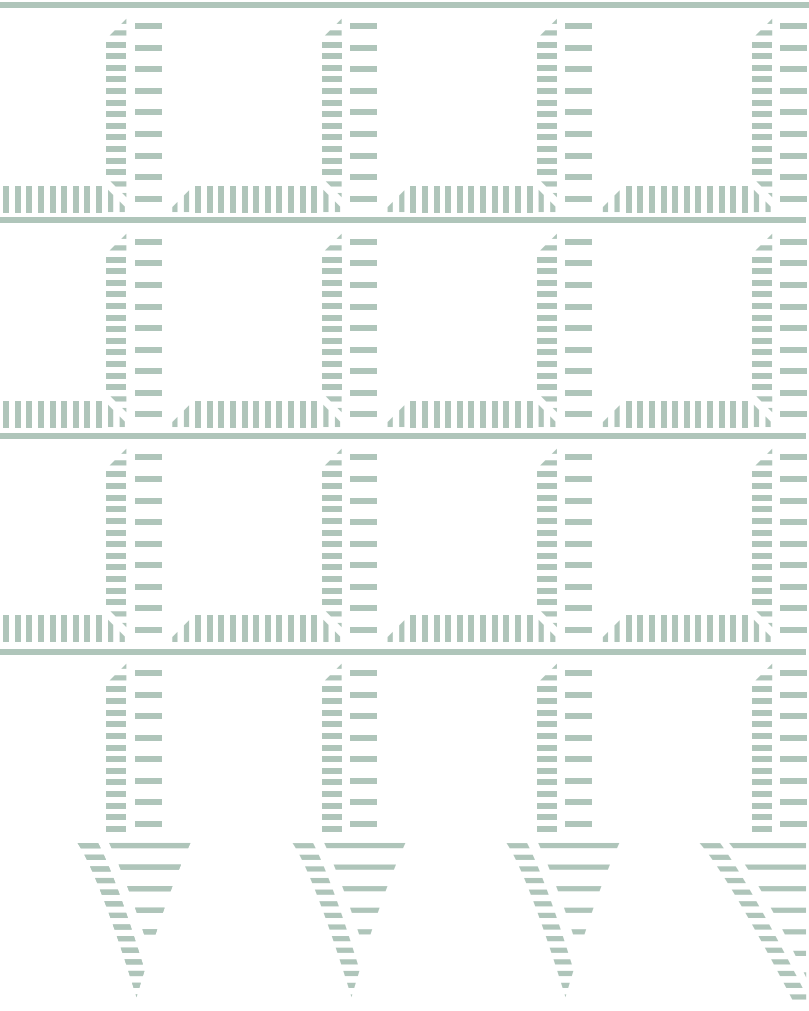


Culture, Media and Sport Committee

Creator remuneration: Government response

First Special Report of Session 2024–25

HC 293



Culture, Media and Sport Committee

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

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First Special Report

1. Our predecessor Culture Media and Sport Committee published its Fifth Report of Session 2023–24, [Creator remuneration](#) (HC 156), on 10 April 2024. A letter from the Parliamentary Under Secretary of State, Department for Science, Innovation & Technology, and Minister for Creative Industries, Arts and Tourism, Department for Culture, Media & Sport and the Government response were received on 15 October 2024 and are appended below.

Appendix 1: Letter from the Government to the Chair, dated 15 October 2024

Dear Dame Caroline,

We are writing to you as Chair of the Culture, Media and Sport Committee in response to the previous Committee’s report of 10th April titled Creator Remuneration. In the report, the previous Committee made recommendations to the Government on copyright private copying exceptions and compensatory levy schemes, copyright and AI, freelancing and contractual terms in the creative workforce, and music streaming. The Government’s response to these recommendations is annexed to this letter.

