



PRS for Music
Workplaces Tariff
Customer Consultation

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1. Introduction

PRS for Music is undertaking a consultation on the charging structure used to license the use of copyright music within the workplace.

The key objectives of the consultation are to (i) publish the proposed tariff and (ii) invite views on the proposal from those affected.

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 operated by *PRS for Music*.

The consultation will run for a period of 12 weeks from 21st October 2016 until 13th January 2017. *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 6.

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.

The consultation does not include the licence required for the sound recordings, when recorded music, including radio and TV, is played in public. This 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, terms and 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 Societies will continue to develop their tariffs separately.

2. PRS for Music

PRS for Music (Performing Right Society Limited) represents the rights of over 118,000 songwriters, composers and music publishers in the UK. As a membership organisation it ensures creators are paid whenever 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 businesses and community groups with easy access to over 10 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. *PRS for Music* is a not for profit organisation. After deducting running costs, all the income received from licence fees is distributed back to members.

For businesses and organisations, *PRS for Music* plays a valuable role. *PRS for Music* members have entrusted the organisation to make their copyrighted songs available to be used in exchange for fair compensation and *PRS for Music* provide 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.

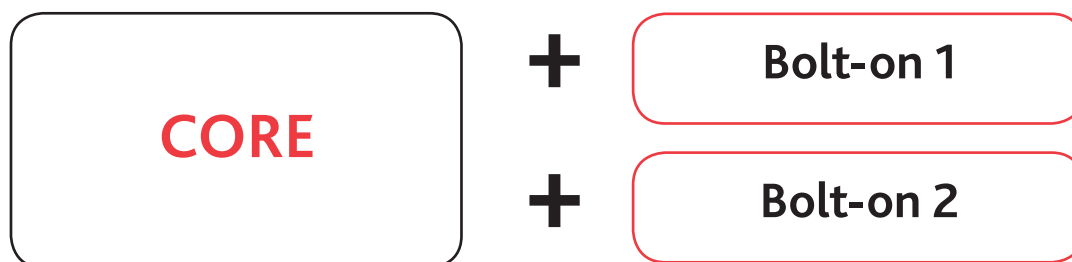
PRS for Music surveys thousands of businesses, including offices, factories and warehouses to find out what music they are playing. Similar information is also supplied by TV and radio broadcasters, as well as concert venues. Based on this information, *PRS for Music* distributes royalties to the composers and publishers of the music that has been played.

3. The simplification programme

PRS for Music is consulting on its intention to simplify how it charges music within the workplace as part of the *PRS for Music* tariff simplification programme. The aim of this programme is to create revised tariffs that are easy to understand, simple and efficient for customers to use, whilst fairly reflecting the value of music. For example, a reduction in the number of questions when applying for a licence and taking part in the annual review will make the licensing process quicker and simpler.

The proposals set out in this consultation are therefore part of a more extensive programme to review and simplify most of the *PRS for Music* public performance tariffs. These tariffs have been in use for some time and ad-hoc revisions to keep them up to date with how music is performed and consumed have resulted in overly long and complicated arrangements.

PRS for Music is proposing that the new tariff structure is based on a “core” charge with “bolt-on” options whilst remaining broadly cost neutral for the average customer (although variances for some customers may occur when moving to a new tariff). The core charge will be a metric covering the most frequent music usage being licensed across the sector. Music usage additional to the most frequent uses, would be charged by way of a ‘bolt-on’ charge allowing individual customers to tailor their licence to their specific needs. This is illustrated below.



4. The current approach

PRS for Music may apply several tariffs to cover the various uses of music within the workplace. For example:

- (a) Tariff I (Music in the workplace) comprises two formulae. The application of these is dependent on whether music is performed -
 - (i) at the workstation (where music is audible to employees through the course of the employees work), in which case the charge is calculated per day by the number of half hours music is audible to units of 25 employees (or part thereof) and multiplied by the number of days worked; and/or
 - (ii) within staff-only canteens, rest rooms or stand down areas, in which case the charge is based on the number of days and the number of employees (in 25 person units) to whom the use of the room or area is available.
- (b) Background music in other areas are charged using either Tariff SP (small premises with up to 30 seats) or GP (general purposes)
 - (i) Music in reception areas with up to 30 seats are charged using Tariff SP, which is calculated by the number of chairs and type of device used to perform music.
 - (ii) Meeting rooms, board rooms, gyms, bars and other areas are charged based on the type and number of devices across the size of the area of each room under Tariff GP.

