

UK
UK MUSIC



**LIBERATING
CREATIVITY**

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UK MUSIC

In 2008, a huge spectrum of the commercial music sector united together to form UK Music.

UK Music is the umbrella organisation that represents the collective interests of the UK's commercial music industry – from artists, musicians, songwriters and composers, to major and independent record labels and music publishers, to music managers, studio producers and collecting societies.

The coming together of organisations with such a wide range of interests heralded a new chapter of unity and focus for the UK's commercial industry.

The current members of UK Music are:

Association of Independent Music (AIM)

BPI

British Academy of Songwriters,

Composers and Authors (BASCA)

Music Managers Forum (MMF)

Music Publishers Association (MPA)

Musicians Union (MU)

PPL

PRS for Music

UK Music champions our industry's creativity and commercial interests through public policy and lobbying, communications, research and analysis, and industry relevant education, skills and training.

Historically the notion of sustainability has almost exclusively referred to creativity, finance and commerce. But in an age that has now awoken to climate change, sustainability has had to take on a much broader, more profound interpretation.

Formed in 2007 as a not-for-profit company, Julie's Bicycle has enabled the music industry to commit itself to embedding environmental responsibility into the heart of the business, ensuring that not only are we pre-empting inevitable regulations, but also understanding the nuts and bolts of climate responsibility. This commitment should be taken as implicit in all of the recommendations we make throughout this document.

UK Music fully supports and applauds the work of Julie's Bicycle. As a small step towards our environmental responsibility, UK Music is publishing the full Liberating Creativity document on our website rather than as a printed document. It is available freely to all at: www.ukmusic.org



Photo: Tom Oldham

INTRO DUCTION

When I first started working in music 45 years ago, the business was hugely exciting, very small and embryonic.

For all intents and purposes, the music industry existed between a few streets around Soho. Yes, there were colourful characters (no names, sorry) and the industry was still discovering how to run and organise itself. But all that was offset by the explosive thrill of new music and an unprecedented wave of creativity.

One of the first records I worked on was *Mony Mony* by Tommy James and the Shondells, which went to number one.

For a 19 year old music fan and entrepreneur, what an amazing experience. A privilege. A thrill. There was nothing like it and there still isn't.

The "industry" might be all grown up now but, for fans and entrepreneurs, that thrill remains. It's what drives us. That someone, somewhere on this planet, is creating the greatest piece of music that you've never heard.

Yes, ours is a global and, increasingly, digital business of multi-territorial and multi-platform deals.

Our new partners are tech, hardware and media companies – ranging from innovative, cash-poor start-ups to multinational, corporate giants who dwarf us in size, scale, resources and influence.

While diversifying, competing and licensing in such a shifting and fragmented market, we still love distributing CDs and vinyl to record stores and serving "old media" such as radio and TV.

However, amidst the maelstrom of digital disruption, the fundamental focus of music companies remains, strangely enough, on music. To uncover, nurture, support and invest in new, cutting-edge talent. To create a platform where artists, composers and musicians can express themselves and fans can discover them.

It is an essential role, and thankfully this country is blessed with strumming hands and tapping feet.

The UK is known and admired around the world for its music. It defines who we are. What an amazing gift for a nation to have!

Our artists have made an immense contribution to the culture and fabric of British life. In turn, the music business infrastructure has served them, the audience and the Exchequer very well.

Every ounce of my being is convinced that for this to be sustained, it is vital that an artistic and commercial environment is established that works for both music maker and audience in the digital age.

The industry has lived through ten years of huge disruption. Inevitably, mistakes have been made. Some very significant ones. But now is the time to look forward and look up.

With the digital market coming of age, it is clear that music industry and technology sector, governments and consumers all need to step up to a new era of partnership and harmony. All must adapt and work together.

It's the only way that the music will continue to play.

Andy Heath, MBE



Photo: Tom Oldham

ANDY HEATH'S MUSIC CAREER

- Tea boy at **Strike Records**, a small independent record company.
- General Manager, **Planetary Nom**, the publishing arm of **Roulette Records**. Worked with **Tommy James and the Shondells** in 1966 with *Mony Mony* his first association with a Number One record.
- Head of A&R at the publishing division of **The Stigwood Organisation**. Worked with **Bee Gees, Cream, Blind Faith, John Mayall**, and many others.
- Set up **Gaff Management** with Billy Gaff. Co-owner and CEO of **GH Music**, the publishing arm of Gaff Management. Worked with **Rod Stewart** when *Maggie May* went to Number One.
- MD of Gaff Management. Five artists made the US Hot 100: **Rod Stewart, Faces, Long John Baldry, Atomic Rooster** and **Rory Gallagher**. Also worked with **Status Quo**.
- Formed **Heathwave Music**. Worked with **Chas Jankel** (co-writer of many **Ian Drury** hits). Instigated a successful jingles company.
- CEO of **Beggars Banquet Music**. Worked with **Gary Numan** whose *Are Friends Electric?* topped the UK singles chart.
- Went into partnership with **Martin Mills** and set up **Momentum Music**. Worked with **Cocteau Twins, Bauhaus, St Etienne** and many others.
- Since early 1990s served on the Boards of **PRS, MCPS** and **MPA**.
- Since 1990, a director of **Beggars Group** working with **Adele, Dizzee Rascal, Vampire Weekend** and many others and MD of the publishing arm, **Beggars Music**.
- Currently a consultant to one of the UK's leading private equity groups, chairman of **MSP**, a leading digital music provider and chairman of **UK Music**.
- **Awarded an MBE** in 2009 for services to music publishing.

FOREWORD

Somewhere in Ireland, a young man by the name of O'Neill scribbles on a piece of paper: "Teenage dreams, so hard to beat..."

For many, even after thirty years, that simple act still carries with it a very deep and emotional resonance. Even more extraordinary, perhaps, is the idea that subsequent generations continue to discover, identify with and embrace that very same moment of creativity.

Such is the impact and power of that small, yet beautifully-formed five letter word, music...

Since prehistoric man - or woman - first banged together two sticks and created something resembling a rhythm, or the first of our ancestors realised that the human voice itself was an instrument, music has dominated our lives.

For many of us, music incites a passion and longing which can, and often does, border on obsession.

For all of us, it brings flavour, colour and meaning to our everyday lives.

And, without being jingoistic, it is something that the inhabitants of these islands have exhibited a quite unique and remarkable talent for.

From Elgar, Britten and Adès to Donegan, Lennon, McCartney and Islam, to Bowie, Strummer and Weller, to Lennox, Albarn, Skinner and Winehouse as a nation we have a pedigree that excels, and a heritage like no other.

Music has delivered our culture and our voice to hundreds of countries and billions of people.

It defines us.

However, while we as an industry are happy to be reminded of our past, we have no ambition to live there.

This document sets out to define what "the music industry" actually is in 2010, and what we want to achieve.

It is ambitious in its aims, but practical in approach.

It places equal demands upon industry and those around us; yet is simple, direct and easily implemented.

At its core sits the act of creativity itself - the intangible, eureka-like spark of imagination that shapes our tomorrows and provides the foundation upon which a huge range of businesses stand.

I would argue, and with some justification, that today's talent is just as vibrant, exciting, experimental, cutting edge and brilliant as it has ever been.

It needs to stay that way.

Somewhere right now, in this country, a young person is scribbling on a scrap of paper or tapping on a keyboard, composing a song that will resonate far beyond the page.

This industry may change, but that simple act of creativity, remains, and will always remain, immortal and timeless.

Feargal Sharkey



FEARGAL SHARKEY'S BIOGRAPHY

- Feargal was born in Derry, Northern Ireland, in August 1958, the second youngest of seven children.
- Twenty years later he combined a promising career delivering televisions for Radio Rentals with fronting local punk rockers, **The Undertones**. However, his day job was rudely interrupted by a BBC request that the band perform their first single, *Teenage Kicks*, live on **Top of the Pops**. Never one to shirk difficult decisions Feargal informed his superiors that he was just popping out for lunch; they still keenly await his return.
- There followed a hectic period of some twelve years, world tours, hit albums, late nights and bad food in transport cafes spanning most of the UK's motorway network culminating in a successful solo career and the release of *A Good Heart*, a **world-wide number one**. The early Nineties brought a new beginning and a post-match transfer to the business side of the industry, initially as A&R Manager for **Polydor Records** - more late nights in transport cafes - and then as Managing Director of **EXP Ltd**.
- Feargal subsequently served as a Member of the **Radio Authority** and, in 2004, was appointed Chair of the **Live Music Forum**, an advisory committee established by Government to monitor and evaluate the impact of the Licensing Act 2003 on the performance of live music.
- In February 2008, Feargal was appointed Chief Executive of **British Music Rights**, an umbrella organisation representing the interests of composers, songwriters, music publishers and their collecting societies.
- In September 2008, this role was subsequently expanded with the creation of **UK Music**, a new organisation representing the collective interest of the UK's commercial music industry, from artists, musicians, composers and songwriters, to record labels, music managers, music publishers, collecting societies and studio producers.

EXEC UTIVE SUM MARY

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Unsurprisingly, our ambition for the music industry is simple yet challenging: WE WANT TO BE NUMBER ONE

This is what success would look like in 2020:

The UK would challenge the United States of America as the primary source of repertoire and number one music-producing country in the world;

The UK music industry would lead the world in realising the full potential of digital music and achieve the highest share of income from music in the digital marketplace;

The songwriters, composers, artists and musicians who create the music that the world loves would share fairly in the rewards wherever and whenever their music adds value, as would those who invest in them;

Those using music commercially would seek, and be granted, the rights to do so legitimately, quickly, and for a fair price, as a matter of course – whether on a national, pan-European or global basis;

UK music fans would have the greatest array of shops, services and forums where music is available, experienced, recommended, shared and enjoyed fully in the knowledge that it is all legal and that the creators are being paid;

And those who try to bypass legitimacy would simply find it not worth their while;

UK originated music would dominate radio airplay; while BBC Radio and commercial stations would compete to discover and promote new talent;

The number of live music venues and performances throughout the UK would increase year on year, underpinned by a fantastic infrastructure of rehearsal and performance space;

Every young person in the UK would get opportunities throughout their school years to experience music in a way that inspires them; while those with a special interest and talent would get every chance to pursue music as a career;

The music industry would be a beacon for how environmental responsibility can be fully embedded in all aspects of commerce.



We admit that we have set our sights and ambitions fantastically high.

Yes, we are just a small land mass in the North Sea. But this United Kingdom of Great Britain and Northern Ireland produces the best creative talent in the world and, even now, after a decade of technological disruption, the UK music industry is still second only to North America as a global source of repertoire.

We remain the third largest market for music in the world.

Why is that?

We should start with an assessment of what "the music industry" actually is in 2010, at the start of a new decade.

To the outsider, the industry looks relatively self-contained.

At its nucleus lie the eight constituents of UK Music: the creativity of artists, songwriters, composers and musicians; those who invest directly in their talent, the managers, major and independent record labels and music publishers; and those who collectively license their copyrights, PPL and PRS for Music.

In addition to these, we can add all manner of vital cogs – music producers, engineers, studios, promoters, distributors, A&R, designers, marketers, retailers, lawyers, accountants, video directors and so on.

Most would recognise these.

But also within our sphere of influence are the host of businesses who work directly with music – our close cousins in the creative industries such as film and TV, games, advertising, fashion and publishing.

