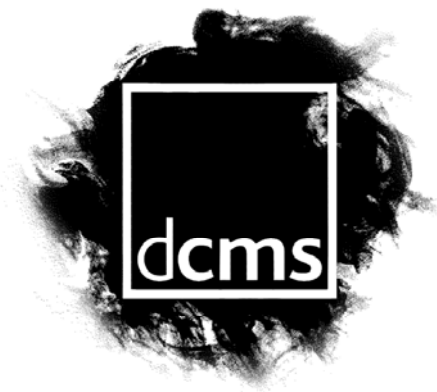


COUNTING THE NOTES

The economic contribution of the UK music business

A report by the National Music Council –
November 2002



Preface

This is the third of the reports produced by the National Music Council on the economic significance of the music industry. As in the case of its predecessors, this is not a report containing primary research; nevertheless it was a Herculean task to identify the data, write the commentaries, check the figures and edit and format the report. Much of this work was undertaken voluntarily by members of the steering group; and much of it had to be undertaken outside normal working hours and at short notice. There thus follows the inevitable but important list of thanks to the numerous individuals without whose dedication this report would not have happened.

First and foremost, thanks must go to the researchers, Cliff Dane and Kate Manton. Theirs was the primary task of collating the data, persuading industry groups and associations to part with their data, and writing the majority of the commentaries. On many occasions their efforts have superseded the call of duty by a very large margin, and we are very grateful for their dedication and support.

Lydia Kan was Project Manager during the majority of the research phase, and we are grateful for her commitment and insights.

The National Music Council steering group performed the majority of the proof-reading and editing functions for a complex and detailed report. Thanks are due to the members: Frances Lowe (British Music Rights), Gwyn Owens (Department for Culture, Media and Sport) and Chris Green (British Phonographic Institute). Many others too numerous to mention attention-to-detail skills in great measure; but I would like to single out the monumental efforts of Jennifer Goodwin of the Music Publishers Association.

The administrator of the National Music Council, Fiona Penny, has run the project with enthusiasm, assiduity and commitment. I hope the report is evidence that the sleepless nights were worthwhile.

We must thank our sponsors the Department for Culture, Media and Sport for their major financial contribution, without which this report would never have been possible. Other financial contributors have included (in alphabetical order) the British Association of Record Dealers (BARD), British Music Rights, the British Phonographic Institute (BPI), the Concert Promoters Association (CPA) and Phonographic Performances Ltd (PPL).

And finally I must thank my employers, Making Music, for their forbearance during what must have seemed an endless period of editing.

I would like to end on a note of caution. The economic significance of the music industry, huge though it is, must never be taken to be the be-all and end-all of the importance of music. In a world where numbers and statistics are ever more important, we need always to understand the economic impact; but the proof of the importance of music also lies in the sheer joy of making and listening to music, which enriches all our lives in so many ways.

Robin Osterley
Chairman, National Music Council

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1 Introduction

1.1 Methodology

Counting the Notes, the 2002 National Music Council (NMC) report, is a summary and analysis of the available economic data on the UK's music industry. Music industry groups, the government, and member organisations of the NMC¹, have contributed to the work of this report. *Counting the Notes* is a mapping document of available information only. It is not a primary research or survey report.

The purpose of *Counting the Notes* is similar to that of two previous NMC reports -- *The Value of Music* (1996), and *A Sound Performance* (1999). Through descriptions of each stage at which value is created in the music industry, the report attempts to outline the value of the music sector to the UK's economy. *Counting the Notes* builds upon the foundation of data published in the previous reports but should not be regarded as a comparative document. Inevitably, there are some gaps in economic data on the music industry, and it is therefore not always possible to compare figures over time². Where this has been achievable, for example in the retailing, recording and music publishing sections, the report does include some comparisons with previous reports.

Counting the Notes is structured to reflect the steps by which value is created within the UK's music sector and describes the music industry in terms of tangible economic value, such as employment, turnover, and export value. However, it also recognises that there are many other less tangible ways in which music adds value to our everyday lives.

Counting the Notes describes how composers and publishers, musicians, performers, managers, agents, presenters, recording companies and many others derive income and generate value and revenue. The importance of participatory music in the UK, the trends in UK audiences, and the role of music in the tourism market is also addressed within the report. We then focus on music education, including acknowledgement of leading academic research on the impact of early childhood music education on enhancing children's overall ability to learn in school.

It would be a mistake to think that even a report as comprehensive as *Counting the Notes* tells the whole story of the contribution to society of the music business. In addition to the value of music, both economically and otherwise (see below), the industry contributes or supports merchandising, radio, and the manufacture and distribution of audio hardware. The design, law, and accounting professions are also dependent upon music for a portion of their income. Music journalism and the publishing of books about music also carry significant economic value. Television broadcasting through music channels and mainstream music shows such as *Top of the Pops* and *Later* (Jools Holland) are linked to significant economic activity in the UK. Other creative industries, especially the film and advertising sectors, are generally often very reliant upon music for their impact.

1.2 The significance of music in everyday life

It hardly needs to be said that music is an integral part of everyday life. Almost everyone listens to music at some point in any day, and it is of course a key element within films, television, radio programmes and computer games. Music is often an important feature of travel plans, and musical events can be a significant aspect of holidays at home and abroad. The British are surrounded by music in their everyday lives, which most of us find pleasant, enjoyable and indeed life-enhancing.

Neither is it coincidental that the most memorable and popular features of the 2002 Queen's Golden Jubilee celebrations included music-making and live music performances throughout the country.

¹ For a list of the membership, please see www.musiced.co.uk

² The Music Industry, like most of the other creative industries, does not fall neatly into the existing structure of Standard Industrial Codes or Standard Occupational Codes. The Census also does not collect data relevant to the music industry. Due to the industry's diversity and relative independence, data on many musicians and musical activities are also not captured by trade and other associations.

Listening to music and making music are at the heart of the fabric of the UK's culture, and it was indeed appropriate that the role music has played in Britain throughout the last 50 years was at the centre of the Golden Jubilee celebrations.

So, whilst the primary focus of this report is on the economic value of music and its contribution to the UK's economy, it is vitally important not to ignore the immense significance of the value of music *per se*. To illustrate this, two reports published in the period covered by this research are worth mentioning. In 2000 the Performing Right Society commissioned a report entitled *The Power of Music*, a study into the impact, effects and benefits of music. This report highlights very effectively the role of music in the lives of millions of people, as well as reflecting the importance of learning, playing, listening to, and performing music to society as a whole. Secondly, the Associated Board of the Royal Schools of Music (ABRSM), one of the organisations responsible for setting and examining graded music examinations, reported that in 2000, 49% of children participated in instrumental music lessons at some time in their lives. The ABRSM also estimates that approximately a quarter of adults can play an instrument to some level.

And making music is not, of course, only the playing of instruments. It also includes singing as well as the creative mixing of other people's' music as a DJ. There are choirs, choral groups, and performance groups based in communities, corporations, and government. There are karaoke bars, sing-a-long *Sound of Music* events at cinemas, sing-a-long *Messiahs* at the Royal Albert Hall; there is singing in pubs, singing in churches, synagogues, and singing is a feature of life at nearly all schools and universities. DJs have repertoires, loyal fan bases, and recognition as music makers, not just players of music made by others. Indeed the whole amateur music making scene, built up from a tradition of participation in church, music-making throughout education, and music-making as a social activity, is of prime significance to the quality of life for a very significant proportion of the population.

No report can cover the entire impact of music on society; by looking primarily at the economic benefits we in no way underestimate the intrinsic significance of music nor its effect on the quality of people's lives. It is absolutely impossible to imagine a world without music; and if it was imaginable, it is certain no-one would want to live there.

2 Composition of musical works and music publishing

The composition of a new musical work, such as an instrumental piece, a song combining music and lyrics or a dramatico-musical work such as an opera or a composition for musical theatre or ballet, is the key creative act at the heart of the music industry.

Income can be earned from the creative act by generating interest in the music through its promotion to artists, record companies, broadcasters, advertisers and other music users, and then licensing them to use the music in different ways and in different media. For the most part writers/composers contract with music publishers who promote, exploit, protect and administer the copyright¹ musical works they have created. Publishers pay the writers/composers an agreed proportion of the income earned from exploiting their work – “royalties”. However, composers of film and TV music more usually contract directly with the film companies and broadcasters who commission them. In this case, the composer is generally paid a commission fee and may receive royalties from other exploitation. Classical composers often receive commission fees via a third party such as an estate or foundation, or from state funding through Arts Councils and their associated organisations, though receipts from the latter have seen a recent decline.

The principal sources of revenue from the exploitation of musical compositions are as follows, albeit defined in a rather simplified manner:

- **performance royalties**, which are due whenever a copyright work is performed (live or recorded) in public, broadcast or transmitted online. These are collected and distributed in the UK by the Performing Right Society (PRS), with the exception of fees from performing and broadcasting dramatico-musical works (Grand Right Fees), which are collected directly by music publishers. PRS is a non-profit making member organisation, established in 1914.
- **mechanical royalties**, which are royalties payable whenever a musical work is recorded for audio formats such as CDs, audiovisual formats such as videos and DVDs, computer games, broadcasts or distribution online.

Mechanical royalties also include **synchronisation fees** which are payable when music is synchronised with pictures, as in the case of commercials and films. A new revenue stream is that provided by the reproduction of music in mobile ringtones. Mechanical royalties are generally collected and distributed by the Mechanical-Copyright Protection Society (MCPS) in the UK, although many publishers collect synchronisation fees directly. MCPS acts as an agent for its members and was established in 1924 (although the first UK mechanical rights company, MECOLICO, was formed in 1910). It is a subsidiary of the Music Publishers Association (MPA).

- **Printed music income**, which is derived from the sale and hire of printed music, or the licensing of print rights.

2.1 Performance income

PRS issues licences, generally on an annual term, to music venues, commercial premises, broadcasters, cable companies and online music service providers. Such licences enable the users to perform, broadcast or transmit copyright music from the many millions of works under its control, subject to obligations to report back use. PRS distributes a proportion of its licence income directly to its composer members and a proportion to its music publisher members. In some cases publishers will remit a further part of their share to their writers as necessary to make up the royalty share agreed in the publishing agreement between them.

The total PRS membership reached 37,000 in early 2002, which is made up of 33,000 writer members, 2,700 publisher members and 1,300 successors to deceased members whose works are still in copyright. PRS has reciprocal agreements with 71 other collecting societies around the world, through which it both

¹ In simple terms “copyright” is a property existing in defined categories of original works, including musical compositions and lyrics, which arises automatically once the work has been committed to some material form. It gives the owner of the copyright the exclusive right to copy the work, distribute copies, perform it in public, broadcast it and adapt it or to authorise such acts.

collects royalties earned by its members overseas and distributes UK-earned monies to the members of these societies.

The following tables summarise key data in respect of PRS's income in recent years.

Table 2:1 - PRS licence revenue 1995-2001 (£ms)

	1995	1996	1997	1998	1999	2000	2001
UK broadcasting	60.0	64.8	70.0	79.6	79.6	83.6	86.4
UK public performance	53.8	58.1	65.9	68.6	75.5	83.1	91.5
International	58.3	63.8	58.5	62.4	66.9	70.1	77.0
Total	172.1	186.7	194.4	210.6	222.0	236.8	254.9

Source - PRS reports and yearbooks

Table 2:2- PRS UK broadcasting revenue 1995-2001 (£ms)

	1995	1996	1997	1998	1999	2000	2001
BBC television & radio	30.4	31.6	32.4	33.5	32.3	32.0	33.6
Independent television & radio	28.0	30.8	34.2	37.9	38.8	42.1	44.5
Satellite & cable	1.6	2.4	3.4	8.2	8.5	9.5	8.3
Total	60.0	64.8	70.0	79.6	79.6	83.6	86.4

Source - PRS reports and yearbooks

Table 2:3 - PRS revenue from UK public performance royalties 1997-2001 (£ms)

	1995	1996	1997	1998	1999	2000	2001
Public houses		12.6	13.2	16.1	17.9	18.4	20.8
Clubs		6.6	7.0	7.6	8.2	9.0	10.7
Hotels, restaurants & cafes		6.4	6.9	7.7	8.0	9.1	10.4
Shops and stores		5.4	5.8	6.3	6.6	7.8	8.3
Popular concerts		3.9	4.9	4.7	3.9	5.3	6.0
Industrial premises		2.9	2.7	2.7	3.3	3.8	3.7
Cinemas		2.6	2.4	3.4	4.2	4.3	4.7
Commercial dance halls & discotheques		1.7	1.8	2.1	2.1	2.6	2.4
Classical concerts		0.8	1.0	1.1	0.9	1.1	1.0
Others		10.9	12.4	14.2	13.5	14.1	15.1
Total		53.8	58.1	65.9	68.6	75.5	83.1

Source - PRS reports and yearbooks

2.2 Mechanical income

In the UK, mechanical royalties are collected by MCPS and distributed to its members. There are 11,400 writer members and 4,500 publisher members of MCPS, though typically individual composers assign their compositions to a music publishing company which is a member of MCPS. The publisher will receive the total mechanical royalties from MCPS, and in turn pass on the composer's share at the agreed rate. The majority of MCPS income derives from mechanical royalties paid by UK record companies on their sales or manufacture of soundcarriers, which are calculated as a percentage of the dealer price of the soundcarrier. Other revenue sources include collections from similar societies overseas under reciprocal agreements, and income from blanket broadcasting agreements, authorising the broadcaster to record music for use in programming.

The following table sets out the sources of MCPS's royalty distributions from 1995 to 2001.

Table 2:4 - MCPS royalty distributions by source 1995-2001 (£ms)

	1995	1996	1997	1998	1999	2000	2001
Audio products licensing (a)	102.0	106.7	164.8	164.0	172.7	182.2	182.7
Video products	2.6	3.2	3.4	3.5	2.4	4.2	3.3
Broadcast blanket licensing	11.7	15.2	16.1	17.8	22.6	21.8	24.4
Other licensing (b)	21.1	16.3	13.5	12.6	15.4	14.2	16.4
Total	137.4	141.4	197.8	197.9	213.1	222.4	226.8

Source - MCPS

Notes:

- (a) From 1997 onwards, MCPS figures include the licensing and payment of royalties throughout Europe under a Central Licensing Agreement (ECL) with Universal Records. In 1997, £48.8m of the total is attributable to ECL (and see Table 2.8).
 (b) Includes audit claims and licensing of many other sources.

In 1998 MCPS and PRS formed a jointly owned company, the MCPS-PRS Alliance, which is responsible for their operational functions. Whilst both societies have maintained separate identities, constitutions and responsibilities for licensing, the new arrangements were instituted to improve efficiency in their back office functions such as IT investment, databases and customer service.

2.3 Printed music sales

The sale of sheet music and other related distribution-based income (such as the hire of performing materials) was in the early years of the music publishing industry the principal source of income for music publishers. In 2000 income from printed music sales represents only c11.7% of music publishers' domestic turnover. MPA survey figures suggest that in 2000 sales of printed music generated turnover in the UK at wholesale level in excess of £30m, a figure which has risen steadily from a total of £20m in 1992. One recent development in this area is the online sale of sheet music and scores; the Internet offers a simpler and faster method of distribution, but one which is probably better suited currently to pop music rather than classical.

2.4 Grand Rights fees and synchronisation income

These two sources of income, included in the summary of the domestic turnover of UK music publishing companies below, have already been described in the introduction to this chapter. One point which is highlighted in a comparison of income between 1997 and 2000 is the rapid growth of synchronisation income, which demonstrates the increasing importance of the use of music in media such as films and advertisements.

2.5 The domestic market

The table below sets out an analysis of domestic turnover of UK music publishing companies based on comprehensive surveys by the MPA, the trade body for UK music publishing companies.

Such **music publishing companies** typically sign contracts with writers who generally assign the copyrights in their compositions to them, in return for royalty payments and advances against such royalties. Publishers aim to maximise the exploitation of the music in a wide variety of environments. They are typically concerned with discovering, developing and promoting new writers or composers, licensing and protecting copyrights, sales/promotion and royalty monitoring, collection and distribution.

The MPA has estimated that its 201 member companies, (for a list of current members see www.mpaonline.org.uk), at 31 December 2000, represented over 3,000 subsidiary or administered companies and accounted for approximately 90% of total UK music publishing industry turnover. The MPA's membership includes the five multinational so-called "major" companies which together account for approximately 70% of music publishing turnover, namely BMG Music Publishing Ltd, EMI Music Publishing Ltd, Sony/ATV Music Publishing Ltd, Universal Music Publishing Ltd and Warner/Chappell Music Ltd. It also includes a large number of significant independent publishers including Boosey &

Hawkes Music Publishers Ltd, Chrysalis Music Ltd, Peermusic (UK) Ltd and Zomba Music Publishers Ltd.

The following table highlights the key sources of income in the economic exploitation of musical compositions:

Table 2:5 - Domestic turnover of UK music publishing companies (£ms)

	<i>Survey companies (a)</i>	<i>Others (b)</i>	<i>Total 2000</i>	<i>Total 1997</i>
PRS - public performance royalties	49.5	7.2	56.7	43.6
MCPS - mechanical royalties	113.9	16.6	130.5	109.3
Synchronisation Fees	18.7	2.7	21.4	11.8
Grand Rights Fees	11.1	1.6	12.7	10.9
Printed Music Sales	26.9	3.9	30.8	29.3
Others	8.4	1.2	9.6	12.1
Total	228.5	33.2	261.7	217.0

Sources - (a) MPA surveys (b) Media research publishing and MPA estimates

2.6 Employment and value added

Those engaged in the music publishing and composition sector fall principally into three broad categories: 1) songwriters and composers, 2) those employed by music publishing companies, and 3) those who work for the collection societies. The numbers of those in the latter two categories are relatively easy to determine, whilst it is much more difficult to ascertain the number of full-time composers and songwriters.

Four times a year PRS distributes performance royalties to around 25,000 individuals for their contributions as composers and publishers but fewer than 2,500 writer members earn more than £10,000 a year from this source.

One can gain an insight into the number and interests of the UK's music composers and songwriters by analysing the membership of the British Academy of Composers & Songwriters (the Academy). The 2,700 members of the Academy can be divided into three main categories; around 500 concert/classical composers; some 300 members engaged in film/TV work and the balance of approximately 1,900 working principally in popular music and jazz. Career paths and sources of income vary considerably between the categories. We have taken the total of members of the Academy as our estimate of the number of full-time songwriters and composers for both 1997 and 2000.

Many composers, particularly in the popular field, are writer-performers performing and recording their own songs. Of the ten best-selling artist albums in the UK by British artists in 2001, five were by writer-performers, either working on their own or collaborating with others (Dido, David Gray, Stereophonics, Travis and Gabrielle). In the classical market composers are rarely also performers.

Table 2:6 - UK employee numbers in music publishing /composition, full-time equivalents (FTEs)

	1997	2000
Music publishing companies (a)	1,275	1,310
Collection societies (b)	913	831
Composers/songwriters (c)	2,700	2,700
Total	4,888	4,841

Sources - (a) MPA surveys and estimates based on published accounts for others

(b) Internal MCPS and PRS data

(c) Estimate based on discussions with the Academy

Table 2:7 – Value added UK composition/music publishing sector (£ms)

	Value added 1997	Value added 2000
Music publishing companies (a)	96	93
Collection societies - employment costs (b)	26	27
Songwriters/composers (c)	275	328
Total	397	448

Sources - (a) Media Research Publishing estimates based on analysis of published accounts, supplemented in 1997 by MPA Survey data.

(b) MCPS/PRS

(c) Value added for the composition/publishing sector is generated by combining operating profits and employment costs for UK music publishing companies, employment costs for the non-profit making collection societies and estimates of songwriter/composer earnings. The latter are particularly difficult to determine with certainty. The method adopted in both 1997 and 2000 has been to double the figure disclosed in the MPA members' survey of payments made to their own composers. The doubling of the survey figure is based on estimates of payments from non-responding and non-member companies, PRS revenues paid directly to composers, direct receipts from overseas companies and pure fee income for commissioned works (such as for film and TV companies).

The tables above highlight the composition/music publishing sector as one with relatively few employees but very high value added.

2.7 The UK in relation to the world market

The relative position of the UK domestic market within the world music publishing market can be ascertained from an analysis of the US-based National Music Publishers' Association International Survey of Music Publishing Revenues. The latest edition of this report (11th Edition 2002) estimated worldwide international music publishing revenues for 2000.

It showed that overall the UK was the fourth biggest music publishing market in the world with a 9.8% share of international revenues ranked behind the USA (29.5%), Japan (12.2%) and Germany (12.0%).

For performance-based income the UK was ranked 6th with an 8.5% share and for reproduction-based income 4th, with a 11.7% share.