The Appendix sets out where to view the current tariffs in full.

5. The proposed Workplaces Tariff

5.1 The Proposal

Music in the workspace ("Core")

The proposed tariff will cover the performance of music within the workspace. Charges will be calculated dependent on the number of employees that the music is audible to.

PRS for Music defines employees in terms of full time equivalents (FTEs) because this measure accounts for both full time and part time employees. For example; a premises has 15-Full Time Employees (40 hours) and 15 Half-Time Employees (20 hours), this means the premises have 22.5 FTEs. Contractors, owners and homeworkers are included in the FTE calculations for the portion of time they work on the premises. Visitors are not included in the FTE calculation.

The calculations for workspaces have been split up in to three distinct sections;

- 1) Customers with no more than four employees will continue to be charged at a fixed annual fee of £45.50 (subject to an annual inflation adjustment.) This fee will also include music in the canteen and staff rest rooms that are only made available to up to four employees.
- 2) Customers with 5 to 25 (inclusive) employees will be charged on a flat fee dependent on the number of employees, with the first tier covering up to 9 employees. Thereafter charges will increase with the number of employees in blocks of five. This will simplify the licence fee calculation for the majority of our customers.
- 3) Customers with 26 or more employees will have their charge calculated dependant on the number of employees, number of days and number of hours within a shift and or room, with a standing charge of £417 (per customer). This will allow more flexibility for customers who have a large number of employees but where fewer average working days and a variety of shift durations are used to calculate the charge. Additionally, this will make it easier for the calculation of fees for seasonal and/or temporary employees.

Employee training films

The performance of music included in employee training films will be regarded as a "core use" and included in all "core" charges.

Canteen Music ("Bolt-On")

Music in the employee canteen will be calculated based on the number of employees to whom the canteen is available. As with the 'Music in the workspace (core)' the number of employees that the canteen is available to, will be defined as full time equivalents (FTEs). The fees will increase with number of employees with the first tier covering 1-4 employees. The final tier for those with 201 or more employees will comprise of a charge per 50 employees (or part thereof) and a standing charge per premises will apply. If the premises also has music in the workspace which is available to 4 or fewer employees, then the canteen will not be charged.

Background Music - circulating areas ("Bolt-On")

Background music for all areas under the control of the customer, including receptions, meeting rooms, onsite gyms and bars (owned and run by the business) will be charged on a flat fee basis dependant on the total number of square metres where the music is audible. The charges will increase with the size of the area with the first tier covering up to 60m² and the final tier covering areas of 801m² or above.

Other music uses will be charged using the appropriate "bolt on" applicable from other *PRS for Music* public performance tariffs.

5.2 The Proposed Workplaces Tariff

The proposed charging structure of the Workplaces Tariff is set out below:

Core: Music in the workspace	
Breakdown of charges	
Number of Employees	Annual Charge
0 - 4	£45.50
5 - 9	£112
10 - 15	£179
16 - 20	£255
21 - 25	£335
26 and above	No. of employees x No. of hrs x No. of days x £0.00775
	£417 standing charge (per customer)



Bolt on: Canteens		Bolt on: Background Music – circulating areas*	
Number of Employees	Annual Charge	Total Area (m²)	Annual Charge
1 - 4	£45.50	0 - 60	£105
5 - 25	£70	61 - 120	£225
26 - 50	£120	121 - 300	£515
51 - 75	£180	301 - 500	£1,060
76 - 100	£240	501 - 800	£1,525
101 - 150	£340	801 and above	£2,000
151 - 200	£445	*receptions, meeting rooms, onsite gyms and bars (owned and run by the business)	
201 and above	£90 per every additional 50 employees (or part thereof)		
	£550 standing charge		

N.B All rates are indicative based on 2015 figures and will be adjusted annually in line with inflation

