

From: Sophie Brownlee <externalaffairs@musicvenue trust.com>

Sent: Thursday, April 25, 2024 10:28 AM

To: Jewell, Delyth (Aelod o'r Senedd | Member of the Senedd) <Delyth.Jewell@senedd.wales>

Subject: Grassroots music venues - business rates

Dear Ms Jewell,

I'm emailing from Music Venue Trust given our recent work around business rates and a mandatory ticket levy in Wales, which I know you're aware of.

Given your capacity as Chair of the Culture, Communications, Welsh Language, Sport and International Relations Committee, we wanted to make you aware of our ongoing concerns for grassroots music venues in Wales, particularly around the rise in business rates. We are disappointed that we have not been able to make significant inroads on this with the Welsh Government.

MVT is a registered charity which acts to protect, secure, and improve the UK's GMV circuit. MVT provides advice to the government, the cultural sector and the music industry on issues impacting on the network of venues and are the nominated representative that speaks on behalf of the Music Venues Alliance, an association of more than 800 such venues from across the UK.

In 2023, 76 GMVs in the UK permanently closed. That's more than one a week. Another 72 GMVs significantly reduced or ended their live music offer. As I'm sure you're aware, the GMV sector in Wales presents hundreds of events every year in the local community, providing opportunities for artists to build their audience, develop their skills and further their careers. These venues and the programme of events they provide are essential to the future of Welsh music, being the first step in a talent pipeline. Welsh grassroots venues, however, are facing a real crisis, with many venues simply unable to financially support this vital research and development work. This is due to a variety of challenges facing GMVs, including energy prices, new developments, noise abatement complaints, the cost of putting on live music and particularly business rates.

In December 2023, the Welsh Government announced that Business Rates relief for pubs, shops and restaurants will be cut from 75% to 40%. These planned rises are an immediate threat to GMVs. Cutting Business Rates relief will have a direct impact on the number of events that will be staged in Wales, reducing supply, cutting economic activity, and negatively impacting on jobs, especially in the 'gig economy'.

The gross profit from the entire sector in Wales in 2023 was £119,000. The proposed fall in rates relief creates a new additional cost of £127,000. This single measure risks putting the sector, as an entire network, into the red. It places the long-term resilience of Welsh GMVs at a severe and direct competitive disadvantage when compared to their cultural counterparts in England that will continue to be entitled to rate relief, resulting in very significant national disparity between costs associated with touring.

37 GMVs in Wales (77%) are subject to the increase in costs, allowing for all models of rate relief. The demand for rate payment increases falls disproportionately on

venues already identified by MVT as those most at risk of closure due to their legal infrastructure, location and business model. The value of the increase by venue is such that it will present an immediate threat of closure to 16 venues - 33.3% of all the venues in Wales. If these 16 venues close, the direct cost to the rates budget would be £153,679. Only 12 of these venues would need to close before the total raised from the predicted increase delivered by this budget measure (£127,000) would be eliminated by business closures.

588 jobs, £8 million of economic activity, 3500 events and 30,000 performance opportunities for musicians are at direct risk from this measure. The closure of a single venue represents a huge loss to the local community, to the music sector, and to the future of Welsh talent. The closure of 16 would be a catastrophe to the Welsh grassroots music scene.

We recognise concerns that the wider hospitality and nightlife sectors may ask for similar consideration if GMVs are granted an exemption. This is, however, a clearly defined sector with specific characteristics, already recognised by the Welsh government during the delivery of Covid relief measures.

As you may know, MVT are also campaigning for a mandatory ticket levy on large music events and arenas to help fund grassroots live music. This small charge on every ticket would enable GMVs to remain viable through improving their accessibility, buying new PA systems or air conditioning, or training their staff. This is particularly important given the increasing financial challenges that are facing GMVs. Welsh GMVs deserve to be operating within a level playing field and therefore we strongly urge you to act to conserve the previous, lower, rate of business rate relief for GMVs in Wales.

We hope to be able to work with you closely on the challenges facing GMVs and how we might best support the sector. For context, Tom Giffard MS has [raised](#) this in Plenary with the former First Minister and we have written to the new First Minister and Cabinet Secretary for Culture Social Justice but have not yet received a response. Our previous letter to Rebecca Evans, Cabinet Secretary for Finance, Constitution and Cabinet Office, and her response to us, can be provided to you if helpful.

We hope you will be willing to meet with us to discuss these challenges further, raise them directly with the Welsh Government, or hold a Committee session on this item. Please do let me know if any of the above would be of interest and I'd be very happy to arrange or send further information.

Best wishes,

Sophie

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