2.8 Overseas income and payments

The table below highlights the substantial surplus of invisible exports over imports in the composition/music publishing sector, reflecting UK writers' and publishers' achievement in establishing the country as the second-largest source of musical compositions in the world, after the US. The music publishing company figures are derived from comprehensive surveys of MPA members.

Table 2:8 – Overseas earnings and payments

	1997	2000
Overseas earnings:		
Music publishing companies (a)	243.7	231.4
PRS (b)	57.1	70.1
MCPS (b)	50.0	57.8
Total	350.8	359.3
Overseas payments:		
Music publishing companies (a)	94.6	99.9
PRS (b)	34.2	41.7
MCPS (b)	58.0	60.2
Total	186.8	201.8
Net surplus	164.0	157.5

Sources – (a) MPA Surveys with Media Research Publishing estimates for non-respondents and non-members
(b) PRS Report and Yearbook and MCPS internal data

Note:

MCPS figures include overseas earnings/distributions under the Universal ECL (see Table 2.4). In 1997 £48.8m of earnings and distributions are attributable to ECL. In 2000, this figure is £53.0m.

2.9 Current industry issues

In common with other copyright-based media industries, many of the key current issues for the composition/music publishing sector relate to the development of new technology and the growth of the Internet. MCPS and PRS have established a joint online licensing scheme that enables music users to obtain mechanical and performing rights clearances for most online uses and are cooperating with international societies to construct a global licensing framework. However the proliferation of unauthorised Internet sites, the widespread distribution of music online without payment of royalties to the appropriate copyright owners and the general prevalence of the attitude that music should be available for free all pose threats to future revenues from compositions.

During 2001 the MCPS Anti-Piracy Unit noted an increase in the growth of physical optical disc piracy mainly as a result of the affordability of smaller, more advanced computers and copying equipment. There has also been a notable shift in the activities of counterfeiters who now tend to set up “mini factories” in their homes, using email and the Web to market and sell their product. This has two perceived advantages for the counterfeiter

- Producing large quantities of stock is not necessary since product can be made to order and mailed to buyers; and
- It is widely believed by counterfeiters to be an effective way of avoiding detection.

The MCPS Anti-Piracy Unit has redoubled its efforts in this area working alongside police and Trading Standards Departments throughout the UK. The unit has achieved considerable success in detecting home-based pirates who are increasingly being brought to trial. The UK will introduce a new law that will step up penalties for Intellectual Property theft in the autumn of 2002.

Online piracy continues to concern the creative industries worldwide and an important project to address some of the legal issues relating to liability is being co-ordinated in the UK by the MCPS-PRS Alliance. RightsWatch - funded by the European Union (EU) - aims to reach consensus on a number of issues surrounding notice and takedown procedures which can ensure that unlicensed material is removed promptly from the Web. A series of working groups with participants from consumer and user groups, Internet Service Providers and the creative industries currently favour a self-regulatory framework for notice and takedown that operates fairly in the interests of all stakeholders. A final report will be published at the end of 2002 and will form an important contribution to a general review of the EU E-Commerce Directive scheduled for 2003.

Another cause of concern for composers and publishers is the levels of royalties receivable from other countries. Factors such as inadequate collection and distribution systems and the existence of cultural levels and deductions in some territories are considered to have reduced UK composers' and publishers' potential income from overseas. This has been an issue, alongside the downward pressure on commissioning fees for TV/film work and the increased use of library music which has made it difficult for composers to develop viable long-term careers.

In common with other sections of the music industry, there has been increasing recognition of the problem of access to finance for small and medium-sized enterprises. Here the industry is working to improve understanding of the sector by financial institutions, improving knowledge of sources of funding available and looking imaginatively at how to encourage investment in music publishing businesses.

2.10 Summary data for 2000

Table 2:9 – Summary for 2000, composition of musical works and music publishing

	<i>Employment (nos) (£m)</i>	<i>Value added (£m)</i>	<i>Overseas earnings (£m)</i>	<i>Overseas payments (£m)</i>	<i>Net overseas surplus (£m)</i>
<i>Music publishers</i>	1,310	93	231	100	131
<i>Collection societies</i>	831	27	128	102	26
<i>Composers/songwriters</i>	2,700	328	-	-	-
Total	4,841	448	359	202	157

3 Musical instruments

3.1 Sales of instruments and related equipment

The manufacture and supply of musical instruments and related equipment to amateur and professional musicians is essential to the music industry. The sector is represented by the Music Industries Association (MIA) which collects data from its members on retail sales of new musical instruments.

In 2000, total sales (including VAT) were £608.9 million. From 1988-2000 the value of the UK music instrument retail market more than doubled, despite a 3% weakening in 2000. Adjusted for inflation, the total increase over 13 years was 35%.

These sales and growth represent a wide variety of music-making equipment, including but not limited to traditional musical instruments. The table below looks at musical instruments only in more detail. Overall, the market for these traditional instruments dropped by 6% in real terms when 2000 is compared with 1988.

Table 3:1 Sales of traditional musical instruments, 1990, 1995 & 2000

	<i>Units (000s)</i>			<i>Value (£m) (a)</i>		
	1990	1995	2000	1990	1995	2000
Portable keyboards	650.0	380.9	344.0	81.0	54.0	49.0
Acoustic pianos	12.2	6.2	6.6	26.1	23.8	29.0
Digital pianos	21.0	12.5	25.1	21.4	20.4	37.0
Electric organs	7.9	2.7	0.7	17.9	10.0	4.6
Synthesisers	13.5	8.5	8.3	13.0	10.1	10.0
Electric guitars	116.2	149.3	155.5	21.8	23.4	29.5
Acoustic guitars	187.5	159.8	273.3	11.8	9.7	21.3
Bowed instruments	39.4	34.0	46.1	3.7	4.1	6.5
Woodwind	62.0	51.8	59.9	10.7	24.3	27.9
Brass	98.0	16.5	19.8	14.3	11.1	11.0
Recorders	..	436.0	260.0	..	4.0	1.9
Percussion	..	..	..	13.1	13.3	21.0
Accessories & misc (b)	..	..	..	68.1	102.7	187.2
Instrument totals	1,207.7	1,258.2	1,199.3	302.9	310.9	435.9

Source - Music Industries Association unpublished data provided for this report summer 2002

Notes:

a) Includes VAT

b) Includes guitar amps, electronic tuners, effects & pedals, sound reinforcement, home recording equipment, strings & metronomes.

The above table gives both numbers of units sold and their value. The more traditional instruments, excluding accessories, had total sales of £248.7 million in 2000. Sales of electric guitars have increased over the period, while acoustic guitars, after a decline in 1995, recovered to sell over a quarter of a million in 2000. The MIA notes that acoustic pianos have recorded fairly steady sales of 6-7,000 since 1993, while electric organs have sharply declined in popularity. Sales of other instruments such as woodwind and violins are strongly affected by instrumental lessons available via schools, and their sales showed an increase in 2000. The increasingly important category of "accessories and miscellaneous" is made up by a variety of products, some of which have been sold for many years, such as strings for instruments, guitar amps and metronomes. The strongest area of growth within accessories and miscellaneous is in electronics. For instance, sales of sound reinforcement equipment, not included until 1998, amounted to £50 million in 2000. Home recording equipment accounted for another £27 million.

The pace of technological change is fast in this area, as additional types of equipment are developed and identified.

Table 3.2 contrasts the totals of instruments sales (as in Table 3.1) with sales of sheet music, music software, electronic hardware and, a new category in 1999, equipment for the DJ market. These DJ 'artists' use a mix of vinyl records, CDs, keyboards and other electronic music equipment to create music live at clubs or for recording through 'manipulation' of other artists' music, sometimes adding their own. DJs use products such as mixers that enable fading between the two recordings and turntables that allow for physical manipulation by scratching or stopping records and restarting them. Melody and harmony can also be added on portable keyboards³. As sales are given in current and constant prices, the table shows that instrument sales have increased only by 6.5% in real terms whilst sheet music sales have remained remarkably stable over the period. However, these figures do not account for sales of sheet music that is downloaded over the Internet, so are possibly not representative of the true volume. As expected, sales of music software have almost doubled, while sales of electronic hardware have more than tripled. In 2000, however, despite growth in unit sales, the value of electronic hardware sales declined slightly, due to discounting.

Table 3:2 Musical instrument & related sales, 1990-2000, current and constant prices (a)

	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Instrumental totals (b)	302.9	296.8	307.2	278.3	298.8	310.9	368.8	370.8	426.5	441.9	435.9
Value in 1990 prices	302.9	280.3	279.8	249.4	261.4	263.0	304.5	296.9	330.1	336.8	322.6
Sheet music	30.1	33.7	32.3	36.6	37.8	44.8	41.6	41.3	43.6	43.7	43.0
Value in 1990 prices	30.1	31.8	29.4	32.8	33.1	37.9	34.4	33.1	33.7	33.3	31.8
Music software	4.3	4.4	4.4	4.6	4.8	5.4	5.9	7.0	9.0	10.0	11.0
Value in 1990 prices	4.3	4.2	4.0	4.1	4.2	4.6	4.9	5.6	7.0	7.6	8.1
DJ market {c}	..	..	..	..	..	..	..	..	..	42.0	49.0
Value in 1990 prices	..	..	..	..	..	..	..	..	..	..	..
Electronic hardware	15.0	17.3	18.8	28.5	30.0	33.8	48.8	58.5	65.0	72.8	70.0
Value in 1990 prices	15.0	16.3	17.1	25.5	26.2	28.6	40.3	46.8	50.3	55.5	51.8
Totals	352.3	352.2	362.7	348.0	371.4	394.9	465.1	477.6	544.1	610.4	608.9
Value in 1990 prices	352.3	332.6	330.3	311.8	324.9	334.1	384.1	382.4	421.1	433.2	414.3

Source - Music Industries Association unpublished data

Notes:

- (a) figures include VAT
- (b) instruments included listed in table above
- (c) see text for definition

3.2 Consumer spending on musical instruments

As stated above, the MIA estimates consumer spending on musical instruments was £609 million in 2000. Using a far more restrictive definition, the Family Expenditure Survey estimated total UK expenditure on 'purchase and hire of musical instruments' at £156 million in 2001 (data from *Family Spending: a report on the 2000/2001 Family Expenditure Survey*, Office for National Statistics, 2002). These FES figures do not take account of the second-hand market, nor do figures include sales of peripherals, sales of equipment for the DJ market, or sales of music software and electronic hardware other than electric guitars. In 1998, the MIA estimated this market for second-hand sales of musical instruments to be c.£300million but no further analysis of the second-hand market has taken place.

3.3 Production and employment

According to data from the Office for National Statistics (contained in *Product Sales and Trade: PRA 36300: Musical Instruments 2000*) total sales of businesses classified as manufacturers of musical instruments were £88.3 million in 2000. On the basis of the ratio of value added to turnover for previous surveys on musical instrument production (AGB/Taylor Nelson, 1996), we have estimated the value added of the manufacturing sector to be approximately £44 million.

³ Captured in Table 4.1 and not included in the figures for DJ specific equipment.

PA1003: *Commerce, Energy & Industry: Size Analysis of UK Businesses*⁴ gives the following information for numbers of employees in businesses manufacturing musical instruments:

Number of employees	1-9	10-19	20-49	> 50
Number of businesses	200	15	10	0

This shows that most instrument manufacture is carried out by small businesses. It is possible to estimate from the above that about 1,575 people in all are employed. This does not include those working in businesses too small to be registered for VAT, or self-employed craftsmen. *A Sound Performance* estimated the numbers of self-employed in musical instrument making at 1,600 (this figure was based on the 1991 Census). There is no evidence on which to revise this estimate. The number of individuals employed in manufacture is estimated at 3,175. The MIA does not collect data on employment by its members, but believes that the figure has probably remained static.

3.4 Retailing & distribution

MIA estimated in 1999 (*A Sound Performance*) that employment in the 1,300 retailing outlets for musical instruments is around 4000 full time equivalents (FTEs) with a further 2,000 involved in distribution. It has not been possible to update the figures for the value added of the retailing and distribution sectors given in *The Value of Music* (1996). These were estimated at £184 million and £100 million respectively and it is likely that fewer musical instruments and related peripherals will now be sold in retailing outlets, and more will be sold through the Internet, mail order and other channels. Additionally, these figures do not capture the second-hand sale of musical instruments.

3.5 Imports and exports

In 1997, the MIA estimated that overseas earnings from new musical instruments totalled £87.5 million while imports totalled £148.6 million. The MIA states that UK exports of musical instruments have declined since the last data were sourced. Many UK musical instrument manufacturers have suffered from shrinking market demand due to the strength of the pound and ever-increasing use of cheaper Far Eastern sources by manufacturers worldwide. Although the import/export figures given in *Product Sales & Trade* are incomplete, for countries outside the European Union, imports in 2000 totalled £126.6 million while exports were £31 million.

3.6 Summary data for 2000

Table 3:3 – Summary for 2000, musical instrument

	£ million	Nos
Value added:		
Manufacturing	44	
Retailing & distribution	284	
Total value added	328	
Consumer spending:		
All new equipment	609	
Second-hand instruments	300	
Total consumer spending	909	
Employment:		
Manufacturing		3175
Retailing & distribution		6000
Total employment		9175

⁴ Office for National Statistics, 2001

4 Live musical performance - non-classical

The live sector for music encompasses a vast and varied number of events ranging from high profile national festivals and arena tours to music played by amateur musicians in venues where there is little or no charge for music.

4.1 Festivals and other major music events

The most significant single events are the summer outdoor festivals. Ticket prices for these typically vary from £25 to £50 for a one day pass to £97 for a three-day ticket for Glastonbury 2002. Attendance at major outdoor festivals can reach as many as 100,000 people per event.

Many of these festivals are well-established generally annual events. Major, internationally known, festivals include Glastonbury, Mean Fiddler's rock-based Reading and Leeds festivals, dance-biased Homelands Festival, Virgin Group's V events, the Scottish T in the Park Festival, the world music WOMAD festival, and folk festivals such as Cambridge and Cropredy. In 2002 such festivals were supplemented by a wide range of other major outdoor concerts, including the heavy metal Ozzfest at Donington, the punk Deconstruction 2002 at Finsbury Park, the dance-based Gatecrasher Summer Soundsystem and others festivals focused on Indie pop music including the Canterbury Sound Festival and the Isle of Wight Festival. Not a festival, but certainly of a large enough scale, were the 2002 Golden Jubilee celebratory concerts - the classical concert on June 1st, and the pop concert June 3rd, seen at Buckingham Palace by 12,000 individuals, and on large screens outside the Palace and in Green Park.

Festivals are often devoted to a specific musical form, or, if not, usually include a substantial musical element. The UK's larger and specialist festivals are certainly attractive to tourists. A recent report, *Festivals Mean Business*⁵ surveyed 137 festivals in Britain, and estimates that at least 4.2 million people attended festival events or took part in activities, and nearly 2 million tickets were sold. Extrapolating this to all arts festivals, the authors estimate a total of 6.9 million tickets are sold annually. If approximately 5% of these are overseas visitors, then this would represent 350,000 foreign attendees at festival events.

Further research is to be carried out in 2002 by the Arts Council of England in association with the Association of Festival Organisers. The research will include a study of several major music festivals in UK during the summer season and focus on the role of festivals in attracting tourism and the economic benefits arising from them.

Smaller, but also economically significant, live music concerts are shows at indoor arenas such as the Cardiff Arena, Birmingham NEC and the Wembley Arena. The National Arenas Association (NAA) has eighteen member venues and has published statistical research on the sector since 1993. The construction of arenas, which typically have audience capacity in the 5,000 to 20,000 range, has been one of the most significant developments in the live music sector in recent years. In the 1970's the UK had only two arenas with a combined capacity of around 20,000 but capacity has risen steadily to over 150,000 by 1993 and 200,000 by 1997. Since 1997 the sector has been enlarged by the construction of the National Ice Centre in Nottingham and the Odyssey Arena in Belfast.

The table below summaries attendance at music events in the period from 1993 to 2001 along with the number of event days and in the latter years average ticket prices within NAA member arenas:

⁵ P Shaw & K Allen, British Arts Festivals Association, 2001

Table 4:1 – Attendance at music events in NAA arenas, 1993-2001

	Attendance (000s)	Event days	Average ticket price
1993	1,946	259	
1994	2,718	323	
1995	2,873	357	
1996	2,968	370	
1997	2,861	402	
1998	2,360	304	
1999	4,107	528	
2000	3,054	419	£22.51
2001	3,668	476	£29.27

Source - NAA, statistics 2001

The increase in dates and revenues in 2001 compared to 2000 was achieved despite the cancellation of eight proposed tours after the events of September 11th 2001.

One key feature of the arena market in recent years has been the dominance of pop and teen acts. In 2000, the acts generating the biggest total attendances were Steps, Five, and Robbie Williams followed by Tom Jones, Simply Red and Britney Spears. Similarly in 2001, Westlife and Hear'Say captured significant audiences. The teen pop bias has continued into 2002 with such artists as Pop Idols, Ronan Keating and Blue. Acts with more mature audiences who have also been significant in the arena market include U2, Madonna, Roger Waters and David Gray.

In addition to these “pure” music concerts the arenas have also staged a number of significant family shows with a substantial musical content in recent years. 360 such shows, with a total attendance of some 900,000, including performances of the Tweenies, Bob the Builder and Disney on Ice, helped bring total arena attendances in 2001 to 4.9million.

Moving downwards in scale from the arenas, there follows a number of different tiers of concert venues that provide the locations for live music concerts. At the top end of these venues are mainstream theatres and concert halls with capacity for around 2500 people, along with some even larger venues such as the Royal Albert Hall. Such venues as Manchester Apollo and London's Brixton Academy hosted concerts by Pet Shop Boys, Ocean Colour Scene, Macy Gray and Nelly Furtado in 2002. There are also substantial concert circuits based in smaller civic halls, theatres and universities for acts with sales potential for audiences in the range from 250 to 2,000 per show. Venues in this segment are important for both the diversity of their musical offerings including both amateur and local interest shows as well as national tours and the large number of concerts they typically host.

There is a lack of comprehensive systematic research on the scale of large scale music performances and concerts. Laing and York's *The Value of Music in London* (2000) noted 600 significant music venues in London alone along with 1,000 licensed by local authorities for public entertainment. A survey conducted by researchers covering a week in November 2000 identified 720 music events with a potential London-wide audience. These included a wide variety of performances covering musical styles. Within the events surveyed there was a particularly large number of small events in the niche markets of jazz, folk, world and country music, which represented 48% of the events although just 8% of total audiences. The largest single audience category was attributable to those attending dance music events in clubs. Because this type of research is both local and not undertaken regularly, its significance is difficult to assess but it does depict a very varied grass-roots music scene, in the capital at least.

Data on attendances and ticket sales at large-scale concerts and events have been collected several times in the last decade by the Concert Promoters Association (CPA) based on surveys of its members. It is however not possible to generate robust trend data from the CPA Survey data, due to changes in the membership of the association. However information for the year 2000, based on actual statistics supplied by 23 members and estimates of figures for the remaining eight member companies indicated the following:

- 17,800 concerts were held at venues with a capacity of less than 5,000
- 620 concerts were held at venues with a capacity of more than 5,000
- 229 outdoor shows were held
- 19.98 million tickets were sold
- Gross ticket revenue was £329million

Whilst CPA members are responsible for promoting the great majority of non-classical concerts in the UK at substantial venues, it is necessary to adjust their figures to account for ticket sales by non-members organising major concerts, which in 2000 included the Glastonbury Festival. Here we estimate that such shows represented 10% of the market, implying annual total ticket sales of £365m for concerts at major venues.

Musical events included within the total above represent only the most significant events and form only a small percentage of overall music performances in the UK. There are many extensive networks of smaller venues, such as specialist clubs for particular musical genres such as jazz, blues or folk and events in members' clubs, pubs, hotels and holiday camps. Whilst there are no hard data on ticket sales in such smaller venues, *A Sound Performance* estimated that they represented approximately 25% of the total revenues from ticket sales at live non-classical musical events. Using the same ratio for 2000 generates total revenue from ticket sales of £487m.

Using information purely from ticket sales as an indicator of the scale of the live music sector understates the size and economic impact of the industry. Some industry estimates suggest that consumer expenditure on ancillary products such as merchandising, food and drink at music events adds up to more than the expenditure on admission tickets⁶.

Also at many venues such as pubs, hotels and holiday camps, there are no formal admission charges with the provision of music provided free as part of an overall leisure/entertainment offer. PRS collects license fees from venues such as members' clubs, pubs, hotels, restaurants and holiday caravan parks which are, when above certain size parameters, based on those venues' expenditure on live performance. These figures are included below in Table 4.3. Bearing in mind that the above figures represent only the larger venues within the respective categories they give some indication of the economic scale of grass-roots musical activity.