The media too: radio, TV, magazines, newspapers (just consider the realms of broadsheet and tabloid coverage) and all manner of online portals. Music doesn't just sing to the ears, it attracts eyeballs too.

And that's before touching on live music, from the mammoth success of festivals like Glastonbury or arenas like London's O2, through to the grassroots network of pubs, clubs, bars and village halls where future superstars hone their craft.

Again, there is a positive ripple effect here, with music kick-starting opportunities for a range of businesses - from rehearsal rooms and manufacturers of stage equipment, through to brands, publicans, pie-makers, tent-sellers and merchandisers.

And then there is digital.

Here's a question: over the past ten years, how significant has been the role of music in driving and fostering digital innovation?

Music is the fuel of the internet. Music attracts communities and social networks, it drives search engines and new distribution technologies.

Much of this has been disruptive, much has been unlicensed, but we look forward to a decade where technology and creativity enjoy a more traditional and symbiotic relationship.

Increasingly, our new partners will include ISPs, telcos, hardware manufacturers, and all manner of innovative digital start-ups.

And as consumption changes, so does music's relationship with fans.

This relationship has never been so active, so interactive, so vital, and so alive.

Collectively, the UK music industry provides employment for more than 100,000 people.

It contributes nearly £5 billion to the UK economy each year. It boosts our balance of trade. In 2008, one in ten artist albums sold in the United States was made by a UK act. That same year, four of the top ten biggest selling artists in the world were British.

Less quantifiable, but equally significant, is how music acts as a barometer of how others view us as a country, of what it means to be British, or even the health of our nation.

Music defines us. So powerfully that a humble zebra crossing in North London can be transformed into a major tourist attraction.

For this country, music is a huge success story.

That is why the members of UK Music have come together to set out our stall for what we need to achieve over the next decade, and how we can achieve it.

The actions of Government will have a major impact on this future. So will their inactions.

We make 7 recommendations to Government, and with each one we make a commitment as to how the music industry can help deliver it.

Some address 'fixable' problems that are needlessly - maddeningly - holding our sector back.

The rest are springboards that will make the UK the best country in the world for writing, performing, recording, selling, exporting, buying and loving music.

Quite literally, we have everything to play for.



Photo: Timothy Cochran

THE RECOMMENDATIONS

Recommendation One: Policy-making

That Government form a Creative Industries Cabinet Committee. Reporting directly to the Prime Minister, it would be comprised of secretaries of state and those ministers whose responsibilities include any aspect of the creative industries. It should also include commercial leaders from the creative industries who have a significant level of experience and success in their relevant sectors. It would be responsible for developing, driving and delivering all government policy relating to the creative industries, across all government departments and agencies, so as to

ensure a consistent, coordinated and priority approach to policy. It should also be responsible for commissioning much needed creative industry economic research, modelling and forecasting. The music industry will commit the time and expertise of its entrepreneurs from all aspects of the business to the Cabinet Committee.

Recommendation Two: Investment and commerce

UK Music recommends that Government firstly acknowledge the profound, and what would currently appear to be insurmountable, difficulties that the music sector has experienced in trying to access sources of Government backed finance such as the Enterprise Finance Guarantee; and secondly, to work in partnership with the music industry to create a source of funding to stimulate investment in new talent and support enterprise and entrepreneurship in the music marketplace. The music industry will look to make a financial contribution to any Government-backed music investment scheme and additionally, commit the time and expertise of leading executives from across the music business to develop and implement investment criteria. The industry will also create a three year programme to help develop a better understanding of the investment needs of industry and work with external funding sources, including the private sector to ensure the industry is meeting its ambitions for growth.

Recommendation Three: Copyright

Copyright is the currency of creativity. We recommend that Government ensures it has in place a robust copyright framework fit for the digital age. As a priority, Government should swiftly implement the proposals laid out in the Digital Economy Bill which address digital copyright infringement and work with competition authorities to help ease the tension between the desire by copyright users for easier licensing and the restrictions imposed on the rights holders who are trying to achieve this, especially at a European level. Government should continue to press our case in Europe on copyright term extension for sound recordings; and complete implementation of the recommendations from its review of the Copyright Tribunal. The music industry will open up ever more ways for music to be enjoyed through new business models for commercial use and innovative licensing arrangements for non-commercial use.

Recommendation Four: Public sector expenditure

Government should ensure that all public spending bodies are acutely aware of the expectation that they should form partnerships with others, including the private sector, to maximise the value and impact of any public investment. Priority areas should be the Olympics, business services, and support for the arts. Local authorities should regularly publish an account of the investment they make, or assets they make available, to support music enterprise and engagement at local level. The music industry will develop a Memorandum of Understanding with Business Link which would establish UK Music as the recognised source of information through which Business Link can provide sector specific support to music businesses. The music industry will work with any other public spending body to ensure that they target their investment in the most productive and efficient manner possible.

Recommendation Five: Live music and rehearsal space

That Government transfer remaining funds earmarked for the roll-out of the rehearsal room scheme into a charitable trust to be administered by UK Music. The music industry will commit the necessary administration, support and fundraising structures to enable the Trust to successfully meet an obligation of providing rehearsal spaces for young people throughout the country. Government should also introduce a "live music exemption" to the 2003 Licensing Act to reduce the unnecessary burden and bureaucracy on premises wishing to put on live music.

Recommendation Six: Skills and training

To achieve our 2020 goals the music industry will require an incoming workforce that is diverse and highly skilled with a wide range of practical experience. UK Music recommends that Government, as a matter of some urgency, 'adopt' successful industry-run apprenticeship schemes and provide funding for their continued running and expansion. UK Music will work with colleges and universities to provide an industry accreditation programme, focused on meeting the needs and aspirations of both graduates and the industry. UK Music will also develop an industry wide diversity code of practice.

Recommendation Seven: Education

Government can be justifiably proud of its record on investment in music education at primary school level. To maximise returns on this, it is critical that high quality music provision does not get lost in the transition between primary and secondary years. Government should set a comprehensive strategy for music provision and ensure that secondary schools are able to implement it effectively. UK Music will build on the efforts of the Music Industries Association and help broker partnerships between secondary schools and other providers, including manufacturers of musical instruments, electronic equipment, sheet music, hardware and software technologies, leading to a national "adopt-a-school" scheme.



Photo: Tom Oldham

ONE:

Policy-Making

While Government has always had a profound impact on the music industry, public policy will matter even more in the future because more is at stake. The creative industries are the future.

Presently, at least nine different Government departments and 21 different governmental agencies are responsible for policy affecting the creative industries. In addition, at least eight EU directorates share an interest in issues affecting the creative industries, and much copyright and competition legislation originates in the EU. Progress and achievement on one front can be frustrated by sluggishness on another.

We need a stronger, more streamlined approach to developing, driving and delivering all Government policy relating to the creative industries. The Government should have direct input from the sectors' most experienced industrialists, most audacious entrepreneurs and most talented creators. Creative industries policy decisions should also be informed by detailed statistics, economic analysis and forecasts.

The Government and the creative industries have a shared interest in unlocking the great potential in our creative and business talent. The numbers speak for themselves.

The UK's creative industries contribute a greater proportion of GDP than any other nation.¹ They have been growing faster than the rest of the economy since 1997.² The economic performance of the UK's creative industries is on par with the financial services sector in terms of their contribution to the economy.³ UK firms now invest more in intangible assets (£130 bn) than tangible assets (£95 bn), half of which are covered by intellectual property rights.⁴

70% of the value and most of the growth potential in the creative industries lie in the content industries.⁵ By 2013, the creative industries sector is expected to create 150,000 more jobs and 30,000 more businesses. By then, the sector is expected to contribute as much as £85 billion to UK GDP, up from £57 billion.⁶

Within the creative industries, the UK's music sector is a great success story. UK music is recognised and loved all over the world.

The UK is one of only three countries, along with the US and Sweden, that can claim to

be a net exporter of repertoire. In 2008, four of the top 10 biggest selling artists in the world were British artists and 1 in 10 artist albums sold in the USA was by a UK act.⁷ PRS for Music actively manages relations with a network of collecting societies in over 150 countries, which provides a global infrastructure for returning international income to British creators and contributing to UK earnings and further investment in new writers. PPL set up its international service six years ago and it is now the fastest growing area of the business. Collective management provides a platform for realising the international economic success of the music industry.

In terms of strategic policy making, the Olympics provides an example of where a strong and focused advocate for the creative industries at the heart of Government could maximise opportunities for the sector.

The Olympics and the accompanying cultural festival should, in theory, present an unprecedented opportunity for the creative industries to reap benefits from the exposure that comes from hosting a spectacular world event. The opening and closing ceremonies should impress upon the world that the UK is a world leader in entertainment with the very

best in sound engineering, music PR and promotion, event management, producing and recording - and of course, the very best talent on display.

However, conversations and approaches between our industry and those charged with planning the cultural festival have been piecemeal rather than strategic. Some discussions have led to specific activities but others have led nowhere. Perhaps more worryingly, public funds that might have been allocated to the Arts Councils or other bodies for cultural and artistic initiatives have been diverted to help pay for the Olympics.

Time is running short yet we still do not have a sense of the vision and legacy that the Olympics will bestow on music in the UK.

New Music 20x12:

New Music 20x12 is led by the PRS for Music Foundation in partnership with the BBC, LOCOG and private patrons. It is based on the simple idea of commissioning twenty twelve-minute works which will be performed throughout the UK as part of the official cultural festival in 2012.

This programme will support the creation and performance of non-commercial, new music throughout the UK and will celebrate the excellence of composers, ensembles, organisations and promoters who are committed to presenting imaginative and groundbreaking work of the highest quality. Every work commissioned will be broadcast by BBC Radio 3.

A more focused and driven policy-making infrastructure in Government will, we expect, deliver many of the other improvements and opportunities we seek for the music sector in this document. That is why it is our number one recommendation.

One aspect of an improved policy-making infrastructure will be the commissioning of a stronger evidence base. Publicly funded bodies like Nesta and the Strategic Advisory Board for Intellectual Property (SABIP) have in recent years commissioned studies on the characteristics of the creative industries and the contribution they make to the UK, which is very welcome.

But the data available to policy makers about our sector is still limited and can even be misleading. For example, to get a broad picture of the types of occupations that the UK's workforce is engaged in, Government statisticians use "standard occupational classifications". The music industry has changed dramatically over recent years and is still rapidly changing. Many people actively engaged in the music industry perform roles that do not match up to any of the standard occupational classifications.⁸

There is a similar problem at a business level. Government statisticians use "standard industrial classifications" to classify businesses by the type of economic activity in which they are engaged. Many creative businesses are engaged in a range of economic activities and do not easily fit into an official classification. And for a business to be 'counted' in official statistics in the first place, it must be trading above the VAT threshold. Given the exceptionally high number of micro-businesses and self-employed people in the music industry, a significant number of music enterprises trade below the VAT threshold and therefore remain 'invisible' as far as official statistics are concerned.

In 2009, PRS for Music published a report by its chief economist Will Page titled *Adding Up The Music Industry For 2008*.⁹ This study represented an important step forward in understanding how much the music industry is worth and the ways in which it interconnects. This economic work helped plug a gap in the knowledge of music and its value, and led to a long-overdue collaboration with economists at the UK Intellectual Property Office to conduct this year's "Adding Up" exercise to recalculate the value of music to UK plc.

We applaud this and other Government efforts to address weaknesses in official data relating to the creative industries. These efforts must be strengthened in the machinery of Government so that Government has data that is accurate and accepted internationally, allowing for comparisons and trends to be captured.

