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Senedd Cymru | Welsh Parliament

Pwyllgor Diwylliant, Cyfathrebu, y Gymraeg, Chwaraeon, a Chysylltiadau Rhyngwladol | Culture, Communications, Welsh Language, Sport, and International Relations Committee

Effaith Gostyngiadau Cyllid ar Ddiwylliant a Chwaraeon | Impact of Funding Reductions for Culture and Sport

Ymateb gan: Sophie Brownlee, Rheolwr Materion Allanol, Music Venue Trust |
Evidence from: Sophie Brownlee, External Affairs Manager, Music Venue Trust

1. What impacts has reduced funding had on your organisation and sector so far?

The main cut in funding for grassroots music venues (GMVs) has come through the cut in business rate relief from 75% to 40% that was implemented in April 2024.

This rise is an immediate threat to GMVs. Cutting business rates relief is having a direct impact on the number of events that are staged in Wales, reducing supply, cutting economic activity, and negatively impacting jobs, especially in the 'gig economy'.

The gross profit from the entire sector in Wales in 2023 was £119,000. The fall in rates relief creates a new additional cost of £127,000. This single measure is putting the sector, as an entire network, into the red. It places the long-term resilience of Welsh GMVs at a severe and direct competitive disadvantage when compared to their cultural counterparts in England that will continue to be entitled to rate relief, resulting in a very significant national disparity between costs associated with touring.

37 GMVs in Wales (77%) are subject to the increase in costs, allowing for all models of

rate relief.

The demand for rate payment increases falls disproportionately on venues already identified by MVT as those most at risk of closure due to their legal infrastructure, location and business model.

The value of the increase by venue is such that it will present an immediate threat of closure to 16 venues - 33.3% of all the venues in Wales.

If these 16 venues close, the direct cost to the rates budget would be £153,679. Only 12 of these venues would need to close before the total raised from the predicted increase delivered by this budget measure (£127,000) would be eliminated by business closures.

Furthermore, even if venues do not close, this cut in rate relief is removing their ability to be financially sustainable, and to invest in new music and community engagement.

588 jobs, £8 million of economic activity, 3500 events and 30,000 performance opportunities for musicians are at direct risk from this measure. The closure of a single venue represents a huge loss to the local community, to the music sector, and to the future of Welsh talent. The closure of 16 would be a catastrophe to the Welsh grassroots music scene. Welsh GMVs deserve to be operating within a level playing field as their cultural counterparts in England.

More broadly, we feel that much of the funding supposedly aimed at GMVs has not just been cut, but is usually not appropriately aimed at GMVs, despite the purported aims of the specific funding streams. Through this, funding is actually being cut, because GMVs are not receiving it, while the sector, MSs and wider stakeholders are consistently being told there is funding available.

For example, the new Music Revenue Fund from Creative Wales has the key criteria that it is to support the release of new music, which means that venues can only be tangentially involved in the event that an artist decides to apply, as part of releasing new music, to play at their venue. It is, therefore, not supporting grassroots music venues in the way we hoped, and we would ask that the criteria are urgently reviewed and opened up to include grassroots music venues.

We appreciate that live music venues are one of Creative Wales's priorities, however, we do not believe this fund fits with those aims given that grassroots music venues - the research and development department of the grassroots live sector - can only be tangentially involved, if at all. We are currently not aware of any other plans in the year ahead to support grassroots music venues so would be pleased to hear about this as soon as possible.

2. What measures have you taken in light of it, such as changing what you do and how you do it?

With the cut in business rate relief, venues are being forced to cut other costs and in some cases, consider closing altogether. Programming of new and original music is the most obvious casualty of a lack of funding; this high risk activity of investing in new artists without the prospect of financial return has simply had to be cut from the budget. The result is that venues impacted most significantly by the cuts to rate relief have altered their programming to present reliable income streams at lower risk and with lower costs. In the grassroots music venue sector, this results in lower investment in artists, cuts to tech, services and supporting roles, and a focus shift from cultural activity to commercially viable events.

Ancillary services, such as community events, support for local charities, opportunities for rehearsal and recording time, have also been cut to manage the financial demands of national government.

3. To what extent will these impacts be irreversible (e.g. venues closing, or specialist skills being lost rather than a temporary restriction in activities)?

The cut in business rate relief from 40% to 75% will cause irreversible damage and, given the lack of wider funding for grassroots music venues (GMVs), will only add to the crisis already happening in Welsh grassroots music.