4.2 Tourism

Tourism is one of the largest industries in the UK. It accounts for 4.5% of Gross Domestic Product (GDP) and employs 2.1 million people. The industry was worth approximately £74billion in 2001 with spending by overseas visitors estimated at £12.8 billion, plus £3.2 billion in fares to UK carriers. Domestic tourists spent another £58.8 billion.⁷

'Cultural attractions' are recognised as a vital part of the UK tourism industry. These include visits to museums, stately homes and other heritage and countryside features as well as performing arts and musical events. When it comes to attracting tourists for short-break city holidays, performing arts, nightlife, and specific music events feature prominently within travel plans. Unfortunately there is little research available regarding how many tourist trips, both domestic and overseas, are motivated by a desire to attend performances, festivals, musical events or to experience Britain's rich musical nightlife. There is strong evidence, however, from historical information⁸ that a significant proportion of individuals visiting the UK made their decision based on a key factor of attending a performing arts, theatre, cinema, opera, ballet, or classical music concert.

Obvious tourist attractions such as the Edinburgh Festival, the Notting Hill Carnival and West End Theatre all have musical elements even though they are not classified as strictly cultural attractions.

Recent research in Scotland⁹ confirmed that cultural activities in general were an important factor in decisions to visit the country. The report states that between 1996 and 1998 UK residents took an

⁶ 2001 Mean Fiddler Music Group Prospectus.

⁷ Source - British Tourist Authority.

⁸ The Overseas Visitor Survey ceased in 1996.

⁹ *Culture and Tourism in Scotland*, Scottish Arts Council/Scottish Tourist Board, 2000

average of 200,000 holiday trips per year to Scotland for cultural reasons (theatre, concerts, opera, ballet, museums, art galleries, heritage centres) and spent an average of £36 million. This amounts to some 3% of all holiday trips and 2% of all cultural expenditure in Scotland, where culture was the main purpose of the trip. Some 15% of all UK holiday visitors to Scotland participate in cultural activities as part of a holiday. In 1996, 58% of holiday trips to Scotland by overseas visitors included visiting museums etc. and 16% watched performing arts.

The Scottish Arts Council and VisitScotland's Traditional Music and Tourism Initiative 1999-2002¹⁰ was designed to increase visitors' access to traditional music by bringing together musicians, venues, tourist organisations and local councils, and publicising events to tourists. Grants were made available to encourage traditional music events arising out of local activities. Audience surveys showed that although traditional music was generally seen as a secondary motive for holidays, tourists greatly appreciated the opportunity to attend music events and that access to traditional music would encourage them to make a return visit to Scotland. The grants made available were successful – “the impact of even modest sums has had a dramatic impact in enhancing entertainment for visitors and making traditional music available to them”. Musicians also benefited. One project supported, in Fife, was estimated by the organisers to have generated about £30,000 in subsequent bookings for artists for the £6,500 spent on showcase evenings. 47% of the audience members in Fife were from outside the area. It is intended that activities should be sustainable beyond the life of the project, and it was noted that there were “clear business benefits to individual traders (eg Pubs, hotels, halls etc) and many were persuaded of the case for investing more themselves in traditional music.”

4.3 Current issues

The live music sector has been less directly affected and is perhaps less directly threatened by technological change than the recording sector. Key processes, however, are changing the nature of the sector. The growth in the number and scale of the most substantial arena venues has been noted above, and alongside this the trend already well-established in the US and Germany for consolidation and vertical integration amongst concert promoters and venue owners has become significant in the UK. Notable in particular is the growth of Clear Channel Entertainment, the dominant force in US live music promotion and venue ownership, by the acquisition both of UK promoters and of venues such as those in the former Apollo Leisure Group. The effects of such larger businesses in the sector on existing independent operations have yet to be fully determined, but the change comes at a time when the sector generally is competing with a much wider range of alternative leisure pursuits including expanding multi-screen cinema complexes, and the growth of home entertainment opportunities with increasingly sophisticated hardware and a wider offering of TV channels and new forms of software like DVDs. To compete with such offerings requires increasing creativity on behalf of the promoters and venue owners to appeal to particular groups of consumers. Thus, faced with less significant mainstream rock acts on tour in recent years, the industry has created a sub-category of tribute bands, cloning the likes of Abba, the Beatles, Oasis and the Rolling Stones, who can play regularly in quite substantial venues. Themed package tours, such as of 1970's acts Motown Stars or 1960's artists have been put together to appeal to older audiences; family shows such as the Tweenies have also lowered the age of typical audiences.

The live sector is often seen as the bedrock on which the music industry is built and its vitality at grass roots level in smaller venues such as pubs and clubs is generally viewed as fundamental to the future of the industry. One issue which has risen to prominence recently as representing a key impediment to the growth of live music in smaller venues is the requirement to acquire public entertainment licences. These are required whenever there are more than two performers in a pub, bar or restaurant, hence the reference to the issue as the “two-in-the-bar” rule. Musicians' representatives claim that the ruling is seriously damaging to the development of the live music scene and are now arguing the case for live music to be allowed automatically in bars and pubs, provided it is secondary to the main business and subject to adequate safety and noise regulations.

¹⁰ Described in *A Soundtrack for Scottish Tourism*, SAC/VisitScotland, 2002

4.4 Overseas

No precise data on international earnings from live pop and rock performances exist. It is clear however from analysing the gross box office receipts from the US magazine Pollstar's Top 100 North American Tours that UK artists command a much higher proportion of that market than they do for record sales.

Table 4:2 - North America concert data

	1999	2000	2001
Box office receipts – top 100 tours	\$1257m	\$1501m	\$1507m
Box office receipts – UK artists in top 100 tours	\$186m	\$135m	\$203m
UK artists % of box office receipts	14.8%	9.0%	13.5%
No of UK artist tours within top 100 (including role in joint UK/US bills)	10	12	16

Source - Pollstar

Within these totals a key role has been played by a handful of established superstar acts such as Elton John, The Rolling Stones, Eric Clapton, Rod Stewart, Sting, Ozzy Osbourne and Sarah Brightman. In these three years the only UK acts whose careers started in the 1990's or after who feature in the Top 100 tours are Radiohead, ranked 43rd in 2001 and Oasis, whose tour with the Black Crowes was ranked 93rd, also in 2001.

Any attempt to estimate the net flow of invisible earnings into the UK from all overseas touring based on these North American figures is problematic. Using the same extrapolations as those in *A Sound Performance* would create a flow from international touring into the UK of £77m in 2000.

Similarly it is difficult to be precise on overseas payments to international touring artists performing in the UK. In using the same ratio of imports to exports as was used in *A Sound Performance* produces an exports figure of £23m, in a year when the top five UK arena tours were all by British artists.

4.5 Employment and value added in the touring/live music industry

The key categories of employees within the live music sector are 1) the musicians themselves, 2) their management, tour agents and concert promoters, 3) those employed at venues, be they large arenas or small clubs and pubs, and 4) those engaged in ancillary activities such as the manufacture and sale of artist-based merchandising and sound and lighting personnel. For the purposes of this section of the study the last category are not treated as part of the core music industry but as ancillary suppliers.

For all of these categories there are problems in generating accurate estimates of employment numbers and also value added.

4.5.1 Musicians

The number of full-time equivalent musicians engaged either in recording and/or the live sector is a particularly difficult figure to ascertain. Difficulties arise as most musicians are self-employed and many are part-time, following a number of complementary careers both within music (such as in giving instrumental tuition) and outside the industry. *A Sound Performance* repeated the estimate used in *The Value of Music* (1996) of 35,000 full-time equivalent musicians in the pop, rock and country sectors and since then there has been little new information in the area. Two figures which might give some kind of pointer to the total are the number of members of the Musicians Union, which in 2001 were 31,000 and the number of individual musicians registered with PPL, Aura or PAMRA to receive distribution of public performance income, this number being 23,000 in 2000. For the purposes of this survey the figure we are using is 26,000, being the total Musicians Union membership of 31,000 less an estimated allowance 5,000 for those included in the classical sector (see next section). This is an area however where more detailed research is needed, particularly to appreciate the multiple career paths undertaken by many musicians.

In estimating musicians' earnings from live performance, in the non-classical and theatrical sector one can combine hard data from the PRS with estimates based on typical industry cost structures.

As noted above, some venues over a certain size threshold report to the PRS their expenditure on musicians. These figures for the year 2000-2001 are summarised in the table below:

Table 4:3 – Venues' expenditure on live performance

	No of licences	£,000's
Clubs	962	6,839
Members' clubs	6,625	62,062
Public houses	2,614	19,287
Hotels, restaurants	1,525	20,591
Holiday caravan parks	206	4,147
General purpose	200	1,731
Passenger ships	18	4,371
Total	12,150	119,028

Source – PRS data (above de minimis limits)

Given the large number of venues in these categories below the PRS thresholds it is reasonable to increase this total by 50% to generate a figure of £178million for musicians' earnings from "grass roots" venues. To this one needs to add UK musicians' earnings from the major concerts in the UK and abroad noted above, which based on conventional industry cost structures add around £186m to produce a total of £364m.

4.5.2 Managers

Managers of rock and pop artists such as Brian Epstein (The Beatles), Peter Grant (Led Zeppelin), Marcus Russel (Oasis), Simon Fuller (Spice Girls and S Club 7) and many others play an important role in shaping and developing their clients' careers. Their activities obviously extend beyond the live sector but are most closely affiliated with this area of work. Professional managers are often the interface between the artist and record companies, music publishers, tour promoters, merchandisers and professional advisors, and they can command gross commission rates typically of 15%-20% of artists' earnings. There has been a trend in recent years for increased professionalism among music managers which can be illustrated by the growing size and status of the Music Managers Forum (MMF). Additionally, an increasing number of substantial companies have emerged in the sector, such as The Firm and Sanctuary Management, but most UK management companies are small and medium sized enterprises. Estimates by the MMF suggest that there are approximately 160 full-time UK managers who employ staff with perhaps a further 150 others, controlling significant acts, who are micro-businesses. This would tend to support an estimate of a total of perhaps 1,000 people engaged in pop and rock management, including the personal staff of major artists. In estimating the value added of the sector, a reasonable estimate would be around £130m being 10% of the figure of total artist earnings.

4.5.3 Venues

Amongst the difficulties in determining the number of venue staff who are engaged in the music industry is the problem of categorisation within industries. Thus whilst all of the part and full-time staff at a permanent music-only venue would reasonably be considered to be working in the music industry it is not so easy to categorise staff in venues such as arenas which also stage non-music events or those employed in bars, pubs or clubs which have a music bias but who are probably better categorised as employed in the pub business. The live music industry is also one where, particularly at major outdoor festivals, the vast majority of staff are part-time, and who could according to their function be classified as forming part of the security or catering operations instead of the music industry.

Significant employers within the music venue business, such as the Mean Fiddler Group and Clear Channel Entertainment UK disclose employee numbers. These figures are not straightforward however, and it is difficult to extrapolate their figures to gain an overview of the sector as a whole. (The most recent published estimate of employees in the sector is probably that contained within *The Value Of Music* (1996) which allocated 5,000 full-time equivalent employees to its estimate of 110 music venues with an audience capacity in excess of 1,000, 2,000 to smaller venues and 4,000 to large-scale tours and

festivals.) Without the availability of more detailed research we simply re-state these figures and estimate value added in the sector at £12,000 per head or £132m overall.

4.6 Concert promoters

Concert promoters play a key role in the live music sector. As the individuals and companies responsible for organising major concerts (and assuming the risks of the ventures), they work closely with bands' tour agents, management and venue owners. The Concert Promoters Association (CPA) has 33 members representing most of the important players in the market, though numbers employed exclusively in promotion are relatively small and are estimated as 300 people creating £30m value added.

4.7 Summary data for 2000

Table 4:4 - Summary data - live non-classical music

Number of employees	
Musicians (a)	26,000
Venues	11,000
Managers (b)	1,000
Promoters	300
Total	38,300
Value added	
Musicians' income from live performance	£364m
Venues	£132m
Managers (b)	£130m
Promoters	£30m
Total	£656m
Exports	£77m
Imports	£23m
Net trade surplus	£54m
Consumer expenditure	
Ticket sales for live UK concerts	£487m

Notes:

(a) estimated from the total number of musicians in the Musicians Union (31,000) less an estimate of 5,000 classified within the next chapter

(b) includes managers' employee numbers and value added from all activity not just the live sector.

5 Live musical performance - classical

5.1 Professional orchestras

The *British & International Music Yearbook 2002* lists 222 professional symphony and chamber orchestras and 946 ensembles in the United Kingdom. It is likely that the majority of these function on an occasional or part-time basis.

The Association of British Orchestras (ABO), the trade association representing professional orchestras, has a membership of 61, including all the UK's major orchestras; its most recent research, *Knowing the Score 2*¹¹ provides a statistical analysis of professional orchestral life in the UK. 34 orchestras provided data on the number of concerts produced or played during the research season, 1999-2000. In Table 5.1, 'Own promotions' refers to concerts promoted by orchestras themselves, and 'hired engagements' to concerts promoted by others, for which the orchestra would receive a fee. Details of numbers attending were not available; orchestras sometimes keep records of attendance of their own concerts but do not normally keep records of attendance for hired engagements.

The latest available figures for orchestras in England only are from the Arts Council of England for the research period 1999/2000.¹² Included are the four London symphony orchestras, English regional contract orchestras (both detailed below) plus the London Sinfonietta. These ten gave a total of 1,184 concerts to a total audience of 1.12 million during the 1999/2000 season.

Table 5:1 – Concerts by ABO members (base 34 respondents)

Total orchestral concerts by type, 1999/2000	
Own promotions:	
Home concert promotions	807
Schools orchestral concerts	96
Total own promotions	903
UK hired engagements	795
Total UK concerts	1698
Overseas concerts	231
Total	1929

Source: *Knowing the Score 2, unpublished data*

5.1.1 London symphony orchestras

London is home to the London Philharmonic (LPO), the London Symphony (LSO), the Philharmonia and the Royal Philharmonic Orchestras (RPO). These four are "self-governing" in that the players are self-employed freelance musicians who work through contracts to each orchestra and who are responsible for the orchestras' governance. The London orchestras receive substantial funding from the Arts Council of England but also must raise significant support from corporations and individuals. These orchestras give most of their concerts in central London. The LPO shares a residency at the Royal Festival Hall with the Philharmonia and in the summer the LPO is in residence at Glyndebourne Festival Opera. The LSO¹³ maintains a residency at the Barbican Centre, receiving significant financial support from the Corporation of London. In addition to London concerts and Glyndebourne, these orchestras maintain residences in

¹¹ *Knowing the Score 2, 2002*, Association of British Orchestras. 41 of the 61 orchestras queried responded to the ABO's survey, although not all provided full information.

¹² *A Statistical survey of regularly and fixed term funded organisations based on performance indicators for 1999/2000, 2001*. Paul Dwinfour, Alan Joy & Helen Jermyn, Arts Council of England.

¹³ The LSO was the UK's first independent, self-governing orchestra.

residencies in Bedford, Leicester and Nottingham. They make concert appearances in all major UK cities and tours extensively abroad.

These four orchestras undertake recordings. Two orchestras report a total of 44 recordings in 1999/2000 and a third 96 recording sessions. The LSO started its own record label, LSO Live, and recorded 7 live concerts during the 1999/2000 season. All orchestras are involved in recording music for films and one recorded music for computer games during the year.

The turnover for the four orchestras in 1999/2000 was in excess of £27.4 million, of which £5.9 million came from public subsidy and £2.8 million from partnerships, sponsorships, and corporate and private donations. Expenditure for the four orchestras on staffing costs totalled 8%.

If the BBC Symphony Orchestra is included (see below for details), London has more professional symphony orchestras than any other city in the world.

5.1.2 Regional contract orchestras

There are 7 regional contract orchestras where players earn an annual salary: Bournemouth Symphony Orchestra, City of Birmingham Symphony Orchestra, Hallé Orchestra, Northern Sinfonia, Royal Liverpool Philharmonic Orchestra (RLPO), Royal Scottish National Orchestra, and Ulster Orchestra. All except the Northern Sinfonia are symphony orchestras and are funded by their respective Arts Councils and, to varying degrees, by local authorities. They also seek and receive funding support from corporations and individuals.

Although most of the regional contract orchestras' activities are centred around their respective cities and regions, they also tour throughout the UK. Only three orchestras played abroad during the year. The regional contract orchestras record less than the London symphony orchestras; five made a total of 14 studio recordings and the RLPO made an additional five recordings for its own record label, which was started during the year.

The seven orchestras recorded a total turnover of £31.9 million during the year. Public funding totalled £17 million but this included nearly £3.2 million of "one-off" funding through the Arts Council of England's Stabilisation fund; this is Lottery expenditure designed to secure the financial position of major arts organisations. Local authority funding for all seven of the regional orchestras averaged 9% of turnover.

5.1.3 Freelance chamber orchestras

There are over 200 hundred professional chamber orchestras listed in the UK, although only a minority are regularly active. These orchestras are funded in a variety of ways with some entirely dependent on income from operations and others in receipt of substantial public funding. Just over a half of the chamber orchestras included in the ABO's survey were based in and around London, with the rest spread throughout the UK. The majority of chamber orchestras perform regularly at a "home" venue, though some also tour extensively. 10 chamber orchestras had performed abroad during the year and 11 orchestras had made a total of 27 recordings.

Their activities were very diverse. In total, 53% of their activities was in the form of UK engagements (ie the orchestra was hired by a promoter), 20% consisted of activities promoted by the orchestra itself, 18% was work overseas and 9% was recordings and broadcasts.

According to responses reported in the ABO's report, *Knowing the Score*, freelance chamber orchestras had a total income of £11.8 million. Public subsidy of these orchestras amounted to £3.3 million while partnership, sponsorship and donations amounted to £2.1 million. The balance of the freelance chamber orchestras' income came from orchestral operations - engagement fees, touring income, box office income etc. Most of these orchestras are managed with only a few staff, some working part-time.

5.1.4 Period instrument orchestras

Period instrument orchestras are managed and run similarly to freelance chamber orchestras, but are distinguished by their period playing style. There are comparatively few of these orchestras: five are members of the ABO and four responded to the survey for *Knowing the Score 2*. Three out of the four respondents are based in London where they mainly perform. Although UK touring is not particularly strong, foreign touring is a strong feature of period orchestras. In 1999/2000 these orchestras made a total of 9 recordings and 24 live radio broadcasts.

Turnover for the four period instrument orchestras that responded to the ABO's survey, amounted to £8.14 million with public subsidy of less than 3%. Foreign earnings accounted for 29% of their turnover and partnership; sponsorship and donations totalled about 36% of income. Like the chamber orchestras, staffing levels are low.

5.1.5 BBC orchestras

The BBC has employs five orchestras: BBC Concert Orchestra, BBC National Orchestra of Wales, BBC Philharmonic, BBC Scottish Symphony Orchestra, and BBC Symphony Orchestra. This distinctive group is funded by the BBC and the players are full time employees.

The BBC orchestras provide output for BBC Radio and television; all their work is broadcast on BBC Radio 2 and 3. The BBC orchestras appeared in 71 venues during the year and at 17 festivals. The BBC Proms also feature the orchestras, with just under 40% of all Proms concerts performed by them. The predominance of the BBC orchestras on BBC Radio 3 is shown below:

Table 5:2 – Broadcasts of orchestras by type (2000)

Type of orchestra	Percentage of broadcasts
BBC	66.4
Foreign	11.5
Chamber	5.8
Period	5.5
London symphony	4.0
Regional symphony	4.0
Youth	2.8

In addition, four of the BBC orchestras made at least one overseas tour during the year. The total turnover of the five BBC orchestras is £25.7 million of which just under £12.6 million (48%) is core subsidy from the BBC. The BBC National Orchestra of Wales also receives a subsidy from the Arts Council of Wales. The remainder of is made up of £8.9 million from broadcasting and recording and £3.6 million from other operations. The BBC employs a similar number of staff to other symphony orchestras, although some administrative and technical staff are not treated as direct employees of the orchestras.

5.1.6 Employment

Knowing the Score 2 reported that the 39 orchestras which responded to the survey employed a total of 391 full-time and 77 part-time staff in administrative and related areas. These figures are generally similar to research conducted in the ABO's *Knowing the Score 1*¹⁴ research project. The most recent estimates available on the numbers of players in orchestras are from *A Sound Performance (1999)*. Numbers of players were estimated at 540 for 6 of the 7 regional contract orchestras, while for the four London symphony orchestras playing staff was estimated at 382, and for BBC orchestras at 400.

¹⁴ *Knowing the Score*, July 2000, was published as Association of British Orchestras and ABO Trust research into the statistical dimensions of the UK orchestral sector. Research conducted by Emc.Arts / Institute for Cultural Policy & Practice formerly The Bay Group, UK.