RECOMMENDATION:

That Government form a Creative Industries Cabinet Committee, Reporting directly to the Prime Minister it would be comprised of secretaries of state and those ministers whose responsibilities include any aspect of the creative industries. It should also include commercial leaders from the creative industries who have a significant level of experience and success in their relevant sectors. It would be responsible for developing, driving and delivering all government policy relating to the creative industries, across all government departments and agencies, so as to ensure a consistent, coordinated and priority approach to policy. It should also be responsible for commissioning much needed creative industry economic research, modelling and forecasting. The music industry will commit the time and expertise of its entrepreneurs from all aspects of the business to the Cabinet Committee.

1 OECD: International Measurement of the Economic and Social Importance of Culture, August 2006

2 Creative Industries: Technology Strategy 2009-2012. The Technology Strategy Board, 2009

3 Staying ahead: the economic performance of the UK's creative industries, The Work Foundation 2007

4 Speech delivered by Rt Hon David Lammy at the launch report on the economic value of IP, 2009

5 Creative Industries: Technology Strategy 2009-2012. The Technology Strategy Board, 2009

6 Demanding Growth: *Why the UK needs a recovery plan based on growth and innovation*, James Meadway with Juan Mateos-Garcia

7 BPI press release, 14 April 2009: UK artists' share of US market grows to 10%

8 This raises a statistical problem known as "chain linking" where we need to know the movement in the weights of the various sectors, as well as the value of the various sectors, if we are to truly understand the shifts in a sector of the economy that is going through radical change. Statistics need to keep up with the trends, more than just explain them.

9 PRS for Music: *Adding up the Music Industry for 2008* by Will Page and Chris Carey, Economic Insight Issue 15, 20/07/09

TWO:

Investment And Commerce

For the music business, sustainable growth means investing in future talent. This investment is sometimes based on a song that hasn't been written or a performance that hasn't been staged.

Once those songs and performances have been created, we need entrepreneurs and innovators who can take that wonderful thing called music and celebrate it, market it, sell it, license it, synch it, export it, rework it, and give life to it in every way possible.

Martin Mills Director, Beggars Group:

It's extra-ordinary how much musical innovation has emerged from the UK and from its entrepreneurial independent label sector in particular.

Most great music (and most great art) starts out as being challenging, difficult, even threatening - but that's how popular culture is formed, and how the new mainstream develops. Music by Elvis Presley, the Rolling Stones, the Sex Pistols, and Prodigy, to name but a few, all sounded extreme at the time - but they changed tastes and norms, and now just sound like truly great music.

It takes vision and daring to make the necessary early investment in such artists - and unless we want our culture to become a bland lowest common denominator wasteland, it's crucial that we all maintain, develop and create a commercial environment in which existing and new entrepreneurs are allowed, and ideally encouraged, to keep on taking those risks.



Photo: Tom Oldham

Nigel Elderton MD, peermusic (UK) Ltd; Chairman, Music Publishers Association:

At the very heart of our industry lies the musical work – the composition and the lyric. From this creative spring all else flows.

It is a publisher's job to find and develop talent and to guide and support the creation of new musical works. As such, publishers are in the business of ensuring the future success for British music in both the domestic and international markets.

It's a risky but rewarding job. What might look like an overnight success is invariably the result of a long incubation process. The essential characteristics of a publisher are patience, and the strength of character to balance risk with prudence. The development of songwriting talent takes time, expertise and the resources to create music. It also requires substantial investment.

Publishers face particular challenges in acquiring finance due to the difficulties of understanding our business model. A government-backed investment scheme informed by better understanding of our sector's investment needs would provide a vital source of groundwater to feed our creative spring.

It is critical to remember that record companies and music publishers historically make the investment in new talent by signing unknown artists and writers, making a recording, marketing and promoting the record and song, and recouping the investment through licensing and sales. UK record labels typically reinvest around 20% of their revenues back into A&R.¹⁰

But that traditional investment model has been under considerable strain. Sales of recorded music have been falling year on year. In 2004, consumer spending on recorded music stood at £1.9 billion. According to the BPI Statistical Handbook, that had fallen to £1.3 billion by 2008, a 32% decline.

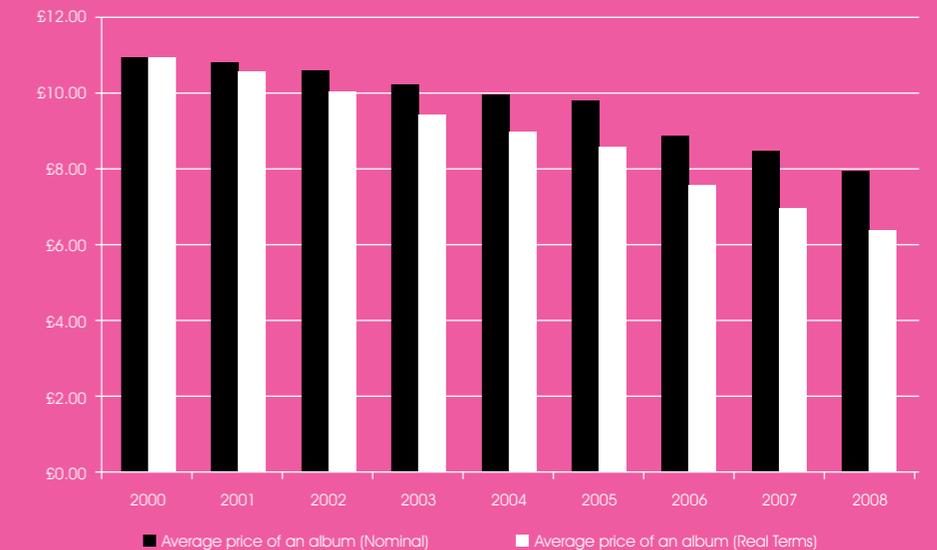
The decline in revenue from the sale of recorded music is due to a number of factors. One is the downward pressure on price. The price of music has never been lower. At the start of the millennium, the average price of an album was £10.98. Now it is £7.97 – which represents a fall in visible terms of 27%. Removing inflation, the fall in price is over 40%.

The nature of music retail has also changed dramatically. More people are buying music CDs in supermarkets, for example. In 2008, 23% of retail expenditure on music was in supermarkets.

In addition, the scale of on-line copyright infringement from unlawful file-sharing on peer to peer networks, and non-network infringement, continues to negatively impact the industry.

Despite the decline of revenue from recorded music, the demand for music and the consumption of music continue to grow. People still love music, arguably, more than ever. Revenue from live music and digital sales is rising significantly. In 2009, more than 1.6 million digital albums were sold, an increase of 56%.

The music industry is continuously innovating and diversifying its revenue base. However, it still faces a serious investment gap which has to be filled. Record companies do not traditionally receive income from live music, and digital sales, though rising fast, still only equated to 12.5% of the albums market in 2009.¹¹



¹⁰ BPI Press Release, 14 April 2009: UK artists' share of US market grows to 10%

¹¹ BPI Monthly Markets Analysis, December 2009

Patrick McKenna Chief Executive, Ingenious Media:

We need to explore new forms of public-private partnership in the interests of leveraging the strengths of the private sector and getting better value for taxpayers' funds. Too much government funding goes into "soft" money projects that never gain commercial traction. Grants are not a good use of taxpayers' money, every pound of which is worth double in times of economic crisis.

Better by far to use taxpayers' money to provide new forms of fiscal incentive, perhaps based on Enterprise Capital Funds or Venture Capital Trusts (VCTs), to stimulate investment.

The alternative prospectus is for a continuing and perhaps deepening reliance on foreign owned entertainment giants, and a continuing exodus of talent from the UK. I do not want to see us reduced to acting as off-shore facilities managers for non-British global conglomerates. We should aim higher than that.¹²

To exacerbate this, music enterprises of all types systemically complain that they cannot get financial backing in terms of loans or investors for their ventures. So as well as an investment gap in new, unknown talent, there is also a critical funding gap for talented, experienced companies which cannot find relatively small sums of money to promote their roster of artists, writers and producers to the next level of success.

Traditional financiers have been unable to bridge the gap between venture capital investments and micro-business financing. Many commercial financial institutions concur that the level of finance required to kick-start growth into fledgling and medium sized music SME's is well below their threshold of

interest, or harbour a perception that these businesses are too high risk.

Potential investors in creative businesses need to better appreciate the real value of creative assets by allocating a fair and commercial value to copyright (intangible) assets identified in the balance sheet.

Will Page Chief Economist, PRS for Music:

There are underlying problems within the investment structure of the music industry. In broad terms, a large share of those artists generating the top revenues can be characterised as 'heritage acts'. There is a concern that the sweating of existing acts might lower the quality of investment in new talent. 'Digital Britain' faces a problem with investment in the creative industries. While the trends point to recorded music dipping slightly (-6% year on year) and live growing (13%) for the past year it is critical to remember that it is recorded music which traditionally makes the primary investment in developing new talent.

While a number of Government backed schemes have been available in theory (Enterprise Finance Guarantee, Venture Capital Trusts, Advantage Creative Fund, amongst others), in practice, there has been very little success of public finance schemes actually working effectively for the music sector. The inability of music enterprises to access finance through these Government-backed schemes has been a long running source of frustration for the sector.

The Government reviewed the availability of finance for the music industry in 2001 (Banking on a Hit), and again 2006 (SME Music Businesses: Business Growth and Access to Finance). Neither Government study led to meaningful change. A 'money map' compiled by the Government on potential sources of income does not equate to a response to this chronic problem that is stunting music sector growth.

Brian Message Manager of Radiohead and Chairman of the Music Managers Forum:

Today there are a significant number of artists who are now 'free agents', who have extensive fan-bases, sell tens of thousands of records, tour profitably, both here and internationally and operate profitable businesses. However these artists are unable to secure bank lending to bridge the 'creation and exploitation cycle', thus putting their future in jeopardy and potentially returning them to the job market.

Many of our members now have to provide investment but we cannot do all the 'heavy lifting'. The good news is that the Enterprise Finance Guarantee (EFG) is a perfect instrument to help solve the funding issue. Having used its predecessor, the small firms loan guarantee scheme, to good effect in businesses outside of music in the 1990's, I know how important this type of funding can be.

The bad news is that the credit committees of the banks are finding it difficult to sanction EFG funding for these artists. As such, there is a continuation of the 'disconnect' alluded to in several government papers between banks and the entrepreneurial music business.

At a time when there are many liberated artists capable of exploiting the 'artist fan relationship' business, staying employed, employing others and bringing taxable profits back into this country from international touring, it would be a cultural and commercial tragedy not to 'seize the moment' and liberate funding; especially when we have a perfectly suitable instrument, the EFG, to hand.

A Government-backed music investment fund could help kick-start further growth in the music industry with investment criteria developed, guided and implemented by a panel of leading industry executives with great experience in every aspect of the business. Such an Angel's Investment / Dragon's Den approach would potentially have a real impact.

In an increasingly globalised world there becomes a greater need to look at how other countries have managed to best serve their creative sectors. Government can play an important role at an international level to position the UK as the 'World's Creative Hub'. Government can also play a role in enhancing the export success of the industry with a positive trading environment (eg. visa applications), legislative environment (eg. scope of copyright protection and enforcement), and fiscal environment in international markets, whether developed or developing, all of which directly affect the returns to the UK.

