Scottish Arts Council

Scottish Music Industry Association: Feasibility Study

(RES19)

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The views expressed in this report are those of the authors and do not necessarily represent those of the Scottish Arts Council.

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Contents

1. Introduction

This report presents the findings of the Feasibility Study for the establishment of a Scottish Music Industry Association. Its main purpose is to provide the detailed rationale for the proposition developed in line with the findings presented here. It should be read in conjunction with the Scottish Music Industry Association Proposition document and the Implementation Plan for the Establishment of a Scottish Music Industry Association.

1.1 Background

Scotland has a diverse and vibrant music sector ranging from strong roots in classical and traditional music to young, independent record labels. While there is undoubted strength in this diversity, there are also challenges, not least in reconciling the different needs and concerns of different sub-sectors of the music industry.

Recent research has established the economic value of the Scotland's music industry, and has identified key areas of structural weakness within the industry structure (most notably in management and distribution)[1]. While this work did not seek to measure the 'cultural value' of Scotland's music, it did recognise the complexity of the interdependence between the amateur and professional and the cultural and commercial within a successful and vibrant music scene. It is also widely recognised that music is a defining element of Scotland's culture and, with clear economic and cultural worth, it is an area of growing policy interest.

A number of public agencies and organisations now have an interest in the development of Scotland's music sector, and are increasingly working in partnership to identify key industry needs and opportunities. While these organisations may be motivated by different concerns and objectives, the development of a successful and sustainable music industry in Scotland is a widely shared goal.

Although it is generally acknowledged that different sub-sectors within the music industry face specific challenges, including some related to their engagement with other parts of the music sector, there is also a growing feeling that some issues may be common across the industry. If so, these common challenges could provide the basis for increased industry cohesion and stronger representation. It is the recognition of this potential opportunity that provides the impetus for the current study.

The Scottish Arts Council, in partnership with Scottish Enterprise (SE), the Scottish Executive and other music industry bodies and representatives, commissioned this research to establish the feasibility of a Music Industry Association to represent the music industry in Scotland and address those issues common across the different sub-sectors. The study was intended to test whether or not the music industry in Scotland perceives value in such an organisation, and if so, what it should do and how it should be structured and managed.

[1] *Mapping the Music Industry in Scotland*: *A Report*, Cloonan, M. Williamson, J, and Frith, S, (2003).

1.2. Study Objectives

The overarching aim of the study was to establish the need for and the viability of a Scottish Music Industry Association (SMIA) able to represent the interests of the entire professional music industry in Scotland. The detailed study objectives were clearly specified in the research brief and were to:

- determine a full and inclusive definition of the industry and its constituent sub-sectors;
- contact and consult widely with constituents;
- identify the key common concerns, needs and issues within the industry and its sub-sectors;
- consult on and define the role and remit for an association;
- research and define the relationship an association would have with key public agencies and with existing industry bodies;
- research and draw experience from any useful examples of comparator organisations and projects, whether in music or in other industries;
- research, propose and consult on a constitutional, governance and organisational structure of an association that would best serve the industry;
- propose the appropriate categories of membership, the rights and responsibilities of members and qualifications for membership;
- draft a staffing and administrative requirement and an operational budget including start-up costs; and
- report in full, including a draft plan and timetable for establishing an association and recruiting staff and membership.

It is important to note that it was not the purpose of this research to provide a mapping of the music industry in Scotland or to measure its economic value. The study was also not focussed on the development of a strategy or policy for music in Scotland. Rather it was entirely focussed on establishing the need for and viability of a new industry association that can represent all of the music industry in Scotland with a single and authoritative voice.

1.3 Study Method

As mentioned, the Scottish Arts Council commissioned the study, and a Study Steering Group (SSG) was established to oversee the work. The SSG played a key role throughout the process, and acted as an invaluable sounding board for the research. At each stage of the research, study materials and interim outputs were agreed with the SSG before progressing. The list of SSG members can be found in **Appendix 3**.

The study method was structured into two distinct phases, with a total of six research stages, as follows:

Phase 1: Developing the Proposition

Stage 1: Inception Period
During the Inception Period, the detailed study method and all materials were agreed with the SSG. In particular, the SSG played a key role in developing the list of individuals and organisations to be contacted during the consultation, and agreed all consultation proformas and questionnaires.

Stage 2: Desk Research
The Desk Research process reviewed background research on the music industry in Scotland and gathered information on a range of existing industry associations, in music at UK and international levels and in other industries, for the purposes of developing case studies of existing models of industry representation.

Stage 3: Initial Consultation Process
The Phase 1 consultation process involved wide consultation with representatives of the music industry in Scotland and key organisations and trade bodies involved in its development. Consultation was undertaken in three main ways:

- one-to-one consultation with key contacts as agreed with the SSG;
- a series of four focus groups with invited participants held in Inverness, Glasgow, Edinburgh and Dundee; and
- an online consultation process using dedicated study web pages and promoted by direct email contact, through existing websites (e.g. Scottish Arts Council, Scottish Music Centre) and through the networks and contacts of the members of the SSG.

The purposes of the initial consultation process were to establish the need (or otherwise) for an SMIA, and to provide the music industry with an opportunity to shape its development.

Stage 4: Proposition Development
Following the completion of the initial consultation and desk research, a draft proposition document was prepared, based on the outputs of the consultation and research process. The proposition was distributed to the SSG and developed and refined through comments received and at a meeting of the SSG. This proposition document then formed the basis of the Phase 2 consultation.

