

**Senedd Culture, Communications, Welsh Language, Sport, and International
Relations Committee
Inquiry into the impact of increasing costs**

Musicians' Union evidence

15 September 2022

Introduction

The Musicians' Union (MU) is the trade union for musicians in the UK, with over 32,000 members working in all sectors of the music business.

The cost of living crisis

The last few years have been extremely difficult for musicians, due to the Covid-19 pandemic and now increasing costs that are causing a cost of living crisis. Many musicians fell through gaps in the UK Government support schemes during the pandemic – something the MU gave evidence to the Senedd about at the time – and although the additional support for musicians in Wales from the Welsh Government and Arts Council of Wales helped, it didn't completely fill those gaps. Some areas of culture and the creative industries that are crucial for working musicians – such as live performance and hospitality – were among the first areas of the economy to close and the last to be fully open, with no full festival season in 2020 or 2021.

Musicians were therefore still in the process of recovering from the pandemic and building their work and income back up when the cost of living crisis started to have an effect in the spring. Musicians' direct costs and outgoings are now increasing in several important ways: their home energy bills are soaring; fuel costs are still high when many musicians – especially in Wales – need to drive long distances with large amounts of equipment for work (public transport is rarely a suitable alternative); and the costs of other essential supplies are also increasing.

These costs are harder to manage in the context that most musicians are self-employed or have portfolio careers, and many have not seen a material increase in their pay for several years. That is a result of several factors, including broadly standstill (or reduced in real terms) public funding for the arts over the last decade of austerity, and the challenges caused by the Covid-19 pandemic. The problems with payments in relation to music streaming are also a broader problem, as are the following challenges faced by the music industry in Wales (and across the UK) as a whole.

Firstly, the ability of musicians and businesses to earn money through working and performing in Europe is still affected by the increased costs and paperwork that are required post-Brexit. The other pressures on musicians' finances from increasing costs also make it even harder to invest in the documentation required to work in Europe (such as fees for carnets) than would have been the case otherwise.

Secondly, businesses and organisations across the creative industries, such as grassroots music venues, orchestras, music services, studios, and rehearsal spaces, are facing challenges with their costs and income. Business costs are increasing in relation to energy bills and other supplies, while the general ongoing reduction in households' spending power due to the crisis has already affected, and will continue to reduce, the amount that the public can spend on tickets, merchandise, recorded music, and music lessons. Organisations across the subsidised and commercial sectors are reporting a general decline in ticket sales and change in booking habits (mainly moving towards booking later) since they reopened after the pandemic, and in that context increasing income via price rises that reflect inflation is unlikely to be a feasible option for many businesses. Furthermore, inflation is reducing the real-terms value of grants and public funding that were often already affected by austerity.

The Welsh music industry is resilient, as the pandemic demonstrated, but a combination of austerity and the pandemic means the ability of organisations in the sector to absorb and manage problems such as increasing costs is generally more limited than it might have been.

This means that many businesses may struggle to stay open and continue their work, let alone afford increases in pay and fees for musicians and other workers that reflect current levels of inflation. A resulting awareness that there may be fewer opportunities for work of any sort now and in the future, which makes musicians' work even more precarious, means many will be reluctant to take action in pursuit of improvements to their pay and conditions and risk losing their existing work.

The effects of the crisis

Many musicians are extremely concerned about the cost of living crisis, which is now a key focus for the MU. Unfortunately, it seems likely that some musicians are going to face significant difficulties as a result of the cost of living crisis, and that some will seek work in other areas, face in-work poverty, be unable to pay their bills, or a combination of all three. The new UK Government Energy Price Guarantee is a major intervention but still leaves domestic energy prices at a much higher level than recent years and it's important to note that the Covid-19 pandemic highlighted that people with self-employed and portfolio careers can face real challenges in accessing benefits such as Universal Credit.

The difficulties that businesses are facing could lead to the temporary or permanent closure of venues and organisations, which would reduce musicians' opportunities to work and earn an income in the short term, and also have a negative and quite possibly irreversible effect on the size and health of the music industry in Wales. For instance, the challenges in opening and operating a grassroots music venue, which do not tend to make significant profits and are often run on a non-profit basis, means any that close are unlikely to be replaced quickly, while children who miss out on music lessons because their family can't afford them may not take up an instrument later. A reduction in the opportunities the public – including children, young people, and adults - have to experience live music and culture in Wales, and become used to regularly doing so, could have a significant negative effect on future audience members and workers, including professional musicians.

It's important to note that the problems of increasing costs will generally have more of an effect on musicians and audience members with protected characteristics – particularly those who already face greater costs and potential difficulties in finding work, such as musicians with disabilities - and a lower socioeconomic status, who will have less ability to absorb any increase in costs and continue to invest in finding work, or to continue affording tickets. Increases in the costs businesses face, and business closures, could also reduce accessibility in relation to live music and culture, both in terms of the distances audience members might have to travel and the facilities that are available.

Solutions

Some solutions to the cost of living crisis and the specific problems outlined above are in the hands of the UK Government rather than Welsh Government. However, further urgent action is required across the board, not least so that the support provided to the sector during the Covid-19 pandemic is not wasted due to the effects of increasing costs.

Most importantly, the Welsh Government should increase its funding to the Arts Council of Wales and Creative Wales, in order to specifically provide additional grants and support to organisations, businesses, and individuals to help them get through the cost of living crisis. Crucially, grants to businesses and organisations in this context should include specific requirements around supporting the workers they engage (whether employed or self-

employed) and taking a social partnership approach to engaging with trade unions. Welsh Government should also provide further funding for the Retail, Leisure, and Hospitality Rates Relief Scheme 2022/23, to increase support through raising the potential level of relief beyond 50% and extending the scheme into 2023/24, as well as explicitly covering music studios and rehearsal spaces.

The UK Government must - and the Welsh Government must lobby for this to happen - urgently provide greater clarity on the support for businesses in relation to energy bills and pay that support without delays that could cause significant problems for businesses' cash flows. The UK Government should also reduce VAT on live music sales (currently 20%, previously reduced to 5% then 12.5% during the pandemic) in order to mitigate the effects of inflation and keep more money in the sector, some of which should be passed on to musicians and other workers.