

The Rt Hon Rishi Sunak MP
Chancellor of the Exchequer
11 Downing St, Westminster
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23 February 2020

Dear Chancellor

Following the Prime Minister's lockdown roadmap speech and in advance of your Budget next week, we are writing to you as a representative of the music sector, to ask that you adopt a number of measures which will support musicians and allow our industry to rebuild. At each stage of the new roadmap, the Government must invest in the UK's creative industries including music by:

- Maintaining the Self-Employed Income Support Scheme (SEISS) grant at the 80% level until the end of this crisis
- Providing further cultural recovery funding, with more support for individuals ahead of organisations and venues.
- Supporting venues to reopen under social distancing, covering losses from reduced audiences.
- Offering an alternative to Universal Credit for musicians or improve the process.
- Extending the 5% VAT rate on tickets for the next three years.
- Creating a government-backed reinsurance scheme that allows performance to resume safely later this year.
- Introducing new tax relief measures for live music, touring and new compositions in line with the regulatory elements of the Theatre Tax Relief.

Before the COVID-19 pandemic, the music industry was thriving – generating £5.8 billion to the UK economy and making a positive contribution to the UK's wealth, health and well-beingⁱ. But now, the arts, entertainment & recreation sector is the worst-affected by the pandemicⁱⁱ, and 64% of musicians have considered leaving the sectorⁱⁱⁱ. Many of our members have not had any work since March and will not be able to fully return to work until venues can open up and it is safe to work again.

Support freelance musicians

The SEISS grants have been a vital lifeline for eligible musicians, and we ask that the **grant is maintained at 80% of profits** until the sector is able to fully return to work. However, 41% of musicians have not received any government support during the pandemic^{iv}. Therefore, we ask that you lower the **income threshold from 50% to 25%** and **remove the £50,000 cap on earnings**. In fact, a recent report suggested a further 1.3 million people can be supported for just 1% of the total cost to date of the current SEISS and furlough schemes^v.

We also ask that the eligibility criteria is expanded or suitable alternative support is developed for:

- Newly self-employed people
- PAYE freelancers
- Company owner-managers (directors of limited companies)

Support for these groups is already available within the devolved nations, and England is falling behind.

The Government's £1.57 billion financial support package for the arts was welcome, however this was not sufficient to address the needs of at least 700,000 creative freelancers. We therefore ask that you **provide additional cultural recovery funding** weighted towards supporting these individuals.

Musicians' earnings are extremely low in relation to the level of skill they possess, they are highly skilled but not highly paid. Amongst ISM membership, 93% mix self-employed and employed work and 55% earn less than £20,000. Many musicians are relying on Universal Credit, but the system is not suited to support creative practitioners which results in delays and confusion. We ask that the Government maintains the £20 uplift and provides **an alternative to Universal Credit for musicians, or make the process more effective.**

Support the sector to #MakeMusicWork

The Prime Minister has said the "end is in sight" as he offered a tantalising glimpse of a summer with audiences enjoying live performances once again. Therefore, in addition to providing additional funding opportunities for individual creatives, it is imperative that the Government continues to support live performance venues, which will lose earnings due to socially-distanced capacities and temporarily reduced audience confidence.

A major barrier to the return of performance is the failure of the commercial insurance market to offer suitable cancellation policies. We believe that success of the £500 million Restart Scheme for film and TV creates a precedent, and we ask that you **roll out a match-funded reinsurance scheme for the live music sector.** UK Music estimates that a £650 million fund would allow £2 billion worth of activity to go ahead, and similar schemes are already in operation across Europe.

For the live music sector's continued viability, we also ask that you **extend the reduced 5% VAT rate on ticket sales for a further three years.** While we welcome the introduction of this measure, our sector has been unable to benefit while venues have been closed. If consumer spending returns to previous levels, this would represent a much-needed annual saving of £320m to the sector, allowing it to rebuild a position of financial stability.

In our final ask, we propose creating a new **tax relief for live music, touring and new compositions,** following the regulatory elements of the existing Theatre Tax Relief scheme. This would cover the costs including commission fees for new music, production costs for a new presentation of existing works, sheet music hire and copyright licences. This precisely targeted intervention would direct support to those most in need.

Yours sincerely



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ⁱ UK Music: *Music by Numbers 2020* <https://www.ukmusic.org/research-reports/music-by-numbers-2020/>

ⁱⁱ ONS: Coronavirus and the economic impacts on the UK (Aug 2020)

<https://www.ons.gov.uk/businessindustryandtrade/business/businessservices/bulletins/coronavirusandtheeconomicimpactsonteuk/27august2020/#current-trading-status-of-businesses>

ⁱⁱⁱ EncoreMusicians (Dec 2020) <https://encoremusicians.com/blog/musicians-leaving-music-industry/>

^{iv} Ibid.

^v IFS: Who is excluded from the government's Self Employment Income Support Scheme and what could the government do about it? (Jan 2021) <https://ifs.org.uk/uploads/BN316-Who-is-excluded-from-SEISS.pdf>