. More than a quarter of them are now registered as not-for-profit entities. They are servicing their communities, so any kind of pressure on them and any challenges they see coming down the line is extremely stressful for them. It would have been great to see that extended further in the future, and we are still very keen for a review of business rates in this sector.

Q9 **Giles Watling:** But the sector would like to have heard about it earlier and would like to know what is coming down the line?

Mark Davyd: Correct, 100%.

Q10 **Giles Watling:** That point is very well made. We know UK gig-goers are charged 20% VAT, almost double the European average. How would you respond to people saying, "We have provided business rate relief and extra funding and there are record attendances at live shows; why should we cut VAT?"?

Mark Davyd: It is a good question. In our sector, the cut of VAT would essentially cut pre-profit taxation. These businesses are living on a very slim profit margin; more than a third made a loss in 2023. It would make a small difference, but any difference in that kind of atmosphere would be significant; a 5% or 10% cut in VAT would increase that 0.5% profit margin by a small amount.

Q11 **Giles Watling:** Would it make it sustainable, though?

Mark Davyd: It would not quite make it sustainable. These venues are running at a loss of £114 million a year, strictly on the tickets as opposed to their investment in live music; they bring in £134 million in ticket money and spend £248 million putting on live music. They make up the rest with alcohol or food sales.

If there was a VAT cut on tickets, it would give us the space to go to the leading figures in the music industry to say, "Listen, now is the time for you to reinvest that in the research and development happening in artists, promoters and venues at the grassroots level."

Q12 **Giles Watling:** And get these artists out there representing the UK. John and Jon, any comments on that?

John Drury: We would share Mark's point about the VAT cut. As long as we knew it was going to the right places, any discount that could be taken back into the industry would be a good thing. Last year, the arenas raised £100 million in VAT for HM Treasury: 60% from tickets and 40% from other income.

Q13 **Giles Watling:** Is the success of the arenas skewing the case against VAT reduction?

John Drury: I would not say it is. A discount in the arena world is not necessarily needed, but to reroute that back into the GMV and MVT venues would be.

***Jon Collins*:** There is a second dimension to the VAT call: to ease pressure in the grassroots, and, as the Chancellor identified last year, the creative industries are one of five key growth areas of the economy. We have been asked what the barriers to growth are. The two big barriers to us doing more are EU touring and 20% VAT on tickets. If we were able to do more—via a cut in VAT—for every 10,000 people who attend one of John's venues, they would spend £1 million in the local economy; we have the opportunity to be a significant catalyst for local economic activity.

To return to your point about business rates, we need to know these things in advance. It should be made permanent, otherwise tell us now if it is going to be extended for three years so the businesses can factor it into their planning. Do not keep us waiting until the last moment.

Giles Watling: So you can start getting things together. Thank you, gentlemen.

Chair: Damian?

Q14 **Damian Green:** Thank you, Chair. Good morning all. Mark is being realistic when he says future Chancellors are not going to be scouring around for ways to cut their tax revenue, given the general economic situation. Cutting to the chase, the other solution you have come up with is the levy. Mark, you have advocated a levy based on the French 3%. How does that work in practice?

Mark Davyd: The French model is a 3.5% levy on the gross value of tickets sold that goes into a central fund administered by the Centre

National de la Musique. That fund can be applied for by artists, promoters and venues on the basis of risk-taking.

A venue will typically say, "Here is a programme of events that is important to the development of French artists or music. In six months of this programme, we will lose €40,000 to €50,000." They draw it down from the fund. At the end, it is assessed as to how it performed economically, and they can make an application for the following six months or a year on the basis of the money they have lost. There is a similar operation for promoters. The French fund also supports artists to make albums, do recordings and rehearsals, and to help with production expenses.

The value of the French fund is very significant; we believe it is over €200 million. I would love to tell you we would like £200 million and it would resolve everything very quickly, but we do not need that. Our proposal is that £1 per ticket on arena and stadium shows would create a sustainable fund that could be administered by ourselves and other people concerned for promoters and artists, and create a fund whereby everybody can take risks with their programming and give artists the first step on the ladder.

Q15 **Damian Green:** So this putative fund is not just for venues; it is for artists and promoters, as well?

Mark Davyd: Correct. The same applies here. My members will all tell you one of their biggest concerns is that artists cannot afford to tour and the length of tours we are seeing. It is not just that venues are not there to play in, but venues are standing empty when they could be putting bands on because bands cannot afford to put on a show.

Q16 **Damian Green:** Does it work in France? Does France have a healthier grassroots music scene than we do?

Mark Davyd: No, because we have the healthiest grassroots music scene in the world, which is why we are one of the three net exporting nations. We have an almost unique, organic petri dish of experimentation, research and development that happens in our communities almost by accident.

Q17 **Damian Green:** Is it because we are more talented than the French at this kind of creativity?

Mark Davyd: Am I allowed to not answer a question?

Damian Green: You are in Parliament here.

Mark Davyd: We have a long history of experimentation, taking cultural risks, and of our artists being supported at the grassroots level by people who believe in music in their communities.

We are holding this hearing on a great day for me. It is the 30th anniversary of the day Oasis played in my club in Tunbridge Wells: a former public toilet we converted into a venue 31 years ago. Why did I put Oasis on? I did not want to put them on; I wanted to put Whiteout on, but the agent insisted Oasis should come with them. I was made to put them on.

We did not put Whiteout on in the expectation we would sell out but because we really liked their record and thought they should play in Tunbridge Wells. It is not as considered as, "Well, I'm going to sit here and put on the next artist that's going to headline John's arena." It is about taking risks and experimenting and it is about our local communities being prepared to do that on behalf of the music industry.

Q18 **Damian Green:** John, this is coming off of your bottom line or somebody's bottom line you are associated with. What do you think about this proposal?

John Drury: I would first like to thank Mark for discovering Oasis.

Damian Green: He has inserted himself in the legend—very clever!

John Drury: You are right. Everybody will say they do not want it to happen, and nor do we. Given many of our venues are managed on behalf of private landlords, city councils and charitable trusts, the impact of £1 a ticket would be approximately a 20% cut in our EBITDA. It is not a few grains of sand; it is quite significant.

This is a problem for the ecosystem and the industry as a whole, and it goes right through at a live level to artists, managers, agents, promoters, venues, and anybody else associated with that system. We are all very interdependent, so we do not see it as, "This is for the venues to pay, or this is for the promoters to pay." We need to find an industry solution.

Q19 **Damien Green:** But you are the cash cow in the end. The analogy that strikes me is the Premier League in the middle of a row with the rest of the football pyramid about how much of their golden goose can be shaken down to keep other clubs alive.

John Drury: It might look like the cash cow with the range of venues we have in the NAA; one or two might be but a lot are not. If we have 24 members in the NAA, how many can you think of that regularly play big arena tours? You probably would not come up with many that do.

The analogy with the football world is slightly different. My team is Chesterfield F.C.; we were just promoted from the national league, but not with funds from the premiership. The payments that come down from the premiership mostly go to the championship clubs, which would be like us funding the 3,000-capacity venues of the academy circuit.

Q20 **Damian Green:** I take it you are rejecting the idea of a levy. What would you do instead?

John Drury: This is a members' question for the NAA. Apart from the VAT cut we have already talked about, the favoured option among NAA members is what has become known as the Enter Shikari model, which we may talk about.

Damian Green: For those who do not know, they agreed to take a cut of £1 per ticket and your organisation matched it.

John Drury: We did it at OVO Arena Wembley as a gesture. We thought it was the right thing to do because it was the first time a band had come to OVO Arena Wembley with the mindset of, "We are going to donate this money to the MVT; we are already close to the MVT and have an ongoing relationship," and I wanted to say, "This is a gesture from our side."

For an artist or band to add an amount to a ticket price—it does not have to be £1—the important thing is that flows through. If it is £1, it comes out as £1 at the end. Neither managers, agents, nor promoters take a cut of it, or the booking fee if there is a percentage on that; it comes out the way it went in.

Q21 **Damian Green:** Just a voluntary system would not give stability, would it? You would not know what kind of income you were going to get from year to year.

Mark Davyd: I am going to press John a little on that point. Artists are able to make a decision, and everybody will flow behind them. However, as John has hinted, we think it is much broader than that. Everybody you are going to see today has a role to play in accepting that a £1 charge on a ticket is desirable, makes a system sustainable, can be invested wisely, and supports our grassroots.

John's members have to almost not object to it as much as campaign for it. We are often going to hear that the artist needs to make this decision, because we have the example of Enter Shikari. In our industry, the artist is not always consulted on every levy; promoters and venues may frequently try to construct a model that is profitable around a tour where the artist does not know about the transaction or fulfilment fee, the restoration levy, or the print-your-ticket-at-home charge. We are not constantly phoning Chris Martin from Coldplay and saying, "Is it all right if we charge a 12% booking fee rather than 10%?" That is not how our industry works.

We need a consensus of consent where everybody you are going to see today says, "Yes, we're going to try to make this happen collectively to collaboratively," and we will end up with a charge on every ticket, irrespective of whether that is an industry-wide decision. If every individual who is here on behalf of an association says, "Actually, my members are going to try to do that individually," when a promoter says they want to put a £1 charge on, I am going to say yes. If a promoter does not say that to me, I am going to ask them whether they would like to. That kind of consensus is quite easy to build.

Q22 **Damian Green:** Jon, I am conscious you have not contributed.

Jon Collins: Thank you. In France, VAT on tickets is 5.5%. Even with a 3.5% levy, it would still be less than half the rate we are paying here, so it is not straightforward to take examples from other territories.

On the statutory level, there is a concern as to who would set the rate and how the money would be distributed. There are criticisms of the Arts Council England, and you mentioned the grassroots scheme, which was taken overnight from being a grassroots music venue scheme to being a grassroots music scheme with no more money in the fund. As an industry, we do not want to have that sort of instability.

Around the LIVE board, there has been consensus that a way forward is to develop an industry-led solution based on the partnership approach Mark talked about. Having come into this role two years ago, I have learned of the number of players involved in making any decision or leading to the event happening: the artist, manager, agent, venue operator, venue owner, promoter, and the ticketing agency. We are fortunate to have all those voices round the table on the LIVE board. We think we can create a vehicle to receive funds and make sure those funds are spent by the experts, in the right places that will have the most impact.

Mark Davyd: I realise I did not answer your question: yes, the French model works because no venues in France have closed.