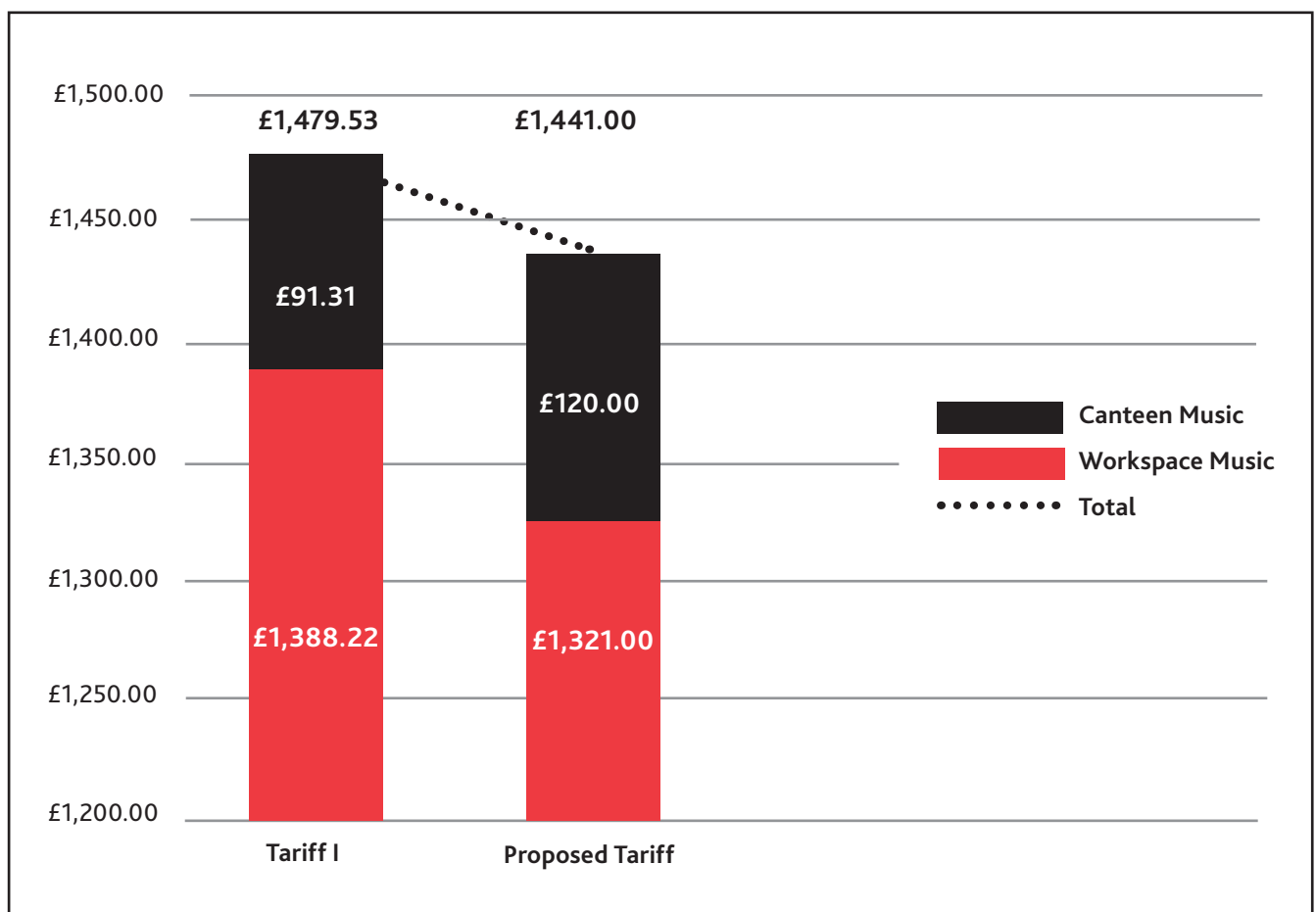
5.3 The impact of the proposals

PRS for Music has compared the charges that would arise under the current Tariffs I, SP & GP, with the charges that will arise under the proposed Tariff, to illustrate the impact of the changes proposed in the following examples.

Example 1.

A company has 10 premises, 7 of which have music available to 7 employees in the workspace, 8 hours a day, and 240 days a year. The other 3 premises have music available to 10 employees, 12 hours a day, 270 days a year. 1 premises also has a TV in the canteen which is available to 30 employees, 260 days a year.