The gross profit from the entire sector in Wales in 2023 was £119,000. The fall in rates relief creates a new additional cost of £127,000. This single measure is putting the sector, as an entire network, into the red. It places the long-term resilience of Welsh GMVs at a severe and direct competitive disadvantage when compared to their cultural counterparts in England that will continue to be entitled to rate relief, resulting in a very significant national disparity between costs associated with touring.

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It's not just that venues will close.

588 jobs, £8 million of economic activity, 3500 events and 30,000 performance opportunities for musicians are at direct risk from this measure. There are specialist skills - including sound, lighting, operations, promoting, artist management - that will either be directly lost in Wales as a result of venues closing, or they will simply move their work elsewhere in the UK, leaving Wales at a direct disadvantage.

The closure of a single venue represents a huge loss to the local community, to the music sector, and to the future of Welsh talent. The closure of 16 would be a catastrophe to the Welsh grassroots music scene. Welsh GMVs deserve to be operating within a level playing field as their cultural counterparts in England.

In 2023, more than one venue closed every week in the UK. Another 72 grassroots music venues significantly reduced or ended their live music offer in 2023.

These GMVs do not have the additional financial cushion to come through this cut in business rate relief. Despite the public demand for grassroots live music, with 23 million audience visits to a gig last year, the average profit margin for a GMV is 0.5%. The gross profit from the entire sector in Wales in 2023 was £119,000.

In Wales, the percentage of cases of venues entering MVT's Emergency Response

Service with financial difficulties has doubled from 2023 (15.79%) to 2024 (30%), with four months of 2024 still to go.

GMVs are uniquely placed to provide long term and sustainable cultural delivery to a wide variety of areas from sprawling cities to rural communities, and their position at the heart of the music ecosystem allows investment to reach beyond the funded organisations. Their places as cultural regional hubs support a wide

region beyond their doors and develop skills often not catered to in traditional educational environments.

Many venues provide additional activities and benefits for their local communities. These include apprenticeships, jobs for local young people, children's classes and concerts, fairs, festivals, comedy, and day activities. Local communities will lose a whole host of cultural and community activity if venues are to close as a result of cut funding and higher business rates.

4. What interventions would you like to see from the Welsh Government, beyond increased funding?

We would like to see two major changes in policy from the Welsh Government that would act to protect, improve and secure grassroots music venues (GMVs). One we have covered here, and one in section 6.

Planning:

The adoption of the agent of change principles as guidance in Planning Policy Wales has been a vital tool to protect GMVs from threats from redevelopment.

In 2017, the then Cabinet Secretary for Environment and Rural Affairs, Lesley Griffiths, wrote of her intention to offer more planning support for live music venues, including “a clear and explicit reference to the ‘agent of change’ principle” and that “local authorities should begin to apply this principle...with immediate effect”.

The agent of change principles contained within Planning Policy Wales says “that a business or person responsible for introducing a change is responsible for managing that change. In practice, for example, this means a developer would have to ensure that solutions to address air quality or noise from nearby pre-existing infrastructure, businesses or venues can be found and implemented as part of ensuring development is acceptable.”

Planning Policy Wales already acknowledges that “The agent of change principle...will be a guiding principle for supporting the evening economy and the development of uses sensitive to the soundscapes experienced in busy commercial centres.”

On the ground, however, there is a consistent lack of understanding and coherent application of agent of change and how it should be enforced to protect GMVs.

Planning Policy Wales already notes that “Creative and cultural businesses (such as theatres, music venues and arts centres) can thrive in shared space environments and hubs and help create diverse, vibrant, and viable places that are attractive to related and unrelated businesses. Traditionally, such hubs grow from the ground up with local and national government playing an enabling role. There is evidence that these quarters often evolve from quite humble origins utilising cheap, often disused, building spaces.” If agent of change is not applied correctly, however, these creative businesses cannot thrive and residents will not feel content with the accommodation they have chosen and where developers have fallen short in their obligations.

Planning Policy Wales expects the developer “would have to ensure that solutions to address air quality or noise from nearby pre-existing infrastructure, businesses or venues can be found and implemented as part of ensuring development is acceptable.”

We do not believe that this principle is currently being applied as coherently and as consistently as it could be to both protect GMVs and to aide residents.

We would ask, therefore, that the Welsh Government embed the agent of change principles into legislation as soon as possible to bring planning reform in Wales into line with reforms that have already taken place in Scotland.