Table 5:3 – Employment of administrative staff 1999/2000 amongst ABO members - base 39 orchestras

	<i>Full-time</i>	<i>Part-time</i>
London	83	2
Regional contract	153	29
Chamber	77	35
Period	16	5
BBC	62	6
Total	391	77

Source – Knowing the Score 2 unpublished data

5.1.7 Finance

The following table contains an estimate of orchestras' incomes. The total income for all orchestras is estimated at £105.2 million in 1999/2000.

Table 5:4 - Orchestras' income in 1999/2000, by orchestra type

	<i>Total income (£m)</i>	<i>Operating income (£m)</i>	<i>Grants (a) (£m)</i>	<i>Development (£m)</i>
London	27.5	68	22	10
Regional	32.0	42	52	6
BBC (b)	25.7	49	51	0
Chamber	12.0	72	16	12
Period	8.0	56	2	42
Total	105.2	287	143	70

Source: Knowing the Score 2

Notes:

(a) includes sponsorship, donations, gift aid and pairing award income

(b) 48% BBC subsidy, 3% Arts Council; 14% operating income, 35% from recordings and broadcasting

5.2 Venues

Classical concerts take place in a wide variety of venues – *Knowing the Score 2* found a total of 268 had been used by orchestras responding to its survey in the 1999/2000 concert season. Nearly all centres of population in the UK with more than 30,000 people are within 20 miles of one of these venues. Many of these halls are used for a wide variety of different activities, musical and otherwise. In the smaller centres, multi-purpose halls may be used for a variety of events. 11 of the leading concert venues in the UK are described in *Knowing the Score*. All these venues have a mixed programme of events. The Royal Festival Hall, the Barbican and Manchester's Bridgewater Hall have programmes which are at least 50% orchestral concerts; each of the 11 venues has an orchestral concert season and seven have 'resident' orchestras. An analysis of their concert programmes is shown in the following table. Within the research time frame, these concert halls presented a total of 2,431 concerts, of which 900 were orchestral. The analysis showed that only 67 concerts were by foreign orchestras, less than 8% of the total.

Table 5:5 – Concerts at 11 leading concert halls, 1999-2000

		BBC	Chamber	Contract	London	Period	Foreign	Orchestra	Others	Total	No of concerts	% of programme
Barbican Hall	London	7	20	0	84	8	16	3	24	162	256	63
Bridgewater Hall	Manchester	24	11	92	1	2	5	2	18	155	282	55
Royal Festival Hall	London	27	9	3	80	5	15	3	9	151	295	51
Symphony Hall	Birmingham	7	3	64	5	6	12	4	24	125	257	49
Royal Concert Hall	Glasgow	2	14	39	1	1	2	0	34	93	196	47
Queen Elizabeth Hall	London	1	23	0	0	11	2	0	26	63	300	21
St David's Hall	Cardiff	24	1	5	5	1	2	4	12	54	238	23
The Anvil	Basingstoke	2	5	9	4	3	2	0	10	35	178	20
Waterfront Hall	Belfast	1	1	15	0	0	2	0	2	21	162	13
Royal Concert Hall	Nottingham	1	4	3	5	0	5	0	3	21	138	15
Colston Hall	Bristol	1	1	11	1	0	4	0	2	20	129	16
Totals		97	92	241	186	37	67	16	164	900	2431	37

Source: Knowing the Score 2

Local authorities run a large number of venues outside London. Most of these will also have a wide variety of uses, but some are classified as concert halls by their local authorities. *Leisure & Recreation Statistics 2001-2002*¹⁵ gives details for local authority managed concert halls in England and Wales. It lists 117 halls, with a seating capacity of 66,449. 19,289 performances or events were organised during the year, attracting an audience of 6.1 million¹⁶. 757 full-time equivalent staff were employed.

Universities also host concerts, both professional and amateur. Some have dedicated concert halls open to the public, a number of others have arts centres with musical programmes. Little research has been focused on the amount of music and other performing arts activities within universities.

The Making Music 2000 survey of its membership (see below for details) showed that educational establishments and places of worship and church halls were the most frequently used venues for amateur and semi-professional concerts. Groups promoting these concerts used venues as follows:

Educational establishments	32% of concerts
Places of worship and church halls	30% of concerts
Local authority halls	22% of concerts
Private venues	15% of concerts

5.3 Classically focused festivals

Knowing the Score 2 analysed the contribution of orchestras to festivals throughout the UK during 1999/2000. Of 158 festivals in membership of the British Arts Festivals Association (BAFA), 58 included performances by professional orchestras. Freelance chamber orchestras were particularly well featured, appearing at 29 festivals. Festivals also featured foreign orchestras prominently, with overseas ensembles appearing at 19 festivals.

The only purely orchestral festival in the UK is the BBC Promenade Concerts at the Royal Albert Hall in London. The table below shows a breakdown of The Proms: BBC orchestras of course feature the most, but they were closely followed in 2001 by foreign orchestras.

¹⁵ Chartered Institute of Public Finance and Accountancy, London, 2002.

¹⁶ No distinction is made between musical and other events, however.

Table 5:6 – Number of BBC promenade concerts featuring orchestras, 1998-2001

	1998	1999	2000	2001
BBC orchestras	28	30	28	27
Foreign orchestras	17	11	14	22
London orchestras	4	6	5	5
Contract orchestras	4	4	3	5
Period orchestras	5	6	5	2
Chamber orchestras	7	8	6	5
Youth orchestras	3	2	6	2
Choral	3	1	2	2
Chamber music/recitals	0	2	2	1
World/jazz	2	3	1	3
Total	73	73	72	74

Source: Knowing the Score 2

5.4 Broadcasting and recording

Although the recording market was perceived by orchestras responding to the ABO survey to be declining, many were making recordings to at least the level of the previous year. Since the early 1990s, all of the BBC orchestras have entered the recording market. Others have established their own recording labels, recording live concerts.

The broadcast of live performances and concerts is largely the remit of BBC Radio 3. Orchestral broadcasts formed 20% of the Radio 3 output in 2000, with two-thirds of this accounted for by the BBC orchestras.

5.5 Education

The first edition of *Knowing the Score* showed the growth of education and community work by orchestras; in 1998/9 this comprised 40% of overall orchestral activity. For the second edition of research on this sector a survey of educational work was undertaken – responses were received from 15 orchestras which represented all categories. Administrative staff working in education departments varied from one to eight, with an average of two per orchestra. The average percentage of players involved in education and community work was 48%. 13 orchestras reported a total income of £1.3 million for educational work, although one orchestra accounted for a third of that total. This income was derived from public and private sources, with charitable Trusts and Foundations being the most important. Local authority contributions were also significant, but project funding from the Arts Councils amounted to only 1%.

The range of activities undertaken by orchestras under the general heading 'education' is very large.¹⁷ The major part of the work is in schools (more often primary than secondary) but venues may also include colleges, prisons, community centres, hospitals and work with groups with special needs. Orchestras may also work with young musicians from youth orchestras and choirs; most promote schools concerts.

5.6 Brass Bands

Brass bands are represented by the British Federation of Brass Bands, which has over 900 members. In 2000, it is estimated that 60,000 people are actively participating. The bands are generally self-financing, although some have received help in instrument purchase via Lottery awards.

¹⁷ It is also referred to at the conclusion of the Education chapter.

5.7 Military bands

According to information provided by the Ministry of Defence¹⁸, there are currently 29 regular army bands, comprising seven bands with up to 49 musicians and 22 with 35 musicians. The total number of personnel employed in the bands and training staff is 1,155. No current figures are available for the cost of military bands, but *The UK Cultural Sector* (Sara Selwood ed, PSI, 2001) estimated the net cost to be £5.18 million in 1998/99. Value added for military bands is estimated at £25million.

5.8 Other freelance musicians

There are, in addition to orchestral musicians, a number of individuals working on a freelance basis as soloists, chamber musicians, conductors and singers. Many of them combine their musical careers with other employment such as teaching. In 1999, Equity, the British trade union representing performers and artists, undertook a survey¹⁹ (quoted in *The Music industry: Skills and training needs in the 21st Century*, published by Metier, 2000) of a random sample of its membership, which includes singers, actors, directors, stage managers, dancers, variety artists and non-classified performers. From the replies received, it is possible to estimate that 6-7,000 singers are Equity members²⁰. Singers were asked in which area they did most of their work (the majority worked in more than one area). 36% responded that they worked in clubs and cabaret, 23% in the music business, 16% in television, 16% in the West End and 15% in regional theatre, the total presumably including some who worked equally in two areas. There were also other areas of employment open to singers. On average, respondents had been paid for only 16 weeks of professional work during the previous year, a quarter of the sample reporting no work at all. Only 28% of the sample had worked for 21 weeks or more. Earnings were correspondingly low: a quarter had earned nothing from professional engagements and a half £10,000 or less. Only 3% had earned £50,000 or more.

5.9 Amateur music

The amateur sector in classical music and brass bands is largely characterised by established music groups such as bands, orchestras and choral societies. 1970 or so of these (in 2001) are members of Making Music, the National Federation of Music Societies, which represents and supports amateur and semi-professional music groups throughout the UK. The most recent survey of Making Music's membership took place at the end of 2001²¹ and revealed the following information, although it should be borne in mind that not all amateur groups in the UK are members.

Making Music's membership is divided into 343 promoting groups and 1,612 performing groups, the vast majority of performing groups also promoting their own concerts. Its societies have a membership of around 138,000 people. Making Music societies presented 8,093 concerts during the year (about a third containing copyright music), as well as 558 music workshops separate from 176 educational events. Performing societies had an average audience of 204 and promoters an average attendance of 132. Nearly 1.5 million people attended music and performing society concerts. The average price of a ticket was just over £8. According to Making Music, their members employed 29,000 professional artists, paying £8.9 million for their services and spent £916,500 with music publishers during 2001. Amateur music societies also make a very significant contribution to the income of composers, commissioning an average of 221 works per year.

5.10 Employment, value added, consumer spending and overseas activities

It will be clear from the above description that classical orchestral music is a complex area of activity. The information available on key economic factors within in the area is at best partial.

¹⁸ Letter from Ministry of Defence, 2nd May 2002.

¹⁹ Quoted in *The Music industry: Skills and training needs in the 21st Century*, published by Metier, 2000 Available via www.metier.org.uk, but otherwise unpublished

²⁰ It should be noted that Equity membership is essential for any singer engaged to perform as a paid professional in UK theatres

²¹ Making Music membership survey, 2001.

5.10.1 Employment and value added

In terms of employment, comparatively few musicians are full-time salaried employees. Data compiled from the ABO survey and information from the Arts Council of England indicate that orchestras employ (both as musicians and in other areas) about 3,500 people. The number of professional freelance classical musicians is unknown, but industry sources suggest a figure in the region of 2,000.

Salary levels are also unknown. However, on the basis of detailed analysis undertaken for *A Sound Performance* and using the total income figure of orchestras surveyed by the ABO, the value added of the London, regional and BBC orchestras is estimated to be £52million. The value added contribution of freelance musicians is estimated to be £30million. This figure includes musicians employed by chamber orchestras.

5.10.2 Consumer expenditure

Attendance figures and box office takings for classical concerts are not available. In the absence of such data, a tentative estimate can be made; market research (British Market Research Bureau Target Group Index – see Chapter 8.2 for details) suggests that annual attendance at all types of classical concerts is in the region of 16.8 million *per annum*. Taking a low estimate of £8 paid per concert ticket produces an estimate of consumer expenditure of £134million.

5.10.3 Overseas activity

The ABO survey reported overseas earnings from orchestral concerts of £9.9million. There is no equivalent figure available for foreign orchestras visiting the UK.

5.11 Opera

The history of professional opera in the UK has been characterised by two principal developments. First, the number of permanent opera companies has increased since 1960. At that time there were only three permanent opera companies: The Royal Opera, Sadler's Wells and the D'Oyly Carte Opera Company (Glyndebourne Festival and the English Opera Group undertaking limited annual seasons). In the three decades that have followed, Glyndebourne Touring Opera was established (1968), the Welsh National Opera and Scottish Opera have become full-time operations, and Opera North, set up as the northern satellite of English National Opera, became a fully-fledged independent company in 1980. The end of Arts Council of Great Britain revenue funding for Kent Opera in 1989 has left six major companies.

Secondly, developments in the 1980s and 1990s centred on the expansion of middle- and small-scale opera. A 1992 report on small-scale touring and musical theatre²² reported that there were between 40 and 50 small companies presently working in Britain. In the wake of the Devlin report, the Opera and Music Theatre Forum was established as a branch of the Association of British Orchestras, and in 2000 became a separate organisation. *Opera For Now: A Profile of Opera and Music Theatre Companies in Britain*²³ characterises subsequent developments as an 'opera boom'. There are currently 147 companies known to the OMTF. Many of the very small companies necessarily have a very brief existence, but some survive to become on-going operations. The *Opera for Now* report surveyed opera and music theatre companies, receiving 54 responses. The largest six companies all replied, together with what the OMTF considered to be a representative selection of small and medium sized operations. Of these 54, almost half had been founded during the 1990s²⁴.

The *Opera for Now* report showed that the preferred method of employment for creative staff was the freelance contract. 65% of companies had at least one paid manager or administrator. 96% of the companies used live music at all times and 4% did occasionally – none were wholly reliant on recorded music. The 54 respondents had produced at least 160 productions during the year. 80% of the companies toured and 37% had a home venue, which might be anything from an opera house to an arts centre used for a few performances each year, the smaller companies would usually producing smaller scale work

²² Beggars' Opera, Graham Devlin, Gulbenkian Foundation, 1992

²³ Opera & Music Theatre Forum/Arts Council of England, 2001

²⁴ A weakness of the report is that it treats all the companies together, when the income figures clearly show that there is a gulf between the large companies and the rest.

better adapted to more modest venues. Apart from the obvious venues, companies had performed in leisure centres, prisons, parks, marquees and hospitals, among others. The numbers attending ranged from a few hundred to many thousands during the year; some smaller companies do not have the means to keep detailed attendance records. The median attendance figure excluding the six largest companies was about 13,000 annually.

5.11.1 Opera income

In 1998/99, just seven companies had incomes of over £1 million (the 'big 6' mentioned above and the English Touring Opera). After these, four companies had an income of between £301,000 and £500,000, seven between £101,000 and £300,000 and the rest less than £100,000. For the largest companies, Arts Council grants were the most important form of income, while for those with less than £300,000 per year, ticket sales and fees were the most significant, followed by aid from charitable trusts.

Detailed income figures are available for the five largest companies (Royal Opera, English National Opera, Opera North, Glyndebourne Touring Opera and Welsh National Opera) from the Arts Council of England's *Performance Indicators* statistical series²⁵. They show that subsidy from Arts Councils and Regional Arts Boards formed just over a half of all income, with earned income from box office and other sales forming 37% of the total. Ticket sales for the 5 companies totalled 1.14 million in 2000/1.

Table 5:7 – Income of five major opera companies 2000/1

	£m	%
Earned income	28.8	37
ACE/RAB subsidy	40.4	51
Local authority/other subsidy	1.4	2
Sponsorship income	7.9	10
Total	78.5	100

Source: ACE unpublished data

Note:

Companies are: Royal Opera, English National Opera, Opera North, Glyndebourne Touring Opera, Welsh National Opera

5.11.2 Education in opera

The *Opera for Now* report included a survey on education projects undertaken by the opera companies. 72% of respondents ran an education or community programme and one-third of companies had a member of staff (salaried or freelance) to undertake education work. The most common forms of education work were projects in or with schools and pre- or post-performance talks (both undertaken by 71% of those respondents who did education projects). Also popular were introductions to opera for a school audience (57%), projects with higher or further education students (51%), community projects (40%) and masterclasses for students (38%).

5.11.3 Employment, added value, consumer spending and overseas activities

Few opera companies provide significant employment, with the majority of companies running on minimal or no administrative staff and freelance employees being engaged as required. Detailed employment figures are available for the five major opera companies from the Arts Council of England's *Performance Indicators* statistical series, and are shown in the table below. These five companies employed just over 3,000 staff either on contract or in permanent positions. Most of the contracted staff are employed in an artistic or creative capacity. Total full-time equivalent employment in opera, including both artistic and administrative personnel, is estimated at 3,500.

²⁵ 2000/1, as yet unpublished.

Table 5:8 – Employment in major opera companies

Numbers of staff	
Permanent staff:	
Artistic	556
Executive	120
Other	724
Total	1,400
Contract/freelance staff:	
Artistic	1,010
Executive	349
Other	278
Total	1,637
Total staff	3,037

Source: Arts Council of England, unpublished data

Note:

Companies are Royal Opera House (adjusted to exclude staff Apportioned to Royal Ballet); English National Opera; Opera North; Glyndebourne Touring Opera; Welsh National Opera

In terms of value added, there is a lack of information in the accounts of the major companies about the fees paid to artists and, in the absence of this data, it has not proved possible to estimate the value added of the opera sector as a whole. An allowance has been made for this in the concluding chapter.

Consumer expenditure on opera is included in the table below which gives box office figures for musical theatre.

The Opera and Musical Theatre Forum, which maintains close contact with member companies, states that overseas touring can be a valuable source of income for some smaller companies since foreign engagements may offer higher fees and better facilities than can be obtained in the UK. However, the high cost of overseas touring for larger companies renders this source less significant for them.

5.12 Musical theatre

Musicals are usually associated with the West End, although they are performed throughout the UK, either in commercial tours or as part of the repertoire of the subsidised theatres. The difficulty in describing this sector is in distinguishing between musicals and other dramatic performances in statistical terms.

*The Wyndham Report: The Economic Impact of London's West End Theatre*²⁶ makes large claims for the economic importance of the West End theatre in general, estimating its value to the UK economy as £1,075 million in 1997. (This includes ancillary spending on such items as meals and transport.) It states that 27,000 people are directly employed by the West End theatre, with additional employment dependent on its existence. It also identifies the West End as a key attraction to overseas tourists; indeed the appeal of British theatres has been noted in various surveys of foreign visitors.²⁷ The report estimates expenditure by overseas tourists on tickets and ancillary items relating to West End theatre visits to be £226 million in 1997.

Musicals are one of the identifying features of the West End theatre, and since they are usually the biggest productions, playing in larger theatres with more personnel required than for straight drama, it follows that they must contribute significantly to the economics of the West End. Musicals are sometimes thought to be particularly attractive to overseas tourists, especially non-English speakers. However,

²⁶ Wyndham Report, 1998: *The Economic Impact of London's West End Theatre*. Author Tony Travers of the LSE, with data compiled by MORI.

²⁷ Travers cites *Survey of Overseas Visitors to London 1996*, MEW Research for London Tourist Board, 1996.

research on the West End audience²⁸ did not seem to bear out this perception, although any audience survey must inevitably represent only a “snapshot” of the situation at a particular time. During the period of the survey (November 1996 – November 1997) the study found that the ‘typical audience member’ at a West End musical was likely to be under 55 (this differs from opera), from the ‘rest of UK’ or Europe, rather than from London, in a group of 5 to 10 people, and to visit the theatre on average only once a year.

Musicals are also one of Britain’s most successful performing arts exports – shows originating in the West End have gone on to be produced successfully all over the world. For example, *Phantom of the Opera* had (to 1998) earned a worldwide box office of £1.7 billion and *Cats* £1.1 billion. Earnings and payments relating to these activities are covered by Grand Right fees, which are discussed in the chapter on composition and music publishing.

The Society of London Theatre (SOLT) represents theatres in the West End of London and the Theatrical Management Association (TMA) has in membership most of the larger theatres in the UK outside London. Both collect statistics on performances, attendances and box office revenue of their members and, taken together, these represent most of the theatrical activity in Britain apart from small-scale venues.

Table 5:9 - Attendances, performances and box office income at SOLT and TMA theatres, 2001

	SOLT			TMA		
	Attendances (000s)	Performances (nos)	Box office (£m)	Attendances (000s)	Performances (nos)	Box office (£m)
Musicals	6709	6993	176	1100	2130	16
Opera/opera	667	522	28	310	510	6
Total	7376	7515	204	1410	2640	22

Sources: SOLT/Lidstone & Stewart-David (2002); TMA/City University (unpublished data)

The table above shows that in 2001 there were over 10,000 performances of musicals and opera in SOLT and TMA theatres. Audiences totalled nearly 9 million and box office income was over £200 million.

While the box office statistics collected by SOLT and TMA give annual figures for consumer expenditure, no information is collected on employment or value-added in this sector. According to the Wyndham Report for all of London’s West End companies, expenditure on salaries was £106.6 million in 1997, representing 37% of total expenditure. In 2001, SOLT’s annual box office survey indicated that musicals accounted for 41% of performances and 58% of box office revenue. Assuming that musicals have higher average employment costs than other productions (due to larger cast sizes and greater employment of musicians) we have estimated that about 50% of West End salaries are incurred by musicals. Based on the 1997 salary bill for West End theatre, this would produce a value-added for musicals of £53 million, although this of course takes no account of wage inflation since 1997.