Q23 **Chair:** To extend Damian's football analogy, do you think we need a fan-led review of local music?

Mark Davyd: Fans' and audiences' voices are massively under-represented, especially from our local communities, and I would strongly support a fan-led review.

Jon Collins: People love live music; there was one gig every four minutes in 2022. In our own audience research, only 10% of people said they do not think about going to live music. Fans are central to this; an artist does not want to play to an empty room.

Q24 **Julie Elliott:** John, I want to go back to something you said, because I did not quite understand what you meant. When you were asked the question about £1, you said it would put 20% on the cost. Can you explain that to me? I must have missed what you meant.

John Drury: If the venues were paying, for some venues that would be 20% of their profit for the year, so quite a significant amount.

Q25 **Julie Elliott:** Given there have been ad-hoc contributions from arenas to the grassroots, are there any current discussions about making this a long-term, sector-wide commitment?

Jon Collins: We discussed this topic at the LIVE board meeting in December and again in February, and we had a series of bilateral conversations between the meetings to understand the art of the possible. The consensus was that grassroots music venues, and grassroots music more broadly, are important.

As we have discussed, there are elements the Government can do. There is a role for industry to support and build on the initiatives John and Mark have talked about. John might expand on some other arena initiatives that are already in place.

We want to create a LIVE trust to be a charitable arm of our organisation, a receiving house for those funds, a focal point for those industry efforts to raise funds, and then push that money back out to the experts who know where it needs to be spent and avoid duplication, such as the MVT Pipeline Investment Fund, Music Managers Forum Accelerator Programme, and the FAC's Step Up Fund.

Mark Davyd: The will is there, and I thank John's members for what they have already done. The scale of the problem is such that we need something much more significant, and that requires everybody who is part of the LIVE family to take action and realise they have a role to play in this. Going back to that consent form, it can be led by artists, but I am fearful of making artists the linchpin around which these decisions are made.

Q26 **Julie Elliott:** Who would be the honest broker? Who would collect and distribute a voluntary levy like this?

Mark Davyd: Jon's LIVE trust is a great idea for collection because it gives a stake to everybody who contributes, makes them feel they are part of it, and gives them some control over what is coming in.

In terms of distribution, we are a charity and are already distributing quite significant funds to venues; we do not see a need for us to be replicated by a LIVE trust or anybody else. As Jon has mentioned, there are agencies that can do that.

Significant funds could be raised by a £1 levy on arena and stadium tickets; that would probably be the most significant change to our grassroots venues in the seven decades they have been open. It would give us a sustainable ecosystem at that level that effectively would then create a sustainable ecosystem for everybody else. What has been done is great, but there is much more to be done.

John Drury: In terms of engagement with the MVT, I am pleased we have gone as far as we have, but we all need to do more as an industry. We work as an ecosystem, and it is really important we all come together to find the right solution. I do not think £1 on a ticket is the right way because that is an extra cost to the customer, but we have the wherewithal within the industry to find a way to make it work.

Q27 **Julie Elliott:** When big artists come on tour from abroad, are they likely to pay a voluntary levy or not?

Mark Davyd: This is an interesting one; the balance between a mandatory and a voluntary levy. When British artists, promoted by British promoters, managed by a British manager, represented by a British agent, go with a British production company to the Stade de France, they pay a levy to support French musicians. I cannot think of anything more absurd than if we cannot find a way to support British musicians when they are in Britain. Frankly, I would like to see them support British musicians when they are in France, but let us at least make sure the whole thing is contributing back into our own ecosystem.

Q28 **Julie Elliott:** If it is voluntary, how will that happen?

Mark Davyd: That is up to the promoters, arenas, artists, representatives and managers to collectively come together and find a way to explain what they are going to do as a general point.

Openly, I will say I do not really agree with John; he will not mind me saying that. It is incredibly easy to do £1 on every ticket at arena and stadium level; we have done it multiple times for different reasons. Everybody consented to it in order to sustain the profitability or sustainability of our arenas, the tour, or the promoters. I see no reason why we cannot do it for our ecosystem, for grassroots music venues. It is incredibly easy to do, and I am not quite sure why it is taking so long.

Jon Collins: The fundamental question here is: are we talking about industry practices that could be developed, advanced and rolled out in an organic way? There is a legal question about whether competitive businesses could say, "We are going to co-ordinate and put a £1 levy on a ticket," so there is a competition aspect to that. Competition law might not have been written to try to prevent you from doing something good, but it is still competition law and could attract the attention of the Competition and Markets Authority.

There is definitely a concern about how co-ordinated we could be in introducing this levy, but are we able to work together to advance all the different mechanics, initiatives and promotion ideas already in place, and roll out and make those ideas more popular and populous? Yes, we absolutely can, and there is a willingness across live music to make that happen.

Q29 **Dr Huq:** My questions are mostly Music Venue Trust ones for Mark. After the two roundtables we had, the three initials that stuck in our minds and struck fear into everyone's hearts were PRS. There were a lot of gripes about the percentage it takes, but your last report says it is only 1.2% of the average turnover, which is £7,600. Why is it such an issue? A lot of members are in the room. Why is there a mismatch between what they are saying and what you are saying?

Mark Davyd: After 10 years of working with it, we have a very good understanding of PRS's work in our sector and what it is trying to do, which is to protect the rights of songwriters. However, in our sector, a very large percentage of the music performed—nobody really knows how much—is not represented by PRS. We estimate over 50% of the music performed is not part of the catalogue of PRS.

Bearing in mind my members—who you have met—are morally and ethically driven, and passionate about the music they are doing, they do not like to see money being paid to an organisation they know cannot be distributed to the songwriters who populate their venues because PRS does not represent those songwriters.

Let us say it is 50% of that £7,600 average per venue, so £3,800. Regardless of the fact it would not affect their bottom line as much as you might think, they do not feel it is morally right for PRS to take that money and be unable to distribute it to the songwriters who performed in their venues. Now they understand the system, they are concerned as to what happens to that money.

One of my members described that as a reverse Robin Hood: it comes in and takes 100% of the songwriter royalty on just about every show, it is unable to distribute it, and it ends up in what is colloquially known as the black box. I am not sure what the correct name for it is, but it is a fund that cannot be distributed. Three years later, it is distributed on the basis of radio plays, from our understanding. That means Taylor Swift or her representative—or whoever is the biggest earning PRS member—is receiving money from grassroots songwriters that does not belong to them and adding it to an already wealthy pile. Understandably, my members find that frustrating. This is a long answer; my apologies.

The second part they find frustrating is the level of admin. They have to try to prove who owns all these rights, but they simply do not have access to the information and are effectively acting in an information-gathering exercise on behalf of PRS for Music, which they do not think is appropriate.

Q30 **Dr Huq:** It sounds like it is very burdensome for them to keep records of every single song title by original artists. Sometimes promoters do this and then shoot off, and it is impossible to get all this information. How could we improve that and the tariff rate? Why are members not having a say in the 1.2% rate? It does not seem to add up with what we are told.

Mark Davyd: It is 1.2% of the turnover of each venue.

Q31 **Dr Huq:** But the artists it concerns are not PRS artists of that high threshold. It seems there are a lot of gripes. How can we fix this?

Mark Davyd: I am going to be incredibly fair to PRS and say this is not planned; it has not said, "We need to go after grassroots music." It is part of a general tariff. I understand a review of Tariff LP is due to take place next year, but we would like to see a tariff specific to the nature of the grassroots music venues, which requires PRS to recognise there are now a huge number of songwriters on our circuit who are not PRS members and who should also have their rights respected.

It is possible for PRS for Music to recognise that in this next review and to come to the table and say, "A Tariff GMV is an appropriate next step forward in this sector. That means we are collecting what we need on behalf of our members, and money that belongs in that sector remains there and benefits the whole ecosystem."

Q32 **Dr Huq:** John and Jon, is it an issue at OVO Arena Wembley?

John Drury: It is not. I take Mark's point and I agree that would be a good solution for the grassroots venues. Essentially, we collect the PRS and pay it to them.

Dr Huq: They are much bigger artists; I last saw Arcade Fire.

John Drury: Yes. The VAT comes off, and the PRS comes off and is paid.

Q33 **Dr Huq:** It moves straight to them from you?

John Drury: Yes. It is a straightforward operation for us, but we understand the headaches from Mark's side.

Jon Collins: There are opportunities to review how we work with PRS. As Mark says, there is one coming up so let us take that opportunity.

Q34 **Dr Huq:** Is there a compromise that would not hit songwriter remuneration? Because someone's nose is going to be out of joint whatever you do.

Mark Davyd: Yes. We have taken to describing to our own members—the music venues themselves—a songwriter royalty, which is a more appropriate description in our sector. It is not just about PRS members. They are one of the most important collections agencies in the world and do a fantastic job on behalf of artists at the larger level, at arena level, on radio, and TV broadcasts. I represent some songwriters and I am happy to say we are delighted with the way PRS collects our royalties at a more senior level.

It is a very specific problem. We are seeing start-up artists who probably do not go any further in their careers. Let us say they raise £400 at the door; £16 of that is currently going into the PRS fund and is not coming back out to support that ecosystem. I believe PRS can come up with something better than that, and we want to fully support it to do so, but it needs something specific to this sector.

Dr Huq: If PRS is watching, I have a songwriter in my constituency who is annoyed with it, but he writes jingles so it is not quite the same thing.

Chair: Nice plug, Rupa. Clive?

Q35 **Clive Efford:** The National Planning Policy Framework was changed with the agent of change principle. It was designed to protect pre-existing grassroots venues. How has that changed the situation?

Mark Davyd: We worked very closely with the Government, and we campaigned for the agent of change principle over a number of years. We were pleased to see it put into the National Planning Policy Framework.

There are a couple of problems remaining with it that the Government could address. First, it is not part of legislation, so it is subject to how it is administered and interpreted. Developers want to develop, which is good for building homes and so on, but they tend to try to challenge how much of it they have to do.

Secondly, unlike the Theatres Trust, we are still in a position where we and our members are constantly scanning planning portals to alert them as to when the framework should be used and is not being used. We would like to see a statutory right of consultation granted to our organisation so we can be like Theatres Trust. Whenever you are building near a music venue, the application should be sent to us so we can say whether or not it will materially affect the venue. Not knowing slows down the planning process.

