

The Impact of Business Rates Revaluation on Grassroots Music Venues in London

Summary Report

Prepared for the Mayor of London

by Nordicity

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Nordicity is an international consultancy providing research and evaluation, strategy, policy and economic analysis for the arts, cultural and creative industries.

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Why grassroots music venues matter to London

- As of 2017, London has 94 grassroots music venues.¹
- Grassroots music venues are the foundation of the UK's globally leading music industry, providing a vital talent pipeline of the artists and professionals of tomorrow.
- These venues are where risks are taken on new artists and cultural innovation happens. They are the main platform for new and emerging artists to develop their careers. They also provide a place for consumers to engage as audiences and for the music industry to spot and recruit the next generation of talent.
- They serve an important social role, serving as community centres for Londoners from all backgrounds, connecting with fellow Londoners and enhancing the sense of community, belonging, inclusion and social cohesion.
- Grassroots music venues generate over 2,260 jobs, £50.8m in labour income and £91.8m in GVA for London's economy.
- They also generate £44.6m in tax revenue for all levels of government, including £5.7m VAT on ticket sales, £14.1m VAT on beverage/food sales and £3.2m in business rates

What Impact will the business rates revaluation have on London's grassroots music venues?

- Business rates for London's 94 grassroots music venues are projected to **increase 26% from £3.21m to £4.06m** after April 2017 (before taking account of any transitional business rates relief).
- 30% of London's grassroots music venues will see their annual business rates increase by at least £10,000.
- The increased costs from the business rates revaluation will put venues at **risk of cutting the number of emerging artists they showcase, changing operations or closing altogether.**
- While venues across the capital will struggle, **Hackney, Westminster, Camden and Islington** are the most affected boroughs.

¹ Since compiling this report The Forge music venue in Camden has closed.

What is at risk of being lost?

- 21 of London's 94 grassroots music venues are at risk of closure due to business rates increases (**High Risk Group**). These venues account for **180 full time jobs and £7.4m gross value added (GVA)** for London's economy.
- A further 18 venues are expected to experience significant financial challenges (**Medium Risk Group**). These venues account for **350 full time jobs and £14.1m in gross value added (GVA)** for the London economy.
- Another 23 venues are at risk of having to cut the number of new artists they programme, opting to put on safer, established artists that generate higher sales (**Talent Risk Group**).
- Together, these GMVs account for at least **14,000 emerging-artist performance opportunities** annually at risk, and have a knock-on effect for the music industry as a whole, while reducing the opportunities for new and emerging talent in London. This conservative figure is based on one emerging artist performing at each of the at risk grassroots music venues per night.
- The remaining 32 venues are likely able to continue without significant change to their viability. (**Low Risk Group**).

How will London's grassroots music venues respond?

- On average, **London's grassroots music venues will have to increase their ticket and beverage prices by 4.1% or more** to cover the higher business rates bill and inflation in other operating costs (not including local authority licensing fees and PRS for Music licensing).
- Approximately **45% of London's grassroots music venues are unlikely to be able to pass on the full amount of any required price increase** directly to customers.

What can be done to help address this crisis?

- Call on the Valuation Office Agency to review its valuation policy for grassroots music venues to reflect the vital social, cultural and economic role of these venues. The current system for calculating business rates puts grassroots music venues at high risk as they are reliant upon large buildings in town and city centre locations where property prices are high.
- Until a long-term solution is found, encourage London's 33 billing authorities to ensure a share of the £72.5m funding they will receive in 2017-18 from the Government to offer locally determined business rates reliefs is prioritised for grassroots music venues.