For TMA productions, we have applied the same ratio of employment costs to box office income to arrive at a notional figure of £4.8 million for value-added for musical theatre outside London.

Latest available research suggested that a typical West End cast size was 18 (for all productions) and the average cast size for musicals in repertory theatres outside the West End was 13 (Arts Council of England, 1996). Applying these ratios to performances of musicals in West End and TMA venues, the table above suggests that the total number of ‘actor performances’ in musicals is 153,564, equating to 19,196 ‘actor weeks’, giving 400 full-time equivalents. However, anecdotal evidence from TMA suggests that cast sizes in musicals outside the West End have diminished in recent years and so these figures may represent an over-estimate. Full time equivalents in ancillary employment at venues staging musicals have been estimated at 1250.

For *A Sound Performance*, the Musicians Union provided detailed data on the employment of pit musicians in musical theatre. In the absence of any updated information on this topic, the previous

²⁸ *The West End Theatre Audience*, MORI for Society of London Theatre, 1998

estimate of 225 full-time equivalent musicians employed in West End theatre and 200 in TMA theatres has been retained, although TMA believes that the number of musicians employed in theatres outside London has been declining.

Taking all these figures into account, total employment in musical theatre is estimated at 2,075.

5.13 Amateur opera & musical theatre

The National Operatic and Dramatic Association (NODA) estimates that about 60% of its 2,300 affiliated societies (ie about 1,380) are 'operatic', that is, producing light and grand opera and music theatre. In 2002, NODA engaged in a first comprehensive survey of amateur theatre. Until those data are complete, NODA estimates that box office revenue of its operatic members totals about £13.5 million. Anecdotal evidence suggests that a significant number of societies use paid professional input, ranging from paid musical directors to orchestras paid MU rates. This has not been included in the consumer spending summary, as some of these performances take place in theatres covered by TMA figures.

5.14 Summary data for 2000

Table 5:10 – Summary for 2000, live musical performance - classical

	<i>£ million</i>	<i>Nos</i>
Value added:		
Orchestras	52	
Freelance classical	30	
Military bands	25	
Musicals	58	
Total	165	
Consumer spending:		
Concerts	134	
Musicals & opera	226	
Total	360	
Employment:		
Orchestras		3,500
Opera		3,500
Freelance		2,000
Military		1,155
Musicals		2,075
Total		12,230

6 The recording industry

In the UK the recording of music and the sale of recordings on compact disc (CD) and other physical formats such as music cassettes and vinyl albums is performed by approximately 1,000 active record companies. The industry has traditionally drawn a distinction between the five major companies, notable for their size and dominant position in the market and at one point for their degree of vertical integration encompassing manufacturing and distribution activities, and the independent sector. Whilst the majors do have a significant market share, close to 80% of the albums market by value in 2001, (source - The Official UK Chart Yearly Audit Report –Year 2001-The Official UK Charts Company Ltd) their core label activities are not essentially different to the wide variety of independent record companies. Thus over time artists have moved from one sector to another and many significant independent labels have passed into the major sector by acquisition such as Island, Virgin, Chrysalis, Creation, and more recently Mute.

The sector is represented by two trade associations whose members generate the great majority of recordings in the UK. These are the BPI (British Phonographic Industry) with over 300 member companies (including all majors as well as independent labels), and AIM (The Association of Independent Music) with over 650 company members, of which approximately 65 have dual membership with the BPI.

The recording sector is one where sales data are good, partly as a result of the sophisticated research which is used in the production of the sales charts, and the existence of long-established surveys conducted by the BPI research department.

The most significant source of revenue for UK record companies is the sale of soundcarriers such as CDs, cassettes and vinyl records to the UK market. In the four years to 2001 an average of over 5,100 commercial singles and 19,000 albums per annum were released in the UK market (this figure does not include most re-released albums). (Source - Millward Brown – *BPI Statistical Handbook 2002*).

Table 6:1 - UK trade deliveries (£ms)

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
CD albums	380.5	480.0	603.6	708.4	789.1	785.6	878.2	914.7	997.7	1,099.4
Other album formats	230.9	220.4	216.0	196.1	168.1	133.6	119.0	80.7	51.6	23.3
Total albums	611.4	700.4	819.6	904.5	957.2	919.2	997.2	995.4	1,049.3	1,122.7
Singles	81.1	85.4	97.9	111.2	120.0	140.1	123.7	138.1	121.2	109.3
Total market	692.5	785.8	917.5	1,015.7	1,077.2	1,059.3	1,120.9	1,133.5	1,170.5	1,232.0

Source : BPI Surveys

Expressed as an index with a base of 100 for 1992 total deliveries have been as follows:

1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
100	113	132	147	156	153	162	164	169	178

In 2001 UK trade deliveries of albums rose in unit terms by 4.4% and by 7.0% in value compared to a decline in world retail sales of 5.0% in value and 6.5% by units – (Source - IFPI-2001-*The Recording Industry World Sales* (April 2002).) This was attributed to factors which included a strongly performing retail sector, strong release schedules particularly of UK repertoire, falling retail prices, increased TV-advertising and relatively high consumer confidence. This upward trend in the UK was in distinction to many other major world music markets such as the USA, Germany and Japan, which showed significant declines, which were attributed principally to increase CD burning and unauthorised downloading. Sales in the UK as a share of the world market thus rose to 8.3%, from 7.7% in 2000 and 1999 (Source - 2001 – *The Recording Industry in Numbers* – IFPI].

BPI analysis, based on Gallup and Official UK Chart Company data, showed that within the UK market 47% of album units sold in 2001 were by artists of UK origin, the same as in 2000, but significantly less than the annual average of 52% for the years between 1992 and 1999. This reduction was in part due to

the increasing popularity of musical genres such as nu-metal and rap in which US repertoire dominates. Analysis of album sales by other indicators showed that just over a quarter of sales were of compilation albums as opposed to single artist albums and over 81% were full-price titles, as opposed to mid and budget-priced releases. Pop and rock titles accounted for 59% of the market, with classical repertoire forming just over 4% and minority genres such as folk, jazz and reggae representing around 1% each.

UK record companies also derive substantial revenues from overseas markets both from physical exports and licensing income. These stem from the country's historic role as the world's second largest creator of musical repertoire.

Data from Customs & Excise indicates the following:

Table 6:2 - Exports and imports of music products from 1996 to 2001 (£000s)

	1996	1997	1998	1999	2000	2001
Exports:						
Compact discs	138,951	166,287	146,809	159,883	149,841	161,595
Music cassettes	17,200	8,500	6,116	5,177	8,988	5,762
Vinyl	47,800	45,600	42,263	35,855	43,807	41,435
Total	203,951	220,387	195,188	200,915	202,636	208,792
Imports:						
Compact discs	105,056	106,476	124,667	117,648	165,029	163,933
Music cassettes	12,600	9,200	10,093	6,460	6,031	5,104
Vinyl	13,500	13,400	16,346	15,289	14,756	19,709
Total	131,156	129,076	151,106	139,397	185,816	188,746
Net trade surplus	72,795	91,311	44,082	61,518	16,820	20,046

Source – Customs and Excise data

Comparisons with figures from the early 1990's, when higher surpluses were reported are not particularly meaningful as there were changes in methods of data collection and in the definition of products. It is also important to note that the figures include a mixture of products both at manufacturing cost and at full wholesale value. The trend figures do however indicate that between 1996 and 2001 there has been little growth in export value and also a significant decline in the overall trade surplus, attributable in part to the growth in importance of domestic repertoire in most international markets (especially North America) and the significant rise in the value of sterling in the second half of the 1990's.

Alongside direct exports of physical products UK record companies generate significant invisible overseas earnings from royalty income. Here data are based on surveys conducted by the BPI, combined with estimates for non-respondents and non-members.

Table 6:3 – Overseas royalty earnings (£ms)

	1996	1997	1998	2000	2001
Royalty earnings:					
BPI survey – consistent companies	306.0	305.6	269.4	300.3	287.0
Others (estimated)	110.3	95.6	82.3	63.4	59.3
Total	416.3	401.2	351.6	363.7	346.3
Overseas payments:					
BPI survey – consistent companies	129.7	132.4	138.0	130.5	147.1
Others (estimated)	6.1	6.1	5.8	26.9	25.9
Total	135.8	138.5	143.8	157.4	173.0
Net trade surplus	280.5	262.7	207.8	206.3	173.3

Source – BPI data

A factor which contributed to the declining surplus in the period was the rise in the value of sterling against key European currencies. Between the end of 1995 and 31st December 2000, sterling appreciated by 40% against the Deutschmark and 38% against the French Franc, (Source - Dane : *UK Record Industry Annual Survey 2001*) thus reducing sterling receipts of royalties based in foreign currencies. In addition there was, according to IFPI statistics, a growing demand in many countries for domestic repertoire at the expense of international material. This was certainly the case between 1996 and 2001 in developed markets such as Japan, France, Australia, Ireland, Spain and the Netherlands.

No hard data exist on the overall share of the world record market attributable to UK artists. The BPI last published an estimate for this of 18% for 1993, though subsequent unsubstantiated industry estimates have suggested a significantly lower level. Notwithstanding this recent relative decline, the UK remains the world's second-largest source of musical recordings.

Examples of the UK recording industry's recent economic success and commercial vitality in overseas markets include:

- the discovery and development, by both majors and indie labels, of new artists who have achieved commercial success not only in the UK but also abroad. These include Dido, Robbie Williams, Radiohead, David Gray, The Prodigy, Craig David, Charlotte Church, Russell Watson, Jamiroquai, Coldplay and Travis.
- the continuing commercial success enjoyed by such established acts as The Beatles, (whose "1" album was the world's top-selling album in 2001), Pink Floyd, Rolling Stones and Sting, (whose last album "Brand New Day" was the biggest-selling title in his career to date).
- the success of independent labels in niche market areas such as Ministry of Sound in the dance sector, World Circuit in world music and Hyperion in the classical market in addition to other independents with more broadly based repertoire such as Beggars Banquet.

One pertinent current issue for UK record companies is the lack of market share recorded by UK artists in the US market. The recent study *Make or Break – Supporting UK Music in the USA* set out an analysis of UK artists' share of the Billboard Top 100 US album chart from 1965 to 2001, which indicated a much weaker performance in the years since 1994 than in the previous three decades. This was attributed in part to what might be called "musical factors", such as a downturn in the relevance of the UK's musical output for the US market. It also however identified a number of other business factors and trading conditions which led to the decline, and concluded that one potential solution might be the establishment of a UK music office in North America, to support the efforts of the industry there.

In addition to the sale of CDs and other physical products and overseas licensing, UK record companies also derive income from the public performance of their recordings, which is distributed by Phonographic Performance Ltd (PPL). PPL distributed over £27.2m of public performance revenues to its UK record company members in 2000, compared to £25.5m in 1999 and £24.2m in 1998, with similar amounts

being collected on behalf of musicians featured on the recordings. Further royalty income is derived from licensing recordings for use in films, advertisements, computer games and for other media such as on the Internet. There are no reliable estimates of such "other licensing" income. *The Value of Music* estimated that for 1995, the amount including income from PPL was £100m, though one would anticipate an increase in the subsequent period.

The UK recording industry is however currently confronted with some serious issues of concern. Both domestically and internationally the growth of CD-R burning, which is closely linked with downloading from pirate Internet sites and unauthorised file-sharing services, have become very significant factors affecting the world music market. This to date has been particularly important in such key territories as Germany, Canada and the USA, all of which experienced a decline in sales in 2001. The International Recording Media Association estimated that sales of blank CD-R's worldwide to the trade in 2001 reached 3,730m, up from 2,730m in 2000. The IFPI meanwhile estimated that for every CD album sold, one copy was burned, and that at least half of all blank CD-R sales were for the purpose of copying music, of which only a very small proportion was authorised by rights owners.

One key component of the threat to the record industry's long-established revenue streams from the sale of CDs and other formats has been the free and unauthorised availability on the Internet of copyrighted music owned by record companies. The industry has on a worldwide scale, (with the main battles being fought in the US) been combating such Internet pirates and has won a number of important legal cases. However these victories have so far failed to remove the problem, and the perception that music is a commodity that should be available for free is growing among some demographic groups.

Whilst the industry on an international basis is struggling to come up with a solution to the problem of piracy, it has also been devoting considerable amounts of time, effort and investment to develop music services on the Internet; both the majors and a number of new independent companies have introduced facilities for legitimate downloading. However the business models for the digital future are still in their infancy and revenues from downloading or streaming activities are still immaterial in the context of the industry's overall revenues.

A recent report by the University of Kingston *Banking on a Hit, The Funding Dilemma for Britain's Music Business*, concluded that the small and medium sized enterprises which make up 90% of the UK's music businesses faced distinct problems which hinder their ability to grow. These include a lack of confidence in accessing external finance caused in part by a lack of knowledge and understanding of the sector by banks and investors.

Within the independent music recording sector the difficulty of accessing funds for development can also be seen in the context of general problems in accessing markets. Contributory factors inhibiting the development of independent labels are the consolidation and standardisation of radio play lists, as well as difficulties in securing suitable distribution both in the UK and overseas to gain optimum access to the retail market. There are also concerns that if the majors discontinue their own distribution and manufacturing activities, independent labels will see a decline in their relative importance to their current distributors and manufacturers.

6.1 Employment and value added

Information on the number of people employed by major record labels and their affiliates in the UK has been collected from a BPI survey of the majors, supplemented by analysis of relevant annual reports and accounts for periods ending in the year 2000. On the basis of these, we estimate that in 2000 the majors employed approximately 3,100 people in the UK in their label activities i.e. excluding distribution and manufacturing. This compares to an estimate of 3,274 for 1997 in *A Sound Performance*. Using figures disclosed in published accounts the value added by the majors in the UK was £295m compared to £325m in 1997. With employment costs in 2000 very similar to those for 1997, the decline was due to a fall in disclosed operating profits.

The above methodology, based purely on amounts disclosed in the published accounts, may however tend to understate the value added created by the majors in the UK as the companies included may not represent the whole of their UK activity.

Based on its knowledge of its 660 member companies, AIM has estimated that its members have approximately 2,400 employees. Adding in an estimate of 700 for non-members in the independent sector, reaches a total of 3,100 full-time employees. Using analysis from the published accounts of over one hundred indie labels we estimate value added by the independent sector at £112m. On this basis overall UK record labels generated value added estimated at £407m in 2000.

If one extends the definition of value added to include not only employment costs but also payments to freelance staff, such as those working in such areas as design, PR and promotion, this figure could be substantially higher.

Within the recording sector, the largest element of value added is not the operating profits and direct employment costs of record labels, but the recording royalties and advances against those royalties received by UK recording artists. There are no firm data in this area available for recent years.

However applying conventional music industry cost structure ratios to UK record sales and exports and licensing income and considering additional factors such as phonographic performance income, produces a total of approximately £475m.

6.2 Recording studios and facilities

The music recording sector includes a wide variety of companies, who are represented by a well-established trade association, the Association of Professional Recording Services (APRS). As well as individual members APRS has 46 member companies within its post-production studios association, 38 within its Studio Accord division, and 45 members engaged in supplies to the sector. Overall there are probably some 300 or so economically significant recording studios in the UK (*The Value of Music in London* report in 2000 identified 189 recording and post-production studios in the capital alone). Alongside these are companies providing services to studios such as the manufacturers and suppliers of mixing consoles and other studio equipment.

The scale of individual studios varies considerably. At the “top” end of the market are what might be termed the “super” studios such as Abbey Road, Sony and AIR Lyndhurst which are large enterprises which offer an extremely wide range of facilities. There are also large urban-based independents such as Metropolis, Eden and Sphere and also studios offering rural locations with residential facilities and/or large acoustic rooms such as Rockfield in Gwent, Sawmills in Cornwall and Real World in Wiltshire. There are then a large number of smaller establishments with particular areas of specialisation, such as digital technology, multimedia or services geared to a particular sector, for example film soundtracks or commercials. As technological changes (such as the development of hard-disk, non-linear digital recording formats) have brought a significant reduction in the capital expenditure required to create high quality digital recordings, there has also been a growth of so-called Project Studios, smaller operations which can offer services previously only available at much larger and generally more expensive studios.

The most significant factor which has affected the recording services industry in recent years, and which continues to have a profound effect on its operations, has been the dramatic technological change associated both with the development of digital recording and in particular the introduction of the computer into professional recording. The equipment needed to carry out multi-track recording, mixing and editing has become increasingly cheaper, more compact and more efficient, bringing much greater flexibility, speed and convenience at much lower cost. As this equipment is now sufficiently inexpensive to be installed in both home and project studio environments, entire segments of the commercial recording industry have been threatened, requiring a constant process of adjustment to the new technology and market conditions.

In this environment one significant corporate trend, which appears to be continuing, is for the major record companies to move out of the studios sector. Thus EMI sold its Townhouse Studios complex in 2002, though it still retains Abbey Road and Olympic, which followed earlier disposals and closures by major affiliates such as Decca, Phonogram and Polydor. This has been one factor in enabling companies such as Sanctuary to build up significant studio/facilities based divisions.

There is a lack of up-to-date reliable economic data on the recording studio sector, with no significant new published estimates since those contained in *A Sound Performance* in 1999. However, if we accept the

equipment manufacturing sector within our estimations, the booming community of audio education and training establishments and the proliferation of micro businesses involved in pre-production, we estimate the number of employees engaged in the sector to be in excess of 1,000 creating a value added total in the region of £50m.

6.3 Producers - employment and value added

Whilst many engineers engaged in the recording process tend to be employed directly by studios, record producers typically operate via their own companies or as self-employed individuals. The historic role of the producer in the recording process is well documented with figures such as Sir George Martin (The Beatles), Brian Eno (U2) through to Nigel Godrich (Radiohead) making significant contributions to some of the most successful albums recorded in the UK. The profile of the producer has recently been raised by the success of many pop hits by so-called “manufactured” bands such as Steps, S Club 7 and artists from TV series such as *Popstars* and *Pop Idols*.

The Music Producers’ Guild (MPG), the UK trade association for individuals engaged in the music production and the recording professions, has around 300 members. The MPG is devoted to raising the profile of the producer in a period in which there has been a trend for more and more artists in the rock field to produce their own recordings. It has also made headway after a long campaign to allow record producers to participate in PPL income (collected for the use of sound recordings by broadcasters) which should, in time, generate considerable additional income. However there are no hard published data or research on the economic significance of record producers. Industry sources suggest there are probably around 350 full-time producers. Given the inclusion within this number of a number of exceptionally high-profile and highly paid individuals, our value added estimate for the sector is £20m.

6.4 Manufacturing

The manufacturing sector of the UK music industry comprises the plants in the UK which physically replicate/duplicate compact discs, cassettes and vinyl records, along with the associated component manufacturers such as those creating booklets, boxes and packaging, and brokers who sometimes act as the interface between smaller record labels and the manufacturers.

The most economically significant of these enterprises are CD manufacturing plants. The research company Understanding and Solutions identified 23 CD and DVD plants in the UK in 2002, and an MCPS list from May 2002 covering the much broader definition of “pressing plants”, approved for use by licensees, included 116 companies. The latter list, as well as including cassette and vinyl plants, included many very small enterprises and also brokers. Understanding and Solutions estimated that the total unit output of pre-recorded discs in the UK rose from 578m units in 1999 to 757m in 2000 and to 676m in 2001. However within this overall total which also included CD-ROMs and DVDs, the output of audio CDs remained relatively constant at around the 350m units per annum level. This figure compares to the BPI estimate of CD trade deliveries to the UK market of 259m units in 2001 and 245m in 2000.

In recent years there have substantial changes in the nature of the UK manufacturing sector. The CD manufacturing sector has seen corporate failures, as well as new entrants and consolidation by acquisition, as plants adapt to provide capacity for new formats, for which demand is unpredictable. The most significant recent development has probably been for the major record companies to pull out of manufacturing in the UK altogether. Historically the major record companies were characterised by their high degree of vertical integration, with structures including not only label activities but also recording studios, manufacturing plants and distribution companies. One step away from this, in the UK at least, came when late in 2000 when EMI closed its vinyl manufacturing plant at Hayes and sold the presses. More significantly two substantial announcements in 2002 signalled the complete end to the majors’ manufacturing activities in the UK, when EMI closed its Swindon CD plant to concentrate European CD manufacturing in the Netherlands, and when Universal Music sold its Blackburn plant to one of the largest independent CD manufacturing groups, Disctronics.

As the compact disc has become the dominant format in the music market, demand for cassettes has fallen dramatically, with the manufacturing plants relying more and more on niche non-music markets such as spoken word and children’s tapes. However after much of the vinyl manufacturing capacity was

removed in the 1980's and early to mid 1990's, there has been a recent revival in that sector with the remaining plants working close to full capacity and even adding new presses.

