

## Written evidence submitted by The Ivors Academy

### DCMS Select Committee inquiry into the impact of Covid-19 on DCMS sectors

19<sup>th</sup> June 2020

#### **About The Ivors Academy**

The Ivors Academy is the UK's independent professional association for music creators. We represent, support and celebrate music creators. Our members include thousands of songwriters and composers across all genres at every stage of their career. The Ivors Academy is a member of UK Music, the umbrella body representing the interests of the commercial music industry in the United Kingdom.

#### **Summary**

- **Recent findings have shown that, before the coronavirus outbreak, music creators alone contributed £2.5 billion in GVA to the UK economy – almost half of the industry's total £5.2 billion contribution.<sup>1</sup>**
- **Music-making professionals have been impacted by the disappearance of the live music sector, as income from touring and public performance royalties has evaporated. Closure of other businesses has also negatively affected the flow of royalties.**
- **Music creators have seen songwriting and composition commissions cancelled, and have been unable to record new music.**
- **Government support and industry-specific hardship funds have enabled many to survive the initial emergency. However, Government must ensure that its support Schemes take into account in their duration the challenges faced by the creative sector in going back to normal, even when social distancing measures are eased. Further, we call on Government to amend some of the Schemes, as many self-employed music creators are falling through the gaps of available support.**
- **Government actions necessary to support the music-creating business in recovering from the crisis include:**
  - **A review of the broken streaming market.**
  - **Filling the gaps of financial support and extending the existing schemes until the sector is back on its feet, with measures that take account of sector-specific conditions for those working in performing arts and music.**

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<sup>1</sup> [https://www.ukmusic.org/assets/general/Music\\_By\\_Numbers\\_2019\\_Report.pdf](https://www.ukmusic.org/assets/general/Music_By_Numbers_2019_Report.pdf).

- **Establishing of a cultural fund, with coordination across the UK nations, to include:**
  - **On-going financial support for venues and orchestras as live music returns and while physical distancing is in place.**
  - **Particularly, funding to replace Box Office income until such time as audience figures recover will be crucial. Support should include financial packages to provide tax relief, stimulus and investment, caveated by a commitment on behalf of event organisers to play works by living British composers.**
  - **Stimulus of television, games, film and theatre industries - which will have positive impact on music creators as new works are commissioned.**
  - **Funding and support for the BBC and commercial radio stations, which play a critical role supporting music and new compositions.**
- **Scientific advice on health measures specifically relating to the music industry; in particular wind and brass orchestras, singers and open-air venues such as stadiums.**
- **Review of the 14 day quarantine measures, led by scientific advice to prioritise public health, and introduction of measures to allow easy travel across Europe – such as the touring passport – to allow UK venues to attract international talent and audiences, and support UK musicians to perform at European events.**
- **Continued Government championing of the music sector – and our talented songwriters and composers – internationally to promote the UK and attract inward investment.**

## **1. How the music-creating profession has been affected by Covid-19**

This is a time of crisis for tens of thousands of music creators. Gigs and commissions have been cancelled, festivals and performances postponed, and recording studios closed.

A member survey launched in April 2020 on the financial impact of Covid-19 on music creators showed that the following career aspects had been impacted. Out of the 204 respondents:

- 57% were impacted in live and touring
- 38% in songwriting and production
- 44% in commissioning of compositions
- 46% in recording
- 20% in production and marketing

- And 22% in other areas<sup>2</sup>

Lockdown and social distancing rules have caused the interruption of the recording and live performance of the music created. Many music creators are also performers who have increasingly relied on revenue from live performances and affiliated income streams, such as sales of merchandise, to survive. The effect of Covid-19 on the live music sector, and subsequently on music creators, has been disastrous. The sector believes there will be no income of significant scale until well into 2021, with a 3-4 year recovery period before the sector returns to 2019 levels.

Social distancing measures have also impacted on the ability to collaborate in songwriting and recording sessions. On the one hand, songwriters are commonly also producers who often work together in songwriting camps and in small commercial studios with featured artists and other music professionals. Jazz composition often involves improvisation and is therefore usually a collective endeavour.

