

## Proposed changes to Music Copyright Licenses

- Following a recent Government announcement, charities and other not-for-profit organisations will no longer be exempt from paying a licence for playing recorded music.
- These proposals are due to take effect from April next year.
- The Government's own figures suggest that this will cost voluntary and community organisations up to £20 million a year.
- This is an incredible amount of money, which can only be met by funds earmarked for charitable purposes.
- This places an additional financial burden on charities at a time when the voluntary and community sector is already struggling with the impact of the recession.

## Background

To date, charitable bodies and other not-for-profit organisations have been exempt from paying for a licence for public performance rights when playing recorded music in their premises.

However, in early November 2009, the [Government response to the consultation on changes to music licensing](#) announced that it would repeal the exemptions and change the system of charging.

For any type of recorded music, there are two types of copyright involved. PPL (Phonographic Performance LTD) enforces the performance rights in sound recordings and performances, while PRS (Performing Right Society) manages performance rights in music and lyrics.

There have never been any exemptions from the PRS licensing requirements, but until now charities and other not-for-profit bodies were exempt from paying a licence fee to PPL when they played music within their premises.

Following the changes, whenever a sound recording or music is played in a building belonging to a charitable body, both a PPL licence and a PRS licence will be required. Since 'playing in public' effectively covers any playing of recorded music outside a home setting, the following examples would be liable to pay for a licence:

- a charitable youth centre holding a disco
- a carers' association playing music to entertain the children; or
- charity shops whose volunteers listen to the radio in the back.

Aware that the licensing system needs to be simplified, PPL and PRS have agreed to make two concessions.

- 1) They are developing a new joint licensing system, based on an affordable flat fee per organisation premises that would cover the rights protected by both licenses. This should have the advantage of reducing confusion and cutting down the administration costs for both users and collecting societies. Charitable organisations, which previously didn't have to pay for a PPL licence, will nonetheless be burdened with an additional cost. It is also unclear how many organisations would actually be covered by the scheme.

- 2) PRS has introduced a pilot discount scheme for charity and community organisations that are running an event outside their premises. However, the organisation has to apply to be considered, and all proceeds from the event must go to registered charities or community groups. At least two of the following conditions also have to be satisfied:
- the event makes no charge for admission;
  - the charitable purpose is a significant element of the event.
  - the event is mostly organised by unpaid volunteers

This is only going to run for an initial trial period and PRS has reserved the right to withdraw the policy at any time and without notice. Therefore it isn't clear if and how much it will effectively benefit voluntary and community organisations in the long term.

### **NCVO's concerns**

In [NCVO's response to the consultation on the music licensing review](#), we said that the current exemption given to charities and other not-for-profit organisations is fair because of their public benefit purpose. NCVO is concerned about the impact that these changes will have on a significant number of charities and other not-for-profit organisations.

According to figures produced by the Intellectual Property Office, the total cost to VCOs will reach up to £20 million per year. This means money that would otherwise go to benefit charitable causes will be diverted to the music industry – which already collects about £17 million in royalties per year – and to cover Government administration costs.

We are also concerned that the Intellectual Property Office has not followed the Government's own guidance on impact assessments in developing its policies on exemptions. Impact assessment guidance is quite clear that "options must be assessed against the "status quo"" yet this has not been the case.

### **Next steps**

NCVO is calling for a return to the previous licence regime with a full exemption for all charitable bodies and other not-for-profit organisations from the PPL licence. The responsible Government Department is the Department for Business, Innovation & Skills (BIS).

- Please Sign EDM 318.
- Please write to Lord Mandelson to express your concern about the impact this will have on charities.

#### **Further information:**

Visit our campaign page: [www.ncvo-vol.org.uk/dontstopthemusic](http://www.ncvo-vol.org.uk/dontstopthemusic)

#### **Contact: Chloe Stables**

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The National Council for Voluntary Organisations (NCVO) [www.ncvo-vol.org.uk](http://www.ncvo-vol.org.uk) is the umbrella body for the voluntary sector in England, with sister councils in Wales, Scotland and Northern Ireland. NCVO has 7,500 members ranging from large national bodies to community groups, volunteer centres, and development agencies working at a local level.