



*PRS for Music*

# Licensing the Fitness and Dance Sector Summary of consultation responses



Published: February 2016

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# Introduction

On 7 September 2015 *PRS for Music* launched a 4 week consultation\* proposing a Fitness and Dance Tariff as part of the Tariff Simplification Programme\*\*. The principal aim of the consultation was to invite customers and trade bodies to review and comment on the proposed charging structure.

The consultation was undertaken in accordance with *PRS for Music's* Code of Conduct, which states that PRS will consult relevant parties whenever significant changes regarding our Public Performance Tariffs are proposed.

As part of the consultation process we approached the main trade bodies within the fitness and dance sector, as well as current customers and invited comments from all interested parties. We accepted responses via email to the consultation inbox or by a web form through the dedicated Fitness and Dance consultation section on the PRS website, which also hosted all relevant consultation materials and documentation.

The consultation resulted in a total of 84 responses, with ukactive responding on behalf of its entire membership of over 3000. Subsequently, we held follow up discussions, where appropriate, with ukactive and the Council of Dance Education and Training (CDET) to explore issues raised in the responses. In terms of volume, we believe we have secured a satisfactory and representative consultation response.

The sections of this document follow the questions asked as part of the response form set out in the consultation. In each section we have gathered the responses received and summarised them. For the responses that didn't follow our prescribed response format, we have allocated them to the appropriate sections. Each summary is followed by *PRS for Music's* response and proposed way forward.

The questions asked were designed to highlight the main changes in how *PRS for Music* would license the fitness and dance sector.

## Fitness and Dance General

### **Do you agree that a new tariff is required for the Fitness and Dance sector?**

Currently, music users operating in the fitness and dance sector are licensed under a variety of different tariffs, only one of which – DS (dance schools) – is specific to the sector.

The majority of those who responded to the consultation agreed that a single tariff designed specifically for the fitness and dance sector is required.

PRS position: In the light of the responses PRS intends to draw up a single tariff for the fitness and dance sector.

\*<http://www.prsformusic.com/users/businessesandliveevents/musicforbusinesses/customerconsultation/fitness-dance/Documents/fitness-and-dance-consultation.pdf>

\*\*The aim of the programme is to simplify, streamline and consolidate over 40 public performance tariffs, creating a smoother experience for *PRS for Music* customers that makes it easy to purchase and manage a licence, and allows businesses to receive the full benefits and value of music in a simpler way.

# Background Music

As part of simplifying the way *PRS for Music* charges for background music within fitness and dance premises, it was proposed to remove the current provision for charging per device.

The mechanism for charging for background music remains as audible area, but the number of bandings applicable have been reviewed to take into consideration the various sizes of premises to which the Fitness & Dance Tariff is applicable.

## **Do you agree in removing a charge per device?**

Respondents were overwhelmingly in favour of removing the charge per device from any background music charges.

## **Are you content for background music to be charged dependant on the size of the audible area?**

For those where the background music charge will be applicable, the majority are content with the charge to be based on size of audible area.

## **If not, what alternatives do you think may be suitable?**

A single flat fee regardless of size was the general consensus amongst those who did not agree in a charge proportioned by size of audible area.

*PRS for Music* response: Research into our customer base has shown that there is a vast differences in the size of premises within the fitness and dance sector, so to be able to offer a flat fee that would capture the largest premises, the charge would be around £450. *PRS for Music* does not believe that a flat fee that makes no allowance for the size of audible area would be a fair or reasonable metric on which to base a background music charge and does not propose to explore this option further.

In line with the overall view expressed by respondents, *PRS for Music* intends to introduce a background music charge based on the size of the area in which music is audible regardless of the device by which music is performed.

# Classes and Lessons

Currently fitness and dance classes under tariffs GP and J have two charges dependant on the capacity. These provisions have been removed and replaced in the proposed Fitness & Dance Tariff with a flat fee regardless of class size. Dance lessons will be charged under a slightly reduced rate, to reflect the often discontinuous use of music.