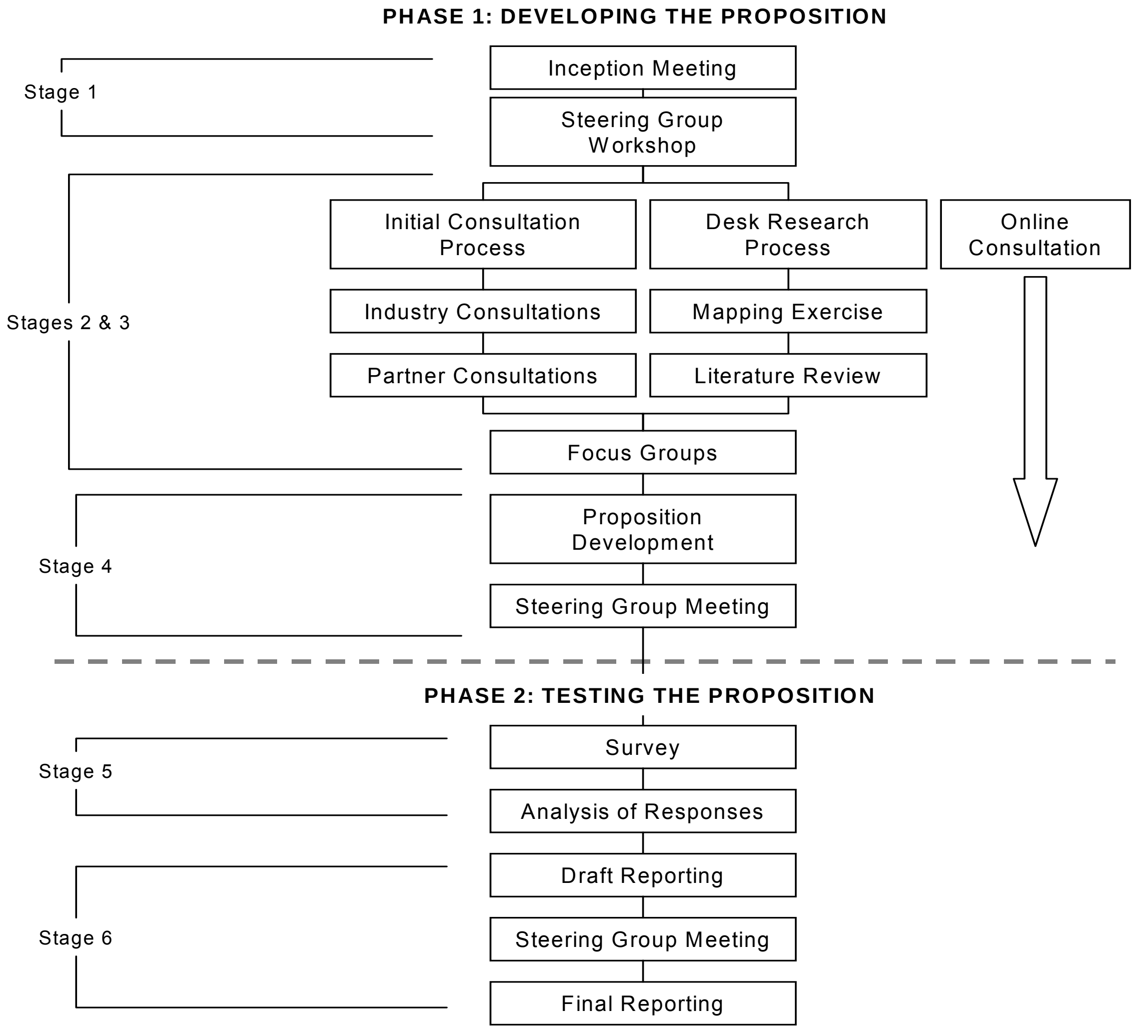
Phase 2: Testing the Proposition

Stage 5: Testing the Model
The draft SMIA proposition document was published on the study website (summary and full versions) along with a series of focussed questions. An email was then sent to almost 500 individuals and organisations across the music industry in Scotland to seek their views and feedback on the proposed SMIA model.

Stage 6: Analysis and Reporting
Following completion of the online consultation process, all of the results of the study were analysed and a series of study reports were produced as follows:

- SMIA proposition document detailing the rationale, purpose and structure of the proposed SMIA, with an outline cost structure for three years;
- Implementation Plan for the development of the SMIA, with details of the process required to establish the organisation and the outline set-up costs; and
- Study Report detailing the findings of the research and consultation exercise and providing the underlying rationale for the development of the SMIA model.

The study method is shown below.



2. Context

2.1 Introduction

This section provides an overview of the industry and organisational context in which any music industry association would operate. It provides a brief overview of the structure and scale of the music industry in Scotland, outlining key issues and challenges and mapping the relationships between the various organisations in the industry and their roles.

2.2 The Music Industry in Scotland

Although mapping and scaling the music industry in Scotland was not part of the brief for this study, it is important to take account of the structure of Scotland's music industry and the issues facing it as part of the context for any potential industry association. In so doing, we have relied heavily on existing research and although the consultations have provided further feedback on the key challenges for Scotland's music industry (see **Chapter 3**) here we focus on current knowledge gained through previous research.

There are many ways of looking at the music industry and categorising its component parts. It is a complex industry, with myriad income and revenue flows and complex business and rights ownership models. A full and detailed examination of these is outwith the scope of this study, but we would refer the reader to the Music Universe map published by the Performing Rights Society (PRS). This provides a comprehensive mapping of the key income flows, relationships and organisations involved in the music industry and remains the most complete and digestable representation of the structure of the industry.

However, for the purposes of this study we have attempted to provide a simpler and more focussed account of music in Scotland, concentrating on the key areas of strength and weakness. To do so, we have relied heavily on *"Mapping the Music Industry in Scotland: A Report"* (Cloonan, Williamson and Frith, 2003) since beyond that report there is a dearth of accurate and reliable economic information on Scotland's music industry. We have not attempted any additional verification of the figures quoted in that report.

2.2.1 Definitional Issues

Before seeking to define the music industry and its constituent parts, there are three key issues that need to be clarified: the professional/amateur distinction, the role of education and the position of non-dedicated venues (e.g. pubs and clubs).

It should be noted at this stage that the brief for this study related to the **professional** music industry however, we recognise that drawing a distinction between professional and amateur is not straightforward. The scale of the music industry in Scotland, and the limited size of the Scottish market, mean that making a full time living from music is not easy, and many musicians turn to other activities for income while pursuing music on a more part time basis. For example, many musicians supplement performance income through teaching, and others maintain full time jobs in unconnected areas to support their musical activities. Of course, some of these musicians may eventually break into the professional market, while others will continue to make music on a part time or amateur basis.

We recognise that this is a challenging issue however, in accordance with the brief, we have focussed our attention on the **professional** music industry, or those people for whom music or music related activity forms their main source of income. Nevertheless, it is important to recognise that this will result in an overall underestimation of the scale of musical activity in Scotland, and the needs of the amateur music sector may be an area that warrants further consideration in the future. Indeed, the role of the amateur sector in the wider industry context could be an issue for an industry association to address.

The second key issue is that of the role of education. From the earliest stages, education is the seed-bed for the development of talent. Support for music tuition in schools is currently high on the policy agenda with the Scottish Executive's Youth Music Initiative committing £17.5m in funding support to local authorities for music tuition in schools. Post school education also plays a critical role in feeding the industry and Further and Higher Education provision is well established across Scotland. However, the question remains as to whether or not the education sector should be considered to be *part* of the music industry.

This is a vexed question. The formal school education system plays a key role in the music industry, yet it can be argued that it plays a key role in all industries. On this basis it is difficult to make a specific case for inclusion in a definition of the music industry. However, Further and Higher education is more difficult. The Royal Scottish Academy of Music and Drama is a dedicated conservatoire for music performance and as such is a direct feeder for the music industry. Last year the RSAMD spent almost £6m on staff, many of whom are also involved in performance. In this respect it is also a significant employer in the industry.

The Further Education (FE) sector has taken a very proactive approach to music education. A wide range of courses in music technology, performance and music industry and management issues is now available across Scotland. Again, this plays a key role in feeding talent and skills into the industry infrastructure, but can colleges be considered to be part of the industry itself? Again, in some cases lines cannot be clearly drawn. For example, some FE colleges have established record labels to produce the work of students. As such they are participating in the commercial music industry, yet their primary function remains education and is driven by quite different criteria.