The review of globalisation and taxation is an ideal opportunity to partner with Government to find a suitable fiscal stimulus, taking into account international best practice. The music industry is dedicated to working with Government to demonstrate what could and should be done with more assistance.

British Music Abroad:

The PRS for Music Foundation is working in partnership with Arts Council England, British Underground and UK Trade & Investment to enable UK artists to attend international showcases which help them to realise their full potential in the international market.

Sway:

Support from the PRS Foundation enabled me to attend SXSW and to break into the US market. This led to me signing a distribution deal in North America with Akon's label KLD.

Synch Licensing Mission:

The BPI, in partnership with UKTI, runs a regular Sync Licensing Mission to Los Angeles. The mission provides a unique opportunity for record companies to learn about sync licensing and connect with many of the key players working in the TV, film, advertising and computer games market in the media capital of the US and the world's largest entertainment market. The mission opens doors to the British companies which would have previously been closed. Many successful deals have struck as a result of the mission with British publishers and record companies seeing their works licensed for use in leading television shows such as 90210 or Hollywood films. As Music Week reported: "The BPI-led trade mission returns to Los Angeles providing UK companies with unrivalled access to the world's largest entertainment market."

RECOMMENDATION:

UK Music recommends that Government firstly acknowledge the profound, and what would currently appear to be insurmountable, difficulties that the music sector has experienced in trying to access sources of Government backed finance such as the Enterprise Finance Guarantee; and secondly, work in partnership with the music industry to create a source of funding to stimulate investment in new talent and support enterprise and entrepreneurship in the music marketplace. The music industry will look to make a financial contribution to any Government-backed music investment scheme and additionally, commit the time and expertise of leading executives from across the music business to develop and implement investment criteria. The industry will also create a three year programme to help develop a better understanding of the investment needs of industry and work with external funding sources, including the private sector to ensure the industry is meeting its ambitions for growth.

¹² Talent Is Not Enough! After The Crunch, Edited by Shelagh Wright, John Newbigin, John Kieffer, John Holden and Tom Bewick Creative & Cultural Skills and Counterpoint, the British Council think tank

THREE:

Copyright

To achieve our 2020 goals, our copyright and competition infrastructures must help, not hinder, creativity and the growth of the digital economy.

The copyright framework must give creators and commercial investors in the digital marketplace a reasonable expectation that their investments can be recovered - a prerequisite in any nascent market.

The competition framework must recognise that the digital economy is largely borderless and facilitate efforts of rights holders to aggregate their rights so that the licensing process becomes simpler and faster.

The concept of copyright has been around for centuries. At its essence, it is the means by which creators and those who invest in them can earn from their creative endeavours. It is the basis of the economic success of the creative industries. It underpins, supports and cements the entire music industry, from composition to consumption.

This strength is based upon the principle that copyright is agnostic as to its subject, democratic as to its beneficiary, yet provides a flexible and open system for society. Most importantly, copyright empowers the creator to exercise a choice of if, how and when they exploit their creativity, and provide the opportunity for a return on investment to the entrepreneurial sector that invests in that creativity.

Sarah Rodgers Composer and Chairman of the British Academy of Songwriters, Composers and Authors:

Copyright is vital to any and every creator of all genres of music. Copyright provides songwriters and composers with legal, commercial and moral protection for their music. It is the means by which they are recognised as creators, make a living from their works and exercise choice in the manner in which their creative work is exploited. Without strong copyright, the future of creativity is inadequately safe-guarded.

Copyright and creativity:

Soundrights: In September 2008, the Government created a new requirement within the music curriculum: "to include the role of music and musicians in society, the music industry and of artistic and intellectual property rights".

In response UK Music developed Soundrights. This free-to-access website allows teachers and their students to explore the power of music and understand more about the music business.

"Soundrights is a simple and informative resource for teaching a new requirement within the KS3 music curriculum. The activities are innovative and engaging, supporting cross-curriculum and independent learning."
Anna Gower, Head of Music, Monk's Walk School, Herts

For the most part copyright has proven to be a sturdy and resilient concept for how the artist should be protected and rewarded.

Over the past century, the music industry has adapted to many technological changes. First came records. The publishing industry and burgeoning record industry then had to grapple with radio and the prospect of "free" music delivered over the airwaves; then came the tape recorder and cassettes; then the CD, and the MPEG file.

But technology has always needed content, and content always needs technology. By nature, this is a truly reciprocal and symbiotic relationship. Success in the music industry has always been driven by partnerships, by the successful adaptation, exploitation and management of technology to mutual advantages.

Like other IP-based sectors, music is immersed in the next set of issues, grappling with how to monetise the extraordinary consumption and movement of music online.

Yet for all of its exciting potential, for many investors in creative content, what the current environment has delivered is a great deal of uncertainty. For many it would appear difficult, if not impossible, to reconcile the dilemma of how to maintain financial support in the origination and creation of music (or any other form of creative content) when the perceived reality is that the only element of certainty provided to an investor - control - has been removed from the equation.



A further practical problem in the UK is the legal uncertainty that makes it difficult for rights owners to enforce their rights against internet sites which knowingly direct users towards substantial quantities of unlicensed music, but who may not host the content themselves. Such services can often build successful businesses from directing users to illegal content. Government should provide clarification within the copyright framework to ensure that it is easier for copyright owners to take action under UK law to prevent such abuses.

Steve Jobs CEO, Apple:

If copyright dies, if patents die, if the protection of intellectual property is eroded, then people will stop investing. That hurts everyone. People need to have the incentive that if they invest and succeed, they can make a fair profit. Otherwise, they'll stop investing.¹³

For the industry to continue delivering high quality music, those who create and perform music as well as those who invest in innovation need to be remunerated. For this to happen there needs to be an environment in which copyright is respected. Tackling the issue of copyright infringement is critical to this future, as well as enabling a commercial environment where sustainable, licensed digital services can prosper.

UK Music remains committed to supporting the measures in the Digital Economy Bill which seek to substantially reduce digital copyright infringement whether through peer-to-peer technology or any other (as of yet unknown) types of technology.

Patrick McKenna Director, Ingenious Media:

You cannot build creative businesses, and thus provide jobs for the host of other folk who work in ancillary occupations, unless the intellectual property created by artists, writers and composers is capable of being commercially exploited for a profit that is then reinvested for future growth.¹⁴

We welcome the engagement of politicians in the issues of such importance to our industry and reemphasise how crucial Government intervention is to ensure our copyright regime is fit for the digital age.

However, we urge politicians to keep focused on the areas that would help grow the digital marketplace. We would caution against being waylaid by a wholesale review of the copyright system or by introducing new exceptions to copyright.

During 2009 UK Music commissioned an independent analyst to review the issues facing the music sector, focusing on the industry's role in the digital economy. As part of this exercise the consultant discussed with a range of stakeholders - people from inside the music industry, music users, ISPs, and several others - the particular challenges relating to copyright.¹⁵ The author concluded that:

- o The fundamental principles of copyright are sound and fit for the digital age.
- o The management of copyright is in a transition period. Most existing systems for

managing copyright were developed before the digital age. There are areas in which reform of copyright management to better suit the digital age would be helpful to both producers and users of copyright.

- o A moment of transition is not the best time for long term or wholesale changes that weaken copyright law. As convenient as it may seem, the best policy solutions currently are probably the ones which are pragmatic, iterative, and encourage the music industry to find solutions of its own.

Simon Fox Managing Director of HMV:

As Government, ISPs and the music industry are now seriously working together on measures to restrict illegal downloading, now is the right time for HMV to invest in digital entertainment.¹⁶

However, there are some very specific areas where Government intervention is needed now. We have already highlighted the importance of measures to address digital copyright infringement. In addition:

Term of copyright protection:

Politicians and the music sector throughout Europe have for many years debated the issue of how long a sound recording and musical performance should be protected by copyright.

At the moment copyright lasts for just 50 years after the recording of the performance, meaning that performers can lose all control and income resulting from their creativity and talent in their own lifetime.

The European Parliament adopted a proposal to extend the term of copyright to 70 years coupled with further means to strengthen the position of performers, including the creation of a fund for session musicians. This proposal must be approved by the European Council of Member States in order to be adopted.

The Government should press the Council of Ministers in Europe to urgently adopt the EU Parliament's position with respect to extending the term of copyright in sound recordings. Given the expertise of PPL, we consider they would be best placed to administer the fund for session musicians at national level.

Reform of the copyright tribunal:

Making, marketing and licensing music typically involves a lot of people – songwriters and artists, record companies and music publishers. Each invest a lot into the process, and has a stake in what happens to that music through the copyrights created. Most right holders appoint collective licensing bodies to license their repertoire for some uses, particularly in areas such as broadcast and public performance. This enables users to get licences that cover the whole repertoire for those uses.

This system of collective licensing can have advantages for both right holders and users and provides an efficient method of licensing some uses. Right holders, from individual composers to major record companies, may benefit from a cost effective licensing mechanism and access to this market on a level basis. Users also benefit from the efficiencies of a one-stop-shop and can compete on the services they provide with the repertoire licence.

Collective licensing is a voluntary arrangement in that right holders have a choice over how they license the rights they control. This arrangement makes collective licensing bodies accountable to their members and promotes good business practice.

However, the potential efficiencies and benefits of collective licensing are threatened by the lack of reform of the Copyright Tribunal which is, in the words of one of its own recent decisions, 'ill-equipped' to perform its function.

The Copyright Tribunal is the body charged with hearing disputes between collective licensing bodies and licensees and deciding on a fair level of fees in the absence of a negotiated agreement. Often, tens of millions of pounds of annual revenue is at stake in a single decision.

Recently, the Copyright Tribunal has made decisions on the rates that online services, pubs, shops, offices and video channels should pay for music. In all these cases, the Tribunal's Decision has either expired (and been replaced by a market rate substantially different to that determined by the Tribunal) or been appealed.

Copyright Tribunal Decision on Pubs, Shops and Offices:

Dominic McGonigal (PPL) observed, "When the Copyright Tribunal decides on a dispute between licensor and licensee, it is determining the finances of thousands of creators, rightholders and users. The recent case concerning the rate for pubs, shops and offices was a case in point.

PPL had submitted tariffs based on a sliding scale, with small bars and shops paying around £100 and larger establishments paying more. The hospitality industry objected and wanted to pay less.

Although both sides had produced considerable evidence, including expert assessments from forensic accountants, the Copyright Tribunal heard the case in just one day. Even the subsequent Appeal in the High Court was longer. When handing down its Decision a few weeks later, the Copyright Tribunal admitted that it was 'ill-equipped' to carry out the investigative role needed in such a case. Their Decision therefore was to revert to an earlier arrangement whereby almost all pubs, shops and offices pay a flat rate of £100, regardless of size.

This Decision illustrates the challenges for the Copyright Tribunal. Pubs, shops and offices play music because there is a value to those businesses. But, assessing that value is a complex business. The Innovation Select Committee made a number of recommendations to reform the Copyright Tribunal, including that the Chairman should be a salaried position. In the modern digital age, the Copyright Tribunal will have to make commercial judgments where thousands of users and tens of millions of pounds of creators' royalties are at stake."

Both sides in disputes – rightholders and commercial music users – are in agreement that the Copyright Tribunal system needs to be modernised to meet the demands of the digital economy.