6.5 Manufacture - employment and value added

Analysis of the published financial accounts of 10 of the leading manufacturers, including six CD plants, for their accounting period ending in 2000 (Source - Dane - *UK Record Industry Annual Survey 2001* as updated) discloses value added of £51.4m generated by 1,569 employees. Based on their relative position in the market and adjusting for the likely proportion of their output which relates to CD-Rom as opposed to audio CD activity, reasonable estimates for the music manufacturing sector overall in 2000 are value added of £98m derived from 2,800 employees.

6.6 Summary data for 2000

Table 6:4 – Summary for 2000, live performance – non-classical

Number of employees:	
<i>Record labels</i>	6,200
<i>Recording studios</i>	660
<i>Producers</i>	500
<i>Manufacturers</i>	2,800
Total	10,160
Value added:	
<i>Record labels</i>	£407m
<i>Recording studios & similar</i>	£24m
<i>Producers</i>	£20m
<i>Manufacturers</i>	£98m
<i>Recording artists</i>	£475m
Total	£1024m
Exports:	
<i>Physical products</i>	£203m
<i>Invisibles</i>	£364m
Total	£567m
Imports:	
<i>Physical products</i>	£186m
<i>Invisibles</i>	£157m
Total	£343m
Net trade surpluses:	
<i>Physical products</i>	£17m
<i>Invisibles</i>	£207m
Total	£224m

7 Music retailing and distribution

7.1 The marketplace

Pre-recorded music products such as compact discs, cassettes, vinyl albums, mini-discs and DVDs are currently sold to the public in the UK in over seven thousand retail outlets. The great majority of the record retailing industry is represented by the outlets which have provided data to the Official UK Charts Company, the company charged with generating the UK Record Charts, and its predecessors, which are summarised in the table below.

Table 7:1 - Number of outlets selling music

	1997	2000	2002
Specialist chains (a)	502	508	511
Independent specialists	1,085	967	956
Multiple retailers (exc. supermarkets) (b)	2,468	2,933	2,841
Supermarkets (c)	1,530	1,590	1,698
Total	5,585	5,998	6,006

Source : Millward Brown/BPI

Notes:

(a) Examples include HMV, Virgin, V-shop and MVC

(b) Examples include W H Smith and Woolworth's (c) Examples include Asda, Sainsbury, Tesco and Safeway

Data for the sales charts are also collected from some mail order outlets, including those selling via the Internet. In addition to these outlets the music-retailing sector also includes a number of other independent specialists who do not participate in the chart system, as well as outlets such as motorway service stations and corner shops which include music within their product mix. Other sub-sectors not included within the table are market stalls retailing records and second hand and collectors' record shops. No adequate data exist on the number of these outlets. The BPI has in recent years used an estimate of 250 "Other" retail outlets, excluding the second hand sector, but the actual figure is probably much higher, given the accounts base claimed by a number of secondary distributors.

Comparisons with historic figures indicate that the number of outlets selling music products has risen significantly over the last decade, largely as supermarkets, and multiples such as Dixons/Currys have joined the industry and now that the mix of outlets within the industry has also changed. Market share is now dominated by specialist music chains, notably HMV and Virgin. These chains have expanded by adding additional outlets, operating bigger stores and extending their product ranges to include videos, DVDs, computer games, books and magazines.

Another sector which has substantially increased in recent years is supermarkets. The wider music offer by such chains as Asda, Tesco and Sainsbury has led to a position where supermarkets now have some 14.8% of the album market (Source - Taylor Nelson Sofres – *Audio Visual Trak Survey 2001*). Such supermarkets have tended to concentrate on fast-moving chart albums and have made it easier for casual or impulse purchasers to buy CDs. Their price-led offers have however put pressure on traditional music retailers which maintain a much wider product range and employ more specialist staff.

With the growth in significance of multiple specialists and supermarkets, the retail sectors that have become relatively less important in the sale of music products are the independent stores and also the general multiple retailing sector, which includes such chains as W H Smith and Woolworth, and hitherto Boots, who no longer sell recorded music.

Against the background of change, there have been a number of recent corporate casualties in the retailing sectors, such as the NOW and Impulse chains. The US group Sam Goody also withdrew from the market, and Our Price reconfigured around 100 of its outlets as V-shops, which include other product ranges such as mobile phones. There have however been new entrants to the market such as the US

group Borders, which now has a significant UK presence, music and book megastores XS, operating in factory outlet centres and Sanity. Other expanding music retailers include FOPP and Music Zone.

Other significant entrants to the music retailing market in recent years have been companies selling physical products from Internet sites. Compact discs were soon identified in the Internet boom as ideal products to sell on-line, and new companies arose to exploit this market, notably Amazon, often attempting to build market share by price-led offers. After a period of consolidation and the collapse of a number of new entrants such as Boxman, Internet retailers in 2001 commanded 4.5% of the UK album market by expenditure (Source - Taylor Nelson Sofres – *Audio Visual Trak Survey*) compared to 3.1% in 2000. Undoubtedly some of this growth has come at the expense of traditional mail order houses and record clubs. Whilst much of the initial attention on Internet retailing was centred around price levels, and some sites do still exist whose appeal is entirely based on low prices, the Internet has also made it much simpler to obtain more obscure and deeper catalogue items, with some online retailers offering a very wide range. The development of e-commerce has also made it much easier for individual record labels to offer their products directly to the public.

With increasing levels of price-led competition, notably from supermarkets and internet retailers, consumers have been able to benefit from falling prices for CDs in recent years. The Taylor Nelson Sofres “Audio Visual Trak Survey” showed average album prices as follows:

1999 (9 months only)	£11.99
2000	£10.98
2001	£10.77

Price-led deals such as 2 for £22 for chart albums, or 4 for £20 for mid-price products have become a key feature of many retailer promotions.

Consumers have benefited from access to an increasing range of catalogue, assisted by the expansion of retailers such as HMV, Virgin, MVC and Amazon which stock in depth. However there have been significant changes in the mix of formats purchased by consumers. Whereas in 1990, 34% of album units sold were on CD, 50% on cassette and 16% on vinyl, by 2001 these figures had changed to 97%, 2% and 1% respectively. (Source - BPI Surveys). Vinyl, the dominant format by sales value until 1985, has retained a niche position in the market in the dance and collectors’ markets. The audio cassette’s decline has been rapid in recent years but attempts to establish first digital audio tapes (DAT), then digital compact cassettes (DCC) and latterly minidisks have had little success in the consumer market for pre-recorded music products. However recently digital versatile discs (DVDs) have become a significant medium not only for feature films but also for music programmes, and will almost certainly achieve a significance greater than the VHS music videos they are superseding.

Overall, the UK domestic market for recorded music has risen strongly in recent years, as demonstrated in the table below.

Table 7:2 – Value of retail sales 1992 – 2001 £ms

	1992	1993	1994	1995	1996	1997	1998	1999	2000	2001
Recorded music audio)	1,199	1,320	1,540	1,630	1,692	1,751	1,861	1,944	2,047	2,111
Music videos/DVDs	44	45	48	59	53	42	50	43	42	54
Total	1,243	1,365	1,588	1,689	1,745	1,793	1,911	1,987	2,089	2,165

Source : BPI Estimates

The 4.8% growth in 2001 was in distinct contrast to the downward trend in most major music markets, and is attributable in part to the balance and development of the UK retail sector, with substantial investment by UK-based specialist chains and smaller independent outlets, supplemented by the widespread availability of music in more general retailers.

Another factor in this growth over the last decade has been the trend towards the replacement of earlier forms of sound carrier such as 12” vinyl albums and cassettes with compact discs, a technological development which has benefited the retailing sector significantly. This conversion is however no longer a

key factor in generating growth. Other current advances in technology which now pose a serious threat to future growth are the ability to download music files to computer hard drives and MP3 players and to “burn” or copy CDs onto computer CD-R drives. One way in which the increasingly prevalent practice of CD burning poses a threat to legitimate sales is by broadening the opportunities for commercial piracy, with “copy shops” more numerous, more concealed, more portable and more attuned to local demand than traditional CD plants. The BPI has estimated that commercial piracy in the UK rose by 30% in 2001 to £27.6m. This is still however a modest percentage of the market compared to the situation in many countries. (Sources - IFPI Music Piracy Report 2002; BPI Piracy Report 2001 – June 2002).

More significantly there has been notable growth of private CD burning, either disc to disc or via digital download from the Internet. This has become a worldwide phenomenon that has to date affected sales more in the European mainland and the US than in the UK. However recent estimates by research company Understanding and Solutions, published in BPI’s UK Piracy Report 2001, show substantial recent increases both in household penetration of CD-R/RW drives and in sales of blank CD-Rs used for home recording. Even more rapid future growth is projected.

Table 7:3 – Household penetration of CD-R drives

2000	2001	2002	2003
15%	26%	36%	43%

Source : *Understanding and Solutions*

The inclusion of a CD-R copying facility has now become a standard feature of typical home computer packages.

Table 7:4 - UK Sales of CD-Rs for home recording (units)

2000	2001	2002	2003
90m	128m	153m	173m

Source : *Understanding & Solutions*

These estimates assume that 39% of data CD-Rs sold are used for recording music as well as the more expensive audio CD-Rs.

A current technological development which has the capacity to change dramatically the nature of music retailing concerns the availability of technology to allow the downloading of music files to computer hard drives and MP3 players. UK industry sources such as the recent HMV Group plc prospectus have noted that digital downloading has so far not had a significant impact on CD sales, largely because the process is time-consuming. However the increasing availability of broadband internet access could seriously affect sales. The threat to retailers and the music industry overall is currently primarily from unauthorised music files on the Internet which the IFPI estimates represent 99% of music files online. The traditional music retailing sector could also however be affected by the development of legitimate downloading by which record labels sell directly to consumers.

7.2 Employment statistics

The most reliable estimates of the number of employees in the UK music retailing sector are those provided by the British Association of Record Dealers (BARD) which are summarised below. BARD is the trade association representing retailers of entertainment products and has over 225 corporate members.

Within these figures the inclusion of all the employees of the specialist chains, even though these chains sell other products, such as videos, games and books, overstates the numbers in this sector. However the exclusion of the whole second-hand sector, for which no reliable data are available, and a low estimate of “others” probably makes these estimates realistic overall.

Table 7:5 – Employment in record retailing

	<i>Full-time</i>	<i>Part-time</i>
<i>Specialists chains</i>	7,100	1,902
<i>Multiples</i>	3,805	1,900
<i>Independent specialists</i>	2,404	768
<i>Supermarkets</i>	2,215	650
<i>Others</i>	750	50
Total	16,274	5,270

Sources : BARD members survey 2000 and estimates based on research for the National Music Council by Media Research Publishing, with MRP revision for 2001.

Equating this to 18,000 full-time equivalent employees and using the average employment costs disclosed in the accounts of eleven leading retailers for periods ending in the year 2000 indicates industry employment costs of £265m for that year. Calculating total value added for the sector is more difficult, given the difficulty of isolating the appropriate proportion of operating profits and/or losses attributable to music products in the companies which have a mixed retail offer.

Overall, accounts-based analysis indicates a total value added for the sector for the year 2000 of £342m, a figure somewhat depressed both by start-up losses of some internet retailing ventures and losses incurred by some hitherto profitable companies which were re-shaping their businesses.

7.3 Distribution

The UK music distribution sector comprises a variety of enterprises which are engaged in bringing music products from record labels to the retailers who sell to end consumers. The most high profile companies engaged in the sector are probably the distribution divisions of the major record companies, which have acted historically as the exclusive sales and distribution conduits by which releases from the major labels have come into the market, plus that of any independent labels which the majors distribute. The ownership of a dedicated wholly-owned distribution wing was for many years seen as a key element of the system of vertical integration which underpinned the majors' operations, and in the 1990's EMI, Universal and BMG all moved to new distribution centres. However the launch in April 1999 of The Entertainment Network (TEN), a joint venture between Sony Music Entertainment and Warner Music, indicated a new attitude towards physical distribution and more recently it has been suggested that the majors may no longer see the ownership of their own distribution company as a necessary part of their business.

The major distributors, TEN, Universal, EMI and BMG, represented just under 85% of the primary distribution market for albums in 2001, with product including that of some significant "indie" labels such as Ministry of Sound, Independiente and Telstar as well as that of their own labels. Alongside the majors, the primary distributors include a number of significant independent companies such as Pinnacle and Vital and a number of companies specialising in particular types of music such as Select (classical), Proper (folk, jazz and roots) and Southern (dance). The independent sector has also seen a number of significant changes in recent years. These include a move from some long-established companies, notably Vital and Koch, out of the process of physical distribution to concentrate purely on the sales side of their previously integrated businesses. Meanwhile much of the growth for Pinnacle, the independent sector's market leader, has come from the sale and distribution of computer games.

Alongside these primary distributors, both major and independent, the sector includes some significant secondary distributors, with particular specialities for example acting as exclusive supply channels for particular large retailers, as "one-stop" suppliers for small retailers, or as sellers to non-traditional retail outlets. These companies include Entertainment UK, Total Home Entertainment and Handelman UK. These three companies alone disclosed turnover of close to £950m in their accounting years ending in 2001, though this comprised not only music products but also videos, DVDs and computer games.

The distribution sector also includes wholesalers engaged in trading music products, often with a specialism in a particular area, eg buying and selling overstocks or importing chart albums. Since the mid

1990's there has been a growth in the so-called "parallel import" business, where traders have taken advantage of the high rate of sterling and differential dealer prices in Europe to import chart CDs into the UK, enabling them to sell at lower prices than those available from official UK distributors.

Traditionally, and deriving in part from the UK's vitality as a creator of repertoire for the world market, there has also been a healthy music export sector, based around companies such as Lasgo Exports, Caroline International, Windsong International and Lightning Export. This sector has however become less profitable in recent years due in part to changes in exchange rates and the growth in the significance of local repertoire in many overseas markets. Consequently there have been several corporate re-organisations.

7.4 Distribution - employment and value added

It is difficult to ascertain with precision the number of those employed in the music distribution sector and its value added, as it is not possible easily to divide the results of the key companies in the sector into music and other entertainment products. Analysing the published accounts of the key distribution companies, in the light of their relative roles in the market indicates that in 2000 the number of employees attributable to music products was approximately 3,500, and they generated value added of £114m.

7.5 Summary data for 2000

Table 7:6 – Summary for 2000, retailing and distribution

	<i>Number of employees</i>	<i>Consumer expenditure</i>	<i>Value added</i>
<i>Retailing</i>	18,000	£2089m	£342m
<i>Distribution</i>	3,500	-	£114m
<i>Total</i>	21,500	£2089m	£456m

8 Participation and audiences

8.1 Introduction

For amateur musicians, participation in music is a central part of their lives and identity. Amateur musicians contribute economically as consumers of the tools of their craft -- musical instruments, sheet music, and music education and as well as consumers of music made by others. Amateur musicians perform, produce, record, travel, and participate in festivals. The majority of performers, even those who collect occasional earnings from music, are officially amateur musicians. Because they earn the majority of their income in non-musical pursuit these important members of the musical fabric of the country report another occupation on census forms and are not included in government numbers.

Music, perhaps more than any other performing art, presents a complex picture in which the professional and the amateur are interdependent. Francois Matarasso in his lecture *Value and values in the voluntary arts* said that “our conventional thinking about amateur and professionals is simply inadequate to understand the rich, complex and often contradictory arts ecology that currently thrives in Britain.” He illustrates his argument with several examples from the world of music, such as the Wexford Opera Festival and the St Endellion festival in Cornwall, where amateurs and professionals work together – these professional events would not exist without the amateur input. *Joining In*, Anthony Everitt’s 1997 “Investigation into Participatory Music” observes that amateurs and professionals “increasingly occupy a broad interactive spectrum of practice. It is important not to see this development as some kind of revolutionary innovation. Collaboration and partnership in the music industry between amateurs and professions has always been part of the fabric of music, all over the world.”

8.2 Audience trends

In the field of classical music, there are limited data on audiences. For example, it is difficult to assemble figures even for audiences for the major English and Scottish orchestras. The orchestras collect figures for the concerts they promote themselves, but do not record attendance at concerts where they are engaged to play by other promoters. Various estimates have been made though none recently – for example, the BBC/ACE enquiry (1994) into orchestral music estimated total attendances at classical music concerts at 8.5 million per annum which represented 3.7 million people attending on average 2.3 times a year.

Developing an up-to-date estimate for total audiences requires market research data. The British Market Research Bureau’s Target Group Index (TGI) is a survey measuring amongst other things people’s leisure activities and purchases. The TGI is compiled from an unusually large sample – about 25,000 adults, and some of its results are published in the Advertising Association’s *Lifestyle Pocketbook*. Individuals are asked if they attend a variety of events, including all types of concerts in all sorts of venues, including amateur productions. The following table shows that, in 2000, 11.6% of those questioned described themselves as ‘current attenders’ at classical concerts. This represents attendances of 5.6 million.

Table 8:1 - Adults attending events “these days” (%age)

	Classical concerts	Jazz concerts	Pop & rock concerts	Opera
Adults	11.6	6.0	22.2	6.4
Males	11.2	7.9	23.8	5.6
Females	12.0	5.0	20.6	7.2
15-24	7.3	5.8	33.4	3.6
25-34	7.5	5.4	36.3	4.9
35-44	10.0	6.4	31.0	5.7
45-54	14.3	6.1	22.0	7.6
55-64	17.5	8.8	8.1	9.4
65+	14.2	4.4	1.4	7.7
AB	25.0	10.7	26.5	13.8
C1	13.2	7.3	28.6	7.3
C2	5.7	3.9	21.5	2.8
D	3.4	2.6	16.4	2.1
E	4.6	2.4	7.9	3.1

Source: BMRB Target Group Index 2000

Table 8:2 - Adults who ‘currently’ attended musical events

	% of population	millions
Classical concerts	11.6	5.6
Jazz concerts	6.0	2.9
Pop & rock concerts	22.2	10.8
Opera	6.4	3.1

Source: BMRB Target Group Index

Table 8:1 also gives details of the audience by gender, age and social class. It shows that women were more likely to attend classical concerts and opera than men, but the audience for jazz and pop and rock concerts was more likely to be male. The majority of the audience for classical concerts was in the over 45 age groups, an age divide more striking than that for the opera audience. In terms of class, social group AB was more likely to attend all types of musical event.

8.3 Participation

Determining accurately how many people participate in making music is difficult. Two possible methods are through analysis of membership of relevant societies, clubs and organisations or, again, reliance on market research, with the usual reservations.

The last attempt at a comprehensive membership report was completed in 1991. *Amateur Arts in the UK*²⁹ found there were more than 5,400 amateur music-making groups within 9 umbrella organisations, with a total individual membership of 258,000. This included: 240 youth choirs and orchestras, (with membership of more than 28,000); 1,700 folk or traditional music and dance clubs or societies, membership of 57,000; and 260 music-promoting societies, (membership 36,000). The National Operatic and Dramatic Association estimates in 2002 that it has in membership about 1,380 operatic societies. Making Music had at the end of 2001 approximately 343 promoting groups and 1,612 performing groups in membership, with a combined participation figure of around 138,000 people.

The ABRSM report *Making Music 2000* (not to be confused with Making Music the umbrella group) surveyed instrumental music making for both children and adults in 1999. Results for children are referred to in the Education chapter of this report. Very similar surveys were conducted in 1993 and 1996, and therefore a comparison over time is possible. The percentage of adults (here defined as age 15 and over) who can play musical instruments varied over the three surveys.

1993	26%
1996	30%
1999	24%

The most popular instruments played were piano (42% in 1999); recorder (20%); electronic keyboard (15%); classical guitar (15%) and electric guitar (13%).

79% of adults surveyed in 1999 had taken music lessons at some time, but only 6% were currently doing so. These figures had changed little over seven years.

Various surveys have been carried out by the three Arts Councils (Arts Council of England, Scottish Arts Council, Arts Council of Wales) on participation in music-making. *Arts in England – Attendance, Participation and Attitudes* reports on a pilot survey of 1,309 people. Although this is a relatively small sample, a larger survey underway in 2002 indicates that the sample is broadly representative. This report shows a much lower percentage playing musical instruments than is indicated by the ABRSM survey, perhaps because it is querying playing in a specified time period instead of within lifetime. It is possible that the variation is a function of the survey questions – some of the ABRSM respondents may have meant that, *at one time*, they played an instrument.

