



House of Commons

Digital, Culture, Media and
Sport Committee

**Economics of music
streaming: follow-up:
Government Response
to the Committee's
Fifth Report**

**Eighth Special Report of Session
2022–23**

*Ordered by the House of Commons
to be printed 21 March 2023*

The Digital, Culture, Media and Sport Committee

The Digital, Culture, Media and Sport Committee is appointed by the House of Commons to examine the expenditure, administration and policy of the Department for Digital, Culture, Media and Sport and its associated public bodies.

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Publication

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Committee staff

The current staff of the Committee are Rosie Akeroyd (Committee Specialist), Andy Boyd (Committee Operations Manager), Dr Conor Durham (Committee Specialist), Ollie Florence (Senior Media and Communications Officer), Seb Newman (Second Clerk), Olivia Rose (Media and Communications Officer), Joe Ryan (Committee Specialist) and Ben Sneddon (Clerk).

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You can follow the Committee on Twitter using [@CommonsDCMS](https://twitter.com/CommonsDCMS).

Eighth Special Report

The Digital, Culture Media and Sport Committee published its Fifth Report of Session 2022–23, [Economics of music streaming: follow-up: Government Response to the Committee's Fifth Report](#) (HC 874), on 13 January 2023. The Government response was received on 16 March 2023 and is appended to this report.

Appendix: Government Response

Introduction

The Committee's September 2021 report of its inquiry into the economics of music streaming identified important issues facing the music streaming sector. Since then, the Government has worked closely with music stakeholders to seek industry-led solutions to address these issues and gather further evidence where necessary.

The Government and industry have made substantial progress on this. Draft agreements on metadata and transparency, developed by industry experts via IPO-chaired working groups, are at advanced stages.

The IPO-commissioned research into the impacts of changes to copyright law recommended by the Committee has either been published (for contract adjustment and rights reversion) or is approaching completion (for equitable remuneration), following extensive engagement with industry.

On 9 February 2023, the Centre for Data Ethics and Innovation published the findings of its research into the impacts of algorithmic music recommendation systems on streaming platforms. This included high level recommendations for streaming platforms to improve transparency around how they use algorithms for creators and consumers.

Alongside this, the Competition and Markets Authority published the final report of its market study into the music streaming sector, finding that competition issues are not the source of issues facing creators.

But, as noted in the letter of 23 January 2023 from Ministers to the Committee, for this work to have been worthwhile, it must result in meaningful and lasting improvements to streaming. The Government remains committed to making this happen.

The Government's response to the Committee's recommendations is set out below.

Responses to recommendations

We recommend that the IPO, at minimum, ensure that there is greater transparency around the groups by ensuring that its memberships, agendas and deadlines are made public and that the groups have reporting functions at reasonable, practical intervals (e.g., at certain milestones or on conclusion of negotiations).

We also hope that Ministers and departmental officials will take a more active role in the groups where appropriate, particularly where negotiations become deadlocked or deadlines are missed.

After the Committee's follow-up session on music streaming of 15 November 2022, the IPO wrote to the Committee on 24 November 2022 to share the membership of the working groups on metadata and transparency.

The Government will also soon publish agendas and minutes for the meetings of the transparency working group and agendas for the meetings of the metadata working group (as no minutes were taken for these meetings).

This information on the working groups is already available (in the case of group memberships) or will shortly be made available (agendas and minutes) via the Government's webpage dedicated to its work on music streaming, published recently: <https://www.gov.uk/guidance/the-governments-work-on-music-streaming>.

The draft agreement on metadata has recently been shared with members of the music industry Contact Group and certain other industry representatives. Aspects of the draft code of practice on transparency remain under discussion at technical expert level but we aim to share this with the same industry stakeholders shortly. Once these outputs are finalised among industry, the Government will publish them. We will also publish the agendas of these technical level meetings (and any further such meetings) on the transparency code of practice.

The membership of the Contact Group, a forum of senior representatives from across the music industry convened by the IPO, was published in a letter of 22 May from Minister Lopez and Minister Freeman to the Committee.

Both Ministers and officials have played an active role in this work and will continue to do so. The two working groups have each been chaired by officials from the IPO, and the development of the two products have involved extensive engagement between officials and industry experts. Ministers will also be hosting a roundtable on music streaming with industry stakeholders to discuss these and other issues, which is due to take place in the near future.

We also recommend that the IPO continue to build on the current momentum and good-faith engagement by all parties in the process by establishing working groups on remuneration and performer rights to consider the current evidence base and monitor developments in other countries in these areas

The Government recognises that creator remuneration is a key issue in the music streaming debate and one which warrants attention.

While the research commissioned by the Government into the changes to copyright law recommended by the Committee was ongoing, the Government considered it appropriate to defer detailed conversations on different approaches to remuneration, to ensure that discussions on this topic are properly informed by evidence.

Now that the research into equitable remuneration is in its advanced stages and the research into contract adjustment and rights reversion has been published, the Government is considering its approach on performers' rights and remuneration and will take a decision on these matters in due course.

We recommend that the Government take a more strategic approach to policymaking regarding cultural production and the creative industries. Responsibilities are dispersed across too many departments, which has created persistent issues, including in international trade, visas and the ongoing skills shortage.

This could be addressed by DCMS more regularly setting the overall direction by publishing its overall strategy (with reference to specific disciplines, including music, film and television, theatre, etc), with tangible, measurable outcomes, at more regular intervals, that the work of various departments and arm's length bodies can then work in concert to implement. We also recommend that part of this work should revisit Creative Industries Forums with other markets, including South Korea, and ensure these lead to tangible outcomes that re-energise the commercial collaboration with our most important overseas partners.

The Government recognises the importance of taking a strategic approach to policy making in order to support the long-term success of our creative industries. The creative industries are one of the fastest growing sectors in the UK economy, contributing £116bn in GVA and employing over 2 million people, which is why the Government is publishing a Sector Vision in the coming months that will set out government and industry's shared ambitions for the sector to 2030. Government and industry, led by the Creative Industries Council (CIC), will work together to drive growth of creative businesses across the UK, build the workforce of the future, and help the sector maximise its wider impact on society.

The Creative Industries Council is a forum of Government, creative businesses and other creative organisations that focuses on addressing barriers to growth of UK creative sectors, such as access to finance, skills, export markets and intellectual property. The CIC recently had its membership refreshed, and met in February 2023 under the leadership of DCMS Secretary of State and industry co-chair Sir Peter Bazalgette.

Whilst policy relating to culture and the creative industries primarily sits with DCMS, there are inevitably aspects of policy that are led by other departments, including education, copyright and exports. The Government recognises the importance of cohesive cross-Government working and as such the Sector Vision has been developed with the involvement of all relevant departments. The Sector Vision will set out a living policy framework for the creative industries that all departments, led by DCMS, will work closely together and with industry to deliver on its ambitions.

Government ministers, officials and industry meet regularly to advance international cultural policy. This includes a number of formalised dialogues on a multilateral basis, such as G20 Culture Ministerials, alongside bilateral summits with priority countries. The Creative Industries Trade and Investment Board (CITIB) feeds into the CIC, and is another forum that includes representatives from the creative industries and the Government, who meet regularly to promote UK creative industry exports and inward investment. CITIB published its updated strategy in December 2022.