Putting the agent of change principles on a statutory footing can embed and strengthen policy recommendations that are already found in Planning Policy Wales as well as included in recently adopted Scottish Planning legislation.

By adopting the agent of change principles into the statutory framework, we can quickly ensure that planning applications involving music venues abide by those principles in every community and in every application. This would have the impact of reducing the number of planning objections being raised by GMVs down to zero - currently MVT and its members are compelled to raise over 100 objections per year. That application and objection process impacts negatively on community relations, and often results in inevitable noise complaints made when residential buildings are not adequately sound-proofed, or residents aren't aware of a nearby GMV.

5. To what extent do the impacts you describe fall differently on people with protected characteristics and people of a lower socioeconomic status?

Improved transport is particularly important for those of a lower socioeconomic status, especially those living in rural areas where public transport may be inadequate already. Forcing people to own and run a car is not only financially problematic, but also has a negative impact on the environment, and on congested towns and city centres.

The cost of running a car - including learning to drive, the purchase of a car, upkeep, fuel costs, and insurance - is a huge barrier both to young people and those of a lower socioeconomic status. They are therefore naturally more reliant on public transport and, without it, cannot access live music and culture.

We believe that by improving public transport links, especially in rural areas, you open up access to culture for a huge range of people, many of whom may not usually engage with local culture, either for financial, personal commitments or other reasons. GMVs provide safe spaces which improve people's physical and mental wellbeing through enabling access to culture, a safe space for people to socialise, and by providing additional daytime activities for the local community.

Community engagement events being lost from the programme of grassroots music venues has a direct impact on disadvantaged and disenfranchised people.

6. Do you have any other points you wish to raise within the scope of this inquiry?

Transport:

A lot of venues are in areas that are supported by dwindling and insufficient public transport infrastructure. Audiences are limited to attending grassroots music and cultural events in close proximity to them, and as such broader audiences are being hindered from attending venues that they otherwise would be active supporters of.

We were pleased to support Swansea Arena's open letter on this along with several venues including The Bunkhouse, Elysium, Hippos, Sin City and Hangar 18. A petition to improve vital late night public transport infrastructure in South and South West Wales has already garnered over 8,000 signatures by May 2024.

The letter called on the Welsh Government, Transport for Wales, Network Rail, regional stakeholders and changemakers to ensure additional provisions are put in place to consistently support late night travel between Swansea, Cardiff and further afield throughout the year.

This is to ensure that arts and culture are opened up to as broad and as keen an audience as we know it deserves, and that audiences are provided with all the support they require to ensure accessibility.

Most live music events finish at 11pm. The latest train links running East leave Swansea at 22:37 on a Saturday evening, and 22:37 during the week. The hard decision then lies on an attendee at one of these venues to either drive or leave early and miss the closing hour of an event. The former obviously does not lend itself well to climate change, while the latter means we are reducing accessibility to cultural events.

Either way, being considerably further out of pocket than if they were to have the ability to rely on public transport.

The Welsh Government's own report, 'Developing an Action Plan for the Visitor Economy' (2020), also highlighted the need for greater investment in public facilities, transport links and accessibility, and environmental maintenance. This included light rail systems, alongside the more traditional infrastructure issues such as improvements to rail and rolling stock.

When asked what changes to public transport infrastructure would make the biggest difference, respondents suggested: Improved public transport to and within rural areas; More regular public transport across Wales; and Greater promotion of transport options.

Almost half of respondents suggested that the quality and accessibility of public transport needed to be improved, whilst a broadly similar group suggested that investment was needed in the road network. Many respondents to the questions interpreted it as travelling to and across Wales, suggesting that respondents perceived travelling within Wales to be just as important as travelling to the country.

We believe that resources should be put aside to improve transport links, with a special view towards safe late-night travel, to ensure that adequate support is put in place to allow GMVs and cultural venues of all sizes to thrive and flourish.

Welsh Government clearly has overarching responsibility for tourism policy in Wales, as well as a strategic oversight of cohesive economic, cultural and infrastructure policy around such offers, and their Welcome To Wales: Priorities for the Visitor Economy 2020-25 strategy actively set out a vision for tourism in Wales, building upon key sub-strategies including investment in infrastructure and the improvement of access to Wales for visitors. Any impact in these areas is

hampered by a lack of support, engagement and investment by the Welsh Government in regional transportation infrastructure.

Reliable late night travel links between key destinations is vital to a thriving cultural landscape, and to ensure that art and culture remains, firmly, for all.