¹³ Source: Interview with Rolling Stones magazine, 2003
www.news.cnet.com/8301-1023_3-10152343-93.html

¹⁴ www.culture.gov.uk/Images/publications/IngeniousMediaPatrickMcKenna_DBIResponse.pdf

¹⁵ Andrew Missingham, *Competing with Free: the role of copyright in the digital economy*, February 2009

¹⁶ www.guardian.co.uk/business/2009/sep/03/hmv-buys-7digital

We appreciate that Government has signalled its intentions to make reforms. We would urge Government to complete the implementation of the recommendations from its review of the Copyright Tribunal, taking into account the recommendations of the Innovation, Universities and Skills Select Committee report of March 2008. Of particular importance is establishing positions for Chairs and Deputy Chairs who have the seniority and the expertise to decide on the complex commercial disputes that now come before the Copyright Tribunal, together with a sufficient allocation of time to give to case management, pre-reading, Hearings, Decisions and Orders.

Competition law:

Commercial users often look for one-stop shop solutions in order to simplify the licensing process. It is noteworthy that right holders tried to provide one-stop shop solution for the worldwide music repertoire very early by suggesting worldwide licensing models.

These proposals could have addressed the needs of both commercial users and rights holders but have been prevented from doing so by competition authorities in Europe. Collecting societies are still being subjected to strict supervision by the competition authorities, which make it difficult for creators and right holders to provide one-stop shop solutions. We would urge European and UK competition authorities to consider the needs of commercial users and right holders when applying competition policy.

Charles Caldas CEO, Merlin:

Merlin was established to address the fact that as the distribution and consumption of music moves from a regional to a global model, and the number of sites around the world offering music both legally and illegally escalates, the vast majority of independent record companies do not have the resources to enforce their own copyrights, or to effectively capture the attention of potential music users and gain access to competitive licensing opportunities.

Whilst independent labels collectively represent over a quarter of the world market, and are renowned for their ability to innovate in both creative and business terms, the reality is that for a new service to effectively license this repertoire requires hundreds, if not thousands of individual deals across many territories.

Merlin aims to provide a new efficiency to its members and the new services looking to use their music, by creating a central entry point for those who wish to license the valuable independent recorded repertoire that it represents, and by actively acting against infringements of those rights by unlicensed services.¹⁷

Many commentators have observed the impact of digitisation on the music industry and subsequent decline in revenues and concluded that the simple answer is "new business models". Indeed there are many examples in the music industry where both individuals and companies have successfully financed new ventures from innovative and unorthodox propositions.

The UK music industry is at the vanguard of finding new ways to realise the value of music in the digital marketplace, offering the end consumer access to music in a multitude of different ways.

The growth of digital has been remarkable: In 2003, the first year that digital sales were recorded by the record industry, there were 30 legal digital music services available worldwide. In 2010, there are over 400. In 2003, there were 400,000 licensed music tracks available digitally. In 2010 there are over 11 million, with a million songs added each year. In 2003, Beyonce's *Dangerously in Love* was available in 5 formats. In 2010, Beyonce's *I am...Sasha Fierce* sold more than 260 different products.¹⁸

UK Music members are taking significant steps to provide consumers and commercial users alike with licences for new services, whether these are YouTube, Sky Songs, Spotify, or Nokia Comes With Music. Over the past 18 months, the UK's licensed digital music market has diversified enormously – epitomised by competition in the download market and the traction being gained by new streaming services. Overall, we are moving from a physical sale per unit world to one where access is based on a revenue per users model.

With the transformative shift taking place from a pure retail model to one where there are multiple ways to access and consume music, licensing is increasingly a critical component to making the market work.

Fred Bolza Vice-President, Strategic Development, Sony Music:

You can't open a newspaper, browse the web or turn on the radio or TV without hearing about a new service that is going to revolutionise the way we consume music and in so doing transform the music industry beyond all recognition.

Although it is unquestionably true that the means for making, distributing and consuming music have changed at an incredible pace in recent memory, it is equally true that the underlying fundamentals have essentially remained the same: people make music for other people who use various means to discover it, listen to it and, at some point, pay for it.

The main transformation is the shift from a relatively limited number of formats (LP/CD/Cassette) to a seemingly endless set of consumption options (CD/download/ad supported stream/subscription/video stream/ringtone).

This multiplication of options poses a strategic challenge to the industry, because it means that a single "category killer" that will substitute the declining CD market and return the industry to growth is highly unlikely.

If this is the case then the industry needs to move on from a focus on whether "unlimited", P2P or any other single format is going to solve our problems to one in which we get behind a range of compelling offerings that meet the rich diversity of consumer needs.

Equally important is that we, as an industry, are able to adapt the economics of our business in a way that is both sensible in the short term and sustainable in the long term. The

future is one in which the consumer is able to find and consume the music they want, when and where they want for a price that reflects the true value of both the music and the convenience of the service that offers it to them. This may mean that they will pay for their consumption not only by exchanging money for it but potentially their attention and time but what is certain is that from this source many revenue streams can flow and it is in their confluence that growth lies.

UK Music acknowledges that one key task will be to demystify the licensing process for music users, many of whom in the digital area have no previous experience of copyright and licensing, by clearly explaining its operation and providing relevant signposting. To this end, UK Music is publishing a simple licensing guide as a small contribution toward helping direct users to where they need to go to obtain appropriate licences.

As we look forward, broadband access speeds will continue to increase apace, which, combined with a greater understanding of the licensing environment, can lead to the further growth of the legitimate digital market. The music industry is determined and committed to reaching such a goal.

To ensure this vision becomes a reality, behind the scenes mechanisms are being put in place to offer scale and the capability to deal with billions of micro transactions. It is a fallacy that the cost of digital production is zero. According to a leading digital provider, "There are hundreds of different services and each requires data in their own format. The engineering works to ingest, encode, register catalogue, and manage this data, as well as server costs are substantial¹⁹". World class back office operations and efficient collective management infrastructures are

necessary to provide the backbone to enable more complex, multi territorial licensing arrangements to meet the needs and expectations of the market.

As an example of the innovation taking place, PRS for Music and the Swedish collection society, STIM, are working together with the ambition to create a groundbreaking, central database of compositions that are registered by publishers and writers all over the world. The project, called ICE (International Copyright Enterprise), will help many revenue streams reach the right copyright owner.

PPL is leading the creation of a Global Repertoire Database for sound recordings. The PPL repertoire database is already a world leader, with 5 million tracks and electronic feeds from UK record companies ensuring it is updated daily (6,000 new recordings added per week). Currently, it services the charts (Official Charts Company) and mechanical licensing (MCPS). Using this base to create a global facility will put the industry in a unique position to license and monetise its repertoire.

RECOMMENDATION:

Copyright is the currency of creativity. We recommend that Government ensures it has in place a robust copyright framework fit for the digital age. As a priority, Government should swiftly implement the proposals laid out in the Digital Economy Bill which address digital copyright infringement and work with competition authorities to help ease the tension between the desire by copyright users for easier licensing and the restrictions imposed on the rights holders who are trying to achieve this, especially at a European level. Government should continue to press our case in Europe on copyright term extension for sound recordings; and complete implementation of the recommendations from its review of the Copyright Tribunal. The music industry will open up ever more ways for music to be enjoyed through new business models for commercial use and innovative licensing arrangements for non-commercial use.

¹⁷ www.merlinnetwork.org/home

¹⁸ IFPI, Music How, Where, When You Want It, February 2010

¹⁹ Simon Wheeler, Director of Digital, Beggars Group.

FOUR:

Public Sector Expenditure

A great deal of public money is allocated to regional development agencies, the Arts Councils, Business Link, NESTA, and latterly, the Olympics, and other Government bodies and public agencies.

Each of these public bodies is tasked in some way with supporting creativity, economic growth, or enterprise and innovation.

The music industry should in theory benefit from these bodies' spending as a potential high-growth sector brimming with creativity and enterprise.

Some within our sector have benefitted from the services or programmes funded by these public bodies. But we do not have a sense of how that public investment is strategically impacting upon us as a sector. This has become particularly apparent with respect to the Olympics and attendant cultural festival.

Some funding could be more effectively channelled through better collaboration and consultation with the wider commercial music industry. There may be some areas where the industry should have systematic input into the allocation of public sector funding in order to increase the value of those funding initiatives. There should be no ideological barrier to public funds being channelled through the

private sector in order to meet public policy goals.

By way of example, consider business support services.

In an ideal world, there would be only a few but well-known and respected places to go to for advice on everything to do with running a music enterprise. These places could provide advice on generic business functions like tax and accounting, and sector specific advice like how to tour internationally. Everybody in the music business would have heard of them and most would have used them.

Almost all Government funded business support is now provided via the Business Link service, which acts as the gatekeeper. To be relevant to entrepreneurs seeking business advice from within the music sector, Business Link must be able to provide more than just generic advice.

Trade association bodies could play a crucial role in the provision of business support and advice. Music sector trade associations already provide valuable business services and networking opportunities for their members, but are limited by capacity constraints in terms of their reach.

On a number of occasions over the past few years, the music trade associations have partnered with Business Link in London to run business advice seminars targeted specifically at music entrepreneurs. This relationship has been informal and ad hoc, but a closer, strategically-driven relationship might yield greater value for money and more effective outcomes.

UK Music intends to develop a Memorandum of Understanding (MoU) with Business Link which would establish UK Music as the recognised source of information through which Business Link can provide sector specific support to music businesses. The fact that Business Link is not a national body but in fact a grouping of regional business support services contracted out to different providers makes this commitment more challenging.

A number of Music Development Agencies have sprung up to cater for the need to provide sector specific business advice in the regions – The Bristol Music Foundation in the South West, and Generator in the North East, offer effective support services.

Generator:

Generator serves both artists and music businesses in the North East.

It provides one to one advice, seminar programmes and in the cases of those showing the most talent and ability, a mentoring programme and international conference showcasing. Some of this talent has gone on to achieve significant success and recent examples are Maximo Park, Little Comets and Beth Jeans Houghton.

Between January 2006 and October 2008 Generator engaged with over 400 people through the Business Of Music Programme and of these 62 businesses received advice and training for 10 days or more.

Beyond business support services, there is a lack of clarity regarding how public expenditure earmarked for innovation, enterprise or creativity translates into strategies for growing the commercial music sector. Such difficulty might be overcome if the Government and public bodies were more explicit about intended purpose, outcomes and beneficiaries of their investment decisions at the outset.

When the aim of public investment is to stimulate economic growth and to create wealth, that aim should be spelled out, and the outcomes should be measurable. For example, the music sector would like to be able to assess what impact the regional development agencies have had on the music sector in each region.

Association of Independent Music (AIM):

AIM has worked in conjunction with the London Development Agency (LDA) on a digital music industry support programme.

From April 2008 to September 2009 a number of opportunities for free or subsidised business advice, access to research and information, access to work experience, freelance staff and small suppliers, business support and skills training were made available to London's music companies.

Beneficiaries of the programme included small music business in London, from artists to venues, publishers, managers, labels and others. The project ensured that support was targeted at under-represented groups in the music industry including companies led by women, black and minority ethnic people and people with disabilities.

When public money is spent to promote social objectives such as furthering the inclusiveness agenda or widening opportunities, that too should be made clear.

Funding bodies should also be explicit about whether their investment is intended to promote non-commercially viable but culturally valuable expression.

Public funding for the arts inevitably leads to the thorny question of: 'What is art?' Such a question has arguably become even thornier in recent years with digitisation, the explosion of user generated content and the so-called 'democratisation' of art.

Organisations such as the Arts Councils and the BBC have the unenviable task of deciding, and defending, decisions about what 'art' is worth supporting and with how much. But clarity from the outset about the intended outcome should help focus the debate.