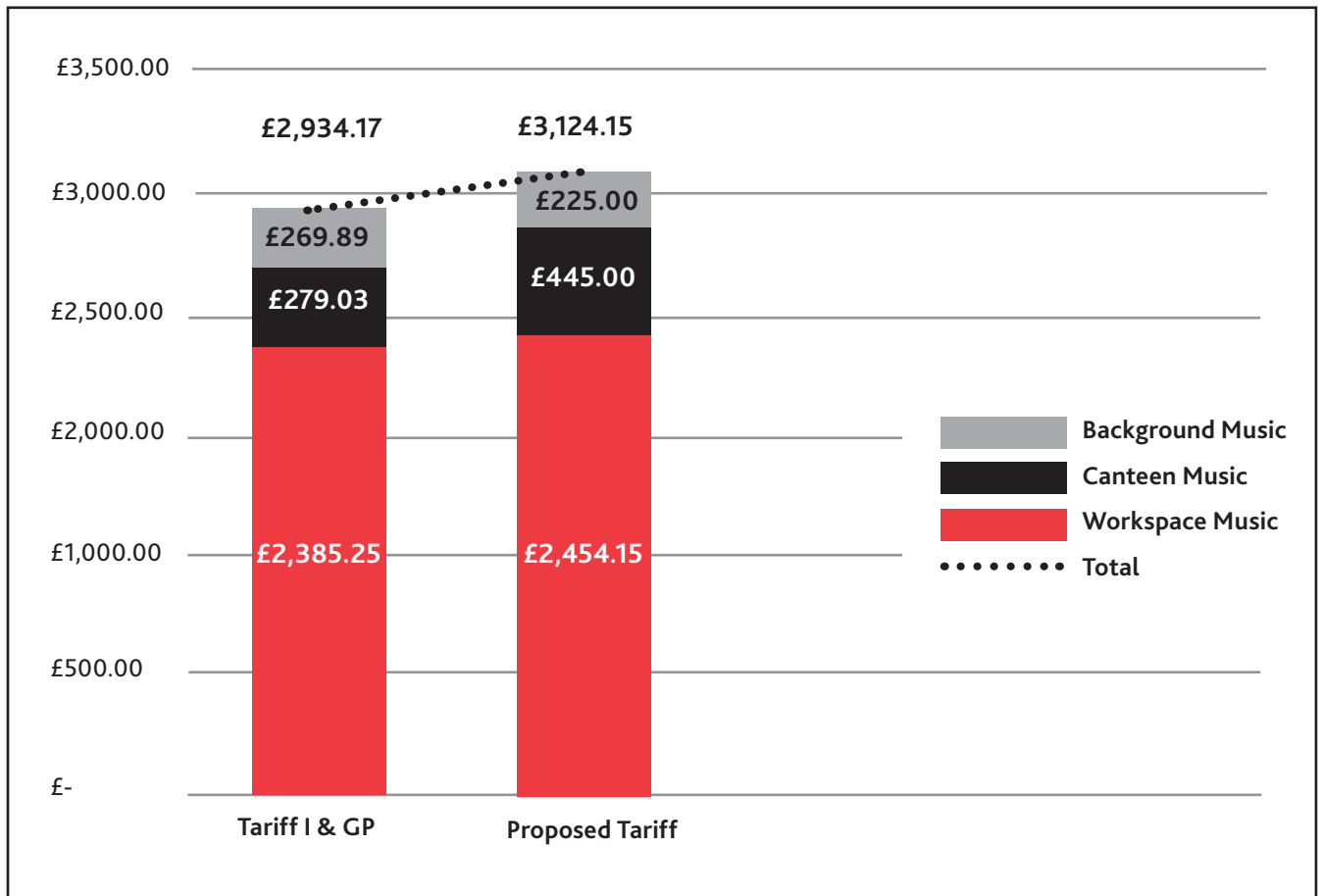
Fig 1. Comparison of a company assessed under Tariff I and the proposed Workplaces Tariff



Example 2.

A large company has 155 employees, who work 277 days a year and 8.5 hours a day. Music is audible to all employees in the workspace and canteen. Music is also audible within the reception and meeting rooms with a total area of 100m².