Yours sincerely,

Sir Chris Bryant MP
Minister for Creative Industries, Arts and Tourism

Feryal Clark MP
Parliamentary Under-Secretary of State for AI and Digital Government

Appendix 2: Government Response

Introduction

The government welcomes the Select Committee’s report on Creator Remuneration published on 10 April 2024 and is grateful to all those who contributed to its publication. It highlights the key role played by our world-leading creative industries in driving economic growth. In 2022, they employed 2.4 million people across the UK and contributed £124.6 billion in Gross Value Added (GVA) to its economy. The sector encompasses small and micro-businesses, self-employed creators, entrepreneurs, ‘portfolio career’ freelancers, as well as larger business organisations. The government is committed to growing the creative industries as well as creating and supporting opportunities for high-quality work. We will work with local government, businesses and civil society to ensure that the benefits of the creative industries are spread across the country.

The success of the UK creative industries depends on the generation of intellectual property—the product of human creativity, skill and talent—and its appropriate remuneration. The government wants to see remuneration arrangements that create the right conditions for sparking and driving innovation and investment, whilst rewarding creators for their work. We will continue working with industry experts, including creators and publishers, building on achievements such as the [Metadata Agreement](#) and [Transparency Code](#), in response to the Select Committee’s previous reports. This will be especially important in areas where government and industry need to strengthen the evidence base that must underpin the development of viable policy proposals.

Responses to recommendations

Private copying, storing and sharing on electronic devices

Revenue from private copying from abroad is an important source of income for creators, remunerating them for the use of their works that is integral to the demand for electronic devices. Not only does a lack of such a scheme in the UK prevent British creators from receiving payments from the domestic market, but it has also put their payments from abroad under threat due to a lack of reciprocity with other countries.

We recommend the Government work with the UK's creative industries to introduce a statutory private copying scheme, which, at minimum, safeguards reciprocal payments from abroad, to be produced within the next twelve months.

Copyright private copying exceptions and compensatory levy schemes are complex policy issues with implications for consumers, technology providers, and the creative industries. Broadly speaking, they allow people to copy and share copyright material in private circles (e.g. close family members), without infringing copyright. In return rights holders are compensated for actual or perceived harm, typically through a levy on storage media and devices used for copying. There is a spectrum of views on some of the complex questions around private copying, such as: what qualifies as private copying; how harm to copyright rights holders is assessed; how a statutory copyright exception is framed; and the scoping of any compensation scheme, including who would ultimately bear the cost.

In countries that have such a scheme, exceptions and levies were originally a response to home-taping, CD-ripping and similar practices. Jurisdictions vary in their approaches: the United States, Canada and Japan have compensatory levies only on older media types, such as CDs; the UK, India and Australia have no levy scheme, whereas France and Germany have broad levies and the largest revenue generation. With changes in technology, jurisdictions have also taken different approaches about whether to extend or update their levies for the digital age. Canada decided not to extend their scheme beyond reproduction on blank carriers (e.g., recordable CDs) whereas France includes digital devices and storage (smartphones, tablets, external hard drives etc.).

Levies relate specifically to private copying and the reproduction right. They are not intended to compensate rights holders for licensed uses such as streaming, for which they are compensated by alternative means.

As outlined in the Select Committee's report, the Government sought in 2014 to introduce a narrow private copying exception, allowing copying of content lawfully owned by an individual (e.g., a CD) to another medium or device (e.g., a mobile phone, MP3 player, or external hard drive) owned by them. The decision to introduce the exception was overturned by the High Court which [concluded](#) that the evidence relied upon to justify that the exception caused minimal harm was inadequate. In the decade since, technology has delivered significantly better connectivity between devices, impacting on how individuals access, browse, or privately copy different types/forms of media. Streaming is now the dominant UK business model for accessing content, whether subscription, ad-based, or free-to-access. The last decade has also seen a shift towards creating content (e.g., photographs) on smartphones and accessing or downloading short-form video that may include licensed music and images. Alongside this, streaming platforms are increasingly enabling users to store licensed offline copies available to the individual while subscribed.

Noting the analysis commissioned from Frontier Economics and the report on the practical and technical aspects of the Smart Fund levy proposal, the government considers that the increased take up of streaming services over the past decade may have led to an overall decline in private copying by individuals. Although we are not ruling out the introduction of a private copying exception and levy, we believe that further evidence is needed to better understand current user behaviour. The Intellectual Property Office (IPO) will therefore meet with representatives from the UK's creative industries to discuss how to strengthen the evidence base on private copying, both domestically and in relation to trade. This is vital for assessing the case for and against any new measures in this area.