Table 8:3 - Percentage taking part in music-making, England

<i>Those taking part in musical activities</i>	<i>During last 12 months</i>	<i>During last 4 weeks</i>
<i>Play a musical instrument for own pleasure</i>	9	7
<i>Sing to an audience (or rehearse)</i>	5	3
<i>Play a musical instrument to an audience (or rehearse)</i>	2	1
<i>Write or compose a piece of music</i>	2	1
<i>Perform in opera or operetta</i>	<1	<1

Source: *Arts in England, ACE*

²⁹ Feist A & Hutchison R (1991) *Amateur Arts in the UK* London: Policy Studies Institute.

The most recent survey from Scotland dates from 1998 (Scottish Arts Council, unpublished). Asked whether they participated in musical activities twice a year or more, 9% of adults said they played a musical instrument, 4% took part in folk and Scottish traditional music and 3% sang in a choir or other amateur musical group. The Arts Council of Wales annual Welsh Omnibus Survey, conducted by Beaufort Research, asked simply (in 2001) “How often these days do you take part in music of any kind?” 11% of those aged 16 and over said that they ever took part in music, and of these 3% took part once a week or more often. These results are as yet unpublished³⁰.

³⁰ Some of these surveys follow the standard market research practice of breaking down respondents into groups by gender, age group and social grade, however the numbers involved are so small that the percentages may be misleading.

9 Music education & training

9.1 Introduction

This section outlines music in schools, both in the classroom and as an extra-curricular activity, music as a leisure activity for young people, and music in higher education, as an academic discipline and a training for a performing career. The careers of music teachers are also considered, and reveal a complex pattern of private teaching, teaching via statutory education services and performance.

9.2 Music in schools

In 2000/1, there were a total of 34,717 schools in the UK, educating 10.1 million pupils from ages 4 to 18³¹. Most of these are state-funded and managed schools.

Table 9:1 – Number of schools and pupils in the UK

	<i>Schools (number)</i>	<i>Pupils (000s)</i>
State schools:		
Nursery/primary	26,130	5,449.9
Secondary	4,337	3,916.9
Special (a)	1,739	117.4
Total	32,206	9,484.2
Private schools		
Total	2,511	631.8
Total	34,717	10,116

Source: Education & Training Statistics for the United Kingdom

Note:

(a) State schools for pupils who for various reasons cannot be placed in mainstream education.

Up to the age of fourteen, all children study music in schools as part of the National Curriculum. In practice, this means that students receive a minimum of one hour's classroom tuition per week in performing, composing and listening.

In primary schools (children aged 4-11), music lessons are generally given by classroom teachers who are not, normally, music specialists. In some primary schools the musical experience will be a rich one, in others, where teacher expertise is lacking, it may well be much less so. There has been significant study on the need for more in-service training, more specialist teachers, and more thorough teacher-training in music, especially at the primary level.

After age 14, secondary school students (students aged 11-16 or 18 where students take A level examinations) have the opportunity to choose to continue music education. Music is taught by a specialist teacher, usually classically trained, in a dedicated music classroom. Each year, about thirty thousand 16-year old students take GCSE music. They are have coursework and are tested in listening, performing and composing. Some schools also offer a General National Vocational Qualification in the performing arts, with music as the specialist pathway. This course covers much of the same ground as GCSE but includes real life, work-related projects based on allied subjects like marketing, box office management, production and the study of business skills directly related to musical careers.

From age 16 - 18, children are offered, at some schools, advanced level courses in composition (or harmony and counterpoint), the history of music, and performance. Approximately 7,000 candidates study advanced courses each year. Some schools offer the Advanced Vocational Certificate in Education which

³¹ Source - Education & Training Statistics for the United Kingdom, Office for National Statistics, 2001

provides for the development of a blend of practical, musical and vocational skills - rather like the GNVQ but at a higher level.

The main challenge in secondary schools is the apparent and historic gulf between pupils' interests as consumers of popular music and the music courses on offer which tend to focus on skill development provided by generally classically-trained teachers. Wider recruitment into teaching from the rock, pop, jazz and world music domains and more broad-based conservatoire and university course training will help to address these challenges.

In parallel with classroom music, lessons are also given to individuals and small groups on orchestra and band instruments, and in voice, by teachers who go from school to school. Lessons are generally for half an hour per week, and often a parental financial contribution is required either for the lessons themselves, or for the lessons as well as the purchase of a musical instrument. About ten per cent of pupils receive these instrumental and vocal lessons. More detail about the role and activities of school Music Services is given below.

Many schools offer extra-curricular activities in bands, orchestras, choirs, groups and ensembles with concerts and staged shows. For talented pupils, the opportunity exists to join local, regional and national music groups such as youth orchestras and choirs. These students may progress to specialist courses as provided in music specialist schools or the junior departments of conservatoires. A number of students take graded examinations in music and generally, enjoy a rich cultural and social life arising from their participation in an impressive range of in-school and out of school musical activities³².

Primary schools usually have a full-time member of staff who combines usual teaching duties with a specialisation in music. In secondary schools, however, there are specialist music teachers employed full or part-time. These teachers support students who may opt to study music as a GCSE or A-level subject. Teacher numbers by subject are not published, but it is possible to calculate the numbers of music teachers by working from the published numbers of vacancies for secondary school music teachers. The most recent figures, taken from Classroom Teacher Vacancies 2002 England³³, indicate 80 music teacher vacancies representing 1.9% of total music teacher numbers. This suggests a ratio of 1.2 music teachers per English secondary school. If this estimate is applied across the UK it would give total numbers of music teachers in secondary schools of approximately 5,200.

The Independent Schools Information Service suggested in 1998³⁴ that about 600 independent schools entered students for music GCSEs. Assuming that this is still valid and applying the same ratio of 1.2 to independent schools this would add another 720 teachers, giving a total of 5958. Based on the average salary for a full-time teacher in a state secondary school³⁵ this would suggest a value-added figure for music teachers in secondary schools of approximately £155 million.

9.3 Instrumental music services in schools

During the period 1950 to 1975, most Local Education Authorities established Music Services as part of their provision of education services to state schools and the wider community. Services provided included instrumental and singing lessons and group activities such as orchestras, bands and choirs. Lessons were provided free of charge although nominal charges were sometimes made for non-school based activities. The Education Reform Act of 1988 had a critical impact on Music Services:

- The non-statutory status of Music Services was confirmed, ie Local Education Authorities had no obligation to provide Music Services.
- The provisions for Local Management of Schools resulted in Local Education Authorities delegating all or a significant portion of their funding for Music Services to schools. This meant that schools were free to buy back tuition from their local Music Service, or buy tuition from another supplier, or use the money for alternative purposes.

³² "There are demonstrable positive effects of involvement with music on children's personal and social development." *The Power of Music: The Strength of Music's influence on our lives*. PRS, 2002. p. 16.

³³ This is a first release of statistics from DfES/ONS, published on the DfES website www.dfes.gov.uk.

³⁴ *A Sound Performance*, p. 35.

³⁵ Statistics of Education: Teachers in England 2001 edition, Dept for Education & Employment/Her Majesty's Stationery Office, 2002

Further legislation in 1993 permitted Local Education Authorities and schools to pass on charges for instrumental lessons to parents, provided that no more than 4 pupils were being taught in a group and that there was a declared policy on fee remissions for poorer pupils.

Instrumental music services provide the services required for state schools – primary and secondary - to offer their pupils the chance to learn to play a wide variety of instruments. The Federation of Music Services (FMS) best estimate of the numbers of children learning an instrument through Services in England and Wales is about half a million. This is based on about 4000 children per Service in about 125 English and Welsh Services. (There are fewer Services than Local Education Authorities, as some Services cover larger areas.) The Services vary in size: the largest in the FMS 2001 survey served a population of over 200,000 students and the smallest under 20,000. Larger services can offer more variety of tuition and other activities.

During the 1980s and early 1990s, music was a neglected area of educational provision. In the late 1990s, a number of reports on the decline in the numbers of pupils learning to play musical instruments refocused government attention on music education. The decline was attributed to a lack of funding for the music education and the pressures of the National Curriculum on schools' and pupils' time. *Research into Instrumental Music Services*³⁶ summed up the situation as follows: "Since the 1980s, legislation and financial restraints have forced many LEAs to devolve the monies previously spent on instrumental tuition to schools. To survive many Instrumental Music Services sought alternate sources of funding while at the same time reducing staff costs by increasing the number of hourly and part-time staff employed on temporary contracts. Some IMSs were unable to sustain themselves in this commercial environment and disappeared...The DfEE in its consultation on 'Fair Funding' feared that the decline in the provision of Instrumental Music Services would continue unless action was taken. Ministers decided that, to halt this decline, safeguard centrally funded music services and promote a degree of expansion, two Standards Fund grants should be set up for the following purposes:

- a grant of £30 million at 100% to ring-fence what an LEA spends centrally on music services from this schools budget;
- a grant of £10/20/30M (including LEA contribution at 50%) to expand LEAs' music provision beyond current levels.

The first tranche of money (£41m) was distributed in March 1999. Between 1999 and 2002 a total of £150m of additional money for music services has been released. "

The *Research into Instrumental Services* report surveyed IMSs in 1999/2000, and demonstrated that each IMS was unique. All provided tuition for primary schools and 96% for secondary schools. The study produced a limited amount of quantitative data. No information was available on the age of students learning music via IMSs, nor their gender or ethnicity. Most surveyed referred to providing a broad range of musical activities and offering the opportunity for everyone to learn. Interestingly, only one IMS reported preparing students for a career in some aspect of the music profession as an aim. Most offered music schools or centralised activities, orchestras and other ensemble opportunities. Most IMSs surveyed provided tuition in most of popular orchestral or band instruments. For example, over 90% of Services offered lessons in violin, cello, guitar, flute and other popular woodwind, trumpet, trombone and French horn. 80% offered keyboard and 60% piano tuition. Only 30% offered tuition in world music.

Activities provided apart from lessons included:

Music schools or centralised activities	90%
Orchestras	84%
Choirs	70%
Big band & jazz groups	46%
Nursery/Early years music classes	22%

Other, less popular ones were Asian music ensembles (8%), folk music groups (8%), rock groups (10%) and steel pan ensembles (12%).

³⁶ Prof Susan Hallam & Vanessa Price; DfEE Research Report RR229, 2000

The increased finance available should result in increasing services being made available to schools, with pupils taking up improved opportunities to learn an instrument. However, it is too early for reports to pick up on any improvements in general, and the Federation of Music Services expresses some degree of scepticism as to whether this new money will lead to real improvements.

The Federation of Music Services concerns are that the numbers of pupils may be rising but curriculum and other pressures may be causing earlier drop-out from music (see below for details of Susan O'Neill's study of children dropping out of learning an instrument). The FMS believes that if overall funding is compared to the situation ten years ago, it may still be down in real terms, despite additional help from the Standards Fund.

9.4 Expenditure on music services

Expenditure on music services falls into three categories: 1) expenditure from central government, 2) local government expenditure and 3) parental contributions (ie consumer expenditure). Of these three categories only central government expenditure via the Standards Fund is known - £60 million. The DfES is currently conducting a survey which may produce figures for local authority contributions but the results are not yet available. As for parental contributions, the FMS suggested that they represent, at a very rough estimate, 40% of the total cost of Music Services. Thus, consumer expenditure in this area would be a minimum of £40 million pa for England only; allowing for expenditure in Scotland, Wales and Northern Ireland the total is estimated at £60million pa for the UK.

9.5 Music teachers

Permanently employed classroom music teachers are referred to above. For instrumental teaching, there is a 'mixed economy' of lessons provided via Music Services or privately. These two areas overlap, and so are treated together. The Associated Board of the Royal Schools of Music report *Making Music 2000* surveyed a sample of the 50,000 teachers who enter pupils for its examinations. 1507 teachers were surveyed in 2000, in comparison with 926 in the previous (1996) survey. Teachers were asked where they worked, and results are shown in the following table:

Table 9:2 – Where music teachers give lessons (%)

	1994	1997	2000
<i>In-home lessons</i>	84	81	81
<i>At pupil's home</i>	26	27	28
<i>State school lessons</i>	17	21	26
<i>Group lessons at state school</i>	16	19	18
<i>Individual lessons at independent school</i>	19	20	21
<i>Group lessons at independent school</i>	6	5	6
<i>Class music at state school</i>	12	13	13
<i>Class music at independent school</i>	6	6	5
<i>In higher education</i>	6	6	5

Source: ABRSM *Making Music 2000*

In 2000, 81% taught in their own homes, but 26% gave lessons in state schools, while 18% gave group lessons in state schools. Teachers also reported teaching in independent schools and higher education. Numbers teaching at home had declined slightly, but percentages teaching in schools had increased on 1994 and 1997. This may be accounted for by a decline in the numbers of full-time permanent teaching staff employed by IMSs with a consequent increase in numbers teaching in a variety of settings in order to make a living. *Research into Instrumental Music Services* makes the following observations on teachers' working conditions: "Because of the constraints on increasing group sizes most IMSs have attempted to cut staff costs. This has been achieved by changing the working conditions of staff. As vacancies arose new staff members have been employed on different contracts. In some cases this has been manifested in an increase in hourly paid teachers on short-term contracts, in others fulltime staff have been paid on instructor's rates even when they may have had Qualified Teacher status. While in the short term this has been effective in reducing costs, the longer-term consequences in relation to staff recruitment are now beginning to be felt by IMSs."

Of those teachers who responded to the survey, 42% were employed on full-time contracts, 32% hourly paid and 26% on part-time contracts. 78% of staff had music qualifications equivalent to a graduate degree.

The ABRSM report found that private music teachers in 2000 were teaching an average of 36 pupils each (a decline from 43 in 1997 and 50 in 1994) but were on average teaching slightly longer hours – 14.5 hours in 2000, compared to 13.9 hours in 1997. Based on information from ABRSM, the number of full-time equivalent private music teachers is estimated at 22,500. In terms of age and gender, three-quarters of the teachers were female, and 53% of them were aged 45 and over. Over half (54%) taught the piano as their main instrument, with the next most popular instruments being the violin (8%) and the clarinet (7%).

The variety of music teachers' work is also illustrated by two other reports. In 1993, a study by Louise Gibbs of Goldsmiths College called *Private Lives* presented a survey of private music teachers which showed that only 25% regarded teaching as their sole source of income, 32% as the main source and 43% regarded it as a secondary source. The survey also found that 89% of teachers entered their students for examinations which indicates that those surveyed in the ABRSM report do constitute a representative sample. Finally, many of the teachers were found to have lively schedules of amateur and semiprofessional work.

The Tooley Report³⁷ which surveyed players in leading orchestras, notes that 63% of those responding also taught. The lowest proportion teaching was in London (53%), perhaps indicating that it is easier to make a living solely from playing in the capital.

The complex possibilities which make up private music teachers' careers make any estimate of earnings very difficult. The *Making Music 2000* survey suggested that in 2000 those surveyed were teaching an average of 14.5 hours per week. The Incorporated Society of Musicians (ISM) publishes guideline information sheets for private music teachers, giving recommended rates. A newly qualified teacher in 2002 should expect to charge individual pupils a rate of between £19.68 and £20.85 per hour, while established teachers are recommended to charge more. Rates per pupil are lower for shared or group lessons, but the total fee per hour for the teacher is higher. For 3 or 4 pupils in a group, the total fee is one-and-a-half times the individual fee, while for groups of 5 or 6, the total fee is twice the hourly rate for an individual pupil. Based on this, a relatively inexperienced teacher, teaching only on an individual basis, could expect to earn about £10,000 pa for teaching the average number of hours per week. On this basis the value added and consumer expenditure for private music teaching is estimated at £225million.

In 1999 the National Foundation for Youth Music was set up with £30 million of Lottery funding, through the Arts Council of England, and in July 2001 a further £30 million in funding was provided to enable NFYM to continue to 2005. The Foundation provides music-making opportunities for children and young people (up to the age of 18), concentrating on those who live in areas of social and economic need. By the end of 2001, NFYM aimed to have reached more than 1 million people. While NFYM wants to develop programmes throughout the UK, the Lottery funding can only be used in England, although limited funds have been raised to do some work in Scotland, Wales and Northern Ireland. Another condition of the Lottery cash is that the work it supports must be 'new and additional' – it cannot provide core support for existing programmes. It supports organisations not individuals, concentrates on out-of-school hours activities and supports music-making, not listening.

By 2002, NFYM had awarded over £12 million in grants to 501 groups, not including grants via the Youth Music Action Zones. These Zones aim to provide music-making opportunities to children and young people in areas of social and economic need; there are 20 Zones in all. Other projects include:

- Youth Music and Schools, supporting music-making in schools out of school hours. Schools must work in partnership with at least one other organisation.
- Come and Play is a partnership with Kids Club Network to develop music-making for primary age children via out of school clubs and holiday play schemes.

³⁷ Review of Music Conservatoires, HEFCE Conservatoires Advisory Group, chaired by Sir John Tooley, HEFCE, 1998

- An Instrument Swap Scheme gave Music Services the opportunity to have old instruments repaired and to obtain instruments they needed. Over £250,000 was given to 42 Music Services to repair almost 4000 instruments.

9.6 Young people learning music

Various studies have been carried out to determine numbers of young people who are learning an instrument, who they are, what their motivation is and why some of them give up.

The FMS (see above) has estimated that in England and Wales, around half a million children are learning an instrument through IMS tuition; there are others who learn only through private lessons. The ABRSM survey of pupils aged between 5 and 14 in the UK followed on from other surveys in 1993 and 1996 - children were surveyed directly, but the report gives no details of sample sizes, or the methods of selection. It found the following:

Percentages of children aged 5-14 playing a musical instrument:

1993	45%
1996	41%
1999	41%

The survey identified an 'age effect' in the playing of musical instruments. The table below shows that numbers playing between ages 11 and 14 had declined from 48% in 1996 to 40% in 1999, although there was an increase in 5-7 year olds playing instruments. It was noted that if a child had not started playing an instrument by the age of 11, it was unlikely that s/he would start at all.

Table 9:3 – Ages of children playing music instruments

	1993	1996	1999
5-7	33	24	35
8-10	54	47	48
11-14	47	48	40

Source: ABRSM Making Music 2000

The study also identified children playing musical instruments by social grade.

Table 9:4 - Children playing musical instruments, by social "grade"

	1993	1996	1999
AB	56	55	47
C1	51	41	39
C2	43	37	42
DE	35	35	39

Source: ABRSM Making Music 2000

The effects of social grade appeared to have declined somewhat in determining whether a child would learn an instrument. In 1999, there were less ABs learning, but more in social grades C2 and DE. This may be the result of increased opportunities at school, but it is also possible that the academic pressures on all children fall particularly heavily on those in the higher social grades, restricting the time they have available for leisure activities.

Children were asked how they decided to play a musical instrument. Most (62%) replied that it was their own decision, with 28% claiming they were influenced by a teacher and only 16% by a parent or guardian. The most popular instrument with children in 1999 was the recorder (46% played), followed by electronic keyboard (23%), piano (19%), classical guitar (12%) and violin (6%).

Children were asked where they took their lessons. The numbers learning in school only had increased from a low point in 1996, perhaps due to increased availability, while numbers learning with a private teacher only had declined.

Table 9:5 - Where do children learning musical instruments take lessons? (%)

	1993	1996	1999
School only	78	69	73
Private teacher only	12	15	10
School and private teacher	9	8	6

Source: ABRSM Making Music 2000

The survey also asked about those who had ever taken lessons, comparing this with those who are currently taking lessons. This showed that 49% of children were currently taking lessons, compared to 44% in 1996 and 42% in 1993. The percentage who had ever taken lessons was stable, at 72% in 1993, 74% in 1996 and 73% in 1999. This appears to show that the 'drop-out rate' in 1999 had declined.

Children who had stopped taking lessons were asked why they did so. The most common reasons were as follows:

Got bored	32%
Changed school/not offering lessons	14%
Teacher stopped teaching	8%
Took up too much time/inconvenience	8%
Didn't like teacher	7%
Didn't have time	7%

It is significant that 22% of the reasons given relate to lessons becoming unavailable and 15% of the reasons given relate to having lack of time to devote to learning music.

The reasons why children stop learning to play an instrument were studied in *Young People and Music Participation Project* (Susan O'Neill, Unit for the Study of Musical Skill & Development, Keele University, 2001). The study concentrated on a group of pupils in Year 6 (last year primary school), following their progress into Year 7 (first year secondary). It sought to answer the question, why, when so many young people are given opportunities to learn musical instruments, so many either refuse or engage for a brief period before abandoning them.