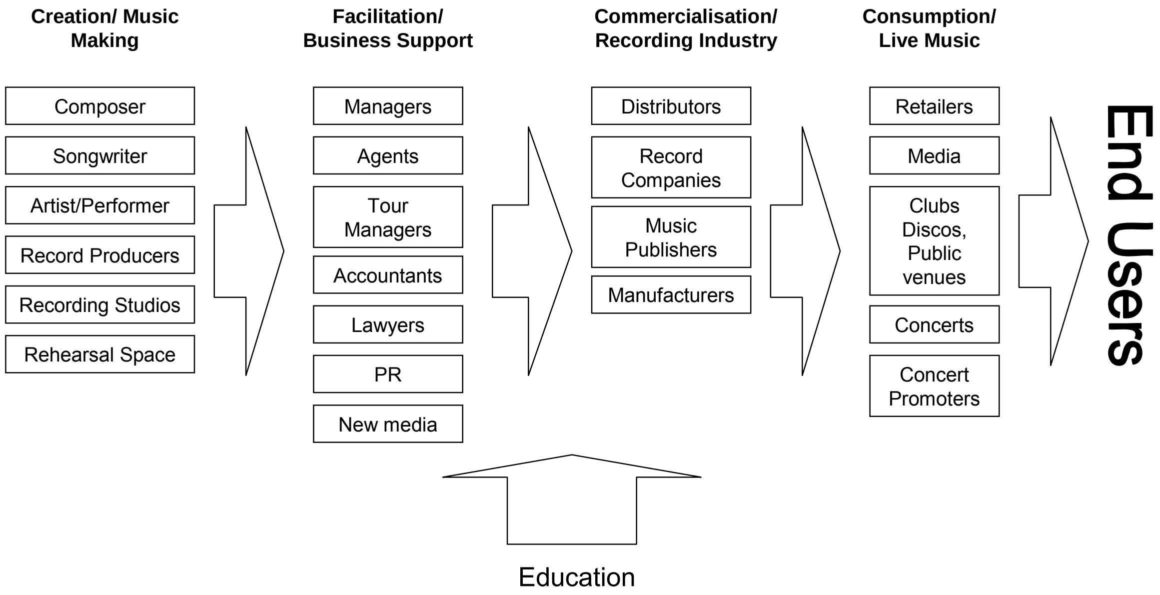
As the role of education is a question that has been addressed through the consultation process, we return to this issue when reporting the consultation feedback and discussing potential structures for an industry association. However, it is clear that education has a fundamental and key role in the future of the music industry, and this role must be taken into account when considering a music industry association.

Finally, there is the issue of non-dedicated music venues. Pubs and clubs throughout Scotland are an essential part of the live music infrastructure without which many musicians would struggle to reach their audience. However, it should be remembered that their primary source of income is in food and drink sales rather than music, and often music is not the core focus of the establishments. It is our view that while non-dedicated venues should be seen as an important part of the overall infrastructure, and issues that affect them could be considered by an industry association, they are not *part* of the music industry per se. Rather they are a distinct sector with existing representative structures and different sets of issues and challenges. As such, it is important that any music industry association engages with these representative structures without encompassing them.

2.2.2 Scotland's Music Industry: A Brief Overview

We have chosen to examine the industry from the point of view of its supply chain, from the creation of music at one end through to its distribution and consumption at the other. **Figure 2.1**, below, provides an example of the supply chain for music. It is adapted from a similar model presented in the Music Board of Ireland's *Economic Significance of the Music Industry* report and incorporates findings from *Mapping the Music Industry in Scotland: A Report*. We recognise that this model is a simplification of the very complex linkages and structures of the music industry. However, the purpose of the current study was not to examine in detail the structure of the music industry. Rather, we have made use of a simplified model in so far as it informs the core purpose of the research – to examine the need for a music industry association.

Figure 2.1: Music Industry Supply Chain



We have defined the music industry as comprising of four main areas (with education as an upgrading influence across the industry), each containing a variety of (often interlinked) activities:

- **creation/music making**
  - artists/performers (including orchestras and bands)
  - composers and songwriters
  - bands
  - record producers
  - recording studios
  - instrument makers
  - manufacture of sound and recording equipment
  - rehearsal space;

- **facilitation/business support**
  - managers
  - agents
  - tour managers
  - accountants/lawyers (and other professional services e.g. PR, new media support etc.)
  - technical support e.g. PA/lighting hire
  - design services;

- **commercialisation/recording industry**
  - record labels
  - publishers
  - distributors
  - CD manufacturers; and

- **consumption/live music**
  - retailers
  - media (including broadcast, print, film, online media)
  - download services
  - concert promoters
  - pubs, clubs, venues
  - concerts and festivals.

These are discussed in more detail below. Employment and turnover figures for representatives under each section and many of the conclusions are drawn from *"Mapping the Music Industry in Scotland: A Report"*, and have not been subject to further verification.

Creation/Music Making

At the core of music creation are the artists, performers, songwriters and composers. The Music Mapping Report estimated that music creation in Scotland generates 348 full time equivalent (FTE) jobs, 657 part time equivalent (PTE) jobs and has an income of £19m. These figures include artists and composers, orchestral work, club musicians and DJs.

It is important to note that the national companies (Scottish Opera, Royal Scottish National Orchestra and Scottish Chamber Orchestra) are the largest employers. This heavy reliance on the national companies to generate an income for music makers in Scotland is demonstrated by the fact that they employ 57% of all FTEs, 15% of PTEs and generate 29% of income in music creation. Further, for those artists and composers not employed in the national companies, many have to seek other sources of income.

Also involved in music creation are record producers, recording studios and rehearsal space. The mapping report concluded that the market for rehearsal space has been fairly static in Scotland providing a steady but not great source on income. As for recording studios, there is a moderate number of recording studios in Scotland (the Gig Guide lists 116) working in a limited market - almost all recording that takes place in Scotland is for Scottish bands and labels only. This market is further limited because studios of similar quality are available within local markets and therefore it is not necessary, or indeed attractive, for artists to travel to Scotland for recording. Moreover, technological advances and reduced equipment costs have put downward pressure on recording studio prices.

Facilitation/Business Support

The major support services for the music industry include managers, agents, tour managers, accountants and lawyers. The market in Scotland is relatively small. The mapping report estimates that employment in this area is only 52 FTEs and 21 PTEs in the sector, generating an income of just under £1m.

In terms of music management, there are no large-scale management companies who produce services to a large number of companies and there is a lack of established managers in Scotland, resulting in many (but not all) Scottish artists using London-based management. Similarly with managers, agents in Scotland are unlikely to have the same influence within the industry as their London-based counterparts. Therefore, the relationship with Scottish artists and bands is that they tend to work with Scottish agents while they are in Scotland and when they become more successful they will move to London and London-based agents.

In addition, there is a lack of specialist music industry lawyers in Scotland, thus artists not only have to pay the expensive hourly rates but also incur travelling expenses to London. The situation in Scotland is worsened in that Scots qualified in music law are likely to move to London. Similarly, there are more specialist music accountants and financial advisors in London, however, the problem in Scotland is not as severe as it is with lawyers. This is because the rules governing partnership and limited companies are generally the same regardless of the industry. According to the mapping report, the problem is that many artists do not know this and pay for the expensive London option.

Finally, there are very few specialist music PR companies in Scotland. The emergent trend in Scotland is for most artists to use PR firms that are not exclusive to music.