On the other hand, classical or electronic composition and composition for screen often take place in home studios, in solitude. However, these composers still engage with musicians to record music.

These creative processes highly rely on physical proximity with other people.

As the leading campaigning organisation for the UK's composer and songwriter community, The Ivors Academy is working to facilitate new ways of working during the pandemic. For instance, we have launched the Remote Recording Directory, a free and open database to connect composers for film, TV and games with professional musicians able to record from home. The database lists professional self-recording instrumentalists and vocalists along with technical roles including music editors, orchestrators, copyists and record/mixing and mastering engineers.

Although it is vital to find ways to continue working without meeting in person, the crucial challenge is that there is no return on creation without the relevant job opportunities. Music creators might be able to exercise their creativity, but business is at an all-time low.

New song and album releases have been halted or delayed due to the coronavirus, because in the recorded music market as it is shaped today, marketing and promotion are considered necessary by record labels to reach a satisfactory level of success. The daily supply of new music is so high on streaming platforms that creating demand for a specific song or album highly revolves around live tours, promotional content such as pre-made videos, TV and radio interviews, record shop appearances, and so on.<sup>3</sup>

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<sup>2</sup> <https://ivorsacademy.com/news/survey-of-the-ivors-academy-members-shows-financial-losses-from-covid-19-for-each-music-creator-equivalent-to-62-million-spotify-streams/>

The composition of music for film and TV is naturally reliant on new visual content coming out, and classical composition is often part of a project the aim of which is to be performed live.

With song and album releases halted, and commissions for the concert hall, community projects, or films and TV cancelled or deferred, the pipeline of work has quickly dried up.

For most music creators, all income streams have evaporated with the exception of royalties for previously released works, which in turn have also seen drastic cuts. Business closures all over the UK have directly impacted on music creators' revenues. As the use of music by those businesses has come to a halt, so has the flow of royalties from the licensing of those uses on behalf of music rights holders. This will have long-term effects, as future royalty distributions on behalf of collecting societies will be significantly reduced for a protracted amount of time.

The only revenue left to rely on is royalties deriving from recorded music. This has brought the problems with music streaming to the forefront. Increasingly, songwriters have had to rely on other ways to supplement streaming revenue, in most cases worryingly low. In the current climate, everything they had learnt to rely on out of necessity has vanished, hence exposing the dysfunctional structure of the streaming market.<sup>4</sup>

Government support has provided a vital lifeline for music creators across the UK during the pandemic. What follows is an analysis of our remaining concerns surrounding how the available support interacts with music creation, and further steps needed.

## **2. Government support**

We fully endorse the recommendations recently published by the Treasury Committee to address current shortcomings of Government support.<sup>5</sup> Government should urgently implement said recommendations if it is to deliver on its promise of not leaving anyone behind. Many songwriters and composers are facing genuine hardship, and will continue to do so arguably for a very long time, without being able to access current support Schemes. A recent survey conducted by the Musicians' Union found that 38% of respondents do not think they qualify for either the SEISS or the JRS and 19% were considering abandoning their career in music altogether.<sup>6</sup> This reflects the Institute for Fiscal Studies' figure of 38% non-qualification for SEISS among the self-employed.<sup>7</sup>

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<sup>3</sup> <https://www.rollingstone.com/pro/features/album-delays-caused-by-covid-19-973870/>

Mark Mulligan (2020) Covid-19 | Entertainment and Leisure Industry Impact Assessment. MIDiA.

<sup>4</sup> See section 5 of this submission, p.8.