We are aware that certain EU copyright licensing bodies have since the UK's EU Exit ceased making private copying remuneration payments to their UK counterparts under their commercial agreements. This was raised by the UK at the 3rd Trade Specialised Committee on Intellectual Property under the EU-UK Trade and Cooperation Agreement on 23 October 2023 and the [minutes](#) were published on gov.uk. The government is analysing the approaches being taken in these Member States to inform future discussions with the EU and help improve the evidence base. The government remains committed to continuing its dialogue with the British Equity Collecting Society (BECS) and others about steps to resolve matters in relevant jurisdictions.

Artificial Intelligence

Despite our previous recommendations that the Government win back the trust of creators regarding their concerns over AI, its working group has not been able to bring forward a code of practice on AI and intellectual property. Although the Government asserted that it could consider legislating were agreement not reached, it has not indicated that it will do so. It is unlikely that simply conducting a further period of engagement with the sectors, with no clarity over its overall aims, will have any meaningful effect. We are concerned that the status quo simply favours AI developers, given creators' concerns that their IP is already being used in AI development without licence or any practical means of recourse.

The Government must ensure that creators have proper mechanisms to enforce their consent and receive fair compensation for use of their work by AI developers. It should set out measurable objectives for the period of engagement with the AI and rightsholders sectors, which it has said ministers will lead on, and provide a definitive deadline at which it will step in with legislation in order to break any deadlock. We will continue to monitor developments in this area and recommend that our successor Committee do the same next year.

The government recognises the Committee's concerns about lack of action in this area. We believe both in human-centred creativity and the potential of AI to unlock new creative frontiers and agree that all will benefit from greater clarity over copyright. Finding a balance between these concerns is a complex matter.

That is why the Department for Culture, Media and Sport (DCMS), the Department for Science, Innovation and Technology (DSIT), and the IPO are working closely together to understand the issues, opportunities and concerns in detail. Ministers and officials continue to engage with stakeholders from the creative industries and AI sector, as well as international counterparts who face the same issues.

Both the creative and AI sectors are vital to our mission to grow the UK economy, and we are committed to finding the right balance between fostering innovation and ensuring protection for creators and investment in the creative industries.

As the Committee notes, any resolution to these issues may require legislation, as well as technological solutions, agreed standards and international cooperation. The government is fully aware that the present situation is less than ideal for both AI developers and creators as a lack of

legal certainty can impact confidence levels. We intend to proceed carefully but with a degree of urgency in this area and hope to announce next steps soon. We look forward to updating the Committee on this issue.

Freelancing and contractual terms

Freelancers make up a significant portion of the creative workforce but lack a single clear voice representing their interests to Government. This has resulted in a decline in pay and conditions that will cause long-term harm to the sector.

We recommend that the Government appoint a Freelancers' Commissioner, with appropriate powers and cross-departmental oversight, to advocate across Government in the interests of creative freelancers, and of other freelance and self-employed people more broadly.

Many creators experience poor working conditions, including inconsistent use of contracts and terms and conditions, uneven responses to bullying, harassment and discrimination and a lack of proper support, accounting, training and development. This compounds the poor pay available in the profession and its high barriers to entry.

The Government should acknowledge and address issues around contracts and working conditions by implementing the recommendations of the DCMS- sponsored Good Work Review, using the sector's CREATOR campaign as a basis for fair working standards.

The self-employed workforce is crucial to the success of the UK's world-leading creative industries. These sectors have over double the number of self-employed workers as a proportion of the workforce compared to the rest of the economy, and there are many benefits associated with this including responsiveness and high levels of innovation. Self-employed workers represent at least a fifth of the creative industries workforce in every region in the UK, with proportions particularly high in the North East, South West, and Wales.

Being self-employed can offer potential benefits such as flexibility and control.¹ The [Good Work Review](https://pec.ac.uk/research_report_entr/good-work-review/) shows that 72% of workers in the creative industries claimed autonomy over their hours, compared to 52% across the economy overall.