We frequently have to come in halfway through a planning process and say, "Wait a minute, you haven't actually identified there is a music venue here." I will be specific: in the case of Corsica Studios, the planning application had already been granted with a picture of Corsica Studios and with Corsica Studios music venue written on it, but there was no reference to a music venue in the planning application. Nobody had been alerted, so the planning process had continued. By the time we came in, it was too late to apply the agent of change principle.

I would like to see it in legislation, although we recognise that is quite a major ask, but, before that, a statutory right of consultation would really help.

Q36 **Clive Efford:** To be clear, in that example, the agent of change did not place any requirement on the planning authority to take any regard of it. Is it effectively voluntary as to whether they apply it?

Mark Davyd: It is a guideline and a framework rather than an actual statutory requirement, which is why it is complicated. More importantly, nobody recognised there was a music venue.

We also had the recent case of Night & Day Café in Manchester. At the end of a long noise abatement notice, the decision is that the Northern Quarter—one of the most well-known cultural districts in the country—has been described by a judge as a mixed-use area, effectively placing 14 other music venues in Manchester at risk of a resident complaint.

I am not sure the judge would have been able to say that if the agent of change framework was working. At that point, the agent of change framework would not be able to be overwritten by somebody saying, "No, it is a mixed-use area. Any music venue in that area needs to obey a noise abatement notice and do whatever a resident wants."

Q37 **Clive Efford:** In terms of policy, would you say music venues should have a statutory right of consultation where a planning application could have an impact on their operation?

Mark Davyd: Yes, 100%. We run an Emergency Response Service that deals with these kinds of things on behalf of venues. We are able to receive that; we have written to the Government a number of times saying we had a statutory right of consultation. To be clear, it would make the planning process easier rather than us playing catchup when we find out a development is going ahead.

Jon Collins: Manchester is not an isolated case; music venues have rebranded neighbourhoods up and down the country. The Baltic Triangle in Liverpool—where I am from as you can probably tell from my accent—has been an area of mass development with lots of energy and great music venues. Residential developments followed, and we now have venues under pressure in that part of Liverpool. Fundamentally, we all welcome agent of change but it needs more teeth.

Q38 **Clive Efford:** In terms of its impact on the number of grassroots venues, is there evidence that the failure to apply agent of change has led to the loss of venues?

Mark Davyd: Yes. There are very clear cases going back 15 years, which led us to campaign for agent of change in the first place. Let us do the numbers. In 2022, approximately 50% of cases we were dealing with in the Emergency Response Service had to do with planning or noise issues. That has dropped. Although the number of cases every year is the same, the number of venues under financial threat has exploded and more than doubled between 2022 and 2023. We are seeing the same pattern in 2024: over 50% of the cases we are now dealing with are financial troubles; around 20% are planning and development.

Q39 **Giles Watling:** Fifty years ago, I had a sticker on my guitar case that said, "Keep music live." People were buying albums, groups like The Beatles went into just recorded music for a long period of time, and so on. John, where is the industry going strategically? Are we increasing live performances? Is the trajectory positive?

John Drury: It is changing; the ways of getting into the market have now changed. The grassroots circuit is very important, but we see artists playing the arena for the first time who have become names on TikTok or YouTube. Streaming and the digital way of accessing new artists and music is real. It is sometimes a surprise when we host an artist and think, "They haven't played a show before and they're in an arena."

Giles Watling: It is really positive.

John Drury: Yes. I am the same as you; years ago, this is what we did. It has changed, but the old way—if you do not mind me saying—is still there and very valid.

Q40 **Giles Watling:** Is it positive?

John Drury: I would say it is positive.

Mark Davyd: The number of TikTok breakthrough acts now going back to the grassroots in order to build an audience and their skills is a remarkable turnaround in the last two or three years. We are over-run with people who have had a hit on TikTok and are now desperately trying to build the grassroots audience that will give them a sustainable career. It is a big thing in our sector for people to now be going out on tour, having jumped forward and then realised, "Wait a minute, I don't have the deep connection with my fans that I get from being in a room with 250 other people."

Chair: That concludes this panel. Thank you so much for coming and giving evidence to us today. You are free and I will now invite our second panel to join us.

Examination of witnesses

Witnesses: Stuart Galbraith, Anna Moulson and Gavin Larkins.

Q41 **Chair:** Our second panel is comprised of Stuart Galbraith, who is the vice chair of the Concert Promoters Association and CEO of Kilimanjaro Live; Gavin Larkins, who is the director of commercial development and sales at PRS for Music; and Anna Moulson, who is the co-chair of the Association of Independent Promoters. Thank you all so much for joining us today.

I want to kick off by getting a view from you all about how the loss of grassroots music venues has impacted your own members and organisations in terms of work, revenues, the risk of taking on shows, and so on. Anna, can I start with you?

Anna Moulson: There is a venue that is going to close shortly in December, Club 85 in Hitchin, so a couple of our members who regularly promote there will not be able to provide vital grassroots support for artists in the community. I believe the last night it will be open is in December 2024, and it is potentially quite isolated in that area in the sense that it is one of the main areas that people can go and experience live music.

In the case of Moles in Bath, they were in-house hirers and some of our members are in-house hirers in the sense that they are in-house programmers, curators of music. It has an impact on that ability to come together and highlight live music in the industry and keep it rolling.

Over lockdown, obviously we could not do our jobs and that was very tragic. That gave us the understanding of how important a venue is, and a platform. Streaming is very difficult to make money from. The venue is the heartbeat, and that is where we belong as promoters.

Q42 **Chair:** I put the same question to you, Stuart. We hear that grassroots music venues are closing at the rate of about two a week; what impact is that having on you, your organisation, your members, and the revenues that are coming forward?

Stuart Galbraith: I will speak first on behalf of Kilimanjaro Group. The closure of grassroots venues has several impacts on us. First, it is more difficult for us to break new artists because there are less venues where we can go and play.

Secondly, with the escalating costs of those venues, it is more difficult to actually make shows viable. If they are not viable, they cannot take place.

Thirdly, it restricts the talent stream for us in the form of personnel rather than artists. If you look at our membership across the CPA, most of the 60 members either have principals or major promoters that started off as promoters in grassroots music venues. I was certainly one of those; I was a social secretary at Leeds University. Our two main directors both started as local venue promoters, and so if there are no local venues then there will not be the development of those local venue promoters.

Q43 **Chair:** Gavin, is there any impact on PRS?

Gavin Larkins: I would echo quite a lot of what Stuart said. The general reflection today is that the live music industry is an ecosystem. Nothing happens in isolation, so for songwriters who want to develop their craft and cut their teeth, many create jingles, many compose for TV, but actually a significant number of PRS members also perform live or have their works performed live by other people. Not having those venues means that there is nowhere to play, essentially, but also there is not a circuit to play around either.

Mark referenced the Oasis concert that he put on 30 years ago; that was part of a significant tour of the UK. That tour would be quite hard to replicate today, essentially because the venues are not there so you are relying on a hyper-local availability of talent, which a circuit would have afforded before.

The other point for PRS is that we are collecting the songwriter royalties for them, so essentially it is their earnings that are impacted. It is the songwriter that loses out most from not having the ability to earn, rather than PRS as an organisation.

Q44 **Chair:** Thank you. Anna, can I quickly touch upon what other pressures there are on your members outside the loss of grassroots music venues? In the current economic climate, is there anything else that is impacting their ability to support the live music ecosystem?

Anna Moulson: Following on from what we are talking about, the actual threat of the closure of venues has a huge impact on promoters and artists, the venue owners themselves and the staff who work there, on their mental health really.

In Brighton, where I regularly promote with a number of grassroots venues, it has been uncertain whether our gigs can happen at all due to potential developments nearby. We work quite far ahead, six months to a year ahead, and although promoters are agile and used to change, and it is quite dynamic as a job, it is difficult for us to just totally change what we do.

There are a number of things that are affecting us. We are realising at AIP that there are fewer young promoters coming through. When we started, people in their 30s plus, could, especially in a city like Brighton, afford to work part-time and still develop their business. There is also a lot of goodwill within our industry that is potentially wearing out, because we fund, or we lose money on 50% of the shows that we put on. So, we do a vital job in terms of supporting artists and the whole infrastructure.

VAT is a real problem: it takes 20% out of a grassroots show. Say the ticket price for a show, like I have on tonight in Brighton, is £10; the possibility of earning money is 100 x £10. The VAT is £200 out of that, and the cost is nearly £800. There is nothing left for the promoter. It is not sustainable for our industry, going forward. We do worry about our future. PRS also feels like a tax, but I am sure we will come on to that.

There is the threat of categorising cities in the UK. Agents tend to use the term A-list towns, such as Glasgow, Manchester, Birmingham, London, and potentially artists just play those cities, whereas previously the artists would also go to the B-list towns, such as Leeds and Brighton, where I am from. That cuts down on our margins.

Q45 **Chair:** Stuart, did you have anything to add to the points Anna made on the other impacts on your sector, from the wider economic challenges and the wider pressures?

Stuart Galbraith: I would support Anna's view that, if a show is not financially viable, it is important to understand the relationship of the venue owner to the rest of the ecosystem that works at that level. The independent promoter, or in our case a national promoter that is working at a grassroots level, is effectively a risk-taker and banker for the process. We rent the venue; we pay the bands. If that model does not stack up, then the show does not happen, and if the show does not happen, then nobody makes money, and indeed, nobody has employment.

It is important to understand that this is not a crisis that just sits in at the venues, it is actually the entire grassroots ecosystem: the artists, the independent promoters, the national promoters who work at that level, the venue operators, the freelancers who work independently outside of companies, PA companies, trucking companies, and so on. The issue is not just with the venue, it is the whole process at that level that is now not functioning.

Q46 **Giles Watling:** Very briefly, Anna, you were just talking about a gig you have tonight, which I am promoting right now.

Anna Moulson: Just doing my job.

Giles Watling: A tenner a ticket, which is fantastic. We all know of venues, for instance, pubs in London, Soho, wherever, where there is no ticket charge, you go in, there is a live band playing, but they make their money on the drink and other peripherals. Do you have that extra income coming in over and above the £10 ticket? If so, what percentage does it make up?

Anna Moulson: No, our main income is the ticket. We shoulder the financial burden. At the end of the night, if you have not made the money, you look round the room, and I am not decrying other people getting paid, but from our point of view, the sound engineer gets paid, the people behind the bar get paid, the artists get paid, and we walk away without the money to sustain our business.

Q47 **Giles Watling:** It is incredible value. Stuart, in principle do you support a scheme that would see money go from arenas down to the grassroots?

