
**MUSIC SECTOR IN CARDIFF: RECOVERING FROM THE IMPACT OF
CORONAVIRUS PANDEMIC**

Purpose of report

1. To provide Members with background information to inform their scrutiny of the impact of the coronavirus pandemic on the music sector in Cardiff and the recovery process from this.

Scope of Scrutiny

2. Following suggestions from Councillor Bradbury, Cabinet Member – Culture & Leisure, received as part of this year’s work programming, Members decided to undertake scrutiny on the impact of the coronavirus pandemic on the music sector in Cardiff and the actions required to help the sector recover.

Structure of Scrutiny

3. To inform the scrutiny, the following witnesses are participating in a panel discussion with Members:
 - Guto Brychan – Chief Executive, Clwb Ifor Bach, member of Cardiff Music Board and member of Covid Support Board, Welsh Government
 - Nick Saunders – Founder & Director, Depot, music industry promoter, Director of Shangri-La Events and member of Cardiff Music Board
 - Councillor Peter Bradbury – Cabinet Member, Culture & Leisure, and member of Cardiff Music Board
 - Councillor Huw Thomas – Leader & Chair, Cardiff Music Board
 - Neil Hanratty – Director of Economic Development
 - Jon Day – Operational Manager – Economic Strategy
 - Ruth Cayford – Creative Industries and Culture Manager.

Background

4. In 2019, prior to the coronavirus pandemic, the economic contribution of the UK music business to the UK economy was £5.8 billion, an increase of 11% on 2018, consisting of:

- 197,168 people employed
- Live music worth £1.3 billion (*an increase of almost 20% since 2018*)
- Total export revenue £2.9 billion
- Music tourism worth £4.7 billion in terms of spending in the UK.¹

5. The Chief Executive of UK Music, Jamie Njoku-Goodwin, highlights that the UK music industry boosts the standing of Britain in the world and is a key national asset. He goes on to state:

“When the time comes to recover from this pandemic, our world-leading music industry can be a key part of our country’s post-Covid economic and cultural revival – but we need the right support to get us there.”²

6. The UK Government’s Minister for Digital and Culture, Caroline Dinenage, stated:

“The UK music industry is at the heart of our arts and cultural sector, which is the envy of the world. ... Music enriches all of our lives, but it also makes a huge contribution to our economy.

“British stars helped drive exports up to £2.9 billion in 2019 - a 9% increase and a fantastic overseas calling card for Britain. Behind every artist, band and orchestra is an army of talented professionals who play their part in the industry’s ecosystem.”³

Music Sector - Cardiff

7. In April 2019, Cabinet noted a report by Sound Diplomacy titled ‘*The Cardiff Music Ecosystem Study*’. This found that the sector generated an output of £153.2 million in 2016, with 2,500 jobs generated and supported by the sector. This includes direct, indirect and induced impact, as set out in the table below, taken from the Sound Diplomacy report:

¹ Music By Numbers 2020 report by UK Music - <https://www.ukmusic.org/news/new-figures-reveal-uk-music-industrys-58bn-boost-to-economy-before-covid> downloaded 18 Nov 20

² As above

³ As above

GRAPHIC 7: CARDIFF - TOTAL MUSIC ECOSYSTEM ECONOMIC IMPACT, 2016

	OUTPUT MILLION £	GVA MILLION £	WAGES MILLION £	EMPLOYEES
Direct impact	70,2	36,9	24,5	1440
Indirect impact	33,0	24,3	17,0	326
Induced Impact	50,0	43,3	33,6	729
Total	153,2	104,5	75	2494

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8. In 2016, Cardiff had 200 enterprises making up its music ecosystem, directly employing 1,440 employees, which equated to 41% of the sectoral employment in Wales. Of these, 840 jobs were full time and 600 were part-time. Live music and touring made up 70% of jobs and generated £45.6 million, followed by supporting industries, recording and publishing. Sound Diplomacy found the following:

- 36 music venues, 28 nightclubs, 11 record/ equipment stores
- 29 recording studios, 6 rehearsal spaces, 13 coworking spaces, 7 record labels
- 7 radio stations
- 45 registered music teachers
- 15 booking agents/ promoters
- 26 paying festivals.

