



PRS for Music
Local Authorities Tariff
Customer Consultation

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1. Introduction

PRS for Music is undertaking a consultation on a new tariff to simplify its licensing of its members copyright music within premises owned and managed by or on behalf of local authorities and town and other councils (“local authorities”).

We are proposing to make it easier for local authorities to comply with the requirements of their *PRS for Music* licences by:

1. Reducing the administrative burden associated with the number of tariffs currently applied to local authorities.
2. Simplifying and reducing the number of questions required to be answered by a local authority in order to enable *PRS for Music* to calculate the licence fees payable by the authority.

The key objectives of this stage of the consultation are to set out the scope and structure of the proposed tariff and to invite views on the proposal from those affected by it.

The consultation is being undertaken in accordance with the *PRS for Music Code of Conduct*. This outlines our commitment to undertake fair, reasonable and proportionate consultations when proposing to introduce a new tariff or to make significant changes to an existing tariff. *PRS for Music* aims to set reasonable terms and to apply and administer all licensing schemes fairly and consistently. The Copyright Tribunal has jurisdiction over all existing and proposed licensing schemes and tariffs operated by *PRS for Music*.

The consultation will run for a period of 8 weeks from **22nd June 2016 until 17th August 2016**. *PRS for Music* will review all responses received on or before the closing date. Details on how to respond to the consultation can be found in Section 8.

The consultation does not cover the use of copyright sound recordings by local authorities. The right to play sound recordings in public (e.g. by means of CD player or reception of a TV/radio broadcast) is administered by the Phonographic Performance Limited (PPL). PPL and *PRS for Music* are two separate independent Collective Management Organisations and in most instances a licence is required from both organisations to lawfully play recorded music in public. While both organisations license the use of music and collect royalties for the music industry, each represents different rights holders and have separate licences and terms & conditions. PPL collects and distributes money for the use of recorded music on behalf of record companies and performers. *PRS for Music* collects and distributes money for the use of the musical composition and lyrics on behalf of authors, songwriters, composers and publishers. For further details on PPL, please visit www.ppluk.com.

In early 2016 *PRS for Music* and PPL confirmed plans to create a new joint venture for public performance licensing (details can be found [here](#)). The plans do not affect this consultation as the two organisations will continue to develop their tariffs separately.

2. PRS for Music

Performing Right Society Limited ("*PRS for Music*") represents the rights of more than 118,000 songwriters, composers and music publisher members in the UK. As a membership organisation it ensures creators are paid when their music is played, performed or reproduced, and champions the importance of copyright to protect and support the UK music industry. *PRS for Music* provides business and community groups with easy access to over 14 million songs through its music licences. *PRS for Music* is one of the world's most efficient performing rights organisations. With over 100 representation agreements in place globally, *PRS for Music*'s network represents over two million music creators. We are owned and accountable to our members. After deducting running costs, the income received from licence fees is distributed to members and other right holders who have an interest in the works used by our customers.

PRS for Music members have empowered the organisation to make their copyrighted songs available to be used in exchange for fair compensation. *PRS for Music* provides the required licences for this in a simple and cost effective way. This gives businesses and individuals the right to use millions of copyrighted songs from around the world, without the need to negotiate individual licensing terms for these works with the songwriters or publishers.

2.1 What does a *PRS for Music* licence cover?

If music is played in a premises for visitors or staff – through an audio or audio-visual device such as a radio, TV, CD/MP3 player or through computer speakers - or at live events, this is considered a 'public performance'. The Copyright, Designs and Patents Act 1988 states that permission must be sought from the copyright holder to perform music in public.

Our licence covers the use of music in all local authority run premises and open air spaces including (but not limited to):

- Arts centres
- Community centres, town halls & civic halls
- Youth centres
- Outdoor events in parks
- Children's centres
- Nurseries
- Leisure centres
- Adult education centres
- Tourist attractions, museums & markets

3. Current *PRS for Music* tariffs

Every year our local authority customers are required by the terms of their licences to declare specific information about the nature and amount of their music use in order to enable PRS (a) to identify the tariff applicable to that use; and (b) to calculate the aggregate annual royalty due under the relevant tariffs. Currently we have 44 public performance tariffs to reflect the differing ways that businesses and organisations use music. There isn't a specific tariff to charge local authorities so we apply a combination of charges from a selection of our tariffs. On average, three separate tariffs are used per local authority. The information declared to us is then used to calculate the local authority's annual licence fee.