Stuart Galbraith: No, I do not because I do not think it is the most efficient solution. There are other ways that the grassroots sector can be supported. In terms of sitting here in front of you today, I am somewhat unique in that I work at grassroots levels, but also in arenas and at stadium levels. We also work outside of music and work in theatre as well, and there are solutions in theatre that would not, I believe, be applicable to music. My principal objection to any statutory levy is, look at the track record of Government in terms of being able to fund money into an industry. We will take music as a particular example when, during the pandemic, the money that the Arts Council granted under CRF, the Culture Recovery Fund, really did not get to the right places. It would worry me terribly if any levy was being administered by a Government Department because they do not understand our industry. They do not understand the ecosystem at that grassroots level, and as Mark said earlier, even the French model is fraught with issues in that the money does not get through to where it needs to be.

Q48 **Giles Watling:** That 3%?

Stuart Galbraith: Yes.

Q49 **Giles Watling:** So, it is not a matter of the principle of the money being charged at arenas and going to grassroots, it is a matter of administration and how it is managed.

Stuart Galbraith: Yes, and, as Jon from LIVE was saying earlier on, there is an optimum solution, and that is a solution that is put in place within the industry. We know our industry best. The prospect of a charitable trust that has representatives upon it who know the industry inside out and knows how to get that money to the freelancers who, during covid, got absolutely nothing from the Arts Council, to the small promoters, to the bands as well as the venue operators; that is the way forward.

Q50 **Giles Watling:** That is the way forward. On the board of that trust, you would have people like yourself, Anna, and people who really understand, and indeed musicians?

Stuart Galbraith: Yes. The discussions that have been had at LIVE would actually put key trustees on that board who know the industry and, indeed, represent the industry. They represent the freelancers, the artists, the production companies, the small independent promoters and the small independent festivals. They will know, based upon the merits of an application, where the money needs to go, rather than the money going to people who are best at filling in a Government form, or have employed a company who are expert at filling in the forms, which is exactly what happened during covid.

Q51 **Giles Watling*:*** Absolutely. Well, I hope people are listening. We know that the artists themselves are keen on seeing money go to the grassroots in this way. Enter Shikari did that £1 from their gig, and that was followed up by ASM Global who match-funded them. It is a bit patchwork and piecemeal, so it just needs more organisation through some central fund, would you say?

Stuart Galbraith: I certainly believe so, and the Enter Shikari model was admirable. We have discussed it with Mark, who was the architect of that model, and it can actually be made a lot more efficient, so that you can ensure that 100% of those donations would reach the trust for distribution. The way Enter Shikari did it was inside the ticket price; it effectively pushed the ticket price up by £1. It is realistic to expect that within the larger music industry, any charge that is going to be made is not going to be absorbed by the industry, it will get passed on to the customer. But in the case of Enter Shikari, because it was inside the ticket, 20% of it went on VAT, 4.2% of it went on PRS, an element of it went on building rental, and an element went on insurance. If you add that up, 47% of that money did not reach its destination because of those effective shares.

If, however, you placed it outside the ticket, and if the charitable trust had charitable status, there would be no VAT deduction, there would be no PRS deduction, there would be no venue share, and 100% of that money would reach the actual target.

Q52 **Giles Watling:** Thank you. If it were not a mandatory, but a voluntary levy, would there be a danger of—how can I put it—bad actors undercutting, do you think? If it is a voluntary levy, then some people might not pay it, and they undercut ticket prices, and the business becomes unstable.

Stuart Galbraith: The industry is extremely competitive at all levels, but equally, as Mark alluded to earlier on, there is a responsibility within the sector to protect and support the grassroots ecosystem, particularly with British artists. I am a British promoter: 90% of my business is in Britain, 90% of it is British talent. Now is the time, through LIVE and in conjunction with Mark and the efforts that he has made, for the industry to step up and actually support an initiative like this.

Giles Watling: I think we have covered it. Thank you, Chair.

Q53 **Dr Huq:** Back to PRS questions, what proportion of songwriter revenues are from live music?

Gavin Larkins: We distributed somewhere around £50 million to £60 million in 2022 for live music, and that is of a total of about £900 million. We have not published our 2023 figures yet.

Q54 **Dr Huq:** The grassroots music venues we spoke to did feel that fees are too high, and margins are tight nowadays. It was heartbreaking to hear how people have closed their kitchens, they do not do food anymore, there are a lot of sacrifices they are having to make, and there is this perception that PRS is creaming off an unnecessary percentage that is not even going to the musicians who play in their venues. What quality assurance do you have that grassroots music venues are paying the right amount?

Gavin Larkins: Thank you for the question. I appreciate you framing it as a perception, because from the evidence that we see, we certainly do not recognise the number that was quoted earlier in terms of the number of works performed that were not in our membership.

In 2022, when that £50 million or so was distributed, there were over 128,000 events. You need a set list to be able to distribute, so there were 128,000 events that had a set list that was either submitted by the venue themselves, by the member themselves, or it was found by someone at PRS through their own research.

We have set up a couple of ways for members to do that. We have what is called a set list hub, where members can essentially register their set list and say all the venues they played in with that set list, and then we are able to match and distribute it for them. We run a gigs and clubs scheme, so if a member plays or has their works played at that venue, they can claim from the gigs and clubs scheme as well.

The other point to note is that the performer is not always the songwriter. We frequently hear that the artist is not a PRS member, and we endorse that. There are many artists that perform who do not write their own music. Likewise there are people that write specifically as part of a co-writing team, so one writer may be a member and not the other.

In the grassroots sector there are many cover bands as well, a lot of tribute acts, so actually the amount of PRS repertoire that is being performed will likely be different to the number of performers who are PRS members.

Q55 **Dr Huq:** One venue we spoke to said their fees had doubled, so again the numbers that were given in the MVT report into GMV do not seem to add up with what we are hearing. They said their fees have gone up from £2,000 to £4,000 a year, and 95% of the artists who play there are not PRS registered, so they are effectively subsidising the big boys, established artists. That is not fair, is it?

Gavin Larkins: Those performers may not be PRS members, but they may be performing works by PRS members. In terms of the fee doubling, our tariff has been the same for six years now. The bill you pay will vary according to the proportion of tickets sold, the price of the tickets and how much revenue was made from that concert.

It is also fair to say that the 4% charge that PRS takes comes off the ticket, but 96% does not, which is similar to the point that Anna made. Money from the bar, the cloakroom, any food and drink that is provided elsewhere, that is all revenue that is not part of the songwriter's income, but 4% of the ticket price is for the songwriter's income.

I would also challenge the terminology used by people who refer to it as a tax, because it is not. PRS is the conduit between works being performed and the songwriter being paid, and it is how songwriters earn their living.

Q56 **Dr Huq:** As I said, I have a constituency issue.

Gavin Larkins: If it is a direct one—

Dr Huq: It has been going on for years and years, and you are not budging.

Gavin Larkins: I cannot comment on a specific case, but I am happy to correspond with you separately on that.

Q57 **Dr Huq:** What do you think of the suggestion in the last session that we should have a grassroots tariff that is less penalising?

Gavin Larkins: Obviously we would not see any tariff as penalising, it is essentially the fair value of the use of that music for the songwriters who wrote it. The tariff review that was referenced by the guys earlier will kick off soon, and we will be open to proposals.

It is worth remembering that the tariff that is being discussed here in the meeting today was set in collaboration and consultation with many of the parties you are hearing from on this panel, including Mark. The tariff was then subsequently endorsed by the Copyright Tribunal, which is completely independent of all the parties who negotiated it. So, the tariff is not set in a vacuum, the tariff is set in consultation and collaboration with the industry; in the case of PRS, on behalf of the songwriters.

However, if any of those parties came to the next review with proposals, everything would be considered, and we would be open-minded in the approach to the review, as I am sure they would also be for concerns that we may raise from songwriters.

Q58 **Dr Huq:** We know that energy prices have gone through the roof, staffing, all that stuff, business rates, and so on, as we have talked about. Why, then, do bricks and mortar venues, with all their associated costs, pay a higher rate than music festivals?

Gavin Larkins: That was negotiated as part of the previous tariff negotiation, and it was reflective of how broad the bills were; the bills as in the acts that were playing. The previous rate in the tariff was 3% for everybody. Although I was not part of the negotiations, as I understand it, in the new tariff the negotiations were that the average festival would have other acts like comedy, spoken word and other things going on as part of their bill, plus their music use, so less of the proportion of the ticket went to them, whereas the concerts that the 4% rate attracted, when that went up, were essentially all music. It was to do with the blend of the bills on at the festivals.

Q59 **Dr Huq:** Is this going to be looked at in the review, because not every festival has comedy in it?

Gavin Larkins: The tariff review will be a comprehensive review, and anything that is brought to the table will be reviewed. The outcome will obviously be as per the discussions that we have in consultation, and then if any changes to the tariff are suggested, the Copyright Tribunal will be asked to review and endorse those changes because it is a Tribunal-endorsed-tariff already.

Q60 **Dr Huq:** Lastly, our streaming inquiry recommended that DCMS work with collecting societies to find alternatives to distributing black boxes pro rata. Is it time to look again at how funds are spent?

Gavin Larkins: We regard that as a spurious term that is not used at PRS. In terms of live royalties, as has been referenced before, there are unmatched royalties at any one time sitting in the pot, and when a member submits their set list with a set list hub or the gigs and clubs scheme, they are claiming from that pot. If a writer has not updated their payment details recently, and we owe them money, it is sitting in that pot. If we are waiting for works to be registered properly, it is in that pot. So it is fair to say that there are a number of different reasons for not distributing that general pot of funds.

Live music is different to streaming. We have set lists from members who have written those songs, or they are aware that someone else is performing songs they have written. It is those set lists that, either from the venue or the member, are critical to that distribution.

Q61 **Chair:** Gavin, what are the timescales on the tariff review?

Gavin Larkins: We have set a date of by the end of Q2 2025 for the review to be complete. We have informal discussions all the time with the trade bodies, but we will probably formally start discussions after the summer.

Q62 **Clive Efford:** Just continuing on the PRS licensing, when we had our roundtable with grassroots venues, one of the strongest reactions was to PRS. You have made it sound very reasonable, but they were describing a situation that is anything but reasonable.

Looking at the reporting requirements, they are required to provide you with information that they may not have, such as song titles, set lists and things like that. So, can you just take us through how PRS would deal with a grassroots venue with limited resources to be able to carry out that administration? How would PRS approach someone who is struggling to provide you with the information that you require?