1 https://pec.ac.uk/research_report_entr/good-work-review/ p.19

Self-employed workers make up a large proportion of the creative industries, and are also numerous in sectors such as construction, transport and health/social care,² with 4.26 million in the economy as a whole.³ Self-employment plays an important role not only in supporting high-growth sectors like the creative industries, but also in tackling wider labour market challenges such as job quality and retention. Strengthening job quality for the self-employed should help to create career opportunities for more people from diverse backgrounds, drawing upon the wealth of talent that exists across the country.

The government recognises that being self-employed can also come with challenges such as not having access to statutory sick pay. We recognise that many self-employed workers in the creative industries would value greater job security—and that the sector’s reliance on self-employed or freelance work can leave it vulnerable to a skills shortage. The government is committed to considering the voices of the self-employed as we develop policy for the creative industries. It will be important to work closely with industry and employers to ensure that conditions for creative self-employed workers address the challenges while continuing to provide flexibility. The Plan to Make Work Pay sets out an ambitious agenda to ensure employment rights are fit for a modern economy, empower working people and contribute to economic growth.⁴ Once implemented, it will represent the biggest upgrade of workers’ rights in a generation. Make Work Pay is a core part of the mission to grow the economy, raise living standards across the country and create opportunities for all.

The Next Steps to Make Work Pay provides an overview of the Government’s approach to delivery. As is typical with employment legislation, further detail on many of the policies in the Bill will be provided through regulations, and in some cases codes of practice, after Royal Assent. We expect to begin consulting on these reforms in 2025, seeking significant input from all stakeholders.

On 10 October, the Government fulfilled its Manifesto commitment to bring forward legislation within 100 days of entering office by introducing the Employment Rights Bill. It will be key to delivering the Plan to Make Work Pay but is just one piece of the puzzle. The Government has been clear that some parts of the Plan to Make Work Pay will take longer to develop and implement. For example, the Government intends to consult on moving towards a single status of worker. As part of this consultation, we will explore how to implement the targeted and specific manifesto commitments to enhance protections for the self-employed.

2 Office for National Statistics

3 <https://www.statista.com/statistics/318234/united-kingdom-self-employed/>

4 <https://www.gov.uk/government/publications/next-steps-to-make-work-pay>

As part of this work, we want to strengthen rights and protections to help self-employed people thrive. This includes the right to a written contract, which for example would benefit freelancers; action to tackle late payments; and extending health and safety and blacklisting protections to self-employed workers. Self-employed workers will also benefit from our plans to strengthen trade union rights. We also recognise the importance of a voice for the self-employed in policy-making, including in the creative sectors. DCMS and its public bodies, including Arts Council England and the British Film Institute, recognise the importance and needs of the self-employed, and are taking proactive steps to support them.

In 2023/24, Arts Council England supported more than 1,200 individual practitioners through National Lottery Project Grants totalling almost £30 million, and more than 1,200 individuals through the £14.5 million Developing Your Creative Practice programme.

The government and its public bodies also provide guidance, for example Arts Council England's online toolkits help practitioners and employers by setting out good-practice approaches on recruitment, working with creative and cultural practitioners, and signposting to additional resources on issues like commercial/business management, safeguarding, and networking.

We will work closely with the sector to deliver positive change for the workforce. The Good Work Review, published in February 2023 by the Creative Industries Policy and Evidence Centre, was the first sectoral deep dive of its kind into job quality and working practice, and made a number of recommendations for change. We continue to engage with trade unions, creator representatives and the self-employed sector regularly, and are working closely with industry to respond to the Good Work Review.

The Good Work Review Task and Finish Group, chaired by Ben Roberts, Chief Executive Officer of the British Film Institute, and supported by the Creative Industries Council, was convened to develop an action plan to address the recommendations made in the Review. The Task and Finish Group members represent a wide range of industry interests - including the Creators' Rights Alliance, Creative UK and Freelancers Make Theatre Work - working with Government where appropriate. They have worked across industry to secure support and identify priorities, and are working in sub-groups focussing on five proposals including:

- Launching a Good Work Sector Support Programme
- Developing a Good Work accreditation scheme
- Exploring the inclusion of Good Work principles in public and Lottery funding conditionality

- Developing a behaviour change campaign to address the use of incorrect contracting conditions and unpaid work
- Establishing a Creative industries IP Education and Advocacy Programme for the self-employed, to improve understanding and awareness of IP rights and responsibilities and improve contracting practices.