9. Compared to Bristol, Liverpool and Oxford⁵:

- Cardiff has a similar number of employees working in the music sector as Bristol and Liverpool and a much greater number than Oxford
- Cardiff generates 4.3 jobs in the music sector for every 1,000 residents, whilst Bristol, Liverpool and Oxford generate 2.7 jobs – illustrating the city's focus on the development of the music ecosystem compared to other cities

⁴ Indirect impact includes advertising, video production, legal services, communication and transportation, whilst Induced impact includes spending by workers whose wages come from jobs in direct or indirect sectors.

⁵ Bristol and Liverpool selected as have comparable populations

- Cardiff has a similar number of venues per 1,000 residents as Bristol, more than Liverpool and less than Oxford
- A 90-day calendar snapshot of gigs listed on Songkicks shows that Cardiff falls behind Bristol and Liverpool in terms of live gigs. The Sound Diplomacy report speculates this could be due to less use of Songkicks, fewer daytime gigs and less venues overall in Cardiff.

10. In October 2019, the Cabinet agreed their response to the Sound Diplomacy report, establishing a Music Board tasked with championing the city's music scene, protecting and promoting music at grassroots and all levels, and developing Cardiff's Music Strategy, which the Council is pledged to implement.

Music Sector - Impact of Covid-19 Pandemic

11. The impact of the pandemic on the music sector has been described as disastrous, with predictions the UK music industry is set to halve in size this year, contributing £3 billion in 2020, compared to nearly £6 billion in 2019. Due to social distancing requirements, the Covid-19 pandemic resulted in an effective shutdown of concerts, gigs and festivals, with tours halted; consequently, live music is expected to contribute circa £300m compared to £1.3 billion in 2019⁶.

12. UK Music highlight the following key impacts of the pandemic:

- 90% grassroots music venues are under threat of closure
- An estimated 30-50% of live music workforce are facing unemployment, leading to a loss of skills
- Hardest hit are the 72% in the sector who are self-employed, many of whom are not eligible for Government financial support
- Music festivals support 85,000 jobs – 59% redundancies are expected without further support.⁷

⁶ <https://www.theguardian.com/business/2020/nov/18/uk-music-industry-will-halve-in-size-due-to-covid-says-report> downloaded 18 Nov. 20

⁷ <https://www.ukmusic.org/policy/let-the-music-play/> downloaded 18 November 2020

13. Research by the Music Venue Trust in Wales highlights the issues caused by the pandemic, including:

- Social distancing of 2 metres reducing capacity of venues to an unviable level e.g. the capacity of a venue in Newport (Le Pub) reduces from 200 to 17;
- Additional deep cleaning and safety kit, such as plastic screens and barriers, increase costs.

14. Their research shows the above adds cost of more than £10m a year. However, the annual cost of keeping the sector closed in Wales is £6.4m a year.⁸

15. In July and September 2020, Cardiff Music Board issued statements, highlighting their concerns about the serious consequences of the pandemic for live music in Cardiff. The Board called for more clarity in the guidance for the sector, particularly around events, mass gatherings and the expected timelines for gigs and performances to restart. The Board also called for more support for the sector, to ensure a viable industry remained at the end of the pandemic, able to restart quickly once it is safe to do so. These statements are attached in full at **Appendix A.**

16. At Council on 26 November 2020, Councillor Bradbury gave a statement that informed Members of the following:

Members will be aware that the demand for the Creative Freelancer Grant exceeded supply in Cardiff, which meant that on both occasions the grant was closed within an hour of opening. The Council and the Cardiff Music Board called on the UK and Welsh Governments to provide urgent financial support to the creative sector including live music, arts organisations, and cultural venues. Subsequently, the Welsh Government has agreed to a further round of funding, with a significant uplift in light of the levels of demand in Cardiff. This is much needed financial support for a sector that has been hit more than most as a result of the Covid-19 pandemic.