<sup>5</sup> <https://houseofcommons.shorthandstories.com/coronavirus-economic-impact-gaps-in-support-report/>

<sup>6</sup> <https://musiciansunion.typeform.com/report/DIhT3i/3UvkLZQ0rPullebb>

We would add that the Government must also account for those in the creative sector who have portfolio careers and earn less than 50% from self-employed work. A mix of Government schemes should be available for those who need it. In fact, other schemes around the globe are more flexible. Australia's JobKeeper Payment scheme has a wider eligibility criterion and allows a Director to nominate their dividend for salary support.<sup>8</sup> Ireland pays a flat rate to both the employed and self-employed.<sup>9</sup>

### **3. Industry support**

The music industry has come together at this time of crisis to help musicians in need through a series of initiatives. The PRS Members' Fund has provided support and advice to PRS members and their families who are struggling financially, physically or emotionally. Help Musicians has set aside £5m, plus an extra £1.25 donated by the British Phonographic Industry, to tackle some of the short-term financial effects of Coronavirus. In partnership with the PRS Members' Fund and PRS Foundation, PRS for Music's Emergency Fund awarded grants up to a value of £1,000. The Musicians' Union has set up a one-off grant of £200 to alleviate hardship. The Film & TV Charity offered grants of £200-£800 (or higher based on exceptional needs) to film and TV sector workers, including composers. Spotify is matching donations to Help Musicians, MusiCares and PRS Foundation dollar for dollar up to a collective total of \$10 million. PRS Foundation's Sustaining Creativity Fund is a new type of support which responds to the changing needs of creators. It aimed to help grantees to fulfil career potential, breaking down the barriers presented by the Covid-19 pandemic. The Creative Scotland Bridging Bursary Fund provided financial support to freelancers in Scotland, with one-off bursary payments of between £500 and £2,500. The Association of Independent Music (AIM) launched a support fund aimed at contractors and freelance workers in the independent music industry. PPL has contributed £700,000 to several hardship funds.

The Ivors Academy has signposted to all the funding opportunities available to music creators on our website. We have also directed music creators to valuable advice during this time, including where to find mental health and wellbeing support. In addition, we collaborated with other organisations and charities in the industry to create one easy-to-use place where music-sector workers can find all the help, advice and signposting they need to support them through the coronavirus outbreak, at [www.coronamusicians.info](http://www.coronamusicians.info).

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<sup>7</sup> <https://www.ifs.org.uk/publications/14787>

<sup>8</sup> [https://treasury.gov.au/sites/default/files/2020-04/JobKeeper\\_frequently\\_asked\\_questions\\_2.pdf](https://treasury.gov.au/sites/default/files/2020-04/JobKeeper_frequently_asked_questions_2.pdf)

<sup>9</sup> [https://www.citizensinformation.ie/en/social\\_welfare/social\\_welfare\\_payments/unemployed\\_people/covid19\\_pandemic\\_unemployment\\_payment.html](https://www.citizensinformation.ie/en/social_welfare/social_welfare_payments/unemployed_people/covid19_pandemic_unemployment_payment.html)

The Ivors Academy wants to actively sustain the segments of its creative community who are most in need. The Ivors Academy Trust, our independent charity, is fundraising to provide opportunities to underrepresented groups and to foster cultural diversity, aiming to channel funds from a range of sources, including successful creators who wish to give back and a variety of music companies.<sup>10</sup> This is particularly vital at this time, when those already worse off are going to be hit hardest by the current crisis.

#### **4. Recovery proposals for music creation**

These sources of support from within the industry have been essential for many people facing a battle to survive. However, the music industry's capacity is limited at this time of crisis and it is unable to achieve full recovery alone. Further support is needed to mitigate the long-term impact on the sector. The Government actions needed to support our creators through the crisis are the following.

4.1. As recently shown in a report by the Creative Industries Federation, the UK is undergoing a "cultural catastrophe". 400,000 creative jobs could be lost, and the UK creative industries are projected to lose £1.4 billion a week in revenue in 2020.<sup>11</sup> Establishing of a cultural fund, with coordination across the UK nations, will be essential to the sector's recovery. In particular, the creative cycle needs to be invested in at the route: without its creators, new music will cease to exist. For Government funding to directly reach a diverse pool of talented creators, and particularly those struggling the most, subsidies could be channelled through The Ivors Academy Trust, whose *raison d'être* is to provide access and opportunities to music creators from disadvantaged and diverse backgrounds.