The sub-groups will implement the five proposals by March 2026. These proposals address, or partially address, the majority of the Good Work Review’s recommendations. While the sub-groups are industry-led, and will primarily develop initiatives for industry to implement, the government will be involved in the discussions and work together with the groups to understand Government’s role in any solutions developed.

As the first action resulting from this work, the British Film Institute tendered their £1.5 million Good Work Sector Support Programme for screen in January 2024, which will offer a pilot programme to screen sectors. The Programme is being launched in October 2024 and aims to create a ‘one stop shop’ where businesses and individuals can access key resources, advice, support, and training to strengthen management practices and aid workforce productivity.

The sub-group looking to establish an IP Education and Advocacy Programme for the self-employed is expected to discuss proposals for a Freelance Commissioner. We are also reviewing options across Government departments, identifying where pan-economy support for the self-employed is already in place, and where the creative industries self-employed workforce faces specific challenges. This will include meeting with the key stakeholders mentioned in the Select Committee’s report (including Directors UK, The Association of Independent Professionals and the Self-Employed (IPSE) and Creative UK) to understand their proposals in more detail.

The establishment of the Creative Industries Independent Standards Authority (CIISA), a specific recommendation in the Good Work Review, is a welcome development from the sector. The government looks forward to CIISA supporting the review’s recommendations, including in tackling and preventing bullying, harassment and discriminatory behaviours.

Economics of music streaming

We welcome the Government’s ongoing commitment to the reset of music streaming which we have advocated and note the recent metadata and transparency codes agreed by the working groups it led. The Government must now maintain this momentum in light of the

finalised publications of research into “Music creators’ earnings in the digital era”, “Equitable Remuneration (ER) in the Streaming Age” and “Contract adjustment and Rights reversion”.

The Government must take stock of the results of the extensive research it has commissioned and look at how it can drive fundamental reform of music streaming with a package of measures designed to make streaming work for all.

The government wants to see a music streaming sector where the contributions of all parts of the industry are valued and rewarded, where investment is encouraged, and where great British music flourishes.

There is so much to celebrate about the UK’s streaming sector. Music streaming revenues have grown consistently in recent years, supporting the continued investment in new music by artists, songwriters, and rights holders. In 2023, UK retail streaming revenues were £1,866 million (up 9.8% on the previous year),⁵ while streaming revenues for the UK recorded music sector were £962.1 million (up 8.4% on 2022).⁶ In the same year, 2,245 artists reached 10 million or more streams in the UK, and independent labels accounted for 29.2% of album equivalent sales, increasing their market share by nearly a third since 2017.⁷

Creators releasing music today also enjoy more choice in how they finance and release their music, through the increasing availability of a range of deal types that can offer substantially higher royalty rates than traditional record deals (including distribution-only, label services, and profit-share models), as reported in the IPO- commissioned [Music Creators’ Earnings in the Digital Era](#) report. Alongside this, many record labels have taken steps to update older, pre-streaming recording contracts, including through increasing royalty rates and disregarding unrecouped balances, meaning some creators have in recent years begun to receive royalties for streaming for the first time. We encourage the record labels to go further in this direction.

The government is pleased to see the progress that the music industry has already made in addressing issues around music metadata and transparency, through groundbreaking industry agreements on these topics. The government is confident that these agreements will result in real benefits for creators and values the constructive efforts from all parts of the industry in developing and implementing them.

5 [ERA Yearbook 2024](#)

6 <https://www.bpi.co.uk/news-analysis/record-number-of-artists-achieving-multi-million-stream-totals-with-label-support-as-uk-recorded-music-revenues-rose-for-a-ninth-consecutive-year-in-2023>

7 BPI, footnote 9

The government recognises that many creators continue to have understandable concerns about remuneration and the split of streaming revenues. It is vital that discussions and policy-making in this area take place on an informed, evidence-led basis.