Gavin Larkins: Briefly, we would approach this collaboratively. Our tariff terms are essentially a set of rules. The rules are how to charge, how much money you will pay in terms of royalty, and the information that is required to be provided alongside those payments.

So, grassroots music venues, in the same way that Wembley and others would do, need to provide the requisite information for us to determine the correct royalty under the terms of the tariff. In the first instance the venue would need to provide the information so we could work out exactly how much to charge them. We do not want to overcharge; we are looking just to charge the exact amount that is set out in the tariff. Accompanying that is the set list, and PRS has immeasurable flexibility in how those set lists are received. Many set lists we have on file because the member has uploaded them or made a submission to us, but also, we receive them as a photo of the set list on the front of the stage. It does not necessarily have to be typed out in a formal Excel document with all the writers noted. The tariff even says where possible or where practical to provide that information.

We would work collaboratively with a venue and ask what they can provide, what systems we can help them put in place to capture that information in a lighter touch way, and maybe even share best practice with how other venues do it. Other venues do comply. I would say of 128,000 events to be distributed on, we would have had to have received a significant amount of cue sheets.

Q63 **Clive Efford:** How much of what you do, though, is based on assumptions about what should be charged? We have heard from managers of grassroots venues that they face litigation from you for charges against things that do not happen, such as the size of the venue being greater, in your eyes, than it actually is, or in one case, for a number of events that just cannot possibly have taken place because they are not licensed for that number of events in a year, and yet you are saying that they did have more events than they could possibly put on.

How reasonable are you when people put that case to you? We are hearing that people are facing litigation.

Gavin Larkins: Taking the second point on litigation; there are two types of litigation that PRS undertakes through its agent, PPL PRS. One is copyright infringement, where a venue or business uses music without a licence. The other type is where there is a breach of contract terms, essentially, when payments have not been made. We would only take up litigation, or a threat of litigation, in the last resort when we have exhausted all possible options to collaborate and to work with them through the relationship.

Regarding the points that you raised around estimating what the bill should be; in my previous answer I talked about how we determine the royalty. We require a certain amount of information from the customer to work out what the royalty for the songwriter should be. If that information is not provided, then we will need to make an estimate of what the royalty should be. If the venue or business then produces the actual numbers, we would correct that invoice to make it actual and correct, and it would be that invoice for which we would seek payment.

So, on the litigation front, if we were threatening litigation because they were not licensed and not willing to take out a licence, that would be different to a situation where they were licensed but not paying under a correct invoice once it is completely correct, and after they collaborated to the extreme point and not reached that last resort point.

Q64 **Clive Efford:** Yes, but my question is not about people who are not licensed, it is about encouraging payment where fees are wrongly applied.

Gavin Larkins: Essentially, that is the estimate. If the venue has not provided the correct information for us to correctly levy the right charge under the tariff, an estimate will be drawn up, and the estimate will be the invoice that is sent. The litigation that you are referring to would be litigation as a debt action, essentially, claiming the debt back. However, if that venue was in touch with us and provided the correct information, we would cancel that estimated invoice, raise an actual invoice that is correct, work out payment plans and have various conversations around how best to make the payment.

Q65 **Clive Efford:** It sounds very heavy-handed for what, in many instances, is a very small business. We are also told that you require the information to be provided in paper form, not in digital form. Is PRS trying to move into the digital format so that the pressures on administration can be reduced?

Gavin Larkins: I do not recognise that request, actually. PRS has a significant number of initiatives to digitise its business, both publicly and within the business. We have moved a lot of our work to the cloud, so we are able to process far more data than we ever have before. If it is a specific case, I am happy to correspond with you directly.

Q66 **Clive Efford:** We are told by the Music Venue Trust that information is provided in a manual rather than a digital format. You are saying that is not correct?

Gavin Larkins: It is certainly not a request that I have heard made, but I am happy to write to you afterwards. It is not something I recognise.

Q67 **Clive Efford:** Okay. Can I open this out to Anna and Stuart, and ask what PRS can do to improve the situation? The information that PRS requires would be held by promoters in some instances, so is there more that PRS can do to alleviate the burdens on small venue owners? I will come to you first, Stuart.

Stuart Galbraith: As Gavin alludes to, I believe there is a tariff LP review that is literally just starting. I am pleased to hear of the timeline for summer 2025.

Again, looking at models outside the UK, if you look at Ireland, for instance, PRS is levied at certain levels, and it increases as the gross on a particular show gets higher. So, certainly a lower PRS levy at the grassroots level would be welcome to promoters such as myself or Anna.

It is also important, though, to consider the scale of the impact of what you are discussing in PRS, because the single biggest change that you could make, and the Committee could recommend, to make grassroots venues and the ecosystem viable, would be to VAT. The VAT cut during the pandemic literally made the difference between us being able to promote shows or not promote shows. The 20% tax burden versus 5% meant that we could do 100 more shows that year as we came out of the pandemic.

We look at those shows now, and they are just not viable. So those shows never get off the starting blocks, they never reach past the spreadsheet and the offer for the artist never gets made. The taxation burden at 20% is significantly a bigger issue to consider than a levy of 4.2% on PRS.

Anna Moulson: I agree with Stuart. Just on that VAT point before I move on to PRS; 5% over lockdown was so welcome with our members, because it meant that we could break even, we could cover costs and actually make money, which is very surprising at grassroots level. Some members are now turning down grassroots shows in order that they can be below the threshold of having to be VAT registered, so that means fewer artists able to be taken on by promoters and developed by them.

In terms of PRS, our members welcome the fact that when an artist is not present in a room and their music is being played, they should definitely have compensation for that and the royalty that brings through PRS, but when you have a situation where we are very close to having a real lack of funds as promoters, you are looking at everything and PRS does feel like a tax to us. It feels like a tax because it is not true to its original intention. It was intended for sheet music that composers and artists created, and they were either not present there or able to make money from it, which is totally valid.

However, when you are already paying an artist to perform their original music and then have to pay PRS on top of that, it feels like an extra tax. If PRS did not exist in that scenario, I feel that the artist would make more money on a successful show without a fixed fee, because PRS has a lot of admin charges.

Q68 **Clive Efford:** Are you referring to artists that are not on the PRS catalogue?

Anna Moulson: That is also an issue, but I am referring to artists on the PRS catalogue. However, we also question this non-distributable fund that is collected. Any other business would be questioned about that, and I suppose that is what we are doing here now, but a lot of the artists we have put on at a grassroots level are not PRS registered. They are working out whether they want to go forward with their career, they are working out whether they want to become professional and have that income and all that bureaucracy that they have to have on top of running their band, so quite a lot of them are not.

As a venue owner who also promotes because we promote about 50% of the events that happen in grassroots venues as freelance or in-house, you feel it is an extra charge in these quite austere times.

Q69 **Chair:** Stuart, can I quickly take you back to an answer you gave us a minute ago and invite you to clarify it?

On the Enter Shikari gig, you said that VAT and PRS fees were deducted from their charitable donation to the Music Venue Trust. However, the information we have from the MVT is that actually, no VAT or PRS fees were involved in that particular case, so on that basis the whole £1 went straight from the gig to the MVT. Under a scenario like that, surely you would endorse a similar levy?

Stuart Galbraith: I would endorse anything that would get the maximum amount of income to the grassroots level. I have not discussed this with Mark in detail, and I was not the commercial promoter for the Enter Shikari show, but as a principle, if something is inside the ticket price, HMRC will want 20% of that figure. PRS will also want, by definition of the LP tariff, 4.2% of that. It will need to be insured, which adds another 4%, and a venue will take a percentage as a rental.

Whether there was a separate arrangement with Enter Shikari, I do not know, but what I am advocating is that 100% of any charge, if it is carefully accounted for, should arrive at grassroots level.

Q70 **Chair:** If it could be labelled as a charitable donation and therefore exempt from the various extra deductions that you have mentioned, then that would be a different kettle of fish?

Stuart Galbraith: Yes, correct.

Chair: Thank you very much. Damian?

Q71 **Damian Green:** Picking up on the VAT point you just made; I am entering a degree of cynicism that if, in non-lockdown times, you had a special VAT rate, would that not just quietly drift out into higher profit margins for the many other people involved in the chain?

Stuart Galbraith: No, I do not believe that it would because at this point in time promoters like Anna or ourselves are not doing shows because the economics do not work. If there is 20% additional income, or an increase in income, and it enables that show to get confirmed, it then delivers a rental to the venue. It delivers a fee to the band, it delivers wages to the crew, and it ultimately drives footfall through those venues, which is what is not happening at the moment.

As I said, our volume of shows at the lower level, sub-1,000, sub-400 capacity, is significantly lower now than it was in 2022 as we came out of the pandemic, because a large proportion of those shows are just not getting confirmed.

Q72 **Damian Green:** The *Which* report into bigger shows found that one of the ticketing companies managed separately to add on a service charge, a facility charge and an order processing fee, which all sounds like verbiage to me, and that added £10.60 on top of a £45 ticket. In those circumstances, you can understand the cynicism of saying, "Okay, fine, you can pay less VAT", but at that level, you are going to end up with somebody else pocketing the money.

Stuart Galbraith: The solution is not to look at a VAT reduction across the industry as a whole. I would advocate that under a certain level, so under 1,000 capacity as an argument, everything has a beneficial VAT rate. That way you will stimulate live shows at that level, and you will see more shows play those venues. You will see those venues lose less money, and fewer will close.

Q73 **Damian Green:** Okay. I assume you agree with that, Anna?

Anna Moulson: Yes, I definitely do. Oh, to be a promoter on the continent; Belgium pays 6%, France 4.5%, Italy 10%, and Germany 7%. I must say, that is ringfenced on tickets, it is levied on tickets. But, as I said before, our members are turning down shows because they want to be below the VAT threshold. We cannot break even, and the economics of it all does not add up on a grassroots level. If you are trying to earn a living from it, VAT does feel like a real burden.

One of the main issues that our nearly 150 members across the UK fed back in a survey was PRS and VAT; the responsibility, the financial burden that the freelancers mainly take on when everyone else in the room potentially gets paid. That is not decrying the fact that the venue might be down on bar sales as well, with respect to venues.

Stuart Galbraith: It could well be that the VAT on alcohol sales and ancillary incomes is also potentially reduced at that level and again that would have a very profound effect on the venue operator.