The current tariffs used to charge local authorities often follow a lengthy "check list" approach where music usage is tracked on a per premises basis. It is unlikely that a single person or department holds the level of detail to complete a declaration of music usage across the entire local authority. Consequently, this increases the effort required to establish the annual music usage. Our ambition is to eliminate much of the administrative burden by streamlining the licensing process.

A summary of the type of information local authorities are currently required to declare is located in **Appendix A**.

4. Why are we reviewing our fees for local authorities?

The proposals set out in this consultation are part of an extensive programme to review and simplify our public performance tariffs. Many of our tariffs have been in use for many years and ad-hoc updates to keep them up to date with how music is performed and consumed has made most tariffs too long and complicated.

The aim is to create revised tariffs that are easy to understand, simple and efficient for our customers to use, while fairly reflecting the value of music.

We are intending to simplify our tariffs while remaining broadly cost neutral for the average customer (although variances for some customers may occur when moving to the new tariff).

The absence of a dedicated local authorities tariff makes it difficult for many local authorities customers to cost-effectively manage their reporting and payment obligations under their PRS licence. Key local authority stakeholders have provided the following feedback regarding the application of our current tariffs:

- An average sized local authority takes in excess of three months to complete their annual review. Larger local authorities who are required to provide a detailed declaration of music usage on a multi-site basis can take six months or more to complete their annual review.
- Our tariffs and the associated documents are more complicated than may be necessary. For example, most of our tariffs contain itemised fees to charge for different audio and audio-visual devices. Consequently local authorities are required to record and declare the use of every device. In addition many of our tariffs refer to audio and audio-visual devices that are no longer commonly used e.g. tape players.
- Local authorities often experience difficulties understanding what their annual fees will be due to the complexity of navigating through several possible tariffs. As a result, local authorities staff contact us to help them estimate their licence fees for financial planning purposes.

5. *PRS for Music's* proposal to simplify local authority licensing

We believe that a simpler scheme will be more desirable for local authorities by making the process of licensing and the licence-review more straightforward. We therefore propose to introduce a new **Local Authorities Tariff** to replace much of the multi-tariff approach currently applied.

The proposed tariff will as a result contain consolidated fees to cover the most common types of music usage, principally in the area of background music but other uses will also be brought within the scope of the consolidated charge.

For usages that are unlikely to be common or “core” to all local authorities, we intend to continue applying the standard tariff applicable to that particular use. We believe that this is the best way of ensuring that local authorities are treated consistently whilst recognising that within the sector there are large variations in the size, function and facilities offered by individual authorities to rate payers and the public. Some smaller authorities may use very little music outside of the core usage areas and it would not therefore be reasonable to ask them to pay an aggregated fee in relation to music usage that they do not in fact undertake on their premises.

We have designed the proposed tariff to help make the annual review process far more user friendly and less time consuming for local authority staff. The proposed tariff requires fewer questions than the current collection of tariffs usually applied. As a result local authorities will be required to declare less information to calculate their annual fees.

Additionally, the proposal reduces the amount of paperwork associated with our licensing. We expect the proposed tariff to be set out on two pages, making it much easier for local authorities to quickly identify their annual fees.

5.1 Proposed local authorities tariff structure

The scope of the Local Authorities Tariff will cover the majority of music usage within local authority-run premises. Examples of the types of premises to be covered by the tariff include **community centres, workplaces/offices, children's centres, markets, town halls, adult education centres and youth clubs**.

The key aspects of the tariff are as follows:

Core music usage fee (background music)

We propose to apply a single metric to calculate the fees to cover the most common or “core” music usage within local authority premises. This represents the most significant change from the current system. The charge will be based upon the total area in square metres within a premises where music is audible; i.e. the “audible area”.

We have not included different fees for specific audio and audio-visual devices in the tariff. This means that local authorities' premises can make use of any type of background music device without incurring any additional fees.

Bolt-on music usage fees

We intend to include bolt-on fees to complement the core music usage fees. The bolt-on fees will be used to cover most additional music usage, e.g. film showings at art centres.

5.2 Core music usage: definitions and metric

The following music usage types within local authorities will be covered by the new core music fee. Premises fees will start from £105 (plus VAT) per year.

