

## Supplementary written evidence submitted by the Department for Business, Energy and Industrial Strategy

29<sup>th</sup> March 2021

Dear Chair,

Thank you for the opportunity to update you on the research into “Creators’ earnings in the digital age” which has been co-funded by the Intellectual Property Office (IPO) alongside Nesta’s Policy and Evidence Centre (PEC), and Research England.

The Government wants to develop its understanding of the complex streaming environment, gathering as much evidence as possible to understand whether intervention is needed from a copyright perspective. There are many different and competing interests at stake, so a strong evidence base is critical. To that end, we welcome the work of this committee and those who have engaged with it.

The Government has been working to improve the evidence base in this area for several years. In 2019 the IPO funded a piece of research called [Music 2025](#), which examined issues facing the UK’s music industry and what might impact upon its future success. The report highlighted the data issue surrounding creators’ earnings and the fact that a lot of the debate around creators’ earnings was not supported by strong evidence.

Following its publication, the IPO was approached by a consortium which included the Ivors Academy, the Musicians’ Union (MU), the Featured Artists Coalition (FAC) and the PRS for Music, to support a piece of independent research about these issues. It began in May 2020, is being independently led by three academics, Dr Hyojung Sun, Dr David Hesmondhalgh, and Dr Richard Osborne, and is due to report this summer.

A Steering Board consisting of the IPO and all the consortium members was expanded earlier this year to include the Association of Independent Music (AIM), the British Phonographic Industry (BPI), and the Music Publishers Association (MPA). It offers support and guidance to the research team as they develop the project and helps to identify potential data sources and support approaches for access to data. Its Terms of Reference is at Annex 1.

The research team has obtained the following datasets:

- One large independent record company shared, under NDA, revenues and costs associated with their contracted artists.
- The MU shared a set of anonymised, redacted music publishing and recording contracts, allowing the researchers to track changing contractual terms over a 20-year period.
- PRS for Music provided a data set, covering the average numbers of writers per work and the numbers of writers within certain earning brackets.
- To gain data that would allow them to assess potential ‘long tail’ effects, the research team have purchased datasets on streaming from the Official Charts Company (which is jointly owned by the BPI and the Entertainment Retailers Association), tracking changes in the

total number of UK streams in a sample month (October, for 2014-2020) and how these totals divide by level of popularity of artists and tracks.

- Further purchases include the data published in the BPI Handbook and in the media consultancy MiDIA's reports, and the data made available last week by Spotify, as part of its [Loud and Clear](#) initiative.

Additionally, the research team has:

- Held four focus groups with creators from different genres and background, with the help of FAC, MU, Ivors Academy, and AIM;
- Interviewed a wide range of stakeholders (list included in annex 2), supplemented by analysis of submissions to the DCMS Inquiry;
- Conducted a survey on creators' earnings which has been distributed through members' channels of: AIM, FAC, Ivors Academy, the MU, and PEC – the survey was live until 25<sup>th</sup> March;

The research team has also approached, with a view to gathering more data:

- Most of the main streaming platforms, including Spotify, Apple, YouTube, Deezer, and SoundCloud. Of these companies, only YouTube Music, Deezer and Soundcloud agreed to be interviewed. None provided relevant data that was not already in the public domain.
- All the major record companies and publishers. Unfortunately, all the major record companies declined the researchers' requests for further discussions, with some delegating such requests to the BPI. Only one major publishing company agreed to an interview.

Overall, the research team believes they have already gathered a more comprehensive set of data than in any previous published research on the issue. However, the research team continues to work with streaming platforms, the MPA and the BPI on access to additional data to support the project. They have also identified particular datasets they would find valuable – these are set out at Annex 3 for information.

The team hopes to provide a first draft of its findings at the start of May and would be happy to share an interim report with the committee in confidence. In addition, the IPO is working with the research team and Steering Group to develop opportunities for peer-review where the research can be presented to a diverse audience to test the findings. I will keep the Committee informed of any planned events. I hope the committee can continue to support the IPO and the research team in building the evidence base in this important endeavour.