I mentioned earlier that I work in theatre; there is a theatre tax relief scheme which is absolutely invaluable. Indeed, yesterday, I confirmed six shows based on the fact that we were very certain we were going to get theatre tax relief. Without that tax relief, those shows would not have taken place. In the case of music, though, you cannot apply a tax relief scheme because the financial structure of our sector is not similar to theatre or film or orchestras: you do not have a producer principal, and there is no one entity that can apply for a tax relief scheme, because you have the promoter, you have the band and you have the venue; we are all separate VAT entities or tax entities.

We have researched whether it made sense to apply to Treasury for a tax relief scheme for music, and I am afraid our model just does not work, which is why a VAT reduction is a sensible option.

Q74 **Damian Green:** For small venues?

Stuart Galbraith: For small venues, absolutely.

Q75 **Julie Elliott:** Anna, Arts Council England recently opened up its Supporting Grassroots Music Fund to indie promoters. What will this funding help to support?

Anna Moulson: We definitely welcome the fact that it has been open and that sole traders can also apply. Pre-pandemic, a few years before, we were not able to; you had to be a limited company or CIC registered. The only problem we have is that we are time poor; our work is really seasonal. Although the application has become easier, it still has a way to go in terms of us being able to access it, because it is 50 odd pages long, you have to use a certain type of language, you have to be informed and experienced enough to fill it out and there is a lot of reporting.

We welcome the fact that we have been recognised as being able to access the funds and if we can access the funds then it will help us develop our trade. Most of our members do not have access.

Q76 **Julie Elliott:** You pre-empted my follow-up about expertise and time to administer the funding. Is there anything that could be done to assist with that?

Anna Moulson: Our members have fed back, and personally with my company during lockdown I found the same, it was easier to apply for funding through other outlets such as local councils, or through AIM funding. It was a few pages long and we are time poor seasonal workers, we work 70-80 hours a week in the high seasons, which are spring, early summer, and autumn, early winter. I know the Arts Council has music officers in place, and I do not really know how that is going to be translated: they are there to support people applying, but I am not sure whether that is to actually look at the application and assist with it. That is something that time will tell, but there are certainly hardly any funding bodies we can apply to. It is generally the usual suspects who get the funding, and the funding has various requirements to it. When your regular day-to-day work does not wash its own face, to use a term that means it does not break even or does not make money, then that is your priority.

It seems a bit niche-y, but I am really hoping quite a few of our members will be able to access this new fund, because, like I say, from the survey that we did last year hardly even 2% access it.

Q77 **Julie Elliott:** How do you respond to suggestions that opening this fund to other live music stakeholders may mean that grassroots music venues themselves will have to make do with less support?

Anna Moulson: It would be nice to see a regular pipeline, it would be nice to see it ring-fenced, it would be nice to see some levy that an independent company or charity manage and distribute fairly and equally.

Q78 **Julie Elliott:** Stuart, how, if at all, would national promoters be affected if the indie sector is not able to thrive?

Stuart Galbraith: You speak as though we are two separate entities but we are one and the same. We work at grassroots level, and we take shows through to arenas and stadiums.

Julie Elliott: It is a bit like the football pyramid again?

Stuart Galbraith: Yes, absolutely, albeit we move through the careers of those artists with them. I will give a couple of personal examples. The first show I ever did with Simply Red was in a club in Manchester in 1985, and I still promote them now. The first show we did with Ed Sheeran was in a club in London; we played to 800 people, the last two tours have sold 1 million tickets. So it is wrong to dissociate the two. We bring talent through and we do hundreds of shows a year at grassroots level.

Chair: Thank you all for coming and giving us evidence today. It has been really interesting and useful to hear from you all. You are now free, and I can invite our third panel to come and join us.

Examination of witnesses

Witnesses: Lily Fontaine, Kwame Kwaten and David Martin.

Chair: We are finally able to welcome our third panel: Lily Fontaine, singer-songwriter and vocalist for English Teacher, whose music was recommended to the Committee when we were in Manchester earlier this year, so Lily you came highly recommended; Kwame Kwaten, who is the vice-chair of the Music Managers Forum; and David Martin, CEO of the Featured Artists Coalition. Thank you so much for joining us. I should mention that we do not agree with bribery and corruption, but the

Industry Champion Award was given to our Committee last year and a couple of the Committee did attend that event so for full disclosure, we can be bought.

You may have noticed that some of my team have already left. We have competing things going on in other parts of Parliament at the moment, including in the Chamber, which means Rupa has to fly off very shortly to go and ask a Justice question. Before she goes, she is going to ask her question to the panel.

Q79 **Dr Huq:** Lily, we all have "The World's Biggest Paving Slab" on repeat in our heads at the moment.

Lily Fontaine: I hope in a good way.

Dr Huq: Yes. I wanted to ask about diversity of genre of music venues. Would the three of you, and particularly maybe David Martin, say that grassroots music venues' programming in the round is fully reflective of the diversity of genres that make up the British music scene? We have heard evidence from people from Radio 1Xtra and the like that despite grime and genres like that—drum and bass, jungle—having a large musical footprint, there are not enough opportunities to see those live. What do you think?

Lily Fontaine: I cannot really speak to grime and drum and bass personally but in the guitar indie sphere that I operate in, the venues and grassroots music scene is the reason why it operates. It would be non-existent without it because the type of music that is created within that sphere is fuelled by local communities, and I am assured—

Dr Huq: Sweaty mosh pits.

Lily Fontaine: Yes exactly. People help each other out and I am guessing that it is similar across grime and other genres.

Kwame Kwaten: Grime and drill definitely suffer; I am going to call it out straight. Yes, it definitely does suffer, but I would agree with you, Lily, as well: grassroots venues lie at the beating heart of the new development business in music.

Q80 **Dr Huq:** Hip-hop as well, would you say?

Kwame Kwaten: Definitely.

Q81 **Dr Huq:** And bhangra? That used to be a thing in my youth.

Kwame Kwaten: Without a doubt, yes, absolutely.

Q82 **Dr Huq:** Is that still going?

Kwame Kwaten: Yes.

Dr Huq: The daytimers, all that.

Kwame Kwaten: I can talk from experience: I currently have Raghav on my books, so I can talk from experience. Yes, it is more difficult.

David Martin: I would agree there is a lack of diversity in the music genre across the grassroots circuit. It was previously very difficult to get your recorded music to market and that has changed with digitisation. Now, what we see is that it is really hard for artists to get out and tour and perform live. We are talking about grime and drum and bass but back to the '60s there was the rock and pop invasion of British music in the US. These counter-cultural movements come from the grassroots, they come from the underground, and musically they have made the UK the envy of the world. So yes, I would agree that it is a problem if we are not supporting new scenes and new movements.

At the risk of being controversial, I would say there is one activity this whole industry is based on, and that is artists performing. There is one relationship this whole industry is based on, and that is the relationship between artist and fan. This should be a grassroots music ecosystem inquiry, not a grassroots music venue inquiry because it is important to fuel that activity and to fuel those artists to get out and support the rest of the ecosystem.

Q83 **Dr Huq:** So, like the fan-led football review mentioned by our Chair in the last session, there could be a music one. You mentioned the '60s: R'n'B meant The Who then. These terms are malleable, are they not?

Kwame Kwaten: We have always had to fight, that is the thing. With new music we have always had to fight. We have to remember that at one time the BBC only played 45 minutes of popular music. There have been huge advances made but yes, by calling out what we think is wrong, we progress.

Q84 **Dr Huq:** What are the biggest barriers and how can we get rid of them? We have talked about possibly a fan review, but realistically, what is going to happen to sort this out?

David Martin: We need to fund artists. We need to fund activity. Yes, the ecosystem is essential, but it is that activity that drives that ecosystem. That relationship is ultimately the product that is sold in the live music industry. That fan-artist relationship is what everybody else is based on so we need to put funding in the hands of artists; they are the tastemakers, they are the music creators, and they are the audience developers.

I fully support the rest of the ecosystem being supported and funded, but too frequently artists and music makers are not supported. Look at the past four years: business rates relief, cultural recovery fund, furlough, local authority grants, and now the grassroots music fund, not available to artists.

Kwame Kwaten: And if they are not available to artists, they are not available to managers.

Q85 **Dr Huq:** So that sort of incentivisation in the post-covid era would help?

David Martin: Yes. It was mentioned earlier. Look at the talent development programmes that are run by charitable organisations. We run a talent development programme called Step Up, which is supported by a commercial partner in Amazon Music, and the returns on that investment in an artist's career are evident.

For example, this year in Step Up, 62% of the artists that applied have applied for domestic live touring support because they cannot make ends meet. They cannot make it stack up without that support, so it is very clear to us. Take PRS Foundation: it invested £5.2 million in artist development over the last 10 years. The return on that was £22 million, just on its initial analysis of that investment close to the time it invested those funds. So yes, absolutely, you have to fund that activity.

Q86 **Dr Huq:** Lily, would you like to play on more diverse bills?

Lily Fontaine: Yes, definitely. I can speak to what David was saying about investing in artists from personal experience—anecdotal and very recent personal experience—because artists at the moment are facing a bit of a crisis in terms of funding. As you have just spoken about, there is a lack of funding for musicians to create music and that is the foundation the rest of the ecosystem for the music industry is based on.

We are the business owners and in a sense we are employing everybody else. I actually have a list of people we employ: we have tour managers, sound engineers, van hire, equipment hire, musicians, non-artist fees, driver fees, accommodation, travel, petrol, ferries, carnet—this is if you are going abroad—insurance, equipment, health insurance, rehearsal spaces, instruments, upkeep, food and drink, photography fees, and then I have, "etc" for what is on top.

What I am saying is that to maintain a level of professionalism in this industry you have to have all those things in place and there is not really any money coming in to fund that. You get record labels that give you an advance, which has to be split between a number of people, and so at the end of the day you are left with zero profit.

What David was saying is right: if you cannot support artists at this level who are signed to major labels, you cannot support artists at a lower level, so how is anyone who does not have money, or anyone who is from a regional area where they do not have access to venues, going to have an opportunity to create music and to tour music? That leads to homogeny within the music industry, which then leads to less diverse music scenes, and if there are less diverse music scenes, then one of our biggest exports, which is music in this country, is diminished. This country is very well-known within not just the continent, but the world, for its creative exports, but specifically music such as The Beatles, the list can go on and on and I am not going to go through them all. If we do not tackle this now then the knock-on effect could be incredibly severe.