Commercialisation/Recording Industry

The commercialisation phase of the music value chain is largely made up of the recording industry, from recording to manufacturing to release and distribution, but also includes concert promoters.

According to the mapping report, the recording industry in Scotland employs 592 FTEs, 221 PTEs and generates income of £39.5m. These figures also incorporate employment and income generated by recording studios. However, much of this employment (400 FTEs and 10 PTEs) and income (£29.6m) is in the manufacturing sector.

Record labels play a significant role in the recording industry, however, Scotland does not have an internationally successful record label and the longest-standing labels are generally in the traditional Celtic and folk music. In addition, none of the major labels has any presence in Scotland, and none of Scotland's independent labels are of the scale of some of the UK's leading companies (e.g. Beggar's Group, Mute).

The record labels in Scotland, like any other, are challenged by new technology, e.g. peer-to-peer file sharing networks and the rise of home CD copying. Furthermore, record labels may also be by-passed and as they are not the only destination for recorded music. For example, computer games, advertisements, TV and films may be the first port of call as they can generate sufficient, if not more, income.

Music publishing is not well established in Scotland. While a number of Scottish record labels have small publishing arms, there is no representation from the large corporate publishers, and this is a widely recognised gap in the industry infrastructure.

Geographic problems arise again when it comes to distribution – it is questionable whether or not the Scottish market could sustain a distributor of real scale. Scottish distribution has never been huge and most record labels find themselves in a position of having to start with self-distribution and perhaps some mail orders before finding a UK and worldwide distributor. Any distributors in Scotland tend to focus on the Scottish market and are therefore so small that it is difficult for them to persuade major retail chains to take considerable quantities of their products. As with many other aspects of the music industry, distribution is also adversely affected by technological advances such as web-based distribution.

Consumption/Live Music

One of Scotland's strengths in the music industry is the live music scene. Scotland has traditionally been very receptive to live music from informal small-scale gigs at a club to large-scale arena performances.

When attempting to calculate the employment and income of live music in Scotland, the music mapping study incorporates five major parts - venues; promoters; festivals; agents; and providers. The latter two include the likes of PA, lighting and technical hire; freelance tour managers; crew and sound engineers; security companies; and ticket agents. It is estimated that live music generates 279 FTEs, 684 PTEs, and over £45m per year in income. More recent estimates from PRS are that live music in Scotland was worth in the region of £80m in 2003.

In terms of live music promoters, Scotland has a number of successful companies including Regular Music, DF Concerts, CPL and PCL. Income generation in live music is very top heavy. It is the largest venues, promoters and festivals that make up a huge proportion of total income. The problem with this is that it is difficult for new companies to emerge and grow in the sector, and the Scottish market is limited by size of population.

The venue market in Scotland is changing constantly, although it remains the case that the largest, most commercial venues are concentrated in the Central Belt. However, National Lottery funding has helped to improve the overall quality of many smaller venues throughout Scotland.

A major change in the venue market in recent years has been the increased popularity of festivals. Festivals cover folk, world music and country, and with the emergence of T in the Park in 1994, T on the Fringe and Tryptych, they also cover rock and pop music. Scotland now has a number of well established and growing festivals across all musical genres from Celtic Connection in Glasgow to the Hebridean Celtic Festival and the St Magnus festival in Orkney. It is also worth noting that Glasgow is host to a major international music industry conference, Musicworks, now in its fourth year.

Broadcasting has a critical role to play in the promotion and development of music. Responsibility for broadcasting and communications regulation rests with the UK Parliament and the UK regulator Ofcom.

The UK's largest public service broadcaster, the BBC, has a significant Scottish presence in BBC Scotland. BBC Scotland operates across radio, television and online media and Radio Scotland has an important role to play in promoting Scottish music. BBC Scotland carries both the UK television network schedule and 'regional opt-out' programming broadcast only to the Scottish nation. It also produces programming for UK broadcast.

Commercial television in Scotland is dominated by Scottish Media Group, although increasing commercial pressures have seen SMG carry more of the UK ITV network schedule, with less in the way of exclusive Scottish content. This trend is likely to continue (and even accelerate) with the recommendations emerging from Ofcom's Review of UK Public Service Broadcasting.

The largest commercial radio player in Scotland is Scottish Radio Holdings (SRH). SRH owns a large number of popular local radio stations around Scotland (and elsewhere) and is increasingly involved in live music events such as Live and Loud in Glasgow. Other important independent radio broadcasters include Beat 106, Real Radio and SCOT FM. In addition, there are various Restricted Service Licences broadcasting to a limited local population and internet based broadcasters such as Radio Magnetic.

2.3 Issues and Challenges

The music industry in Scotland faces a number of challenges, as detailed below. These challenges are split into the four main categories.

Music Creation:

- although Scotland does have a highly exportable commodity (and a widely reported wealth of talent) in all genres of music, when internationally successful acts do emerge, they tend to move to London, signing to a UK label. Therefore, many of the direct economic benefits are lost to the Scottish economy;

- it is difficult to draw hard and fast distinctions between 'professional' and 'amateur' musicians, and it can be difficult (but not impossible) to sustain a full time living as a musician in Scotland;

- a significant number of those employed in music creation are within the national organisations (Scottish Opera, Royal Scottish National Orchestra and Scottish Chamber Orchestra) which also support a substantial freelance base; and

- there is a limited market for Scottish recording studios.

Facilitation/Business Support:

- there are no large-scale management companies and few well established managers operating in Scotland (although there are some notable exceptions);

- as Scottish bands and artists become successful they tend to use London management and agents, with Scottish based managers and agents generally (but not always) working in the traditional sector;

- there is a widely reported shortage of tour managers and agents in Scotland; and

- there are no major issues with accountancy services in Scotland, however, the lack of Scottish music lawyers again pushes the Scottish music industry in London's direction.

Commercialisation/Recording Industry:

- the recording industry is the greatest employer the four sections of the music industry detailed in the diagram. However, the greatest proportion of this employment and income is generated in the less 'creative' manufacturing sector;

- Scotland's record labels are typically small and under-capitalised. As a result, they struggle to make significant investment in artists and promotion;

- many of Scotland's more successful labels earn a significant proportion of their income from overseas sales. This is particularly true of the traditional music sector;

- geographic problems exist with respect to music distribution in that it is uneconomical to begin distribution from Scotland. Many Scottish record labels undertake distribution themselves, resulting in limited 'clout' with retailers; and

- concert promoters tend to operate mainly in Scotland resulting in limited power in the rest of the UK and overseas.

Consumption/Live Music

- live music is seen as a strength, generating £80m for the Scottish economy in 2003, and is one of the areas of significant growth. However, a few major promoters and venues are responsible for the majority of this income. Such large players make it difficult for others to come into the market;

- broadcasting is well established in Scotland although it remains subject to UK level regulation and control. Increasing commercial pressures have implications for the promotion and championing of non-mainstream music.

These are by no means all of the challenges faced by Scotland's music sector. In Chapter 3 we report the feedback from the consultation process, identifying a range of issues and challenges not captured by the existing research.