Arts Council England funds over 150 music organisations and provides development grants to many more. The Arts Councils in England, Scotland, Wales and Northern Ireland also work with specialist funders like the PRS for Music Foundation to develop schemes which respond to music sector needs. However, despite some very successful schemes in place, the funding currently allocated by the Arts Councils has developed into a complex ecology. Many in our industry would like to see the Arts Council make the distribution of funding more transparent, and the application process more accessible for those groups more unfamiliar with how to engage with the public sector.

The BBC:

The music industry would not be what it is without the BBC. Music is undeniably a central part of the BBC's core activity and an integral part of the BBC's scheduling across all its broadcasting platforms. This is emphasised by the fact that the BBC itself is the biggest commissioner of music in the world. BBC Radio 3 alone is the world's largest commissioner of new classical music, responsible for up to 65 new pieces each year. Future opportunities for new exposure - to be seen, heard, appreciated, and shared - are crucial.

"BBC introducing have bases across the country that could input into long-term programmes to find and develop local talent and push it through to national BBC. There are many 'battle of the bands' held locally but none that have an underlying programme embedded and a longer-term view that really supports the participating artists. The BBC in particular could develop a standard for public facing band events and competitions that support the artists taking part." - Matt Booth, chairman of the Bristol Music Foundation

Local government, too, are subject of our recommendation on public spending. The best local authorities employ an arts officer to implement a carefully thought-out arts strategy and make inspired use of their own assets - property and spaces - to encourage a thriving music and arts programme in their locality. We would like to see all local authorities emulate the best.

We acknowledge that in the current financial climate the ever increasing financial pressures on local government will invariably result in the prioritisation of essential services instead of cultural facilities. An arts officer may be categorised as "something that would be nice" as opposed to "something that is essential".

But if the UK's creative industries are to live up to their potential and create a greater proportion of wealth for the nation, such grassroots support really will be essential.

20 Figure quoted from 'The BBC: Some facts and figures'



Photo: Tom Oldham

Get It Loud In Libraries:

Many library services across the country see the value of contemporary music as a way of promoting creativity and literacy in young people and the Get It Loud In Libraries team in Lancashire Libraries is an excellent way of using local space.

Each nation of the UK has a strong cultural heritage, which has produced innovative, unique and powerful musical genres. Whilst acknowledging that key responsibilities for culture and enterprise within the Nations are devolved responsibilities, UK Music recognises the importance of cooperation with our industry partners in Scotland, Wales and Northern Ireland. UK Music proposes to develop a structural relationship which acknowledges this fact. We aspire to develop a Memorandum of Understanding with the respective bodies in the Nations – the Scottish Music Industry Association, Welsh Music Foundation, and a future Northern Ireland sectoral development body – which spells out more clearly in detail how we all intend to develop our collective relationship over the long term.

Wales:

Wales has a distinctive tradition of folk music which has, since the 1970s, influenced Welsh pop and rock music to create some of the most innovative and unique sounds in UK music. During the 1990s Welsh musicians exploded onto the mainstream music scene with the likes of Catatonia, Manic Street Preachers and Super Furry Animals. The Welsh Music Foundation is funded by the Welsh Assembly Government and represents the music sector.

Scotland:

Scotland produces world ranked composers, songwriters and performers across every aspect of musical activity, from Sir Peter Maxwell Davies, James MacMillan and John McLeod, to the Proclaimers, Franz Ferdinand, Simple Minds and Slam. The Scottish Music Industry Association is the representative body for the music industry in Scotland and will work in partnership with Creative Scotland, the new development body for arts and culture in Scotland.

Northern Ireland:

For eight years the Northern Ireland Music Industry Commission acted as the development body for the music industry in Northern Ireland. Recently, however, funding was discontinued and the body is no longer in operation.



Photo: Mark Harrison

RECOMMENDATION:

Government should ensure that all public spending bodies are acutely aware of the expectation that they should form partnerships with others, including the private sector, to maximise the value and impact of any public investment. Priority areas should be the Olympics, business services, and support for the arts. Local authorities should regularly publish an account of the investment they make, or assets they make available, to support music enterprise and engagement at local level. The music industry will develop a Memorandum of Understanding with Business Link which would establish UK Music as the recognised source of information through which Business Link can provide sector specific support to music businesses. The music industry will work with any other public spending body to ensure that they target their investment in the most productive and efficient manner possible.

FIVE: Live Music & Rehearsal Space

The live music sector is an important contributor to the UK's economy and is fundamental to our cultural health and wealth.

Live music accounts for the largest part of the music industry and the UK offers one of the most spectacular live music scenes in the entire world. Live music in the nation's vast array of music venues and festivals each year attract visitors from all over the UK, Europe and the rest of the world. The O2 arena, for instance, has already attracted 12 million visitors to date and is the world's most popular entertainment venue. Each and every day the gigs and concerts all over the country bring thousands of visitors who spend money not just at the gig but in the surrounding area.

Festivals are a crucial component to the live music scene. PRS for Music suggests that music festivals are likely to generate about £450 million for the British economy this year; about two million people will attend around 150 music festivals in a year.

The huge value and contribution of Independent UK festivals to the British economy has been quantified in a large scale survey of 3,300 festival goers undertaken by the Association of Independent Festivals (AIF) published in September 2009.²¹ AIF member festivals

alone attracted around 340,000 people last summer. Spending an average £408 per person, they contributed in excess of £135 million into the UK economy. With 60% of festival goers staying for 3 – 4 days in the area surrounding the festival, an additional £16.3 million was directly inputted into local economies.

Horace Trubridge Assistant General Secretary, Musicians' Union:

Before Sony invented the Walkman, music lovers played records through speakers, often gathering together to listen to the latest offering from their favourite artists and enjoying the music communally. In fact, many, many new bands were formed in this way.

Now of course the majority of music lovers walk around with wires hanging out of their ears listening to their music in isolation. Is this a good thing? We all love music so much is it enough to just enjoy it on our own and not share in our enjoyment with others?

I don't think so, and you can only conclude that the many thousands of music fans who are prepared to shell out considerably more money than it would cost to buy the entire back catalogue of an artist for a ticket to see them perform must feel the same way.



When you go to a gig you are participating with others. It is not a passive act; your performance and that of those around you will often have a bearing on the success of the event.

Whether it's a room above a pub, a stadium or a festival stage, the feeling of belonging and sharing a special event has unique significance in a society that in so many other ways has lost faith in the concept of community. Almost as importantly, it's an experience that is 100% future-proof. No advances in technology can ever possibly produce something that does 'live' better than 'live' does. There is nothing better than being there.

You can pray by yourself, whatever your persuasion. But thousands of years ago mankind discovered (as with so many of the good things in life) that it's much more fun to do it with someone else and so they built temples and churches. Nothing beats sharing a live music experience with fellow devotees.

Nothing beats live music.

Whilst the live music scene might be buoyant at the O2, Wembley and Glastonbury there are still some serious problems to overcome at the grassroots.

The UK needs a range of live music venues with differing capacities to support the career paths of musicians as they advance from playing to local audiences in small venues to the handful that can fill a venue like the O2. The 'everything in between' is critical to a vibrant music scene.

Live music facilities should be part of every community and attending live music events should be part of life. The DCMS Live Music Forum highlighted in its report that an estimated 1.7 million gigs were staged in bars, clubs, restaurants and other venues whose main business isn't putting on live music.²²

The Licensing Act has not led to the promised increase in live music. Controls on the licensing of events need to be proportionate to the scale and nature of the event – such a system is far from the current state of play and the over zealous or incorrect interpretation of the legislation is commonplace, especially with very small scale events. Recent data suggests that nearly 40 pubs are currently closing per week.²³

UK Music urges Government to reduce burdensome regulation by re-introducing the two-in-a-bar rule; introducing a live music licence exemption to venues with a capacity of 200 or less and

forcing the Metropolitan Police to scrap Form 696.

Close to our heart is the rehearsal room scheme announced by the Government in 2005 to the tune of £500,000. Public money is used to kit out a venue in a deprived area with a recording studio and performance space that young people can use for free. So far 3 have been set up with an aspiration that 10 will be developed.

Industry has been closely involved in the rehearsal room scheme from the beginning. Indeed, it campaigned for such a scheme to be introduced long before it was announced. Schemes like these are part of what makes the UK a great place for music. As 17 year old Ant Wharton said of the scheme in Liverpool, "We could never afford to practice in somewhere like this, rehearsal rooms cost a bomb, so we are made up."

Rehearsal is integral to the career development of a young musician but there are not enough suitable, well-equipped, affordable facilities for those people starting out.

- o Youth Music found in its 2006 Omnibus survey that nearly a third of 7-19 year olds are making music outside school provision, many without supervision
- o A more recent report found 43% of young people who want to engage in music didn't because of the lack of facilities or costs.

- o The Make Space Campaign run by 4Children found half of 11-18 year olds complaining of a lack of facilities said an informal space for arts and creative work would be most important. Two thirds of this group were interested in music-making.

In short, there is a need to open access to public spaces so people can practice – whether for pleasure or for an aspiring professional.

Fully-equipped rehearsal spaces and recording studios make a big difference for young people who are looking for somewhere to practise, spend time and find a suitable outlet for their creative skills. However, the cost of hiring a commercial music space is typically well beyond what most teenagers will be able to afford.

One of the key recommendations emanating out of the Live Music Forum's report was that the Government should work with local authorities and other partners to develop affordable and well-resourced rehearsal spaces for young artists and musicians.

²¹ Association of Independent Festivals: Independent festivals put £millions into local economies, AIF festival audience survey 2009: www.aiforg.com/news_details.php?news_id=18

²² Live Music Forum Findings and Recommendations, July 2007

²³ British Beer and Pub Association, February 2010



Photo: Tom Oldham

Andy Rimmer
Wrexham County Borough
Council Youth Services,
on the Wrexham
Rehearsal Project:

During 2008-09 the studio delivered 87 two hour sessions to 230 young people at risk of or experiencing social and educational exclusion - these are in addition to its programme of open access sessions with local musicians.

There are essentially two groups of young people who use the facility. Firstly, aspiring and experienced musicians who are attracted by the centre's quality facilities and use the centre to make valuable contacts with other musicians. They also receive support from the project worker and peers, performances and access to gigs and access to the recording facility.

Secondly, young people who are excluded, either physically or socially. The centre offers small group sessions during which young people explore music in a less formal setting than they may have previously experienced.

The sessions have a range of beneficial outcomes, such as providing a diversionary activity as an alternative to previous behaviour, enabling young people to express ideas and concerns through creative and socially acceptable media, and increasing confidence and communication skills.

The studio has recently started delivering Open College Network's modules in music technology and music appreciation.

Providing a rehearsal space is just the starting point. What matters is what people do using these spaces. The next stage will be to provide training, set up relationships with local community radio stations, create gigging opportunities and make links with venues and promoters so such places can become real progression routes into other opportunities.

UK Music considers the establishment of rehearsal rooms to be vital; but is equally committed to making them vibrant, well-connected places. Ensuring the facilities become resources of real value is where efforts must turn in the future.

RECOMMENDATION:

That Government transfer remaining funds earmarked for the roll-out of the rehearsal room scheme into a charitable trust to be administered by UK Music. The music industry will commit the necessary administration, support and fundraising structures to enable the Trust to successfully meet an obligation of providing rehearsal spaces for young people throughout the country. Government should also introduce a "live music exemption" to the 2003 Licensing Act to reduce the unnecessary burden and bureaucracy on premises wishing to put on live music.