Kwame Kwaten: I totally back everything you just said, Lily, and to get it right out there, this grassroots music arena levy or, "GMAL"—or, if you cannot remember it think of Archie Gemmill who scored a great goal for Scotland, but that is another story—is a great initiative; people adding £1 to a ticket, which goes into a fund that can be accessed by grassroots venues. But we also support it being able to be accessed by artists and managers.

When we say artists and managers, we say it from a management standpoint because even if you look at the BRITs recently, where we are now has very much moved from what was major label culture into independent culture. Raye is an independent artist. Stormzy started out and was playing Glastonbury as an independent artist. Skepta is an independent artist. These are independent artists who are earning this country millions. Not even straight millions but tens of millions of pounds and feeding it back in through tax. So yes, we do support that.

This whole thing about supporting the level of one person in a show for up to 1,000 people is absolutely crucial. You do not get Ed Sheeran playing two shows last year at the O2 unless he played the Bedford in Balham, unless he played the Queen of Hoxton with iluvlive promoting, or Jessie J playing The Pigalle in Leicester Square, or Seal playing Pig in Holborn to 75 people. You do not reach that without investment at this level. We all know who those performers and people are, but unless artists and managers are supported from zero to 1,000 people venues, you will not reach that level.

To back what Lily said, I also have something written here. You have the artist and manager, sure, you have the tour manager, legal contractor, accountant, agent, promoter, venue, roadie, front of house, drink manufacturers, that all rely on people, but you also have hotels, restaurants, pubs, local chippies, high street food markets, transport services, local media, local businesses, small brands, writers of songs, producers, graphic designers, performers, I mean it is huge. We have already worked out that 10,000 people entering a venue equals £1 million in local business. It is essential.

Dr Huq: Brilliant, thank you. I think we are treading on some of my colleagues' questions but thank you ever so much. I am going to run off because the Speaker will go mad otherwise but I'm really grateful for all that.

Kwame Kwaten: Thank you for asking the question, seriously.

Q87 **Chair:** Thank you Rupa. Lily can I turn to you? You and your bandmates have spoken about the value of grassroots music venues in your career and in the ability to hone your craft. Can you flesh that out for me a little and talk about what value it has added to you in developing your style and skills but also whether you have seen any impact from the fact that those venues are now beginning to close?

Lily Fontaine: Yes, absolutely. It all began in grassroots venues for me and for the other members of the band. I grew up in a region that is not in one of the main cities, just outside of Burnley, in a place called Colne. This town could do with more financial investment, but one of the great things about it is it had these music venues. Aside from the fact that this provided me a place to develop my career, it provided an artistic community.

It is important for people to have access to the arts and there is money being made within the town because of that, because of people spending money in the bars when they are going to watch local bands and whatnot, though it is not at a big level. It also provided a space for me to develop as a musician, learn how to be bad at it before learning how to be okay at it, and develop confidence. I started performing for money, which made me realise that it was a potential career.

I ended up going to university, and when I went to Leeds to study music, it was the Leeds music venues that took me under their wing in the same way that those first venues did. So it started out with venues that are run by local musicians: someone doing the sound for free on the evening. Much of the music industry is currently run under free labour, which I have a massive problem with.

Kwame Kwaten: It does not make sense, that is the crazy thing about it.

Lily Fontaine: Yes, it is hard. Those grassroots venues are very important to the scene because everything is connected. For example, there is a service in Leeds called Music Local—it used to be called Music Leeds—and they provide advice to artists. We joined that, and they were very close with a music venue called Brudenell Social Club, that I am sure some of you guys are aware of, which started putting on some our very first shows. It does amazing work supporting grassroots venues.

One of the key things that happened for us, and one of the most important things to mention, is that through the knowledge we gained from Nath, who runs that venue, and through the people we met while attending that venue—attending shows, speaking to people, networking—we found out about a grant from PPL that allowed us to record our first single. Without that money, we probably would not have been able to record that single. And without recording that single, we probably would not have signed to the label we signed to, which led us on to starting, essentially, our own business.

Now we are four young people in a partnership, as self-employed musicians, employing the list of people I explained before. Everything is connected. The grassroots venues are important because they brings joy and creativity to communities that need it. Without them, it would be grey. There is a local ecosystem there financially, and they are vital for training people who are then going to become employers of other contractors within the music industry.

Q88 **Chair:** Thank you very much, Lily. David, can I move on to you? You wrote to the *NME* saying there has been a cost-of-touring crisis and that is really about artists, which is what we have already heard from all three of you. The key to this is artists. They are the live sector's biggest employers and, as you have already articulated, the architecture of the whole sector depends on them. What is the root cause of this crisis?

David Martin: There are a number of things. We have rising costs, which impacts artists in two ways: the first thing fans stop spending on, potentially, is going out and leisure, and then the supply chain is very expensive. Lily just outlined some things that artists pay for, and Anna mentioned earlier about promoters being risk-takers. Actually, the artist might take a fee away but they are paying lots of people from that and those costs have all gone up. One of the artists we work very closely with at the FAC at the moment has talked about losing her session musicians three times, so she has had to reform the band three times and has eventually given up because the costs have become so high. You add transport, you add accommodation, you add the fact that everybody's day rate is increasing to the fact that you have potential compression in the demand for tickets, and that is having an impact.

Then there is the fact that we do not fund the arts fantastically well in this country. Looking at the expenditure from Arts Council England, for example, not enough of it goes to commercial music. As somebody else mentioned earlier, it is very burdensome to apply, particularly for artists who are surviving on a shoestring.

So, there are a number of areas that are impacting artists' ability to tour at the moment. This is being compounded by the fact that post-Brexit it is more difficult for early-stage bands to get out and tour. Below the very top level, we are seeing something like a 74% decline in those artists that are getting out to tour versus pre-pandemic in Europe.

All those things are having a knock-on effect. That is why, when we talk about the ecosystem, I am quite forceful about the artist argument, as you would expect me to be. I fully agree that this is an ecosystem, however I often feel the artists and creators are left out of that argument. I feel like, thanks to Mark and to MVT, everybody knows about the crisis in grassroots music venues. I do not know that everybody understands the delicate balance that is going on behind the scenes in other parts of the sector.

Q89 **Chair:** As part of your work, you have been calling for a root and branch reform: what would that look like in an ideal world, and how would that be structured in the sense of how much of it would be industry led? Would there be a role for Government and what would you be expecting our Committee to be advocating for in your dream scenario?

David Martin: We have long advocated for a UK music strategy. Since I have been in post, we have called for that, which includes a credible export strategy, first, so certainly we would want Government to be involved in that. Obviously, we are having a discussion about the levy and it is a relatively complex topic; there are a number of ways that it could be implemented.

Government have a role to play there, potentially. On the levy, while we are potentially supportive, it would need to be on top of the ticket fee. It cannot be a downward pressure on artists or a voluntary thing where you have some artists, potentially British artists, saying, yes, they are very happy with the levy, and then you have foreign artists coming to the UK saying they are not prepared to do that. It creates an uneven playing field. But there is a role there to play in guiding discussions on a levy.

We are involved in the streaming inquiry and we know what this Committee recommends is very important, but we know how challenging it can be to implement those recommendations. With the right will, Government could really help the industry coalesce about how a levy would be collected and distributed.

Earlier, you heard about PRS and the black box revenues. We do not think it is right that black box revenues flow to the largest rights holders and the largest songwriters. We think it should go towards funding grassroots music and particularly grassroots touring.

On the streaming inquiry, there is something to be said there for actually seeing this Committee’s recommendations implemented, which we are still working on with Government. Ensuring that artists get a fair deal from streaming will be really important to their overall income.

The way that Arts Council operates needs to be looked at. We are supportive of Arts Council, but sometimes the processes are too burdensome.

More generally, it has taken a very long time for us to be at the table on this conversation. Music makers and artists being at the centre of discussions is essential. We sit as a member of LIVE, and we sit as a member of UK Music, which is great, and we push our voice forward in that way, but too often conversations happen without artists, songwriters and other music makers at the table.

Chair: Fantastic, thank you very much. Giles.

Q90 ***Giles Watling:*** Thank you, Chair. I am going to be very brief, fundamentally because Kwame and Lily had a list that I have which I was going to go through and ask about the support structure for artists. But first, on top of what you were saying, Kwame, my background is in performing arts, theatre, and so on, and I ran a couple of theatres and things, so I understand the soft power that we have in our performing arts. More than the hundreds of millions of pounds that you were talking about, it is also UK plc out there, showing what we can do. It puts us on the map and is really important. I wanted to make that comment before I started because I do not have much to ask as you have answered the questions.

In theatre we saw—I know it terribly well—a talent drain from the support structure around artists: the technicians, managers, agents and so on. People left the industry entirely because, thanks to the pandemic, it was shut down. Theatre was the first to close and the last to open because of its very nature and the same applies to music venues. Is there a story there from the manager that it is recovering, that the support structure is there for artists like Lily to use? Because they need to be creative, they need to be free to do that, and in order to do that they need guys like you. Is it recovering? Are there people there to support them?

Kwame Kwaten: No. Earlier on, you were all saying something that was very true about how sometimes statistics can get skewed by the earnings at the top end. On the face of it, you look at all the reports: 9% growth with regard to music, touring doing really, really well and so on, but we are not talking about that. Grassroots is the area that needs real concentration, from one person to 1,000. We cannot get to the stars of tomorrow, to Seal, to Central City, to Skepta, to Stormzy, without them playing in those small venues.

The problem we have, for me, is in real time. I am a manager. I am a manager, for instance, of an act called Blue Lab Beats, who have an album coming out in April, and who have a small record store tour to do. As you know, back in the day these things were standard. People would go to every record store, signings would happen, queues around the block, all that, everybody remembers it. That record store tour right now stands at a deficit of £2,394, which will be placed squarely at the foot of the artist and manager; that is with a tiny bit of record company assistance, so I am not booting them. I am saying that even with a tiny bit of record company assistance, that is where we are.

With regard to live shows, I look after Hak Baker as well. He toured in Germany and we came back from that four or five-day tour with a loss of something like, again, £3,000. It is because the artist cares and says, "Do you know what, I want to reach those markets, this is happening."

Q91 **Giles Watling:** So could they be described as loss leaders to do that?

Kwame Kwaten: Yes, but the problem is, how long? With Hak for instance, you are talking about a seven-year journey.

Giles Watling: Yes, so you will not recover in that period of time.

