

Correspondence from Connect

Dear Ms Jewell,

I hope you're well and had a lovely Christmas.

I'm emailing on behalf of Music Venue trust regarding the announcement in December that Business Rate relief for pubs, shops and restaurants is due to be cut from 75% to 40%.

We appreciate that the Welsh Government are facing difficult decisions and that their view is that the discount, brought in during the pandemic, was never intended to continue indefinitely. In 2023, however, more than one venue has closed every week. If we do not act, particularly on business rates, we will face the worst years for closures since the creation of the Music Venue Trust (MVT) in 2014.

As we're sure you agree, we strongly believe that planned rises in business rates are an immediate threat to GMVs, penalising them and preventing their ability to mature into a resilient and sustainable cultural sector.

The inevitable outcome of this cut in Business Rate relief will be a large number of venue closures. In turn, this means no financial return for the Welsh Government as there won't be any Business Rates from closed premises.

This Autumn, the Chancellor of the Exchequer Jeremy Hunt, announced on behalf of the English parliament that the Retail, Hospitality and Leisure scheme would be extended for another financial year. The Retail, Hospitality and Leisure scheme affords a 75% Business Rate Relief to Grassroots Music Venues in England and Wales. This was a welcome announcement as it removes £15 million in pre-profit taxation for the sector and eases financial burdens on over-stretched venues.

The position of the Welsh Government to cut business rates relief at a time when the Grassroots Music Sector is in crisis is extremely concerning. 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 very significant national disparity between costs associated with touring. This will have a direct impact on the number of events that will be staged in Wales, reducing supply, cutting economic activity, and negatively impacting on jobs, especially in the 'gig economy'.

The Grassroots sector is a highly competitive market, with extremely tight margins on high-risk activity. Frequently, the sector operates to a model that simply tries to avoid excessive losses when supporting artists at the beginning of their career. This comes at a time when GMVs already face sustained challenges.

While the cultural offer of Wales's grassroots live music plays a vital role in the research and development of our live music and contributes to the sector's £500 million annual contribution to the UK economy, for the actual venues the delivery of live music has shrinking margins. Our Annual Report published the startling fact that the average profit margin of a GMV is 0.2%.

As you will know from your work with the Culture, Communications, Welsh Language, Sport, and International Relations Committee, 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. In light of this, Welsh Grassroots Music Venues deserve to be operating within a level playing field and therefore we strongly urge you to act to conserve the current rate of Business Rate relief for GMVs in Wales. We can provide a full cost analysis of the impact of such an intervention, and full details of exactly which creative spaces and communities would benefit.

A decision to provide such a relief to Welsh venues will be welcomed by artists and audiences across the country. We have written to both the Deputy Minister for Arts, Sport and Tourism and the Minister for Finance and Local Government to this effect.

We would be pleased to meet with you to discuss this further. Please let me know if that would be of interest and I would be delighted to arrange.

Best wishes,

Sophie Brownlee
Associate Director
Connect