4.2. On-going financial support for venues and orchestras will be needed, as live music returns and while physical distancing is in place. Support should include financial packages to provide tax relief, stimulus and investment. Particularly, funding to replace Box Office income until such time as audience figures recover will be crucial, with the aim of supporting all those involved in the process. A quota should be introduced whereby for each classical music event which is put on, especially those in receipt of public subsidies, a commitment is made to play at least one work by a living British composer. This would be a simple and cost-effective way of supporting our home-grown talent through the crisis. Opportunities to support music across the regions and outside major cities should also be explored.

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<sup>10</sup> <https://ivorsacademy.com/support-us/ivors-academy-trust/>

<sup>11</sup> <https://www.creativeindustriesfederation.com/news/press-release-cultural-catastrophe-over-400000-creative-jobs-could-be-lost-projected-economic>.

4.3. The stimulation of TV, film, games and theatre projects, together with bursaries to sustain those writers who are at most economic risk, are among the main actions which can sustain our sector. The creation of new music ought to be encouraged by enabling those commissioning it - be it concert, film, TV or other - to be in a position to do so, for example through ring-fenced funding, at the earliest opportunity in conformity with Government guidelines.

4.4. Funding and support for the BBC and commercial radio stations will be central to the sector's recovery, as they play a critical role supporting music and new compositions. One of the most valuable sources of income for British songwriters and composers is radio. Broadcasting of living songwriters and composers should therefore be encouraged. The Ivors Academy's Classical Committee wrote an open letter to Alan Davey of BBC Radio 3 calling for this and we are pleased that Mr Davey responded positively. However, further work can be done in this space, including ensuring the BBC remains adequately funded so it can keep sustaining our sector. We evidenced the importance of public sector broadcasting (PSB) in our submission to this Committee's inquiry into the future of PSB.

4.5. The Government must continue championing the music sector – and our talented songwriters and composers – internationally. As lockdown and social distancing are eased, the more the UK can promote British composers and songwriters overseas, the more inward investment the UK can harness. For instance, British music cannot hope to withstand the effects of this crisis if it is not able to compete with the EU, the largest single market for the UK's music industry. The UK copyright regime needs to be able to provide comparable protections for music creators to those in the EU, where authors are entitled to a proportionate share of the revenue being generated by their works; a measure which is strengthened by further provisions requiring greater transparency. This will be essential in order to incentivise creativity, retain talent and attract inward investment.

4.6. To maintain the flow of money between the UK and the EU, it will be vital to introduce measures allowing easy travel across Europe, such as the Touring Passport. Only with such measures in place will UK venues be able to attract international talent, and UK musicians be enabled to continue performing at European events in a way that is economically viable. Finally, we encourage a review of the 14-day quarantine measures upon arrival to the UK, led by scientific advice to prioritise public health.

4.7. Scientific advice on health measures specifically relating to the music industry must also urgently be issued; in particular with regards to wind and brass orchestras, singers and open-air venues such as stadiums.

4.8. Structural flaws in the recorded music business have been exposed by the pandemic. Music streaming is a broken market: the enormous revenue it generates does not find its way to those making the product it sells - music. If we don't ensure music is valued adequately, the UK music sector will be irreparably damaged. We are calling on Government to expose the dysfunctional elements of the streaming market, so creation can see viable returns and the quality content the UK is known for across the globe can continue to be produced. Section 5 explains this further.

## **5. Structural reform for music streaming**

Covid-19 has shone a light on the fact that composers, songwriters and most performers are unable to make a living from streaming royalties, while the major labels receive record revenues from streaming. Thousands of composers, songwriters and performers have taken to social media to call out the #BrokenRecord business.<sup>12</sup>

### **How music creators are being affected**

- Songwriters and composers - members of The Ivors Academy - anticipated a loss of £25,000 per person over 6 months from the outbreak of Covid-19.
- It would take approximately 62 million Spotify streams to break even on a £25,000 loss, a figure that is wildly unattainable for most music creators.<sup>13</sup>
- 1 in 5 musicians are considering abandoning a career in music due to the crisis, according to a recent Musicians' Union survey.<sup>14</sup>

Now that other income streams have evaporated, the unreliability of streaming income for those who make music - the very product that streaming sells - has never been clearer.