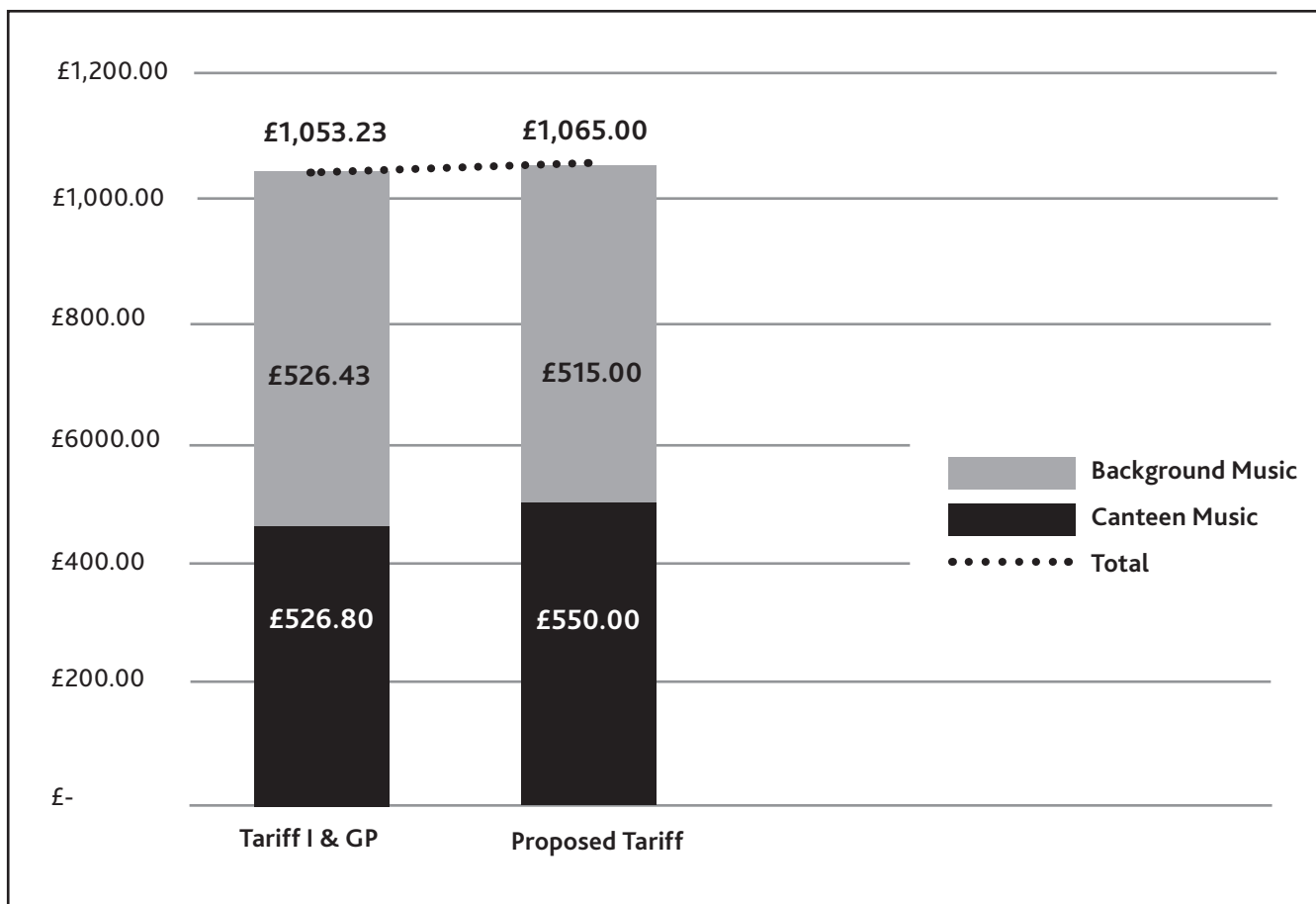
Fig 2. Comparison of a company assessed under Tariff I & GP and the proposed Tariff



Example 3.

A warehouse has music within its canteen which is available to its 300 employees 250 days a year and an onsite gym, owned and run by the business, measured at 240m² with televisions and a CD/MP3 player.