In that context, it is important to note that the Competition and Market Authority's (the CMA) [market study into music and streaming](#) found that it is unlikely that the outcomes that concern many stakeholders are primarily driven by competition, and that there is a greater risk that a competition intervention will result in unintended consequences and worse outcomes for both consumers and creators. The CMA consequently decided not to make a market investigation reference. The IPO also commissioned independent research into three potential changes to copyright law:

- Introducing a legal right for performers to be paid under an [equitable remuneration model](#) when their music is streamed.
- Giving creators a right to renegotiate their contracts in certain circumstances ([contract adjustment mechanisms](#)).
- Giving creators a right to regain ownership of their rights after a set period of time ([rights reversion](#)).

This research suggests that these potential legislative measures do not necessarily offer low-risk or low-cost solutions to the concerns raised by creators. Introducing a right to equitable remuneration from streaming could lead to significant changes in the distribution of streaming revenues. Whilst this may benefit some artists, it is likely, depending on its precise form, to also have significant unintended consequences, potentially including appreciable reductions in industry investment. The research into contract adjustment mechanisms and rights reversion shows that the impacts of these measures in other countries is not clear, and calls into question whether they would deliver the changes sought by creators. Given the challenges facing the music industry, including increasing global competition, it is especially important that the government gives careful consideration to the risks of intervention.

Accordingly, the government's current view is that the best way to address creator concerns on remuneration in music is through dialogue within industry and, where appropriate, industry-led action. Ministers were therefore pleased to approve the continuation of the Creator Remuneration Working Group ([Terms of Reference](#) and [Membership](#)) shortly after the election. The Working Group met most recently on 31 July 2024, where attendees discussed issues facing artists on older, pre-digital recording contracts. Ministers hope that further progress can be made and reserve the right to consider alternative measures if necessary.

The agreements on metadata and transparency demonstrate what can be achieved through an industry-led process. It is important that the Working Group is afforded the fullest opportunity to explore remuneration issues, without prejudging any possible outcomes. We will keep this under review in light of the progress made by this group.

We welcome the Government's publication of the terms of reference for the Creator Remuneration Working Group and expect to see tangible steps to improve musicians' remuneration and performer rights in the next twelve months. However, we note concerns that the group's membership leaves creators themselves with a minority voice and vote among their peers and that record producers, who are integral to the music making process, are not included.

We recommend that the Government revisit the Creator Remuneration Working Group's membership, in order to give music makers a stronger and fairer voice over issues of remuneration for the duration of the Group's timespan.

The government is confident that the Creator Remuneration Working Group has an adequate and appropriately broad representation from across the music industry, including major and independent labels, publishers, platforms and organisations representing creative talent. Having a size-limited membership for the working group has so far ensured productive conversations, where representatives from across the music sector, including the music creator community, have had the opportunity to engage constructively on issues related to creator remuneration.

As the working group continues to progress, we will ensure that all members are given adequate opportunity to express their views. Where appropriate, and with agreement of the members, we will invite other representatives to present or assess evidence at different points throughout the process. The government will continue to monitor the progress made on this issue and adapt the group if it feels it is necessary.

The revenue split between recording and publishing rights does not reflect the importance of songwriters, composers and publishers in the music streaming process. We note that the Competition and Markets Authority has also concluded that it is for the Government to determine what is needed to reach an optimal split.

Given the contribution of songwriters and composers to the success of music streaming, we recommend that the Government bring forward measures for consultation with fans, music makers and other stakeholders to incentivise an optimal rate for publishing rights in order to fairly remunerate creators for their work.

It is important that creators and rights holders, including songwriters and publishers, are appropriately remunerated for the use of their works. This is what allows them to invest their time, effort, and money into creating new music, to the benefit of the public.

The government believes that the best way to achieve appropriate remuneration is through negotiations between users and rights holders, underpinned by an effective and balanced copyright regime.

Under this regime, song rights holders have achieved increases in their share of streaming revenues, rising from around 8% of revenues in 2008 to 15% of revenues in 2021, as reported in the CMA's market study into music and streaming.

The government therefore welcomes views from songwriters, publishers, and other stakeholders on this issue, and the Creator Remuneration Working Group is the right forum through which they can be expressed, and potential industry-led actions explored in the first instance, before considering further intervention.