However, this brief overview does suggest some issues for an SMIA. First, the music industry in Scotland is small and largely undercapitalised, and the financial position of most music businesses is precarious. Secondly, there are clear structural weaknesses in the supply chain (notably in management, publishing and distribution) and the industry is quite remote from the bigger players at UK and international levels. Finally, the dominance of the London music industry is evident, with much of Scotland's leading talent lost to larger UK companies with deeper resources and clearer routes to market.

2.4 Organisational Context

A key task of the research was to map out the many and varied structures and organisations currently engaged in the development of the music industry in Scotland. This includes Scottish government and public agencies, representative bodies and organisations with a developmental role in Scotland's music industry. It also includes the main agencies and representative bodies that exist at a UK level, with or without Scottish representation, as many of these have some involvement in the Scottish music industry either through their membership structure or through specific activities.

This section briefly reviews and maps the main functions of a range of organisations in Scotland and the UK with an interest in the development of Scotland's music industry. They are grouped under four main headings:

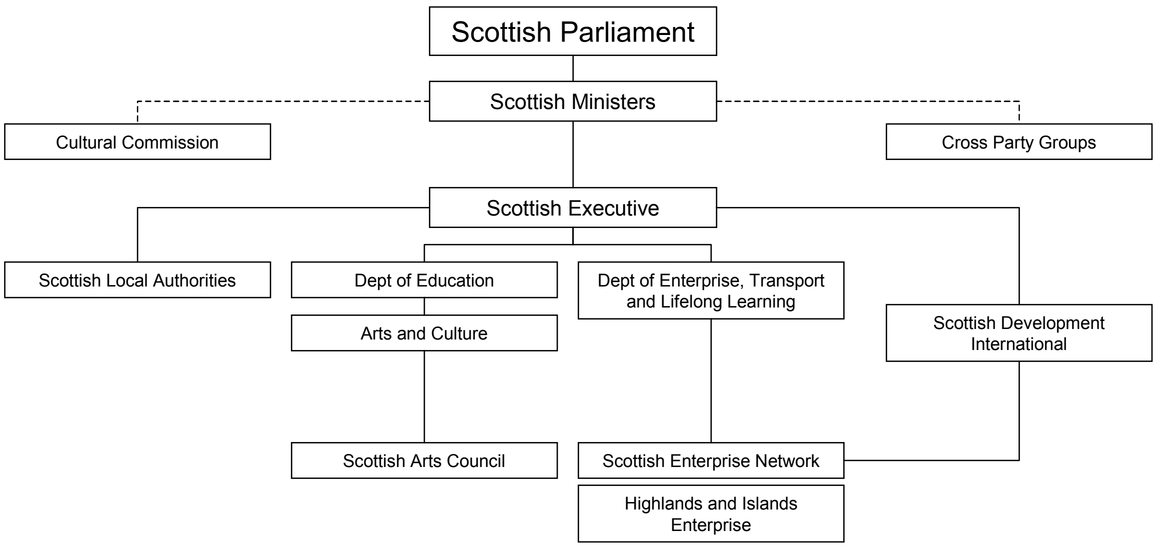
- the public sector in Scotland;
- Scottish based representative and developmental music organisations;
- UK organisations with Scottish representation; and
- UK organisations with no Scottish representation.

2.4.1 The Public Sector in Scotland

Scotland has a devolved government, although a number of key powers, such as broadcasting and communications, are reserved at the level of the UK Parliament. However, education, economic development and culture are all devolved responsibilities, and are the three main policy areas that impact most strongly on the development of Scotland's music industry.

Figure 2.1, below, maps out the relationships between the Scottish Parliament, Scottish Executive and the main public agencies in Scotland with an interest in the development of the music industry.

Figure 2.1: Public Sector Structures in Scotland



Scottish Parliament

The Scottish Parliament has 129 elected members (MSPs), and has legislative powers over a range of matters over which it has been given responsibility through the devolution process. After devolution in 1999 the powers and duties exercised by Ministers in the former Scottish Office were divided between the Scottish Executive and the Secretary of State for Scotland.

The ministerial powers and duties relating to devolved matters were transferred to the Scottish Ministers in the Scottish Executive while the responsibilities relating to reserved matters were retained by the Secretary of State for Scotland. The Secretary of State for Scotland is based within the Department for Constitutional Affairs and remains a member of the UK Cabinet.

The Scottish Parliament is accountable to the people of Scotland and is responsible for the work of the Scottish Executive.

Cross Party Parliamentary Group on the Scottish Contemporary Music Industry

The group is made up of MSPs from different political parties, along with interested groups and individuals. There are currently eight MSP members, 65 non-MSPs members and seven organisations. The group is diverse and representative of a range from music managers and recording studios, to lawyers and education representatives. Because the Cross Party Group is open to non-MSPs, it is felt that it provides an opportunity to play an active role in the development of policy. There is no subscription to be a member of the group.

The purposes of the group are as follows:

- to help MSPs to address the needs of Scotland's Contemporary Music Industry;
- to provide MSPs with a source of information and expertise on issues affecting the industry:
- to create a forum that enables interested parties to forward ideas to improve the national infrastructure of the industry;
- to liaise with external agencies of the Scottish Executive in order to promote Scotland's music industry home and abroad; and
- to ensure the agencies of the Scottish Executive are aware of the value of the industry in both economic and cultural terms.

Cross Party Parliamentary Group on the Scottish Traditional Arts

The Cross Party Group on Scottish Traditional Arts was established to provide a platform for parliamentarians to discuss all issues relating to the traditional arts, liaising with relevant organisations, artists, performers, promoters, and enthusiasts, and to raise specific issues of concern with the Scottish Executive.

The focus of the group encompasses the full range of Scottish traditional arts and as such it does not have an exclusive focus on music, although traditional music is a significant part of its remit. Participants are drawn from across Scotland's traditional arts sector.

Scottish Executive

The Scottish Executive, while it does not have a direct delivery role, has a central part to play in the development of Scotland's music industry. The Executive is responsible for national policy in cultural and economic development and has taken an active interest in the development of Scotland's creative industries. This is recognised both in the *National Cultural Strategy* and in *Smart Successful Scotland*.

In particular, the Arts and Culture Department within the Scottish Executive Education Department has taken a strong lead in facilitating greater collaboration amongst the agencies involved in the development of the creative industries in Scotland. It initiated the Creative Industries Forum, a grouping of key industry figures, in order to review the state of the industries and identify gaps in support. In addition, the Arts and Culture Department facilitated a wider review and consultation on the provision of support for cultural development in Scotland. This consultation was undertaken by a **Cultural Commission** led by the former Chair of the Scottish Arts Council, James Boyle, and the final report of the Commission was published in June 2005. The Arts and Culture Department also made funding available to support the feasibility study into the need for a Scottish Music Industry Association, and may in future take a stronger role in developing policy for Scottish music.

The Scottish Executive also distributes funding support to the National Cultural Agencies, including the Scottish Arts Council, and to Scottish Local Authorities, themselves significant supporters of Scottish music.

In addition, the Scottish Executive contributed funding of £70,000 to Distilled, a showcase of Scottish musical and artistic talent held in New York as part of the Tartan Day celebrations.

