

## **Music Venue Trust submission to Inquiry into Budget Scrutiny 2024:25: Funding or Culture**

### **About us**

Music Venue Trust is a Scottish registered charity that acts to protect, secure and improve Scotland's grassroots music venue (GMV) circuit. We provide advice to the government, the cultural sector and the music industry on issues impacting our Music Venues Alliance membership which encompasses over 80 Scottish venues in communities across the nation. We welcome the opportunity to contribute to the Constitution, Europe, External Affairs and Culture Committee's call for views on the proposed budget for 2024-2025.

### **Music Venue Trust Recommendations**

- **In the event that there is new funding made available to Scotland, ring-fence this funding to support Scottish Grassroot Music Venues and development of new and emerging talent.**
- **Enable discretionary Business Rates Relief for GMVs who are currently at a competitive disadvantage to venues in the rest of the UK.**
- **Support Music Venue Trust's call to UK Government to recognise the work that GMVs do as the 'Research & Development' arms of the live music industry by amending the Research and Development Tax Relief scheme to include creative industries like ours.**
- **In addition to the transient visitor levy we would ask that the Government support the development within the industry of a grassroots ticket levy placed on stadium and arena shows to support a pipeline investment fund which recognises the imbalance in the return in research and development carried out by grassroots music venues.**

### **Background Context**

- 1) **In our pre-budget report last year, the Committee described the operating environment of the culture sector as facing a "perfect storm" of long-term budget pressures, reduced income generation, and increased operating costs. How has this evolved over the last 12 months? What impact has the Budget for 2023-24 had on the culture sector?**

The operating climate for the Grassroots Music Venue sector over the past 12 months has been an incredibly challenging one. During 2023, one music venue will close every week across the UK. In Scotland we have identified 6 venues that have closed, since we began our membership review.

These closures are not taking place because people aren't interested in live music anymore. In 2022 the total value of the sector is over £500 million, and there were 22 million audience visits to a gig last year.<sup>1</sup> However, as identified in our Annual Report 2022, Grassroots music venues only have a profit margin of 0.2%.<sup>2</sup> and the increased operating costs and reduced funding support has resulted in this being wiped out. With over 30,000 people employed in the sector, this crisis of closures threatens not just jobs, but the local and international musical ecosystem that Scotland has been driving and exporting.<sup>3</sup>

GMVs are the 'research and development' arm of the live music industry, a training ground for emerging musicians where venue operators shoulder the risks to help develop new talent. As the 'R&D' arm of the UK's £5.2 billion a year music industry, GMVs invest over £160 million every year into the development of new talent, both frontline performing artists and supporting production and technical/logistics crew. Over 30,000 people work in this sector, delivering 231,379 performances every year, with a total gross turnover of £371 million, including £129 million in ticket sales.

Scottish acts such as Lewis Capaldi, Biffy Clyro and Calvin Harris have gone on to become household names. They all started their careers performing in Scottish GMVs from King Tut's Wah Wah Hut in Glasgow, to Sneaky Petes in Edinburgh, and The Lemon Tree in Aberdeen. It was in these venues that they were first able to hone their skills as performers, build their initial fanbase and practise their craft in front of a live audience.

Grassroots music venues are uniquely placed to provide long term and sustainable cultural delivery to a wide variety of areas from sprawling cities and their suburbs 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.

This crisis of closures in the GMV sector threatens jobs and critically limits the opportunity for new Scottish acts to emerge. Every venue that closes is a loss not only to its immediate local community but represents a greater threat to cultural development severing opportunities for aspiring musicians and technicians to develop homegrown careers in the live music industry. Scotland's GMVs have correctly been identified as a 'pillar of Scotland's Creative industries' but if this decline is allowed to entrench itself then the economic, cultural and social benefits that Scotland has derived from its position as a music nation will be severely impacted in the future.

**2) Our report also concluded that this crisis provides an opportunity to accelerate innovative solutions to the budgetary pressures within the sector. What progress has been made on this in the last 12 months? And at a time of limited resources, what other**

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<sup>1</sup> Music Venue Trust, Annual Report 2022,  
[https://www.musicvenuetrust.com/wp-content/uploads/2023/01/MVT\\_Annual-Report\\_FINAL\\_web-enabled\\_Single-Page-version.pdf](https://www.musicvenuetrust.com/wp-content/uploads/2023/01/MVT_Annual-Report_FINAL_web-enabled_Single-Page-version.pdf)

<sup>2</sup> Music Venue Trust, Annual Report 2022,  
[https://www.musicvenuetrust.com/wp-content/uploads/2023/01/MVT\\_Annual-Report\\_FINAL\\_web-enabled\\_Single-Page-version.pdf](https://www.musicvenuetrust.com/wp-content/uploads/2023/01/MVT_Annual-Report_FINAL_web-enabled_Single-Page-version.pdf)

<sup>3</sup> Music Venue Trust, Annual Report 2022,  
[https://www.musicvenuetrust.com/wp-content/uploads/2023/01/MVT\\_Annual-Report\\_FINAL\\_web-enabled\\_Single-Page-version.pdf](https://www.musicvenuetrust.com/wp-content/uploads/2023/01/MVT_Annual-Report_FINAL_web-enabled_Single-Page-version.pdf)

## **innovative approaches could the Scottish Government take forward to support the culture sector?**

Music Venue Trust would like to highlight the potential opportunity that presents itself to the Scottish Government from the wider Creative Industries Sector Vision document which was published in June 2023.

### **Creative Industries Sector Vision - June 2023**

Music Venue Trust welcomed the publishing of the Department for Culture, Media and Sport (DCMS) Creative Industries sector vision report in June 2023.