Figure 1: Core music usage and proposed charging metric

| Usage type | Description | Proposed charging metric |
|--|---|---|
| Background music | Music played in premises through any type of audio or audio-visual device including televisions. This excludes uses where the music is a 'featured' element, such as at live concerts. | Total area of premises in square metres where music is audible. i.e. "audible area" |
| Jukeboxes | Audio or video jukebox, with or without background capability. | |
| Staff Areas (formerly known as 'Music in the Workplace') | Music audible to workers such as administrative staff in their place of work or canteen. | |
| Youth clubs | Informal performances of music limited to club members and their friends. | |

5.3 Bolt-on music usage: definitions and metrics

The table below outlines the bolt-on fees together with the proposed charging metrics.

Figure 2: Bolt-on music usage and proposed charging metrics

| Usage type | Proposed charging metric | Annual fees (from 2017 onwards) |
|--|---|------------------------------------|
| Featured use of music e.g. discos at youth clubs. | Fee per event, which scales upwards dependent on the frequency of events and the capacity of the area where each event takes place. | From £5 (plus VAT). |
| Film shows e.g. weekly film clubs at art centres. | Fee per event, which scales upwards dependent on the frequency of film showings and the capacity of the area where each showing takes place. | From £4.95 (plus VAT) per event. |
| Workshops/ demonstration and tuition classes. | Fixed charge per session. | £2.50 (plus VAT) per session. |
| Short educational and/or training films. | Fixed charge per showing. | £1.25 (plus VAT) per film showing. |
| Managed busking. | Daily fee to cover performances by buskers at areas designated and managed by the local authority. For example where the local authority requires the performer(s) to obtain specific permissions to perform. | £9.90 (plus VAT) per day. |
| Unmanaged busking. | A new fee is proposed to cover spontaneous performances by buskers in areas represented by the local authority at any given time. We acknowledge that charging this type of busking on the same 'per day' basis as managed busking is impractical as local authorities are unable to reasonably record or declare such activities. In addition, we acknowledge that there may be significant periods where no performances take place. The flat fee allows unlimited unmanaged busking throughout the year. | £200 (plus VAT) per year. |

6. The proposed local authorities tariff

A revised charging structure for the local authorities tariff is set out below:*

NB. All quoted rates are indicative based on our 2015 figures and will be adjusted annually in line with inflation.

Background music in all local authority premises*

(Unlimited use of any audio or audio-visual device throughout the year)

| Audible area | Annual fee per premises |
|--|-------------------------|
| Square Metres | |
| 0 – 60m ² | £105 |
| 61– 120m ² | £210 |
| 121 – 200m ² | £320 |
| 201 – 300m ² | £445 |
| 301 – 400m ² | £570 |
| 401 – 700m ² | £720 |
| 701 – 1,000m ² | £895 |
| 1,001m ² + | £1,060 |
| Audible area means: the area of the premises, measured wall to wall in square metres where music is audible. | |

Events with featured music

| | |
|---------------|---------------------------|
| Fee per event | £5 per 50 person capacity |
|---------------|---------------------------|

Film showings

| | |
|-----------------|-------------------------------|
| Fee per session | £4.95 per 100 person capacity |
|-----------------|-------------------------------|

Short educational and/or training films

| | |
|-----------------|-------|
| Fee per session | £1.25 |
|-----------------|-------|

Workshop, demonstration & tuition classes

| | |
|-----------------|-------|
| Fee per session | £2.50 |
|-----------------|-------|

Managed busking

| | |
|-------------|-------|
| Fee per day | £9.90 |
|-------------|-------|

Un-managed busking

| | |
|------------|------|
| Annual fee | £200 |
|------------|------|

For a licence continuing from year to year the minimum annual royalty under this tariff will be: **£105.**

**The tariff will not be applied to cover specific less frequent uses of music by local authorities. We propose to apply our standard tariffs to cover these uses. The list of exclusions is detailed on the following page.*

Local authorities tariff exclusions

| Type of premises/event | Current applicable tariff |
|--|---|
| Light/popular concerts, festivals and gigs where a charge is made for admission. | Popular music concerts tariff 'Tariff LP' |
| Classical concerts and recitals, for example, at concert venues, theatres, similar premises, and outdoor sites, with or without a charge for admission | Classical music concerts & recitals 'Tariff LC' |
| Sporting events at sports grounds, race tracks and stadiums | Sports Events tariff 'Tariff SE' |
| Skating rinks | Skating rinks tariff 'Tariff SR' |
| Telephone music on hold | Music on hold tariff 'Tariff MH' |
| Leisure centres & gyms | Please see the Fitness & Dance page on our website for further details. |
| Nurseries | Nurseries, pre-schools, playgroups and crèches 'Tariff N' |
| Outdoor events | Open-air places, parks & pools 'Tariff O' or General Purposes 'Tariff GP' |

Copies of all tariffs are available on our website's [Tariffs Page](#).

