

## Music Venue Trust: Wales

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### About Music Venue Trust

The Music Venue Trust (MVT) is a UK charity, created in 2014, which acts to protect, secure and improve GMVs right across the country. MVT work to gain recognition of the essential roles these venues fulfil, not only for artist development, but also for the cultural and music industries, the economy and local communities. MVT aim to preserve and improve venues, making them more efficient and improving the experience for performers and audiences.

### Background

In 2023, 125 grassroots music venues (GMVs) in the UK permanently closed. That's more than one a week. Another 72 GMVs significantly reduced or ended their live music offer. In Wales alone, that's seven that have closed permanently, and another five that have significantly reduced or ended their live music offer. GMVs currently have a profit margin of 0.5%.

It isn't because people aren't interested in music anymore. The total value of the sector in the UK is over £500 million, and there were 22 million audience visits to a gig last year. Instead, it's because of – but not limited to - rising energy prices, new developments, noise abatement complaints, the cost of putting on live music and business rates.

With over 28,000 people employed in the sector, this crisis threatens not just jobs, but the local and international musical ecosystem that the UK has been driving and exporting.

GMVs are uniquely placed to provide long term and sustainable cultural delivery to a wide variety of areas from sprawling cities to rural communities, and their position at the heart of the music ecosystem allows investment to reach beyond the funded organisations. Their places as cultural regional hubs support a wide region beyond their doors and develop skills often not catered to in traditional educational environments.

### 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 a 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. Welsh GMVs deserve to be operating within a level playing field as their cultural counterparts in England.

## **Planning**

GMVs are fighting off noise complaints, abatement notices and planning applications which impacts their ability to continue to function as a dedicated space for live music. .

Planning policy is struggling to balance the needs of GMVs with those of residents and businesses. More must be done to recognise live music venues in planning policy and provide guidance for decision makers.

The Theatres Trust was established as a Statutory Consultee in planning and subsequent planning acts have embedded that role, enabling the Theatres Trust to act as an advisor to local authorities and developers to ensure that theatres are recognised and protected within planning.

MVT would like to establish a statutory right of consultation on planning and development so that GMVs enjoy the same protections as theatres. GMVs are an equivalent cultural asset to a theatre, delivering the same cultural and economic benefits to the community and surrounding area, and should enjoy similar protection within the planning process. Establishing MVT as a Statutory Consultee in planning would ensure that:

- Developers are aware of the presence of GMVs when bringing forward planning applications
- Planning applications recognise the presence of GMVs and adequately manage the impact upon them of any nearby development
- Potential for future acrimonious relationships between residents and GMVs is reduced

## **Ticket Levy**

People have never been more excited about getting back out to cultural events such as music gigs than now, after the Covid-19 pandemic and two years of restrictions on such events.

Eight new arenas are proposed to open in the UK in the next five years. Those arenas, such as the Coop Live due to open in Manchester, are totally reliant on the talent pipeline that starts at venues like Night & Day and Band on the Wall. Unfortunately, they have no plans to make a financial investment in that pipeline.

There is an incredible contribution being made to British music by GMVs across the country, including the startling fact that these venues are investing over £248 million a year to nurture and develop new talent. The investment by GMVs far outstrips return they make from ticket sales – only £133 million, creating a £115 million per annum subsidy of new and emerging talent by GMVs.

Small and independent businesses have long struggled to carry the burden of subsidising this Research & Development activity on their own. With rising costs from rent, rates, energy bills and staffing, it simply isn't possible for us to expect they can continue to do so. The inevitable result has been a sharp decline in the number of live music events they can stage; down by 16% in 2022, representing the loss of over 30,000 performance opportunities.

This situation is worsening every year and it simply cannot go on.

Despite this, there has been an historic failure within the music industry to build mechanisms of support for GMVs into financial planning. Top performing events at stadiums and arenas do not feedback into the grassroots ecosystem from which they emerge.

In football, there is already an existing system to support grassroots football clubs where 15% of Premier League central revenue goes to supporting clubs through the EFL, National League, and women's game, as well as wider grassroots and community football. In 2019/20 this amounted to £455 million. The Football Foundation, funded by the Premier League, ensures grants are available to improve the experience of playing football for everyone/There is no reason that the live music industry cannot do the same and reinvest in the talent and venues that are supporting it.

MVT believes that by 1 January 2025 every ticket sold for every music event at an arena, stadium or major festival must contain a contribution to the grassroots circuit which supported and developed the talent on which the success of that event depends.

It has already been established that any levy can be simply absorbed into the price of a ticket, as has been done recently by Enter Shikari - their tickets including a £1 levy are actually cheaper than most arena tickets. There is no need for ticket prices to increase as a result of this levy, any more than they have in the past for any other levy/charge/fee imposed by the live music industry for its own benefit.

The sector is already equipped with an effective mechanism to distribute funds, fostering collaboration with other organizations active in the grassroots sector so that such a fund has the most impact on the purpose for which it is required: the continued and sustainable development of world class British talent.

We believe that support from local, national, and regional governments would place significant pressure on arena owners and major promoters to take the lead for the rest of the industry by establishing a Grassroots Investor contribution; a small charge contained within every ticket that represents their investment into research and development R&D for their future.

### **Swansea Arena**

We're delighted to have recently partnered with Swansea Arena to host the 'The Swansea Arena House Party', an event that sees it become the first arena-scaled venue to support the ticket levy initiative.

The annual Swansea Arena House Party aims to raise £20,000 this year to support our work in preserving GMVs, with a further aim to scale the event up in future years.

All proceeds from ticket sales, as well as additional voluntary donations on upcoming music events, will contribute to reaching the fundraising target. Swansea Arena has further agreed that funds raised will be primarily pipelined into GMVs within the SA postcode area, ensuring that more artists can progress through grassroots venues and right up to stadium level.

We hope many more arenas will follow Swansea's example and support the grassroots live music scene. While we believe this should be an industry initiative, we understand and hope that the Welsh Government and wider political representatives will support and push for such a levy.