The Enterprise, Transport and Lifelong Learning Department (ETLLD) is responsible for economic development policy in Scotland and provides funding for the Enterprise Networks. ETLLD also works closely with the Local Economic Forums throughout Scotland to ensure that business support services are co-ordinated and that there is no duplication of effort. The

Executive has a wide range of initiatives to encourage business start-up and grow existing businesses. These include financial support and advice delivered both directly and via other agencies.

Local Authorities in Scotland

Scotland's Local Authorities are a major source of support for the arts and culture in Scotland. In 2001/02, Local Authority expenditure on the arts was £278m, including capital expenditure[2]. However, available research information does not provide a more detailed breakdown that would allow the identification of levels of spend on music either at national or local authority level. In addition, the current study does not allow for a comprehensive review of local authority support for music; however, there are a number of important points to note:

- local authorities are important providers of venues used by the music industry in Scotland. High profile examples include the Usher Hall in Edinburgh, City Halls and Fruitmarket in Glasgow and the Tolbooth in Stirling;
- the level of engagement with the music sector varies substantially across local authorities. While some local authorities have placed high priority on music development, others have taken a more reactive approach, targeting instead artforms that have greater representation in the local area;
- many local authorities employ full or part time music development officers, suggesting that significant priority is placed on the development of music. Examples include Shetland Art Trust, Dundee City Council, Stirling Council, Dumfries and Galloway Arts Association, Edinburgh Council and Fife Council;
- in some cases, local authorities are important funders of music organisations. For example, Glasgow City Council provides revenue support to nine music organisations in the city and project support to around twenty music projects each year; and
- local authorities have a key role to play in the live music industry as supporters of events and festivals (e.g. Hebridean Festival) and in terms of their broader role in policing and planning issues.

Scottish Arts Council

The Scottish Arts Council is Scotland's lead agency for the funding, development and advocacy of the arts in Scotland. It has an annual budget of £60m (2003/04), of which £22m is National Lottery funding. The remaining £38m comes direct from the Scottish Executive, via the Arts and Culture division of the Education Department.

[2] Scottish Arts Council/COSLA Survey of Arts Expenditure in Scotland 2001/02

The Scottish Arts Council has a £14 million annual budget for music, providing funding for a range of organisations of different scales. These range from the educational work of Feis Rois and the music promotion activities of Assembly Direct to large-scale national organisations such as the Scottish Chamber Orchestra, Scottish Opera and the Royal Scottish National Orchestra. To complement this regular core funding, it supports a variety of one-off projects, festivals, workshops, concert performances and other activities aimed at promoting and developing the music sector. Priority is given to building support for areas of music that have been less well-represented, whilst continuing support for those already established. Within these priorities, there is a focus on musical styles, in particular, Scots and Gaelic traditional music and all forms of contemporary music.

The aims of the Scottish Arts Council Music Strategy are to develop and nurture:

- the audience and provide them with opportunities to see and hear a wide range of high-quality performances;
- the creators and performers of music, ensuring that they are supported to grow and develop their skills and artistic ambitions;
- the organisers who serve musicians and audiences and bring them together;
- those who participate in musical activities, of whatever kind, at whatever level; and
- those who participate in musical education and training.

These aims are underpinned by the belief that music can make a full contribution to social, cultural, educational, commercial and economic wellbeing.

The development of Scottish music depends fundamentally on the presence of a strong industry infrastructure, providing support for performance and touring, recording and production and access to distribution and markets. In addition to supporting the development of music content, the Scottish Arts Council has been active in providing support for different parts of the music industry infrastructure, from touring agencies and promoters to record labels. It also supports a range of showcase events, such as Showcase Scotland at Celtic Connections and in 2004 it supported bands and musicians to attend South by Southwest in the US. The Scottish Arts Council has also been active in supporting music development posts in a range of organisations. Although primarily cultural, a number of these posts provide support for music businesses as well as for musicians. Finally, the Scottish Arts Council has been actively supporting music education in order to develop the talent and audiences of the future. This is a thread that runs through the work of the Music Department and is particularly strong in recent initiatives such as the Youth Music Initiative in Scotland, now being implemented by the Scottish Executive.

Scottish Enterprise Network

SE is Scotland's main economic development agency and it plays a leading role in the development of Scotland's digital media and creative industries. The Digital Media and Creative Industries Cluster team at Scottish Enterprise is responsible for the delivery of the Creative Industries Cluster Strategy, *Creative Scotland, Shaping the Future.* At the operational level, SE engages in project development and delivery at two levels, national and regional.

The operational focus of the National Cluster team is on projects of national strategic significance as well as the co-ordination of the operational plans delivered by the Local Enterprise Companies (LECs). The Cluster team currently provides support for the music industry event, MusicWorks, MusicWise (MU led national training and skills project) and a range of smaller music related initiatives and projects on a more ad-hoc basis (e.g. Soma Skool). The SE Network also provides business advice and support for music (and other) businesses through the Business Gateways and the Cultural Enterprise Offices.

In addition, the LECs deliver national projects on behalf of SE. The support for research into the music industry (Music Mapping Report 2003) and the development of business adviser resources for the music business (EAR for Music) are examples of past activity in this area.

The majority of the Creative Industries Cluster Plan is delivered via the network of LECs. Not all LECs are active in this sector as the primary focus of the cluster is on the cities. As a result, the LECs that are most engaged in the delivery of the national cluster plan are:

- Scottish Enterprise Glasgow;
- Scottish Enterprise Tayside;
- Scottish Enterprise Edinburgh and Lothian; and
- Scottish Enterprise Grampian.

Each of the four city LECs take a slightly different approach, reflecting differences in industry structures at local level. To date, the LECs have not engaged significantly in music industry support beyond company development work and sporadic project based support. The one exception is Scottish Enterprise Grampian (SEGr), where the LEC's main interests lie in business skills, infrastructure and company development, in particular for record labels and for promoters. SEGr is working with Highlands and Islands Enterprise through the Go North music festival project and is also considering HAIL, the Highlands and Islands trade association for record labels, as a model for industry development.

SE contributed financial support to the current study and is represented on the Study Steering Group.

Scottish Development International

Scottish Development International (SDI) is joint venture between the Scottish Executive and Scottish Enterprise, and is a government-funded organisation that can help businesses exploit Scotland's key strengths in knowledge-based industries[3], high-level skills, technology and innovation.

With offices in the UK, mainland Europe, North America and Asia, SDI aims to:

- develop partnership investments between Scottish and other companies to open new channels to markets, technologies and products;
- increase trade growth by encouraging the expansion of Scotland's portfolio for first class exported goods and services to new markets;
- help to strike licensing deals between Scottish and overseas companies and universities; and
- attract direct investment, concentrating on research, design and development projects with high knowledge content.

[3] Creative industries, electronics, software/e-business, forestry, food & drink, aerospace, financial services, contact centres and biotechnology.

At the regional level, SDI works with the network of Export Partnerships (now part of Business Gateway) that provide direct assistance to local companies seeking to internationalise and access overseas markets.

SDI has engaged with the music industry in Scotland by supporting a Scottish stand at the international trade fair MIDEM in Cannes for the last eight years, and numerous music businesses have been supported through the Export Partnerships.