7. The impact of the proposals

We have compared annual fees under the current Tariffs and the proposed Tariff to illustrate the impact of the proposals on five types of licensed local authorities.

Please note these following examples do not include fees for any premises or events detailed in the exclusions list.

Example 1: A county council with 27 premises using music

| Types of premises | Summary of music usage | Current tariff fees | Proposed Tariff fees |
|--------------------------|---|---------------------|----------------------|
| 19 children's centres | Background music | £4,126 | £3,990 |
| 6 youth centres | Background music and events with featured music | £1,119 | £912 |
| 2 museums | Background music and events with featured music | £766 | £730 |
| Total annual licence fee | | £6,011 | £5,632 |

Figure 4: Comparison of current tariff fees & proposed fees for example 1



Example 2: A district council with 37 premises and one outdoor event using music

| Types of premises and open air spaces | Summary of music usage | Current tariff fees | Proposed Tariff fees |
|---|------------------------|---------------------|----------------------|
| 37 community centres | Background music | £11,061 | £8,790 |
| 1 Christmas community event in open air space | Featured music | £495 | £500 |
| Total annual licence fee | | £11,556 | £9,290 |

Figure 5: Comparison of current tariff fees & proposed fees for example 2



Example 3: A district council with six premises using music

| Types of premises | Summary of music usage | Current tariff fees | Proposed Tariff fees |
|--------------------------|---|---------------------|----------------------|
| 4 community centres | Background music and events with featured music | £1,939 | £2,326 |
| 2 town halls | Background music and events with featured music | £1,202 | £1,200 |
| Total annual licence fee | | £3,141 | £3,526 |

Figure 6: Comparison of current tariff fees & proposed fees for example 3



Example 4: A parish council with one premises declaring music

| Types of premises | Summary of music usage | Current Fee | Proposed Tariff fees |
|--------------------|--------------------------------------|-------------|----------------------|
| 1 community centre | Background music and featured events | £443 | £437 |

Figure 7: comparison of current tariff fees & proposed fees for example 4



Example 5: A city council with twelve premises and three outdoor events declaring music

| Types of premises and open air spaces | Summary of music usagee | Current tariff fees | Proposed Tariff fees |
|--|---|---------------------|----------------------|
| 3 outdoor community events e.g. Christmas lights | Background music and featured events | £4,819 | £5,000 |
| 6 adult learning centres | Background music and featured events | £2,542 | £2,232 |
| 4 community centres | Background music and featured events | £2,957 | £2,526 |
| 1 arts centre | Background music, film showings, keep fit classes, dance classes and live music | £8,500 | £9,250 |
| 1 gallery | Background music | £86 | £105 |
| Total annual licence fee | | £18,904 | £19,113 |

Figure 8: comparison of current tariff fees & proposed fees for example 5



8. How to respond to the consultation

All the details of this review, and any updates, are available on the *PRS for Music* website:

www.prsformusic.com/local-authorities

To submit your comments to the consultation, please complete the response form provided on the website above.

Online responses are preferred.

Written responses can be posted to:

Local Authorities Tariff consultation responses

PRS for Music

2 Pancras Square

London N1C 4AG

Or by email to:

LA.consultation@prsformusic.com

Please entitle your response 'Local Authorities Consultation'

[Click here to download a paper form](#)

Or visit: **www.prsformusic.com/local-authorities**

Please submit all responses by 17th August 2016

PRS for Music will consider all comments received. We have provided some questions for you to consider when formulating your response which can be found on the website above.

8.1 Next steps

Following the deadline for submission of consultation responses, we will carry out a review of all responses received and publish a summary of these on our website. If you would like *PRS for Music* to keep your response confidential, or if you wish to provide confidential data in support of your response, please let *PRS for Music* know by stating this on the response form. Unless the respondent organisation otherwise requests, *PRS for Music* will publish the names of respondent organisations. We will seek to hold discussions with customers and representative bodies, as required, and announce a new tariff based on the consultation feedback and the subsequent discussions.