Photo: Mark Harrison

SIX:

Skills & Training

The music industry should be populated with individuals as diverse as the music it produces. They should enter our industry educated and trained to make the most of the fabulous talent they work with in a challenging and constantly changing market. As they advance in their careers, they should be able to take advantage of the opportunities open to them to keep their skills and knowledge up to date.

Lord Puttnam Film producer & politician:

We have the strongest creative talent base in the world, certainly on a per capita basis and possibly even on an absolute basis. We need to invest in that talent and to harness it to both our industrial and our cultural ends. Should we do so, the rewards will be immense.²⁴

Our sector is comprised of 13,760 music businesses:

- 81% employ less than 5 people
- 89% employ less than 50 people
- 5% of people working in music earn £41,000 or more
- 46% are self employed – This increases to over 70% depending on the area in which people work (this number will only increase)

Source: Creative and Cultural Blueprint (Creative and Cultural Skills)

Like much of the creative industries, the music sector is made up of a significant number of micro organisations, and businesses without traditional linear structures. Often those companies can't spare staff for training and development.

Association of Independent Music (AIM):

AIM's Mentoring Scheme has run every year since 2001, giving around 20 independent music industry executives the opportunity to access expert one-to-one guidance in their personal and business development from a senior industry figure.

The scheme is targeted at middle management and owner managers. Successful applicants are carefully matched with mentors who can help to identify personal and professional goals and provide a neutral sounding board. The mentors are continually monitored by an external consultant who ensures that the mentoring, feedback and evaluation are all completed and the relationship has been successful. All mentors are trained for the role.

The music industry also faces particular challenges in terms of the sheer scale of self-employed creators, performers, small record labels and publishers, independent producers and management companies, artists and distributors.

The training and skills regime should prepare young people wishing to enter our sector for this reality. A more strategic approach to music education, skills provision and continuing professional development is required.

A useful exercise for the sector skills council would be to also map all the public funding being currently spent on music industry skills and training. It may be that the public funding is better spent subsidising existing (and possibly new) industry seminars to increase delivery beyond existing members. Leadership initiatives packaged around industry trade association training seminars and programmes could also be developed.

A strategic partnership between the sector skills councils and the music industry could enhance the value of public investment and strengthen the provision for the many self-employed people working in our sector.

UK Music welcomes Creative and Cultural Skills agreement to facilitate a skills audit to properly identify the skills gaps within our sector and inform future policy developments.

²⁴ Lord Puttnam, Parliamentary debate, House of Lords, 5th June 2009

Music Publishers Association:

Bringing together leading figures from the industry and academics the Music Publishers Association regularly hold one-day training courses that are well suited to those seeking a grounding in 21st century music publishing and those looking to bring their knowledge up to date. They also organise four induction courses a year for those new to or seeking to enter the business.

BPI's "Backstage Pass" - an annual event staged as part of the Government's Make Your Mark initiative, Backstage Pass has given hundreds of young people the opportunity to meet figures from right across the music industry for advice and to build a contact base.

Diversity

There is a need for improved access into the music industry for diverse groups. 92% of the music industry workforce is white.²⁵ To highlight the contrast in diversity in terms of output, UK Music looked at the Top 40 singles chart in early 2010. Of the 40, just fewer than half the performers were non white. Our sector recognises that we need to better represent multi-cultural individuals within our industry, especially those that have entrepreneurial ambitions.

²⁵ Creative & Cultural Skills: Music – Impact and Footprint

Keith Harris Director of Performer Affairs, PPL:

One of the strengths of the UK is that it is able to call on such a diversity of influences for its creative talent. One of the great weaknesses is that it is not able to call on such diversity behind the scenes in the Industry. If only for hard competitive and commercial reasons, that needs to change quickly.

Women, as well as ethnic minorities, are under-represented at higher levels, which means there are few opportunities for minority groups to build powerful relationships and networks with each other to create influence. Targeted schemes can be effective in helping to address these challenges. As an example, the Music Leaders' Network programme and Advanced Leadership Programme have had a positive impact.

Music Leaders' Network:

The Music Leaders' Network provided a new flexible, low cost model for leadership development which worked for a wide range of professionals in differing types and sizes of organisation.

Funded by the Arts Council England and the Cultural Leadership Programme and administered by the Music Publishers Association, the Music Leaders Network featured 12 participants, all women from different areas of the music industry at a roughly similar level of career development. There were tangible outcomes.

UK Music will work in consultation with the Alliance for Diversity in Music and Media (ADMM) and Diaspora (a non-profit music foundation) as well as other partners to support the music industry in its efforts to promote diversity in and throughout the sector.

Diversity in the workforce in industry can be helped by developing voluntary industry practice standards. UK Music will work with ADMM to develop an industry wide non-binding diversity code of practice.

Paulette Long
Director of Westbury Music
and board member of PRS
for Music:

It was with great surprise in 2004 that I found myself the first black person to be voted onto the Board of the Music Publishers Association (MPA) in its then 123 year history, then again in 2008 being the first black person on the Board of PRS for Music.

I have always been very aware that the industry had very few black people in the higher echelons of the business and my appointment onto these boards really brought this situation to light, as Nicholas Riddle (then acting Chair of the MPA) pointed out, *"Given how many great black artists and writers have contributed so much to our industry for generations, this is a bizarre and uncomfortable fact"*.

The absence of senior level ethnic representation was less due to a lack of necessary skills or talent than it was to a 'closed shop' / 'old boys network' mentality. Now, having stepped in at Board level, I can see that unless a concerted effort is made to bring about change, this situation could very well remain the same for a long while to come.

Despite the influx of ethnic minority professionals making their way into the music industry at entry level over the years, I have yet to see any of these filter through to a senior executive level, it would therefore be interesting to discover what the 'barriers to entry' really are. What ever the reason, I believe it is essential that the business side of the industry takes a positive step towards ensuring that the board rooms reflect the make up of the creatives in a much fairer way.

More importantly, very few black music artists achieve long term success which I believe is a direct result of the lack of black executive level representation, and as such is depriving our industry of much needed money.

With the recent success of black performers now flying the flag for British music (artists such as JLS, Estelle, Alexandra Burke, Dizzee Rascal, Tinchy Stryder, Leona Lewis and Chipmunk to name a few), now would be a good time for the British music industry to show that behind the scenes there is more to ethnic diversity than a few people in the A&R department.

I've been working in the music industry for just over twenty six years now, and it's really encouraging to see this sector finally pulling together via UK Music and the Alliance for Diversity in Music and Media (ADMM) to work on a diversity code of practice.

More information and research is needed to understand how people actually find their place working within the music industry.

Creative and Cultural Skills can help our understanding by mapping existing routes into the music industry. This would inform our consideration regarding how to develop complementary routes designed to increase the diversity of the music industry workforce.

Ellie Giles
A&R - Fiction Records:

The industry should be far more open minded about where it sources its talent and base their criteria on passion and knowledge rather than background. There should be far more accessibility from all walks of life with a better mentoring and education infrastructure in place across the industry as a whole.

Apprenticeships

The role that apprenticeships could play for an industry such as ours is, theoretically, very significant:

Charlotte Pickles
Policy Director, The
Centre for Social Justice:

Music plays a key role in the lives of many, if not most, young people. Its influence has been much documented, particularly with regards to vulnerable and alienated young people.

During research for the Centre for Social Justice's report on Britain's street gangs, Dying to Belong, both young people themselves and the practitioners working with them highlighted the impact that, for example, hip hop and grime have on disenfranchised young people growing up in the inner city. As one London teenager put it: 'music is the biggest influence'. The challenge, therefore, is to make that influence a positive one.

The problem, however, is the lack of opportunity for these young people to make the transition from passion to life progress. It is here that the music industry could make a profound difference. By providing opportunities for work experience and internships, by facilitating mentoring by music industry professionals and by working with schools and third sector organisations to raise awareness of the many and varying job roles within the sector, the music industry could make a very real difference to the life outcomes of some of Britain's most disadvantaged young people.

Over the past year the Government has drawn all UK industries further into the development of apprenticeship programmes and work-based training.

However, the Government's formal programme of apprenticeships is not serving our industry, or young people wishing to enter our industry, at all well.

Schemes that were designed to work for large or traditional businesses don't necessarily work as well in the creative sectors. Such schemes haven't addressed the fact that a significant number of people working in the creative sector are self-employed.

Unfortunately, music organisations are currently finding it very difficult if not near impossible to run Government-approved apprenticeships schemes.

The framework needs to be far clearer and the process much more efficient. Industry's own apprenticeship scheme Music4Good is filling the gap, providing a successful and respected route into the industry. High quality offers, such as the Music4Good scheme, should be able to access funding from the Government's apprenticeship programme in order to maximise the opportunities for young people from diverse backgrounds to secure meaningful employment.

Until October 2009, Music4Good was independently funded by the music industry and is only now able to access some public monies after a protracted and difficult process.

Music4Good:

Created in early 2007, Music4Good is an industry led apprenticeship scheme that has been carefully piloted over two and half years, in consultation with the music industry and over 40 community groups and with funding from the BRIT Trust.

Delivering paid, managed and accredited apprenticeships in major and independent record labels, collecting societies and trade bodies, Music4Good apprenticeships address diversity issues whilst providing life-changing opportunities for young people from non-graduate, economically dis-advantaged backgrounds.

With approximately £400,000 of investment from the industry, Music4Good have provided 40 apprenticeships opportunities, and are on course to double that in 2010. Music4Good is feeding a skills gap that has been recognised by a cross section of the industry; delivering young people who can engage with the digital space and lead the industry forward.

With respect to those young people at a pre-apprenticeships stage, there are a number of organisations and music development bodies across the UK providing a range of specialist services and mentoring schemes.

If music businesses are to further benefit from creative apprenticeships, the quality of candidates need to be consistent. If capacity is to be increased there needs to be improvement to music education in specific business and technical areas at the pre-apprenticeship stage, such as marketing, business affairs, publishing, management, A&R, and brand development.



Photo: Tom Oldham

College & University Courses

Music Education Directory:

People considering a career in the music industry can now access a comprehensive, online reference directory of academic and vocational opportunities for 2009/10 – the Music Education Directory at www.bpi-med.co.uk. This edition of the Music Education Directory was sponsored by the BPI in partnership with Creative & Cultural Skills and launched to coincide with Rhythm of London, the Mayor of London's campaign to promote music education opportunities in London.

A challenge facing young people aspiring for a position in the music industry is that there are hundreds of music industry courses on offer at colleges and universities, fuelling the hopes of an exciting career in the music business. We fear that some are of poor quality without having their validity properly scrutinised. Some of the HE and FE colleges profiting from such enrolment are creating false expectations. The music industry simply doesn't have the capacity to take in the thousands of expectant graduates. Government has a responsibility to the young people choosing these courses to ensure they are getting something of value.

Industry also has a vested interest. UK Music intends to work with colleges and universities to provide an industry accreditation programme focused on meeting the needs and aspirations of both graduates and the industry. As a first step our ambition is to create an annually updated list of the top 5 courses from which the commercial music industry employers actually recruit.

Joint Audio Media Education Service (JAMES):

The Joint Audio Media Education Service (JAMES) is the "education wing" of The Association of Professional Recording Services, the UK Music Producers Guild and the UK Screen Association whose members include recording engineers, audio producers, facility owners, studio and technical designers, and acousticians.