Kwame Kwaten: A seven-year journey to reach there. Fair enough, he is going to be playing Somerset House—that is not a plug—but that is a seven to eight-year journey. Raye picked up all those Brit Awards the other night. Great; that was 10 years. That is what we are talking about. We are saying all this, knowing that if, at the top end, 1,000 people go to a show in Manchester, £1 million will be made. It is staring us in the face. It is the easiest quick win. Invest.

Giles Watling: And we are back to VAT as well.

Kwame Kwaten: Absolutely. The VAT cut for small venues is absolutely essential. I cannot stress how important it is. Before coming here, I spoke to many small venues and they all said the same thing.

Q92 **Giles Watling:** Can I just ask you one question, because time is running away with us: do you have to manage the expectations among artists as they come to touring?

Kwame Kwaten: Disappointment is what I manage.

Giles Watling: That is what I am saying.

Kwame Kwaten: Yes, totally. Because they have a fixed thing in their head. Do not forget they have grown up through the ages, like you and like me, seeing great bands being made and great acts being made from touring, touring, touring. The UK has made its reputation from this, and we now have this, as you say, drain at the bottom end that is seriously crippling our forward-thinking business, and it has to be addressed. It has to be addressed now.

Giles Watling: You make a very impassioned plea. I will just say one more thing before I go: Lily, good luck with your album, "This Could Be Texas" coming out.

Lily Fontaine: Thank you.

Chair: You have a whole new fan base here.

Lily Fontaine: You are welcome.

Chair: You may not have expected it, but here you are. You are going to have to live with it. Damian.

Q93 **Damian Green:** I was going to plug the album as well, in return for you turning up here. You have been going, for what, three, four years?

Lily Fontaine: With this band, yes, about four years.

Q94 **Damian Green:** Your first album is coming out next month: are you anywhere near making money yet?

Lily Fontaine: No. In real terms, we do not expect to make any profit from our tours.

Kwame Kwaten: And how long have you been going?

Lily Fontaine: So, as a band, we have been going for around four years now. Currently, we are working as artists, I would say probably over 40 hours a week. We are working full time, but we are earning less than minimum wage, which is not legal, but it is the way the industry works. It is the way it is now for us. We do not earn any money from touring or, if we do, it is a tiny amount, and it is because our label has chucked us some money to make things even, and then we earn a little from selling merch, which again, once you move up to bigger venues, can be diminished through the cuts taken from those bigger capacity venues.

In an anecdotal sense, a personal sense, the problem for us was that we were not able to afford things like rent and bills. I was sofa surfing when writing the first album, while signed to a major label with a full team. That is hard because I am a 26-year-old person, so it is disappointing for me to have worked on my career so long and be struggling in that sense, but then it is also hard to work on the creativity; you cannot focus on writing music if you are trying to get by every day. Taking it back to the levy and to whatever relief is provided, that is why it is important that it is spoken about in terms of artists as well as venues.

Q95 **Damian Green**: Kwame has already answered this, but there are two models: there is a voluntary model and there is a compulsory, statutory model. Which one of those would you go for?

Lily Fontaine: The compulsory model seems more appropriate, especially after listening to everything we have spoken about today. It is not very often that conversations like this are put to artists.

It is not a secret within the industry that artists are not always consulted, they are not always brought into the room when it is topics about money or about things that relate to the business side of the industry. Trying to put this down to each individual artist could make that fund unsustainable because it would fluctuate depending on how much the artist knows about the levy. If we are going to bring this in, it needs to be something that is sustainable, so people can prepare and distribute it fairly.

Q96 **Damian Green:** Yes, thank you. Kwame, do you want the compulsory levy?

Kwame Kwaten: Without a doubt, 100%. We all know if you give people the chance to back away from paying, sometimes they will take it. Not everybody is as generous as Enter Shikari, so let us put that out there.

I back Lily's point with regard to the fact that artists and managers are often not in the room, and the MMF stands proudly with regard to that point: the fact that it is really important that when these discussions are happening, artists and managers are in the room. You are depending on us to bring that iceberg of business into towns and make everything happen, and we all know what happens.

I am sat there with the tour schedule, and my tour schedule before would have gone to Newcastle, Stockport, Southampton, Cornwall, Bradford. Now, my tour schedule goes to London, Manchester, Liverpool, it might go to Glasgow, maybe Dublin. There is no surprise that in those towns we are complaining about one thing: the high streets looking empty. It is that serious.

Q97 **Damian Green:** I am slightly worried, having remembered Archie

Gemmill's goal, that we are both showing our age here; that was a 1978 World Cup.

Kwame Kwaten: I watched mine on YouTube. Just saying. Speak for yourself.

David Martin: I fully support a fan-led review and, beyond that, we should ask fans whether they would pay a levy but it needs to be on top of the ticket. As soon as it is voluntary, there is the opportunity to opt out, there is the opportunity to create an imbalance in the playing field.

What has already happened on a voluntary level before is great, but as soon as that funding is inside the ticket, it is quite complex. There is the promoter split, there is the artist fee, there are other elements that are rolled into there, and it becomes quite complex. My view is always that it will get negotiated out at the artist's end if that is placed: £1 going in within the ticket price will not end up as £1 coming out as a levy; it will be negotiated out of the artist's fee.

Q98 **Damian Green:** It needs to be additional and clear?

David Martin: Correct.

Kwame Kwaten: To back that up, as I said earlier, with the Hak Baker tour in Germany, that £2,659 is from his money, because from his heart he chooses to spread his music that way.

Chair: Thank you. And last but not least, Clive.

Q99 **Clive Efford:** Thank you, Chair. I will come on to merchandise but first, by the very nature of grassroots venues, there is not a lot of revenue flowing around in that area of the industry. We have heard from Lily about how talented artists struggle, and she mentioned sofa surfing. How does an up-and-coming artist at that level of the industry afford the essential, it seems, support of people like yourselves, for promotion and managing, when there is so little revenue around? How does that work? Are there many that fall by the wayside because they do not get that sort of support?

David Martin: Yes.

Kwame Kwaten: Yes, definitely

David Martin: Lots. It is already a very competitive industry, so yes, there are lots. To give you one stat, we have our own talent development programme and other parts of the sector like PRS Foundation and Help Musicians are able to award applications in the region of about 5% of what they see from artists for talent development. So you can see the demand is huge, and you can see that lots of people are unsuccessful in that. There were two points in your question there; was the first point about merchandise?

Q100 **Clive Efford:** I was going to come to merchandise.

David Martin: Okay, sorry. Well, yes is the answer to your question. We see lots of artists fall by the wayside. Yes, it is already very challenging, but we need to stop looking at investment in artists as being a cost. The UK's music industry contributed £5.8 billion in GVA in 2019. In 2022, that was up to £6.7 billion. That was a 15.5% increase. We have already made the point that the artist and fan relationship is the product. That funding is not a cost: it is an investment in artists, it is an investment in the industry, and it is an investment in the UK public purse.

Q101 **Clive Efford:** Listening to the evidence today, it struck me that we are looking into the finances and support around grassroots venues but in order to make the best of those venues there is more that needs to be supported. So thank you for that. When we had our roundtables, the grassroots venues were supportive of the 100% Venues campaign, but how essential is the success of that to the artists that we have just been discussing? What proportion of their income comes from merchandise rather than tickets and other things?

David Martin: One thing I should say is we have seen the Academy Music Group finally drop its merchandise commission from 25% plus VAT down to 15% plus VAT last year, which is a huge impact for artists. Just to highlight the point you make with examples of two tours. First, one of the tours was six shows across Germany. The merchandise income for that artist was double the show fee. It meant that rather than having a £500 loss, that artist paid their rent for three months as a result of the merchandise income.

Secondly, a tour of 13 shows across the UK, which would have made about £200 profit, despite the artist being very frugal. But as a result of merch sales, it made 10 times that. So, you can see how important merchandise is, potentially, to artists at that level, and how big a deal it is if they are losing 25% plus VAT. It is on their bottom line, effectively.

With the 100% Venues campaign, we are not asking venues to be out of pocket; we are saying we want to end punitive fees, and we are asking for four things for those venues that cannot get to 0% commission: that support acts are never charged the commission; that artists are offered the option to staff and operate merchandise operations themselves; that there are no surprises, with terms fully understood and agreed in advance; and that terms must always be open to negotiation, so an end to cartel-like fee-setting behaviour when it comes to merchandise commission.

Q102 **Clive Efford:** So, what is the way forward: is there co-operation with the campaign? Are there sections of the industry that are not co-operating, and if so, how do we overcome that?

David Martin: The Music Venues Trust, who support independent venues, have really backed the campaign. That does not mean all the members have signed up yet, but the organisations have been very supportive. As I mentioned, the Academy Music Group has come on board, so that level of venue from 1,000 people up to 3,000 people—5,000 in Brixton—have reduced their fees. We would like to see them take on those four other points, but beyond that level, there are still support acts playing at venues the size of O2 who are facing merchandise commission. That cannot be right. We have just heard how challenging it is to develop your career at that level. We would like to see the larger venues move on this rigid 25% plus VAT.

Kwame Kwaten: Down, please.

David Martin: It needs to come down. Secondly, we would like everybody to adopt those four principles.

Q103 **Clive Efford:** Just so I understand, how does the rigid 25% apply? Is it the venues themselves that decide on that level?

David Martin: Yes.

Q104 **Clive Efford:** So they have agreed that level of commission across the board? And are there other costs that venues bear that should be considered when deciding whether there should be a proportion of merchandise paid to the venue?

David Martin: Well, as I say, if venues face a cost for delivering a merchandise function, then we are not against that cost being paid. What we are against is punitive fees being placed on artists. So the idea that an artist who is a support act paying 25% plus VAT commission to support the cost of that merchandising function just does not stack up in many cases.

Clive Efford: Okay, thank you very much.

Chair: That brings us to the end. Can I just thank everybody that has taken part today? As an explainer, we normally just do two sessions within our one morning meeting and today, because we heard so much evidence from the venues we met in our roundtables, we wanted to expand that and bring in three whole panels worth of witnesses and experts today, which is normally quite a difficult challenge and that is why we have seen people coming and going. But I wanted to thank you all for taking part and leaning into this so brilliantly.

What is going to happen next is that the Committee will be pulling together a written report on everything we have heard, making recommendations and hopefully answering some of the really valid suggestions and recommendations that you guys have made with us today. We are massively grateful to all those who have taken part. Thank you.