Highlands and Islands Enterprise

The Highlands and Islands Enterprise (HIE) network consists of a main body based in Inverness, and ten LECs. The task of the network is to unlock potential and help create a strong, diverse and sustainable economy where quality of life is matched by quality of opportunity. HIE has four main strategic objectives, reflected in Smart Successful Scotland:

- strengthening communities;
- developing skills;
- growing businesses; and
- making global connections.

HIE has a Creative Industries Manager responsible for co-ordinating the Network's activities in this area. The approach of HIE is to work where possible through industry groupings and representative organisations to encourage the creative industries to collaborate and to take responsibility for their own growth and development.

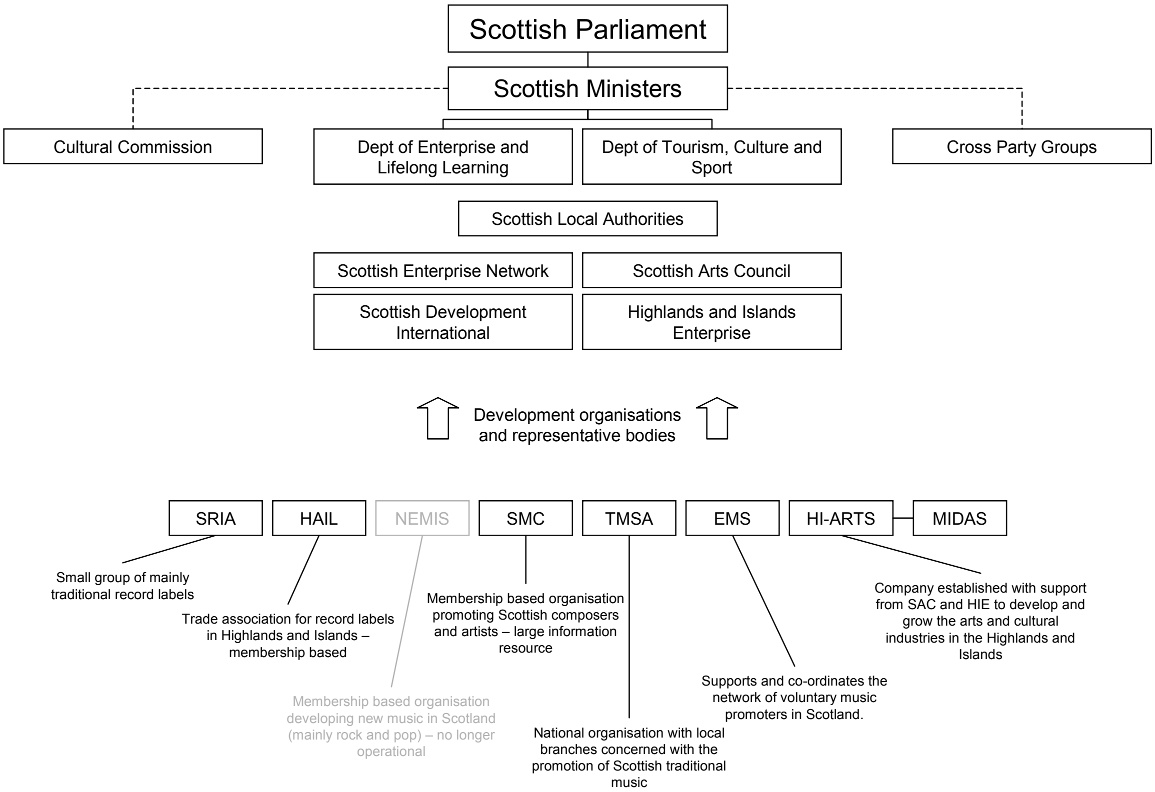
HIE has particular interest in music. Through HI-Arts, HIE helped to establish HAIL, the trade association for independent record labels in the region. HAIL is now seeking to broaden its membership to cover a wider section of the music industry and HIE is working with HAIL on a range of developments and projects. Through links to the Go North festival, HAIL is building international partnerships with the support of HIE. In addition, HIE is keen to develop the links between HAIL and Aim-Hi, the multimedia trade association for the Highlands and Islands.

2.4.2 Scottish Based Music and Related Organisations

Beyond the public sector structures engaged in the Scottish music industry, there is a wide range of Scottish organisations and representative bodies with an active role in the music sector. Many of these are funded by the public sector, either through the cultural agencies such as the Scottish Arts Council, or through the Enterprise Networks.

Figure 2.2, over, maps out these organisations as they relate to the public sector in Scotland and to the music industry itself. It should be noted that at this stage, the mapping does not yet contain representative bodies at UK level either with or without Scottish representation.

Figure 2.2: Scottish Music Organisations



Hi-Arts

Highlands and Islands Arts Ltd (HI-Arts) is a company limited by guarantee and with charitable status. It was founded in 1991 to deliver certain arts development roles on behalf of Highlands and Islands Enterprise (HIE). HI-Arts is now a Core Funded Organisation of the Scottish Arts Council.

Within HIE, its main contract is with the Strengthening Communities Group (although it also works in partnership with both Developing Skills and Growing Businesses), and the activities of the contract are intended to achieve the strategic objectives of Strengthening Communities.

HI-Arts works in partnership to grow a sustainable cultural environment for all people in the Highlands and Islands. The specific aims of the organisation are to:

- develop innovative solutions to the constraints posed to arts and cultural development by geographic and social exclusion;
- support the continuing evolution of a sustainable artistic community in the Highlands and Islands;
- promote effective integration, networking and collaboration—both geographically, and throughout artform and other related sectors;
- assist artists and arts organisations to achieve excellence in all aspects of their work and practice;

- support the appropriate development of new venues, and promote methods of audience development for new and existing venues;

- enable Highlands and Islands arts organisations and artists to achieve recognition as being capable of comparison with the best, nationally and internationally; and

- provide accurate, timely and relevant information and advice to the communities of the Highlands and Islands.

- HI-Arts is actively engaged in the development of both the arts and the creative industries in the Highlands region and has been the seed bed for a range of creative industries development work in the Highlands and beyond.

- In particular, HI-Arts runs the MIDAS programme, aimed at enabling your people to enter the music industry. MIDAS was the seed bed for the development of HAIL, the trade body for music businesses in the Highlands (see below).

- HI-Arts has long championed the arts and the creative industries in the Highlands region, and its independent status allows it to engage on cultural work with partners such as the Scottish Arts Council as well as more economic development activity with HIE.

Highlands and Islands Record Labels (HAIL)

HAIL (Highlands and Islands Labels) began life in 2000 as a trade group representing the record labels in the area, but has now grown to work with the breadth and depth of the local music industry: from working artists, record labels, promoters and distributors to those involved in training and developing new talent. Its aim is to see the growth of the industry in the Highlands and Islands, and help develop its international reputation. Membership is free of charge and provides access to the following services:

- information on HAIL projects, as well as opportunities and developments within the music industry (H&I, National and Internationally), which may affect HAIL users;

- dissemination of core information (including contact details) through the HAIL Website;

- networking opportunities (e.g. online forum, e-bulletins, workshops and local meetings) plus the opportunity to feed into national strategy for the music industry in Scotland;

- invitation to HAIL annual meeting;

- opportunities to participate in HAIL projects, including the digital database and sales system; and

- access to professional advice.