## What do you think about a flat charge for classes (removing the capacity charge)?

*"I think this is a good idea mostly because it gives clarity of costs."* Clayesmore Sports Centre

This view was repeated by a majority of those respondents who are currently charged by capacity. However, some customers who responded and are currently charged on 1% of actual takings found the proposed charge of a fixed fee to be of concern due to the potential for an increased licence fee.

## How does this affect your premises?

*"compared to centres that have a greater catchment/client base and an attendance range between 10-60+ we will be losing out as our fitness class numbers are generally quite small less than 10 people per class. This means that our cost per person attending will be much higher than those with potential for greater numbers."* Clayesmore Sports Centre

This view was echoed by other customers and *PRS for Music* acknowledges that some classes may have more attendees than others. However the current use of capacity is known to cause an administrative burden for customers and particularly adds complexity when classes within the same premises have variable capacities. Overall, the stronger view was that although on a per capita basis some customers will be worse off than others a flat fee is preferred to a capacity charge because it gives certainty of cost and administrative simplicity.

## Would you prefer to continue to pay dependent on capacity?

A smaller number of respondents who did not agree with the change would prefer to continue paying based on capacity. They believe this to be a fairer charging model due to the variety of class sizes and dependant on the activities provided.

*PRS for Music* response: When developing the Fitness & Dance Tariff, *PRS for Music* carefully considered those customers currently paying under a capacity charge for fitness and dance classes. An analysis of *PRS for Music* customers showed that the majority fall into the smaller of the two existing charging bands providing sufficient evidence to support the view that removing the capacity charge would not have a significant impact on cost. Most customer responses agreed that the administration burden of monitoring on a class by class basis was considerable and did not take into consideration future technologies.

Due to the greater variability in current charging practices for background music and classes and lessons, we propose to distinguish between charges applicable for background music use based on size of audible area and the charges applied to classes and lessons at a flat fee rate. This will allow *PRS for Music* to remain cost neutral for the average customer, whilst creating a tariff that is simpler and more transparent.

## What do you think about having a different charge for lessons?

Both Fitness and Dance respondents agreed that differentiating between a dance lesson and fitness class is important due to the differing use and duration of music within them.

Respondents requested clarity on what would be considered a lesson and what would be a class. This is something that *PRS for Music* will be happy to provide within the published tariff.

## Minimum Charge

**Do you have any comments regarding the minimum charge (£50) being £2 higher than the current DS tariff?**

The vast majority of respondents are either not affected by the minimum charge or did not object to the proposed level.

*PRS for Music* therefore proposes to introduce a minimum charge of £50 (index linked)

## General Comments to the Consultation

*"I want to argue for 'educational exemption' on the basis that our RAD graded and vocational syllabus examinations offer government recognised qualifications."* Welland School of Dancing

Educational exemptions were a common concern for Dance Schools and *PRS for Music* understands that many courses taught are part of a curriculum. *PRS for Music* recently published guidance regarding this issue which was developed with assistance from the Council of Dance Education and Training.

**Please click here for more information.**

Some customers raised the concept of "Core" and "Bolt-On" charges. The core will be a single metric which covers the main and most frequent usage, with additional music usage charged for in the "bolt-on"; allowing individual customers to tailor their licence to their particular needs. Another common query was regarding the charging for background music in cafes and bars separated by a 'defined parameter'. *PRS for Music* is currently reviewing whether to include these areas in the total background music charge within the 'Core'.

## Next Steps

*PRS for Music* will now consider the views and feedback provided through consultation and will continue discussions with the representative trade bodies with the aim of agreeing a simplified tariff for the Fitness and Dance sector.

The simplification website will be regularly updated with the progress of the Fitness & Dance Tariff, as well as all other Public Performance tariffs that are currently part of the Simplification project.

Visit [www.prsformusic.com/tariffssimplification](http://www.prsformusic.com/tariffssimplification) for more information.

*PRS for Music* would like to thank all those who have responded to the consultation and who continue to assist with the development of the Fitness and Dance Tariff.

## List of Respondents:

Ukactive, Clayesmore Sports Centre, Welland School of Dancing, plus 81 other respondents who asked to for their names and responses not to be disclosed.



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