This consultation does not obligate *PRS for Music* to implement any of the changes proposed. *PRS for Music* may propose an alternative tariff in the light of responses to this consultation.

9. Appendix A

The table below provides a summary of the information local authorities are currently required to declare in order for us to calculate the appropriate charge using our existing tariffs and of the position under the proposed tariff. It is proposed to include both the core and the bolt-on usages in the new tariff.

| Types of local authority premises/ music usage | Information local authorities are currently required to declare | How will each type of premises/ music usage be charged using the Local Authorities Tariff |
|---|---|---|
| <ul style="list-style-type: none"> Halls (Town, city) Museums and Galleries Community Centres Children's Centres | <ul style="list-style-type: none"> Sizes of areas where music is audible Total seating capacities of cafes List of audio and audio visual devices used | <p>CORE</p> <p>"Size of area within each premises where music is audible"</p> |
| <ul style="list-style-type: none"> Workplaces (Staff only areas) | <ul style="list-style-type: none"> Number of staff Duration of music played per day Total number of days worked per year | |
| <ul style="list-style-type: none"> Markets | <ul style="list-style-type: none"> Sizes of areas where music is audible | |
| <ul style="list-style-type: none"> Restaurants/cafes | <ul style="list-style-type: none"> Total seating capacity List of audio and audio visual devices used | |
| <ul style="list-style-type: none"> Bars | <ul style="list-style-type: none"> Size of premises List of devices used | |
| <ul style="list-style-type: none"> Youth clubs | <ul style="list-style-type: none"> Number of club members | |
| <ul style="list-style-type: none"> Featured use of recorded music in any premises e.g. DJ nights, karaoke, music quizzes | <ul style="list-style-type: none"> Number of events per year Capacity of area; | <p>BOLT-ON FEES</p> |
| <ul style="list-style-type: none"> Concerts without admission fee (excluding classical concerts) | <ul style="list-style-type: none"> Number of films shown per year Seating capacity of area | |
| <ul style="list-style-type: none"> Film showings | <ul style="list-style-type: none"> Number of films shown per year Seating capacity of area | |
| <ul style="list-style-type: none"> Short educational/training films | <ul style="list-style-type: none"> Number of showing per year | |
| <ul style="list-style-type: none"> Workshops, demonstration & tuition classes | <ul style="list-style-type: none"> Number of classes per year | |
| <ul style="list-style-type: none"> Managed busking | <ul style="list-style-type: none"> Number of busking sessions per year | |
| <ul style="list-style-type: none"> Leisure Centres Gyms | <ul style="list-style-type: none"> Sizes of areas within leisure centres/gyms/pools where music is audible List of audio and audio visual devices used Number of aerobics/dance classes per year & capacities of studios/rooms | <p>SEPARATE TARIFFS WILL CONTINUE TO BE APPLIED</p> |
| <ul style="list-style-type: none"> Skating rinks | <ul style="list-style-type: none"> Gross receipts and/or total admissions per year | |
| <ul style="list-style-type: none"> Telephone music on hold | <ul style="list-style-type: none"> Number of external telephone lines | |
| <ul style="list-style-type: none"> Nurseries | <ul style="list-style-type: none"> Fixed fee per nursery | |
| <ul style="list-style-type: none"> Background music in parks, promenades & other open-air places | <ul style="list-style-type: none"> List of devices used Number of relay points | |
| <ul style="list-style-type: none"> Open air events | <ul style="list-style-type: none"> Capacity of open air space; frequency of events | |
| <ul style="list-style-type: none"> Classical music concerts and recitals | <ul style="list-style-type: none"> Average admission charge over £5: <ul style="list-style-type: none"> > Net admission receipts Where the event has no or a low admission charge: <ul style="list-style-type: none"> > Number of people admitted | |
| <ul style="list-style-type: none"> Popular music concerts | <ul style="list-style-type: none"> Where a charge is made for admission: <ul style="list-style-type: none"> > Gross receipts | |
| <ul style="list-style-type: none"> Background music in parks, promenades & other open-air places | <ul style="list-style-type: none"> List of devices used Number of relay points | |



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