⁸ <https://www.bbc.co.uk/news/uk-wales-53919148> downloaded 18 November 2020

Music Sector – Government responses

17. In June 2020, the UK Government announced a £1.57 billion Culture Recovery Fund for England, resulting in £59 million consequential funding for the Welsh Government.⁹ The Job Retention Scheme was also available to eligible businesses and employees. In addition, there has been a VAT cut from 20% to 5% for businesses in tourism and hospitality, which includes concerts and shows.¹⁰

England

18. In England, the Department of Digital, Culture, Media and Sport issued:

- a 5-stage roadmap for the safe reopening of theatres and concert halls, issued 26 June 2020;
- guidance for safe working for the performing arts, issued 9 July 2020; and
- an easing of restrictions to allow open-air performances to resume on 11th July 2020 in a limited way.

19. The roadmap can be rolled back depending on the level of lockdown required. It consists of the following:

- **Stage One:** Rehearsal and training (no audiences)
- **Stage Two:** Performances for broadcast and recording purposes
- **Stage Three:** Performances outdoors with an audience and pilots for indoor performances with a limited socially-distanced audience
- **Stage Four:** Performances allowed indoors and outdoors (but with a limited socially-distanced audience indoors)
- **Stage Five:** Performances allowed indoors / outdoors (with a fuller audience indoors)

20. By 15 August 2020, England had reached Stage 4, with indoor performances allowed to return with a limited, socially distanced audience. This was paused with the second English lockdown. On 23 November 2020, the Prime Minister made a statement to Parliament on the Covid-19 Winter Plan, confirming England will

⁹ <https://www.bbc.co.uk/news/uk-wales-53588806> downloaded 18 Nov 2020

¹⁰ <https://www.ukmusic.org/policy/let-the-music-play/> downloaded 18 November 2020

come out of national lockdown on 2 December 2020 and go into a strengthened 3-tier system. In Tiers 1 and 2, indoor performances in theatres and concerts halls can resume, with capacity limits and social distancing.

Tier 1: Medium alert	Tier 2: High alert	Tier 3: Very High alert
Indoor leisure e.g gyms and swimming Open	Open	Open
Large Events - Elite Sport, Live Performances & Business		
Open to the public, but limited to 50% capacity, or 4000 outdoors/1000 indoors (whichever is lower). Social contact limits apply.	Open to the public, but limited to 50% capacity, or 2000 outdoors/1000 indoors (whichever is lower). Social contact limits apply.	Events should not take place; Drive-in events permitted.

Wales

21. Initially, the Welsh Government made £18 million of emergency funding available to sports, arts and culture, with circa £9 million going to arts and culture.¹¹ This included more than **£400,000** to 22 grassroots music businesses¹². Welsh Government, Arts Council of Wales, Creative Wales and Sport Wales distributed the monies.

22. Following the announcement of the consequential funding, the Welsh Government announced **£53 million** would be available to support the arts and culture sector, for affected individuals and organisations, including theatres, galleries, music venues, heritage sites, museums, libraries, archive, festivals and cinemas. This included £7 million for a Freelancer Fund, supporting 2,800 freelancers with a grant of £2,500 each.¹³

¹¹ <https://www.bbc.co.uk/news/uk-wales-53588806> downloaded 18 Nov 2020

¹² <https://www.bbc.co.uk/news/uk-wales-53919148> downloaded 18 November 2020

¹³ <https://www.wired.gov.net/wg/news.nsf/articles/Additional+10+million> downloaded 19 November 2020

23. In November 2020, the Welsh Government announced a further **£10.7 million** would be made available, following high demand for funding support, taking the total funding available through the Culture Recovery Fund to £63.7 million. This includes a further £3.5 million for the Freelancer Fund, supporting a further 1,400 people.

24. The Welsh Government has issued the following relevant guidance:

- 19 June 2020 - phased return for Creative Industries
- 3 July 2020 - organisations and individuals who manage culture and heritage destinations and venues that are open to the public, including theatres, art centres and galleries
- 16 September 2020 - phased return for rehearsing, performing and taking part in the performing arts.

25. The guidance stresses that resumption of activity can only be possible within the context of the Covid-19 regulations that apply at the time. It requires 2 metres social distancing.