The study showed a significant decline in numbers playing between primary and secondary schools – less than 35% of those children who played instruments in year 6 remained playing them by the end of year 7. The contrasting percentages for the two years are shown in the table below:

Table 9:6 - Children playing musical instruments Year 6 compared to end Year 7

How often do you..?	Never		Not very often/ sometimes		Very often	
	Y6	Y7	Y6	Y7	Y6	Y7
Play a musical instrument by yourself	33.8	38.3	37.2	39.8	29	21.9
Play an instrument in music class at school	30.9	21.9	39.8	55.2	29.4	23.8
Play in school orchestra or band	70.5	77.5	16.9	12.5	12.6	10
Play with a music group outside school	74.9	79.3	17.4	13.1	7.7	7.4
Have lessons with a teacher to learn to play an instrument	45.3	53.6	23.8	19.3	30.8	26.9

Source: *Young People & Music Participation Project*, Keele University

Numbers who had music lessons, played in a school orchestra or with a group outside school had declined. The percentages for those playing an instrument alone or in class at school were more complex. Those never playing had increased, but those playing sometimes or not very often had also increased, while those playing frequently had declined, appearing to indicate that frequent players were,

by year 7, giving less time to their music. The study also showed that, if a child had not started to play a musical instrument by Year 6, or had given up by Year 6, s/he was very unlikely to start playing in Year 7 or later. When children were asked why they had given up, the most common reasons were that playing had become boring or they had other things to do, with the third most popular reason being 'I did not have enough time to play/practice'. This confirms the results of the ABRSM survey.

9.7 Examinations for private pupils

Pupils, mostly children, are entered and prepared for national music examinations by instrumental music teachers. These are mainly practical examinations although there are also theory examinations. They are not compulsory, although most teachers choose to enter students. The Louise Gibbs study of private music teachers (see above) showed that 89% of the teachers surveyed entered their pupils. In 2001, the ABRSM, which is by far the largest examining board in the UK (the most recent estimate available, for 1998, was that it had 80% of the market) received in excess of 570,000 entries for its examinations. These entries came from all over the world, and include practical, theory and diploma examinations. There are 601 examiners and the fees range from £20 to £51.

Based on the average examination fee for UK students, the total consumer spending on music examinations in 2001 is in the region of £8.4 million via ABRSM. Value added for UK examinations is estimated at £6 million.

9.8 Music & ballet scheme

The Government's Music & Ballet Scheme (recently renamed the Music & Dance Scheme to reflect the fact that it also supports students in dance disciplines other than classical ballet) provides means-tested aided places for children, eight and older, who demonstrate outstanding talent. The scheme helps parents with fees and boarding costs at four specialist independent schools in England (Chetham's School of Music in Manchester, Purcell School in Hertfordshire, Yehudi Menuhin School in Surrey and Wells Cathedral School in Somerset). Each school has its own entry requirements; competition for places is conducted through entrance examinations, auditions and interviews. The total cost of the scheme in 2000/01 was £11.1 million. 749 students were given places in all, 497 of them music students. This derives a cost of £14,845 per student, giving a total cost for the support of the music students of £7.4 million.

9.9 Military music schools

Kneller Hall, in West London, is the Royal Military School of Music, where Army band participants are trained. According to information provided by the Ministry of Defence, the cost of maintaining Kneller Hall was £2.6 million in 2000/1. Average student population was about 100, consisting of 23 student bandmasters and 80 Foundation course members.

9.10 Higher education and music conservatoires

There are a number of independent conservatoires which specialise in providing musical training. Most are now under the auspices of the Higher Education Funding Councils for England, Scotland and Wales: the Royal Academy of Music, Royal College of Music, Royal Northern College of Music, Trinity College of Music, Royal Scottish Academy of Music and Drama and the Welsh College of Music and Drama. In addition, there are the Guildhall School of Music and Drama, funded by the City of London, and the National Opera Studio, a postgraduate institution jointly funded by contributions from the main opera companies and the Arts Council of England. Most universities also provide courses in music. The conservatoires focus primarily on training performers though there is increasing emphasis in other employment prospects for musicians, such as teaching and education work. University degrees in music include a variety of career options including music performance, composition, management, and other paths.

The 1998 Tooley Report noted that university music departments had expanded in the previous decade, with undergraduate numbers doubling between 1985/86 and 1995/96, and postgraduate numbers more than doubling. The Report contrasts this with downsizing at the conservatoires, stating that university music departments accounted for around three-quarters of the output of undergraduate music degrees.

Table 9:7 - Students of music at UK institutions, 1996/7-1999/2000

	F-t Undergraduate	F-t Postgraduate	P-t Undergraduate	P-t Postgraduate	Total
96/7	8706	1158	1511	1136	12511
97/8	9270	1298	1658	1151	13377
98/9	9922	1320	1635	1120	13997
99/00	10510	1460	1570	1180	14720

Source: HESA *Students in Higher Education Institutions*

The table above shows continued growth in music student numbers at all HEFCE supported institutions, including both universities and conservatoires, with total numbers increasing by over 17% between 1996/7 and 1999/2000.

The total cost to the Funding Councils of maintaining the six conservatoires in 1999/2000 was almost £22 million, which represented about half of their total income, the remainder of which comes from tuition fees, research grants, endowment and investment and a range of other commercial activities³⁸.

No statistics are published for numbers of staff teaching music in universities. Conservatoires employ 100 full-time and 500 part-time teaching staff³⁹; some of whom must however be employed as drama teachers at RSAMD and the Welsh College of Music and Drama. HESA are able to provide figures for university and conservatoires teaching staff who have a higher qualification in music, and it seems reasonable to suppose that they are teaching within music departments. These total 690 full-timers and 415 part-timers; this is estimated as 898 full-time equivalent staff. Based on the mid-point of the salary scale for a lecturer in higher education, this suggests an estimate of £21 million for value-added.

The table below shows numbers of music students from the UK, other EU countries and overseas in 1999/2000. 87% came from the UK, with 6% from the rest of the EU and 7% from elsewhere overseas.

Table 9:8 - Students of music at UK institutions, 1999/2000

	UK	Other EU	Other overseas	Total
Postgraduates:				
Full-time	850	240	370	1460
Part-time	1010	90	80	1180
Total	1860	330	450	2640
Undergraduates:				
Full-time	9440	520	550	10510
Part-time	1500	30	40	1570
Total	10940	550	590	12080
All students	12800	880	1040	14720

Source: *Students in Higher Education Institutions 1999/2000*

A recent survey by the Musicians' Union (*Orchestral Research Final Report*) of players in the four major London orchestras and the contract orchestras showed the importance of the UK conservatoires in the training of orchestral musicians. Over 40% had trained at the Royal Academy of Music and the Royal College of Music. 6% had trained overseas (it is not known how many of these players were British), while 15.6% had trained at university:

³⁸ This slightly overestimates spending on music, as the Royal Scottish Academy of Music and Drama and the Welsh College of Music and Drama also train drama students.

³⁹ HESA 1999/2000.

Where orchestral musicians trained (%age)

Royal College of Music	21.8
Royal Academy of Music	21.4
Royal Northern College of Music	13.5
Guildhall	11.0
Royal Scottish Academy	5.2
Trinity College	3.9
Birmingham Conservatoire	0.8
London College	0.6
Universities	15.6
Overseas	6.2

The study found that 46% of the musicians had a postgraduate qualification and 22% had gained this abroad.

9.11 Professional musicians – further training and role in education

A musician's training does not usually end with a first or postgraduate degree. A report by the Musicians' Union (*Orchestral Research Final Report*) surveyed musicians in the four major London and contract orchestras to clarify the position on training and development. A third of the respondents had undertaken some period of further training since leaving college and 39% had received training from their orchestra. While the respondents felt that they had had a good musical training, many expressed a desire for further career development through training in other skills, particularly in the education work they were expected to undertake in addition to performing.

This type of work is now a part of the orchestral musician's career. A now rather dated report on British orchestras and education (*Mapping the Field*, Phyllida Shaw, Association of British Orchestras, 1996) studied the work of 30 orchestras. Two-thirds of them described their education work as constituting a continuous programme, and a further 31% ran regular but not continuous programmes. Schools were the most usual clients, but there were many others, including community groups, residential homes and the general public. The activities undertaken included "composition projects, multi-artform projects, projects involving more than one school, instrumental coaching, introduction to the orchestra sessions, pre-concert talks, coaching and masterclasses, residencies, performances with and without participation, work experience placements, in-service training for teachers and producing written or video guidelines on different types of work with orchestras".

9.12 Overseas earnings and payments

Although music education in the UK is primarily intended for UK residents, there are some activities within education that lead to overseas earnings and payments. Many overseas students take examinations set by UK examining boards. On the basis of information supplied by ABRSM, income from these students is estimated to be £9.2 million. There is no equivalent outflow.

Overseas students also come to the UK to study at universities and conservatoires. Table 9.8 shows that there were almost 2,000 such students in 1999/2000. Based on average tuition fees for undergraduates and postgraduates and taking into account the fact that students from other EC countries are partly funded by the UK government, the income to the UK from these students is estimated to be £6.2million. Of course, UK students also go abroad to study, particularly at postgraduate level (see above). There is no information on how many UK student study abroad; therefore it has not proved possible to calculate the resulting outflow.

9.13 Summary data for 2000

Table 9:9 – Summary for 2000, education

	<i>£m</i>	<i>Nos</i>
Value added:		
<i>Teachers in schools</i>	155	
<i>Private music teachers</i>	225	
<i>Higher education</i>	21	
<i>Examinations</i>	6	
<i>Total</i>	407	
Consumer spending:		
<i>School music services</i>	60	
<i>Private teaching</i>	225	
<i>Examinations</i>	8	
<i>Total</i>	293	
Employment:		
<i>Schools</i>		5,958
<i>Private teaching</i>		22,500
<i>Higher education</i>		898
<i>Total</i>		29,356

10 The overall economic contribution of the music business

This concluding chapter aggregates the key economic data presented in the earlier sections, to generate overall totals for the UK music industry for the year 2000.

As has been noted elsewhere the music industry has been quite narrowly defined for the purpose of this report. Whilst our definition does include music education and musical instruments, it does not attempt to bring in data from some important industries which depend substantially on music, such as radio, discotheques and audio hardware. Some of the economic significance of the music industry relates to the manner in which it interacts with these related sectors.

In the notes that accompany the tables summarising data on key economic parameters, attention is drawn to areas in the music industry where robust economic information is not available. Where there are gaps in data sources, estimates have generally been made by the research team after discussions with organisations operating in the sectors, drawing also on figures included in *A Sound Performance* from 1999, the last complete analysis of the economic significance of the industry.

10.1 Value added

Value added is calculated for the music industry in order to assess its contribution to the total output of the economy or gross domestic product at factor cost. In practical terms this has been calculated by adding estimates of income from employment and self-employment in the various sectors to operating profits.

Table 10:1 - Estimated value added – 2000

	<i>Section reference</i>	<i>Notes</i>	<i>£m</i>
<i>Composition of musical works & music publishing</i>	2		448
<i>Musical instruments (production, retailing & distribution)</i>	3	(b)	328
<i>Live performance (non-classical)</i>	4	(c)	656
<i>Live performance (classical & music theatre)</i>	5		165
<i>Music recording (including labels, studios and manufacturers)</i>	6		1,024
<i>Retailing & distribution of recordings</i>	7		456
<i>Education & training</i>	9		407
<i>Others including other artist earnings</i>		(d)	140
Total		(a)	3,624

Notes:

(a) Estimates of the earnings of musicians/writers are split between the different sectors to which they relate.

(b) Figures for the retailing and distribution of musical instruments are the estimates used in "A Sound Performance".

(c) This includes managers' total earnings from music not just from live performance.

(d) "Others" represents an estimate of musicians' income from other sources not included elsewhere, such as merchandising, sponsorship, TV fees etc and of artists' earnings in the opera sector where no reliable data are available.

Given the nature of the music industry and in particular the employment status of musicians, whose earnings from recording, live music, composing and other sources form a large proportion of the sector's value added, it is difficult to assess the sector's value added with any real precision. The sectors where the data are more robust are those of the recording and music publishing corporate sectors where analysis based on the examination of detailed published accounts is possible. The approach adopted here for estimates of musicians' earnings has been based on an examination of overall macro cost structures in the relevant sectors. There is detailed accounts-based analysis available to highlight the exceptionally high earnings of a number of UK musicians/writers in the rock and pop sector (Dane - Rock Accounts 1999) but this does not give a reliable indication of average overall earnings/value added.

10.2 Expenditure on music

The definition of total expenditure on music in the UK economy, in line with national accounting definitions includes indirect taxes such as VAT and excludes subsidies and grants. It is calculated by aggregating the key components of such expenditure which are consumer spending, spending by public and private corporations and public sector spending, including Arts Council and local authority expenditure.

The table below highlights the key components of consumer expenditure on music. For the two second-hand sectors, musical instruments and sound recordings gross expenditure is reduced by 50% eliminating vendors' profit margins to correspond to national accounting rules.

Table 10:2 – Estimated UK consumer spending on music - 2000

	Section reference	Notes	£m
Printed music	2		50
Musical instruments (new)	3		609
Musical instruments (second-hand)	3	(a)	150
Live performance admissions (non-classical)	4		487
Live performance admissions (opera & musical theatre)	5		226
Live performance admissions (other classical)	5		134
Sound recordings (new CDs, music Cassettes, vinyl & music DVDs)	7		2,089
Sound recordings – second hand		(a)	38
Education	9		293
Total			4,076

Notes:

(a) In the absence of new data, the *A Sound Performance* figures are included for these sectors.

Within the estimates of consumer expenditure, the two largest figures are both taken from well-established sources of data. These are 1) expenditure on new music recordings, primarily compact discs, and 2) expenditure on new musical instruments. Given also that the pop and rock live admissions figure is also based on an extensive industry survey, the overall industry total of £4,076m for 2000 is considered a reliable estimate of the sectors covered and suitable for direct comparison with the *Sound Performance* net estimate of £3,181m for 1997. Contributing to the 28% overall increase in consumer spending was a 17% increase in spending on sound recordings and a 35% rise in purchases of new musical instruments.

Table 10:3 - Estimated private corporations expenditure on music - 2000

	Section reference	Notes	£m
Payments to PRS for the use of copyright music by broadcasters & other users	2		167
Payments to PPL for the use of copyright recordings		(a)	68
Expenditure by non-music venues	4	(b)	178
Others		(c)	110
Total			523

Notes:

(a) Source PPL 2000 Annual Report and Accounts

(b) Including pubs, clubs, restaurants and holiday camps; see Section 4.5.1

(c) "Others" represents an estimate of a number of categories of payments for which no robust data are available. It includes payments by advertisers and film companies for the use of musical performances and compositions and also corporate sponsorship of music. In the last category the Art & Business survey, "Business Investment in the Arts 2000/01" disclosed music sponsorship of £10.9m and opera sponsorship of £8.3m.

Table 10:4 – Estimated public and local authority expenditure on music - 2000

	Section reference	Notes	£m
Arts councils and regional arts boards		(a)	75
ACE lottery		(b)	10
Ministry of Defence	5.7, 9.9		8
Conservatoires	9.10		22
Music and dance scheme	9.8		7
Local authority grants to music organisations		(c)	21
Music services		(d)	60
Others		(e)	30
Total			233

Notes:

- (a) Based on 2000/1 accounts. This represents the minimum expenditure, as not all spending on music is identifiable as such in the accounts. A notional percentage for opera is included to represent the ACE grant to the Royal Opera House. There are also some significant omissions: it is not possible to identify the proportion of this grant that goes to the South Bank Board, for example.
- (b) In *A Sound Performance*, Lottery grants were not included in public expenditure on music as they were assessed as mostly capital. However, we include here the annual grant of £10m to the National Foundation for Youth Music.
- (c) This is the figure for 1996/7 – the latest available for local authority grants to music organisations. See note (e).
- (d) This represents the central government grant to music services – additional expenditure by local authorities is unknown. In addition, this figure is for England only. See note (e).
- (e) This figure represents an allowance for government expenditure on music services in Scotland, Wales and Northern Ireland, and local authority expenditure on music services throughout the UK.

Table 10:5 - Summary table - domestic expenditure on music

	£m
Consumer spending	4076
Private corporations	523
Public sector spending	233
Public corporations (a)	100
Total	4932

Note:

- (a) This is the *A Sound Performance* figure for the BBC which has not been updated.

It should be noted that, with the exception of the consumer spending figures, these data include a number of estimates, and should therefore not be compared directly with data from *A Sound Performance*.

Table 10:6 - Estimated overseas earnings & payments – 2000

	Section reference	Earnings (£m)	Payments (£m)	Net (£m)
Composition of musical works & music publishing	2	359	202	157
Live performance (non-classical)	4	77	23	54
Recording	6	567	343	224
Total		1003	568	435

No reliable and complete published data on overseas earnings and payments are available outside of the composition/music publishing and recording sectors though estimates have been included for non-classical live performance. It is not viable accurately to estimate overseas earnings and payments for the education, live classical and theatrical or musical instrument sectors thus they have been excluded from the table. Additional information, where available, is included in the relevant sections.

Notwithstanding the lack of complete data the above table does highlight the three sectors' substantial positive net contribution to the balance of payments, though the surplus of £435m is substantially less

than the £582m reported for 1997/98 in *A Sound Performance*, with the key decline being in the recording sector.

10.3 Employment numbers

Within the UK music industry, as the table below highlights, the sectors employing the greatest numbers of people are:

- a) live performance, within which category we include all musicians
- b) education and training
- c) retailing and distribution of recordings.

Table 10:7 – Estimated employment in 2000 – full time equivalents (FTEs)

	<i>Section reference</i>	<i>Notes</i>	<i>FTEs</i>
<i>Composition of musical works & music publishing</i>	2		4,841
<i>Musical instruments (production, retailing & distribution)</i>	3		9,175
<i>Live performance (non-classical)</i>	4	(a)	38,300
<i>Live performance (classical & music theatre)</i>	5	(a)	12,230
<i>Music recording (including labels, studios and manufacturers)</i>	6		10,160
<i>Retailing & distribution of recordings</i>	6		21,500
<i>Education & training</i>	9		29,356
<i>Total</i>			125,562

Note:

(a) Musicians are included within the live sector as opposed to dividing them between the various other sectors such as recording and composition.

As with all previous surveys related to the music industry it has proved very difficult to generate a robust estimate of the number of full-time-equivalent employees in all of the various sectors, including employees in the public education sector! Whilst the numbers employed by substantial companies in the recording and music publishing sectors, and those teaching music full-time within the state education system can be ascertained with a high degree of accuracy, no study has really come up with a satisfactory estimate of the number of full-time equivalent musicians. This is primarily because most musicians are self-employed and many are engaged in a number of economic activities both within and outside the sector. Thus for example there are both thousands of individuals in semi-professional bands operating on the live circuit who also pursue near full-time occupations elsewhere, and those who combine live performances or recording with the provision of private musical tuition. With no new compelling data on the subject, our estimate of the number of full-time-equivalent musicians in the non-classical sector has been lowered from the figure of 35,000 used in the two previous NMC reports, *The Value of Music* and *A Sound Performance* to 26,000 which is the total number (31,000) of members in the Musicians' Union, less an estimate of 5,000 of such members already classified within the live performance classical and music theatre sector. Given the use of various estimates within the total, comparisons with previous estimates contained in the reports above are not that meaningful.

Appendix 1

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Appendix 2

Biographies of Researchers

Cliff Dane

Cliff Dane, a chartered accountant, was primarily responsible for the chapters on Recording, Music Composition and Publishing, Music Retailing and Distribution and Live Performance non-classical.

He is the Chairman of Media Research Publishing Limited and the author and publisher of two annual financial surveys on the music industry, *Rock Accounts* and *The UK Record Industry Annual Survey*. He is also the Finance Director of an independent record label, Snapper Music plc, having previously been a founding director of another significant independent music group, Castle Communications plc.

He has worked on three previous industry surveys on the economic significance of the music industry, *Overseas Earnings of the Music Industry* (1995), for British Invisibles and *The Value of Music* (1996) and *A Sound Performance* (1999) for the National Music Council.

Kate Manton

Kate Manton is a freelance researcher who has worked on a variety of projects including the regional studies for the *Economic Importance of the Arts* series, the *Cultural Trends* series, the *Artstat* statistical volume for the Arts Council of England, *A Sound Performance* for the National Music Council and the 'Profile of the Performing Arts' section in *The UK Cultural Sector* for the Policy Studies Institute.

Appendix 3

NATIONAL MUSIC COUNCIL

Chairman: Robin Osterley
Administrator: Fiona Penny

The National Music Council seeks to celebrate and promote the value of and enjoyment of music which contributes, in all its forms, to the cultural, spiritual, educational, social and economic well-being of the United Kingdom.

A membership organisation embracing all sectors of the music industry, it recognises the vital inter-relationships that exist between such sectors and aims to:

- Provide networking opportunities for Members and other stakeholders and to facilitate and improve the exchange and sharing of information of relevance to their concerns;
- Provide a debating forum for Members and other stakeholders and the mechanisms for issues to be prioritised and, when appropriate, pursued and resolved;
- Provide the means for informing and influencing decision-makers and those other stakeholders upon whom the music industry depends, and for raising the public profile of music.

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