### **How major labels are thriving**

- Just as the Chancellor announced the first support measures for Covid-19, the BPI, the British trade body for the major labels, announced that major label revenues have gone up 7.3% year on year.<sup>15</sup>

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<sup>12</sup> <https://threadreaderapp.com/thread/1249290407088881675.html>

<sup>13</sup> <https://ivorsacademy.com/coronavirus/survey-of-the-ivors-academy-members-shows-financial-losses-from-covid-19-for-each-music-creator-equivalent-to-62-million-spotify-streams/>

<sup>14</sup> <https://musiciansunion.typeform.com/report/DlhT3i/3UvkLZQ0rPullebb>



- This was followed by Universal Music Group announcing \$1 billion in revenue from streaming, just for the first quarter of 2020, and the IFPI announcing that 56% of \$20bn global revenues last year came from streaming.<sup>16</sup>
- At the end of Q1 2020, Sony Music's streaming revenues alone were up 27.4% year-over-year, reaching \$641.7m – an annual increase of \$138m.<sup>17</sup>

While the major labels play an important role, their story is not that of the whole industry and their success should not come at the expense of songwriters and musicians. Given the amount of money generated by music streaming, music creators shouldn't have to rely on Government support and hardship funds to survive.

The streaming model has been broken for years, but at this time it is posing an existential threat to the very profession of music creation. The streaming market needs to adopt an innovative, sustainable and transparent model.

To do this, The Ivors Academy and Musicians' Union have formed an Alliance. We have launched a joint umbrella campaign, under the name *Keep Music Alive*, to tackle long-standing issues in the music industry, starting with music streaming.<sup>18</sup> As was outlined by Horace Trubridge (General Secretary of the Musicians' Union) in oral evidence submitted to this Committee on 9<sup>th</sup> June, the *Keep Music Alive* campaign aims to fix the broken streaming market and calls for industry stakeholders to come together to build a viable model for royalty distribution in the streaming era. The streaming payment model harks back to the days of CDs, when record labels used to carry all the costs of recording, manufacturing and shipping. But the investment/return balance has long since shifted and the major labels' investment is hence greatly overstated. Now we see songwriters, performers, producers, managers and publishers investing heavily in developing music and acts. They do so in their own studios, at their own cost, in their own time and at their own risk. Yet, the share of streaming revenue that reaches individual music makers is negligible in most cases. We urge Government to intervene in this market failure.

We have set up a petition calling on Government to urgently undertake a review of streaming to expose its faults and ensure that the streaming market is transparent and fair.<sup>19</sup>

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<sup>15</sup> <https://www.bpi.co.uk/news-analysis/uk-record-labels-trade-income-reaches-11-billion-in-2019/>

<sup>16</sup> <https://www.musicbusinessworldwide.com/universals-streaming-revenues-topped-1bn-in-q1-with-total-recorded-music-up/>.

<sup>17</sup> <https://www.musicbusinessworldwide.com/another-billion-dollar-quarter-for-sony-music-as-streaming-revenues-jump-27-4/>

<sup>18</sup> <https://ivorsacademy.com/campaign/keep-music-alive/>

<sup>19</sup> <http://chnng.it/Q7YyvzR6MW>

The larger *Keep Music Alive* alliance with the Musicians' Union revolves around four core issues: bespoke initiatives to survive the Covid-19 period, rebuilding the broken streaming market, making commissioning of music for screen fair in its fees and rights negotiated, and creating opportunities for all to a career in music, particularly underrepresented groups.

We welcome the opportunity to discuss each of these individual issues with the Digital, Culture, Media and Sports House of Commons Select Committee at your earliest convenience, and look forward to working with you to find solutions to protect, invest in and promote the creative cycle at this crucial time.