26. In August 2020, the Welsh Government announced the trialling of pilot organised outdoor events to test the mitigation and measures being developed in the guidance. These have been paused since the start of the Firebreak lockdown. Updated guidance is expected shortly for the phased return of Creative Industries and for the re-opening of culture and heritage destinations, including theatres and concert halls, when conditions allow.

27. The Deputy Minister for Culture, Sport and Tourism, Lord Elis-Thomas, stated:

'In Wales, we want to do everything possible to ensure our arts, culture, heritage and creativity survive this pandemic.....highlighting the value we put on the sector's contribution to Welsh life and the wider economy – and that must continue in the future.'

*'We recognise that we'll need the professionalism, experience, enthusiasm and vision of these professionals to help us come together and rebuild after the public health crisis has abated.'*¹⁴

¹⁴ <https://www.wired.gov.net/wg/news.nsf/articles/Additional+10+million> downloaded 19 November 2020

Recovery Process

28. Whilst widely welcomed, there have been concerns expressed about the support packages announced to date, including concerns that the eligibility criteria are not broad enough to ensure maximum take up e.g. criteria excludes self-employed people without a track record of public funding.¹⁵

29. UK Music believes that there will be at least 24 months of critical impact on the music sector once re-opening begins. This applies to the creative side of the music industry (*including songwriters, composers, performers, musicians, DJs and producers*) but equally to those who invest in creativity (*such as record companies, managers, distributors, music publishers*) and the live music sector (*including tour managers, promoters, booking agents, venue operators, technicians, engineers and road crew and venue staff*).¹⁶

30. UK Music has therefore launched a campaign called '*Let the Music Play*' to raise the issues relating to the music industry upon exit from lockdown. This has three key asks of Government, as follows:

1. A clear conditional timeline for reopening venues without social distancing.
2. An immediate comprehensive business and employment support package and access to finance.
3. Full VAT exemption on ticket sales.¹⁷

31. As part of the business and employment support package, UK Music are lobbying for:

- a Government-backed insurance scheme to allow shows to go ahead
- an extension of the furlough scheme
- help for self-employed and sole traders
- rent breaks for venues to allow them to reopen
- an extension of business rate relief to the entire live music supply chain
- rollover of large single event premises license fees to 2021
- financial support for lost box office income.¹⁸

¹⁵ <https://www.ukmusic.org/policy/let-the-music-play/> downloaded 18 November 2020

¹⁶ <https://www.ukmusic.org/covid-19/policy-campaign/> downloaded 18 Nov 2020

¹⁷ As above

¹⁸ <https://www.ukmusic.org/policy/let-the-music-play/> downloaded 18 November 2020

32. The Chief Executive, Night Time Industries Association, Michael Kill, has highlighted that, with the closure of regulated social environments, *'an increasing number of illegal parties are being organised up and down the country...in potentially unsafe, unregulated environments.'* He goes on to state *'We need the Welsh Government to produce a clear roadmap for the opening of the night time economy, without this we are hugely concerned for the future of nightclubs, venues and late bars.'*¹⁹

33. The Welsh Government responded to these concerns as follows:

'We understand the concerns from the sector, but we need to ensure organisations and individuals can return to performing and rehearsals in a safe manner.'

'The coronavirus crisis has not gone away and the First Minister has been clear that for the next few weeks, safely reopening all schools has to be the key priority.'

*'But ministers review all the restrictions in place at each review period – and then decide what, if anything can be changed.'*²⁰

Previous Scrutiny

34. This Committee undertook policy development scrutiny of work to develop a Music Strategy by receiving a presentation briefing on the Sound Diplomacy report, at their meeting on 9 April 2019. In the resultant Chair's letter,²¹ Members highlighted:

- a. *'Members share the view that a Music Strategy for Cardiff will lead to a number of creative and economic benefits for residents, visitors, businesses and those working in Cardiff, as well as across the region.'*
- b. *Members are pleased that the proposed scope of strategy is broad, not limited to live music or a particular genre but encompassing all genres and the music ecosystem across the city. A particular concern of committee members is to ensure that music is accessible and inclusive for all young people, not only in terms of being musicians but also in*

¹⁹ <https://www.bbc.co.uk/news/uk-wales-53919148> downloaded 18 November 2020

²⁰ <https://www.bbc.co.uk/news/uk-wales-53919148> downloaded 18 November 2020

²¹ Letter from Councillor Howells, Chair of ECSC, to Councillor Bradbury, Cabinet Member Culture & Leisure, dated 11 April 2019

terms of developing pupils' awareness and skills sets so they can benefit from the range of skilled roles that exist across the music economy.