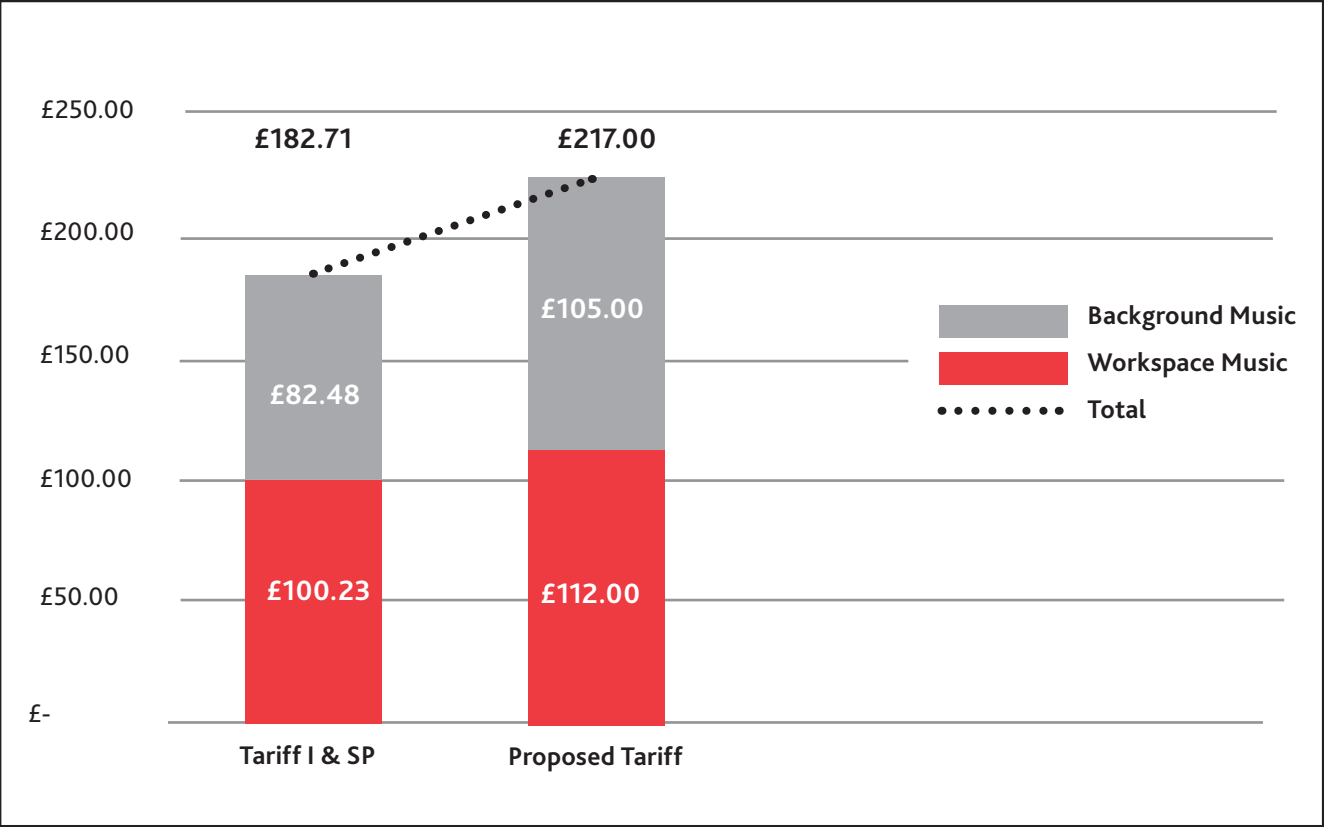
Fig 3. Comparison of a warehouse assessed under Tariff I & GP and the proposed Tariff



Example 4.

An office has 5 employees 250 days a year and 8 hours a day. It also has a reception of 8 chairs.
The conversion of number of seats to square metres has been calculated as a ratio of 1:1.

Fig 4. Comparison of a warehouse assessed under Tariff I & SP and the proposed Tariff



6. 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/workplacesconsultation

It has been agreed that an invitation to participate will be sent to the Federation of Small Business, which will then be distributed to association's membership.

Respondents should complete the response form on the website above.

Online responses are preferred.

Written responses can be posted to:

Workplaces Tariff Consultation Responses

PRS for Music

2 Pancras Square

London N1C 4AG

Or by email to:

workplaces.consultation@prsformusic.com

Please entitle your response 'Workplaces Consultation'

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

Or visit: **www.prsformusic.com/workplacesconsultation**

All responses should be received by 13th January 2017

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

6.1 Next Steps

Following the deadline for submission of the consultation responses. We will carry out a review of all the responses received and publish a summary of these on our website. We will seek to hold discussions with customers and representative bodies, as required, and announce a new tariff based on the consultation feedback and subsequent discussions.

7. Appendix

Full details of the current Tariffs can be found as follows:

I – Music in the Workplace

<http://www.prsformusic.com/SiteCollectionDocuments/PPS%20Tariffs/i-Tariff.pdf>

SP – Small premises

<http://www.prsformusic.com/SiteCollectionDocuments/PPS%20Tariffs/sp-tariff.pdf>

GP – General purpose

<https://www.prsformusic.com/SiteCollectionDocuments/PPS%20Tariffs/gp-tariff.pdf>



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