Yours sincerely,

**AMANDA SOLLOWAY MP**

Parliamentary Under Secretary of State - Minister for Science, Research and Innovation

Annexes:

1. Terms of reference for the Steering board for the Creators Earnings in a Digital Age research
2. List of stakeholders who have participated in interviews.
3. Additional data the research team would find valuable

# CREATORS EARNINGS IN A DIGITAL AGE RESEARCH PROJECT

## Steering Board Terms of Reference

### Role

The Steering Board will:

- provide feedback, guidance and support to the Research Team;
- work constructively with the Research Team to advise and help formulate an action plan;
- provide independent challenge to ensure the adoption of a realistic and realisable research approach;
- identify key questions to support the project;
- identify potential data sources and support approaches for access to data;
- champion the project with industry partners;
- develop a communications strategy as the project progresses that builds trust with industry partners (such strategy to include any interaction with social media, sharing of documents, and potential peer review events to broaden the discussion at the most appropriate time); and
- engender a sense of trust and constructive partnership as between industry, the Research Team and Government.

### Composition

The Steering Board will comprise:

- Redacted (Ivors Academy)
- Redacted (BPI)
- Redacted (FAC)
- Redacted (PRS for Music)
- Redacted (MPA)
- Redacted (AIM)
- Redacted (Musicians' Union)

Redacted (Project Manager) will attend all meetings.

The following will attend meetings by invitation:

- Redacted (IPO)
- Redacted (PEC)
- Redacted (University of Leeds & member of Research Team)
- Redacted (Ulster University & Research Team leader)
- Redacted (Middlesex University & member of the Research Team)
- Redacted (University of Leeds & member of Research Team)

### Chair

The Chair of Steering Board meetings will be Redacted (IPO). In the absence of the Chair, the members of the Steering Board present may choose one of their number to chair the meeting.

### Confidentiality

All Steering Board discussions are confidential, as are all communications and paperwork relating to this project. Steering Board members may update and seek soundings from their board/similar on a confidential basis. Nothing else may be

shared outside of the Steering Board and list of invited attendees without Steering Board permission.

### **Conflicts of Interest**

Steering Board members and invited attendees will not be present where their presence represents a conflict of interest.

### **Meetings**

The Steering Board will meet on a quarterly (first six months) moving to two-monthly basis.

### **Quorum**

In order for the Steering Board to conduct business, three Steering Board members must be present in person or virtually.

### **Decision-making**

It is the responsibility of the Chair to seek to ensure that any decisions are made by consensus.

### **Administration**

The Project Manager is the point of contact for all communications.

Other than in exceptional circumstances, the Project Manager will produce and circulate a note of each meeting within a week of the meeting date.

REVISED: 22 January 2021

## List of organisations that were interviewed

No	Organisation	Note
1	IVORS Academy	Council of Music Makers
2	Musicians' Union	Council of Music Makers
3	FAC	Council of Music Makers
4	MMF	Council of Music Makers
5	MPG	Council of Music Makers
6	PRS for Music	CMO
7	PPL	CMO
8	BPI	Trade Body
9	AIM	Trade Body
10	UK Music	Trade Body
11	IFPI	Trade Body
12	Deezer	Streaming Music Services
13	YouTube	Streaming Music Services
14	Soundcloud	Streaming Music Services
15	Bandcamp	Music service
16	BMG	Major publishing
17	Beggars	Independent label
18	Broken Records Campaign	Music creator
19	WIN	Trade Association
20	Bucks Music	Independent publishing
21	Reverb Music	Independent Publishing
22	Believe Digital	Indie distributor
23	Ditto	Indie distributor
24	A popular musician's manager	Manager
25	Spotify	Former employee
26	Former ASCAP	Former employee
27	Former Sony	Former employee

Additional data the research team would find valuable

It is difficult to know what data might be available from stakeholders, but other data that would be extremely valuable in informing current debates about music creators' earnings would be the following:

- Data from any surveys conducted by the streaming companies and the recording and publishing companies regarding music creators' earnings and related issues.
- The data that was supplied to Centre national de la musique by Spotify as part of its investigation into the user-centric payment model.
- Data that would allow a comparison between the different streaming companies, in terms of the popularity levels and thresholds.
- Anonymised accounting information from other record companies (including majors) along the lines of that supplied by the large independent, of the proportion of projects that is profitable
- Accounting information from music publishers (both major and independent)
- Granular accounting figures relating to on-demand streaming and detail of the numbers of works within certain defined earning brackets.
- It would also be useful to obtain data from PPL relating to the rights ownership of sound recordings and the numbers of featured artists and non-featured artists on the most successful recordings.
- Accounting information relating to the MCPS from the MPA.