In particular we welcomed the Department for Culture, Media and Sport (DCMS) recognition that GMVs in the UK represented the 'lifeblood of our world-leading music sector and cornerstones of our communities'.<sup>4</sup> Music Venue Trust was particularly heartened to see that DCMS' commitment to 'extend and increase funding for Arts Council England's (ACE) Supporting Grassroots Live Music fund with an additional £5m over the next 2 years'.<sup>5</sup> The report goes onto recognise that:

*"Grassroots music venues are not only pillars of local communities and centres of research and development for the UK's world leading music industry, but often provide additional social and educational functions such as cultural projects, community work and educational courses."*<sup>6</sup>

We are aware that a supplementary review process must now take place to confirm whether this funding will be subject to the Barnett Formula.

In the event that the funding is subject to the Barnett Formula it would present an opportunity to the Scottish Government to support Scottish GMVs. The Scottish Government could create a funding programme that focuses on supporting GMVs which supports an entire live music ecosystem.

At the CEEACC Budget Round table in January it was suggested that a ticket levy to fund a pipeline investment fund would deliver an innovative opportunity for the industry to support itself further, developing models successfully delivered in professional sports to support grassroots development and delivery. A £1 levy on stadium and arena shows would be less than 2% of the average ticket price and we estimate that OVO Hydro Glasgow alone would generate more than £1 million annually to then support funding capital investment, training and touring subsidies through a Pipeline Investment Fund. We have seen some artists implement these levies but would ask that the Scottish Government support this innovative approach in addition to the future delivery of the transient visitor levy.

Training and resource development is another area where the industry is lagging behind other creative sectors, with a lack of clear career paths into the grassroots sector and little formal development structure for those in the industry. In recent years this lack of recognition, coupled with reduced financial

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<sup>4</sup> DCMS, Creative industries sector vision, June 2023:

<https://www.gov.uk/government/publications/creative-industries-sector-vision/creative-industries-sector-vision-a-joint-plan-to-drive-growth-build-talent-and-develop-skills>

<sup>5</sup> DCMS, Creative industries sector vision, June 2023:

<https://www.gov.uk/government/publications/creative-industries-sector-vision/creative-industries-sector-vision-a-joint-plan-to-drive-growth-build-talent-and-develop-skills>

<sup>6</sup> DCMS, Creative industries sector vision, June 2023:

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security has resulted in an increased exodus of skilled workers into neighbouring sectors. New training and best practice support is required to help operators improve business resilience, encourage skill retention and develop improved operating models. Support is required for further training initiatives and MVT has seen how delivery of innovative training and support in England and Wales has helped increase business success and would encourage the Scottish government to support further training development.

**3) The Committee called for the forthcoming refreshed Culture Strategy Action Plan to provide a clear and strategic sense of how the Scottish Government is working to ensure a more sustainable future for the sector. How should the refreshed Culture Strategy Action Plan help to inform future budgetary decisions within the culture sector?**

### **Research and Development and Support for Community Ownership Initiatives**

Music Venue Trust would welcome a refreshed Culture Strategy Action Plan that focuses on how to create a sustainable Grassroots Music Venue sector whilst reducing the cultural disparity between music and other artforms.

Music Venue Trust are keen to support a culture of enterprise in Scotland but the support for business investment and innovation must include creative industries, such as music venues, who do so much to innovate and invigorate our cultural sectors.

The current Research and Development Tax Relief is limited to science and technology applications, but the impact of creative arts and the contemporary music industry support a multi-billion industry and the returns are not felt at the grassroots level. It does not recognise the work done by the creative industries to improve Scotland's economy, both through the live music ecosystem, recording industry, and tourism and hospitality sectors. Most GMVs operate at a loss when supporting the development of upcoming talent, relying on other activity to supplement these losses.

Additionally, support for other cultural industries through existing tax relief schemes, such as the Orchestra Tax Relief or the Theatres Tax Relief, ignores that the cost of creating and delivering events and tours has escalated beyond the ability of most music artists. The investment required to create modern touring productions of contemporary music significantly outweighs that for touring classical music productions and are equivalent to modern theatre productions. The relief aimed at recognising the inherent risk involved in creating performance excludes musicians, who often require the greatest investment to produce their tours.

We urge the Committee to consider in a Culture Strategy Action plan the inclusion to support calls for tax relief to make specific reference to GMVs. GMVs role as the research and development department of the music industry should be recognised by broadening the work that qualifies as R&D to include creative industries and GMVs.

The second recommendation we would like to propose is around further support for community ownership of GMVs. Music Venue Trust is helping increase public and private investment into the GMV sector by the use of our “Own Our Venues” campaign. Music Venue Trust has established a charitable community benefit society called Music Venue Properties. Music Venue Properties is a Not-For-Profit property owning investment vehicle with the purpose of removing 9 pilot project venues from the



commercial market and placing them into a form of benevolent community ownership. One of the pilot project venues is The Glad Cafe in Glasgow. It is crucial that GMV representation from within Scotland is included in the Own Our Venues project. A supportive approach from within the Scottish Government that can be publicly referenced will help increase confidence in the use of Community Ownership as a model that increases private-public investment.

Music Venue Properties is an ethical investment vehicle that allows local music fans, commercial investors and funders to permanently secure the long-term future of music venues. This model is necessary because it helps solve a problem that the majority of GMVs face which is that the interest of commercial landlords that own the freehold of music venues is to maximise profits and enhance their return on investment. This is in contrast with the objectives of venue operators which is to help develop new and emerging talent through live performances. By removing music venues from the commercial market and encouraging local music fans to take an active stake by investing to secure venues for long-term use, the Own Our Venues project is an example of how to increase public and private investment to help create a more sustainable and resilient future for GMVs.

We would urge the Culture Strategy Action Plan to include support for community initiatives that wish to harness the use of the local community to bring these spaces into community ownership for the long-term benefit of cultural preservation.