- c. *The membership of the partnership Music Board will be critical to the success of work in this area and Members were pleased to hear that you intend membership to be broad and inclusive, with a number of sub-groups to provide focus on particular aspects. At the meeting, we asked about the resources available to support the Music Board and note the response that existing resources will be sufficient to provide secretariat support.'*

35. At their Committee meeting in October 2019, Members carried out pre-decision scrutiny of a report to Cabinet on the proposed response to the Sound Diplomacy report, proposals to establish a Music Board and the way forward for a Music Strategy for Cardiff. In the resultant Chair's letter²², Members were:

- Pleased to see progress shaped by partnership working
- Pleased that the call for Music Board members took place in an open and transparent manner
- Pleased to hear the offer to bring the Music Board route map and plan of action to Committee and committed to making time in their work programme to enable this
- Supportive of the need for collective creative thinking to maximise impact from available resources and in-kind contributions
- Aware that the report has been shared with Regulatory Services who will be looking at licencing and approaches to noise nuisance
- Complimentary of the excellent work of officers and partners in developing the Music Strategy, which will bring benefits to Cardiff and the region, both economic and in terms of increasing well-being.

Way Forward

36. The following witnesses have been invited to take part in a panel discussion with Members and answer Members' questions:

²² Letter from Councillor Howells, Chair of ECSC, to Councillor Bradbury, Cabinet Member Culture & Leisure, dated 4 October 2019

- Guto Brychan – Chief Executive, Clwb Ifor Bach, member of Cardiff Music Board and member of Covid Support Board, Welsh Government
- Nick Saunders – Founder & Director, Depot, music industry promoter, Director of Shangri-La Events and member of Cardiff Music Board
- Councillor Peter Bradbury – Cabinet Member, Culture & Leisure and member of Cardiff Music Board
- Councillor Huw Thomas – Leader & Chair, Cardiff Music Board
- Neil Hanratty – Director of Economic Development
- Jon Day – Operational Manager – Economic Strategy
- Ruth Cayford – Creative Industries and Culture Manager.

37. During the discussion, Members may wish to explore the following:

- The impact of the pandemic on the music sector in Cardiff
- Witnesses' views on what is needed to assist the recovery of the music sector in Cardiff
- Role of UK and Welsh Governments in assisting the recovery of the music sector in Cardiff
- Role of the Council in assisting the recovery of the music sector in Cardiff
- Role of Cardiff Music Board in assisting the recovery of the music sector in Cardiff
- The overall recovery process for the music sector.

Legal Implications

38. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct legal implications. However, legal implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/Council will set out any legal implications arising from those recommendations. All decisions taken by or on behalf of the Council must (a) be within the legal powers of the Council; (b) comply with any procedural requirement imposed by law; (c) be within the powers of the body or person

exercising powers on behalf of the Council; (d) be undertaken in accordance with the procedural requirements imposed by the Council e.g. Scrutiny Procedure Rules; (e) be fully and properly informed; (f) be properly motivated; (g) be taken having regard to the Council's fiduciary duty to its taxpayers; and (h) be reasonable and proper in all the circumstances.

Financial Implications

39. The Scrutiny Committee is empowered to enquire, consider, review and recommend but not to make policy decisions. As the recommendations in this report are to consider and review matters, there are no direct financial implications at this stage in relation to any of the work programme. However, financial implications may arise if and when the matters under review are implemented with or without any modifications. Any report with recommendations for decision that goes to Cabinet/ Council will set out any financial implications arising from those recommendations.

Recommendations

The Committee is recommended to consider the information in this report, attached at **Appendix A** and received at this meeting and to submit any recommendations, observations or comments to the Cabinet.

Davina Fiore
Director – Governance and Legal Services
27 November 2020