



Rt Hon Philip Hammond MP
Chancellor of the Exchequer
HM Treasury
Horse Guards Road
Westminster
London
SW1A 2HQ

14 November 2017

Dear Chancellor,

I am writing to you in relation to the forthcoming Budget which you will present at the Houses of Parliament on 22 November.

The Government's recent business rates revaluation has resulted in a substantial rise in the rateable value of many music companies. UK Music is concerned that solutions have not yet been put in place to avoid damaging impacts on our industry. We are further alarmed that inflation linked business rate increases, as anticipated in spring 2018, will result in additional financial burdens.

We would be grateful if you would consider a review of the impact of the recent revaluation on music businesses and take steps to support the industry at this crucial time. Additionally, the Valuation Office Agency should work with the music industry to agree an approved guide on business rating. This already exists for public houses yet there is no equivalent document for music venues and recording studios.

The UK is a world leading music industry. The sector contributed £4.4 billion to the economy in 2016, growing by 6% over the past five years.¹ The UK is home to diverse and innovative music companies and creators that support this growth. Their endeavours form part of a dynamic ecosystem that is consistently delivering for music fans and consumers. The music industry generates exports of £2.5 billion and employs 142,208 people.²

¹ <http://www.ukmusic.org/research/measuring-music-2017/>

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Recording studios provide artists with an opportunity to realise their creativity and sustain employment opportunities for many working within the music industry.

Live music venues, both large and small, act as important centres for cultural activity in our towns and communities. Grassroots music venues in particular act as hubs for local music talent and offer a means by which musicians and performers can grow fan bases. According to the Music Venue Trust, 35% of grassroots music venues across the UK have closed since 2007.

The margins that many music businesses operate within means that even the slightest increase in costs can create a significant challenge. Enclosed within this letter is an annex containing 23 examples which illustrate the sharp rise in rateable values that many music businesses have experienced during 2017. These examples are not isolated to the capital city and demonstrate the vulnerability many high profile venues and studios across the country experience as a result of business rate rises.

UK Music remains wholly unconvinced by a system, for example, which enables Arsenal Football Club's Emirates Stadium to receive a 7% cut in business rates whereas the nearby Lexington music venue gets hit with an increase of 118%.

We also call on the Government to maintain in practice the agricultural exemption to business rates which has historically supported music festival activities and prevent punitive measures that would be arbitrary and unfair to these events.

UK Music would happily work with your officials to develop a system for business rates that enhances the creative and entrepreneurial activities of our industry.

Kind regards,

A handwritten signature in black ink that reads "Michael Dugher". The signature is written in a cursive, slightly slanted style.

Michael Dugher
CEO, UK Music

Annex:

The following tables set out the increase in the rateable values³ in certain music spaces as a result of the revaluation in April 2017⁴:-

<u>Large venues and arenas</u>	<u>2017 increase in rateable value</u>
O2 Arena, London	141%
Manchester Arena, Manchester	80%
First Direct Arena, Leeds	84%
Sheffield Arena, Sheffield	55%
Barclaycard Arena, Birmingham	21%
Echo Arena, Liverpool	11%
Motorpoint Arena, Nottingham	60%

<u>Smaller and grassroots venues</u>	<u>2017 increase in rateable value</u>
100 Club, London	52%
Moles, Bath	21%
Jazz Café, London	73%
Norwich Arts Centre, Norwich	40%
Wedgewood Rooms, Portsmouth	25%
The Joiners, Southampton	19%
The Horn, St Albans	40%
The Lexington, London	118% ⁵

<u>Recording studio</u>	<u>2017 increase in rateable value</u>
Abbey Road, London	32%
Air Studios, London	32%
British Grove Studio, London	16%
The Dairy, London	67%
Parr Street Studios, Liverpool	30%
RAK, London	32%
Real World, Wiltshire	20%
Livingston Studio, London	25%

³ "Rateable value" is the value used to determine payable business rates, based on size, location and other factors.

⁴ Percentage increases in rateable values have been calculated using <https://www.gov.uk/calculate-your-business-rates>. Estimates of specific business rates payable are not provided. Business rate relief, transitional relief and other deductions may apply.

⁵ A revision to the Lexington's business rates in October 2017 resulted in a 118% increase from the level set prior the revaluation in April 2017. Originally the Lexington's rateable value increased by 234% as part of the revaluation in April 2017.