JAMES is a non profit body that seeks to strengthen the link between education and industry through course accreditation, backed by a full range of support and advice for educationalist on industry skills and training needs. It works alongside education and government agencies including City & Guilds, Edexcel, and the relevant sectors skills councils.

JAMES aims to help educationalists provide the education and skills essential for today's dynamic music and media industries.
www.jamesonline.org.uk

RECOMMENDATION:

To achieve our 2020 goals the music industry will require an incoming workforce that is diverse and highly skilled with a wide range of practical experience. UK Music recommends that Government, as a matter of some urgency, 'adopt' successful industry-run apprenticeship schemes and provide funding for their continued running and expansion. UK Music will work with colleges and universities to provide an industry accreditation programme, focused on meeting the needs and aspirations of both graduates and the industry. UK Music will also develop an industry wide diversity code of practice.



Photo: Timothy Cochran

SEVEN:

Education

The best schools almost always have good music programmes. Several studies into the power of music have found a positive relationship between active engagement in music and general educational attainment.

The benefit of music to childhood development extends beyond the academic, linguistic and cognitive. Of equal importance is the tremendous impact music can have on a child's social behaviour, creativity, wellbeing and confidence.²⁵

The BRIT School is a state school specialising in performing arts and technology, and is funded jointly by the music business via the BRIT Trust – the charitable arm of the BPI – and the DCSF.

With 99% of year 11 students achieving 5 or more A* - C grades in GCSE or their vocational equivalent, and 90% of students at A-level achieving A-C grade, the school is in the top 1% of state schools.

"...The BRIT School is an outstanding provider of specialist education and training in the performing and visual arts and media. As one year 11 parent commented, 'The school is unique - it provides opportunities not available elsewhere'....." (Ofsted March 2008)

Graduates from the BRIT School include Amy Winehouse, Adele, Leona Lewis, Katie Melua, Leo from The Streets and Dan Gillespie Sells and Richard Jones from The Feeling amongst many other successful musicians and performers.

UK Music acknowledges that sustained Government investment into music at primary school age has had a significant and positive impact. Music is embedded in the school experience. Children learn to play instruments, sing, listen to different types of music, and think about the craft of making music.

However, music opportunities are not uniformly excellent in every primary school. The impact of investment in music at primary level needs careful evaluation to ensure programmes are as relevant, engaging and effective as possible. Simply offering several music making components – however welcome - does not constitute a comprehensive or strategic approach.

There is scope for greater coherence with respect to Government investment in music opportunities for young people, both in school and tapping into young people's music-making out of school. That said, the improvements in music education at primary level are, overall, self evident.

Gallions Primary School:

Gallions opened in 1999 on the Winsor Park Estate in Newham, East London. The school has a diverse ethnic intake with over 30 different languages being spoken by the pupils and staff. 38% of the pupils are entitled to free school meals and 29% of pupils have Special Educational Needs.

All staff learn a string instrument at school, in groups, alongside the children. There is no charge to the children and their families for any part of the music programme at Gallions. The school works with the BBC Symphony Orchestra and the children have performed with the Orchestra. The music programme clearly impacts on the children, improving self-esteem, attitudes to learning, independence, confidence and general academic ability.

Furthermore, investment in primary school music education increases the pressure to enhance the music experience in secondary schools. Unless pupils take music as a GCSE, they could go through secondary school with little or no exposure to music. There is a need to facilitate better music education progression between primary and secondary schools in order to fully realise the value of the investment in primary school music-making. We must ensure that the UK does not regress to where we stood in the 1990s where music was a dramatically deteriorating part of school life.

Public funding for music in schools can deliver a host of benefits – it can help raise standards, promote knowledge and skills of other curriculum objectives and further develop students' understanding of the cultures and values of others.

Encouragement needs to be given to educators to draw upon the power of music to engage young people in learning in core skills such as literacy, numeracy, IT, enterprise and 'soft' employability skills (such as the ability to work in a team).

In addition, technology has created the opportunity whereby access to a computer to record, edit, and mix music has become reasonably easy and comparatively cheap. There are a range of potential opportunities here for technology partners to play leading roles in delivering both hardware and software as part of their broad corporate responsibility efforts.

Our final recommendation springs from our desire that quality music provision should not be lost in the transition between primary and secondary years.

RECOMMENDATION:

Government can be justifiably proud of its record on investment in music education at primary school level. To maximise returns on this, it is critical that high quality music provision does not get lost in the transition between primary and secondary years. Government should set a comprehensive strategy for music provision and ensure that secondary schools are able to implement it effectively. UK Music will build on the efforts of the Music Industries Association and help broker partnerships between secondary schools and other providers, including manufacturers of musical instruments, electronic equipment, sheet music, hardware and software technologies, leading to a national "adopt-a-school" scheme.



Photo: Tom Oldham

²⁵ Susan Hallam's "Music Psychology in Education" (2006) work in which she explores the functions of music in society

THE POWER OF MUSIC

In an ideal world, we would know more about the countless human impulses that inspire a person to create music. We would be able to calculate the degree to which music enhances an individual life and quantify the benefits that music brings to society.

As it is, we can only capture the majority of direct revenues from music. Indirect and spill-over economic benefits are harder to calculate. The 'intrinsic value' is harder still.

Music has traditionally played a significant role in other creative sectors growth, especially film and television. Imagine the intense drama of the famous shower scene in Hitchcock's Psycho - one of the most famous scenes in cinema history - without the gripping soundtrack of the screeching violins, violas, and cellos composed by Bernard Herrmann.

A recent MusicWorks survey asked 2,000 people in offices, warehouses and factories about music in the workplace. 71% said they'd prefer music at work, 77% say that good tunes on in the background increase their productivity and a whopping 84% say it improves staff morale.

www.musicworksforyou.com

Music has also played an integral part in driving growth in the technology sector. Without music, for instance, what would be the value of the iPod? Or a social network site, like Myspace?

There are countless examples to point to: Nokia Comes With Music, Napster signing a deal with Dell to bundle 12 months of access to its streaming music subscription service on its laptops, Guitar Hero boosting sales for the games sector. To date Apple has sold nearly ten billion songs via the iTunes Store and registered more than 100 million accounts with credit cards. The total cumulative sales of iPods had exceeded 220 million.

**Rosie Bardales
Creative Director, Leading Advertising Agency, BBM:**

Music can make or break an ad campaign.

Music also has emotional qualities that enable third parties to build brands and 'experiences' and attract subscribers by association. Music creates incredibly strong emotional and cognitive connections and associations, not just for younger audiences but across all demographics.

**Jason Griffiths
Marketing Director, Topman:**

Music is both a key influence within the design aesthetic at Topman, and of keen interest to the Topman customer.

Various sponsorship deals have seen the brand form close alliances with the music industry over the past 4 years. A relationship with weekly UK indie music bible NME has seen the Brand sponsor the likes of NME's Freshers' Tours, Student Guide, New Music Tour, New Noise Tour and installation of the Best Dressed category at the widely reputable NME Awards.

Topman has sponsored Unsigned Band and New Talent stages at a selection of credible British festivals, including the Carling Weekend at Reading and Leeds, The Great Escape, and the newly evolved Underage festival.

Taking this further the brand has continued its support of new music talent (reflecting its nurture of new and exciting fashion designers) with another key partner - MTV2 and the annual Gonzo on Tour hosted by Zane Lowe.

2009 saw the launch of Topman CTRL in the UK - a self-created new proposition which drives the brand's music association to a new level. The initiative is an ongoing monthly digital platform which some of the most innovative, edgy and emerging musical talent take control of the brand's music programming and revealing their own personal artistic passion in the process.

The platform was inspired by this recognition that fans want to get closer to the bands they enjoy and that they trust their favourite acts to turn them onto other exciting cultural and fashion discoveries.

Only the power of music could turn a humble Abbey Road zebra crossing into a major tourist attraction. Tourism is one of the largest industries in the UK, accounting for 2.7% of UK Gross Value Added and worth approximately £86.3 billion in 2007. 'Music tourists' visit the UK because of its rich musical history, famous West End musicals, world-renowned festivals and cutting-edge music scene.

VisitBritain has partnered with EMI Music to help drive awareness of Britain as a tourist destination, to highlight its world-renowned rock and pop music heritage and raise the profile of the musical appeal of its individual cities. 21% of potential visitors are inspired to choose a destination because of the music or bands of that country. British music and musicians, solo artists and bands are often someone's first introduction to the unique appeals of the UK.

At its most awesome, music can also transform lives. The music industry has a long tradition of charitable and community involvement and investment. Accordingly, through organisations such as the Brits Trust, EMI Sound Foundation, and the PRS for Music Foundation, amongst others, the industry continues to invest in Britain's musical creativity.

The power of music is often most evident in areas where there are so few other opportunities for young people to shine.

Tim Smith, once teacher to **Dizzee Rascal**, works with a Pupil Referral Unit (specific centres for children that are not able to attend a mainstream or special school, due to different circumstances, including possible exclusion). UK Music asked him for his views²⁷ and he responded that it would be a good idea if:

- Young people had access to make music and receive support
- Vacant space was made available
- Young people could use computers that are not required by businesses - these should be recycled to youth clubs
- Increased provision of youth clubs
- Creative software was made available to youth clubs
- The outstanding work of Tower Hamlets Summer University was extended across the country
- The good practice of Creative Partnerships became embedded in initial teacher training
- Expertise was shared between schools across borough/authorities
- Innovation and enterprise were well funded

²⁷ Selected comments.



Nordoff Robbins is the charity that specialises in transforming the lives of children and adults constrained by illness, disability, trauma or isolation, through the power of music. We provide and support a range of specialist services that encompass the depth and breadth of music, comprising music therapy services, music and health projects, and community music projects. Nordoff Robbins practitioners provide services in arts, health, education and social care sectors, working with people of all ages who are in need, from the cradle to the grave.

Case study:

Mark is ten, and has had many operations for his physical disability. He attends a mainstream school, but lacks confidence and dreads the transition to secondary school. It is hard for him to assert himself in a crowd, and he feels that he will always need to be looked after.

In music therapy, another side of Mark's personality has a chance to emerge. He chooses to play the loudest instruments, and to dominate the therapist with his powerful playing. In this safe place, he can explore and experiment with being noisy and assertive, shouting and singing loudly and expressing many deeply buried feelings. As the therapy relationship develops, Mark is able to use some of his newly discovered confidence in other areas of his life, and this will continue to help him as he grows up.²⁸

²⁸ Nordoff Robbins website: www.nordoff-robbins.org.uk

Photo: Tom Oldham

Peter Garden Executive Director, Learning & Engagement, Royal Liverpool Philharmonic:

In Harmony, Liverpool is a programme inspired by El Sistema in Venezuela which uses music to transform the lives of children in the most disadvantaged communities.

The Department for Children, Schools and Families has funded 3 pilots in Liverpool, Lambeth and Norwich until March 2011. In Harmony Liverpool is led by the Royal Liverpool Philharmonic, focusing on Faith Primary School and the community of West Everton.

It is early days, but the potential is clear. Faith School is already describing increased morale in teachers, excellent feedback from parents and a positive effect on the whole community.

Opportunities for music making should not stop when a person reaches adulthood but should continue later in life and old age. Music is for life.

This brings us full circle and we finish where we started, determined to liberate the creativity inherent in our country and maximise the economic, industrial, cultural and personal dividends that music brings. We fervently hope the Government will help.

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