MIDAS

MIDAS - Music Industry Development and Support was set up in 1998 to address the needs of the Highland music industry. Over the past few years the success of the project has seen the music scene in the area grow to become a dynamic and active one with a wealth of talent being warmly received both locally and further afield. In recognition of this growth and development HI-Arts sought to re-develop the MIDAS website to provide an up to date resource with information and support to the industry as it stands today.

The MIDAS website has been developed to put people in touch throughout the whole region and encourage the continuing development of a live music scene. In addition there are a number of information resources in the form of a Highland wide database with information on studios, education and media as well as a growing series of music industry tip-sheets to help budding professionals take the first few steps up the industry ladder. The site also features regular features and news on the activities of those involved with profiles and interviews with some of the people involved.

NEMIS

NEMIS was established in 1999 as a music network for Scottish artists, labels, music businesses, media, recording studios, venues, radio, and professional services within the industry in order to bring together those with a strong interest in the promotion and development of new music in Scotland. NEMIS was funded through membership fees and substantial grant funding from SE and the Scottish Arts Council. NEMIS has recently ceased trading.

The objectives of NEMIS were to:

- offer advice to anyone involved in any area of the music business;
- assist the marketing and promotion of the industry through the showcasing of bands regionally, nationally and internationally;
- offer discounted rates at trade fairs and music industry seminars;
- produce compilation CDs to promote independent Scottish music of all genres;
- provide music industry workshops and seminars throughout Scotland; and
- provide a facility where people can have the opportunity to network with like-minded individuals within the industry.

Scottish Music Centre (SMC)

The Scottish Music Centre (SMC) is a membership-based organisation with a range of aims. Its primary focus is to support and promote the interests of Scottish composers and artists, as well as supplying information on Scottish music. Activities undertaken by SMC include preparing, publishing and selling and hiring members' works, making promotional CDs and providing services to music professionals. The organisation is the primary resource for classical music in Scotland, although it is now seeking to expand its remit. This expansion is still in the early stages of development, although SMC could become the basis for a wider industry service hub.

SMC is supported through core funding by the Scottish Arts Council, and receives project funding from other public sources and charitable trusts and foundations. It also generates income through membership fees and sales.

Traditional Music and Song Association (TMSA)

The TMSA was established in 1966 to promote, present and preserve the traditional music and song heritage of Scotland. The organisation actively promotes Scottish traditional music by running festivals, ceilidhs, concerts, workshops and competitions. The TMSA aims to create an environment in which the music can flourish.

TMSA members are performers, festival goers, collectors or simply those who wish to see Scottish traditional music given the status and recognition it merits. Members receive a regular newsletter, listings of traditional music events, information about developments, new festivals, classes, concerts and sessions. Members also benefit from discounted ticket prices at TMSA organised events.

The TMSA national office in Edinburgh is the base for the national organiser. This is the first point of contact for many individuals and organisations seeking information about traditional music. There are also 10 local branches across Scotland.

Scottish Record Industry Association (SRIA)

The Scottish Record Industry Association (SRIA) was formed initially by a handful of Scottish-based record companies in late 1988. The nucleus then grew, with members encompassing the whole music industry: recording, publishing, concert promotion, studios, distribution and artists.

The SRIA aims to be the vehicle for promoting global interest in all forms of music created in Scotland, resulting in industry and public awareness of all Scottish musical talent and, without detriment to the future of that talent, retaining as much of the business and global income that can be generated in Scotland. Full membership costs £50 plus VAT, associate membership costs £20 plus VAT.

Our understanding is that the SRIA has been less active in recent years, and the current scale of its membership, or breadth of its representation, is unknown. However, the organisation has begun to reconvene, and a number of those involved were invited to participate in this current study.

Enterprise Music Scotland (EMS)

Enterprise Music Scotland (EMS) is core funded by the Scottish Arts Council and also by Aberdeen City Council. It supports and co-ordinates the network of voluntary music promoters in Scotland. This network is deemed an important outlet for classical chamber music in Scotland and serves audiences of a variety of sizes within local communities. By working with this network of promoters, and encouraging new promoters, EMS seeks to maintain a platform for musicians of all nationalities and provide audiences with the opportunity to hear live music locally. EMS provide the following services:

- financial assistance towards the cost of promoting concerts. To qualify, promoters must be not-for-profit organisations. Normally, these will be promoters who are interested in providing a high standard of music performance within their own communities and concerts will be undertaken by professional performers;

- assistance with the co-ordination of touring arrangements within the network of promoters;

- release of the Scottish Tours Book each year, designed to provide the latest information about performers who would like to be touring within Scotland; and

- a substantial database of performers that can be accessed by promoters and links to performers' own websites are provided from the EMS site.

2.4.3 UK Organisations with Scottish Representation

In addition to the Scottish organisations described above, a number of important UK organisations have a Scottish base. These are described below.

Musicians' Union

Established in 1893, the Musicians' Union (MU) is the largest organisation representing musicians in Europe with a UK membership of over 30,000. The far-reaching work of the Musicians' Union reflects the diversity of its membership, which engenders every possible musical background, including high-profile headline-grabbers to session and orchestral players, local pub musicians, music writer or teachers.

Members receive a comprehensive, tailor-made service that includes business and legal advice, pension schemes, insurance and free public liability cover. The Union focused on developing members' status and skills, protecting their employment rights and intellectual property and related rights, (and striving to improve them). Further, the MU actively pursues political change to enhance musicians' professional standing throughout the UK, and internationally.

MU has an office in Scotland, and it takes an active role in training and education and in the development of the music industry in Scotland. In addition, the Scottish office has particular responsibility for representing and developing folk and roots music.

Performing Rights Society (PRS)

Established in 1914, the Performing Rights Society (PRS) is a non-profit making membership organisation of composers, songwriters, authors and publishers of music of all styles - including classical, pop, jazz and music for films, adverts and TV.

The essential function of PRS is to collect and distribute music royalties on behalf of its members. Its primary role is collecting royalties from music users in the UK who every day publicly perform, broadcast and include music in cable production services. PRS also collects royalties from around the world for its members through reciprocal agreements with collecting societies overseas.

However, in addition to the collection of royalties, PRS also promotes its members' repertoires to music using and non-music using businesses. This active promotion has resulted in a 250% increase in revenue in the past nine years.

PRS Scotland has an annual turnover of c£18m. The organisation in Scotland supports 12 full time jobs and approximately 30 outsourced jobs. It represents some 2,300 members in Scotland, actively running surgeries and meeting with a consulting group to understand members' needs and concerns.

PRS Scotland also supports the new music stage at T in the Park and at Edinburgh Festival Fringe Sunday, the Go North festival in Aberdeen, the Tartan Cleft Awards and the Scottish Licensed Trade News Music Pub of the Year Award. Together this amounts to sponsorship of some £30k per annum.

In the past two years, the PRS Foundation has also supported over 70 Scottish projects ranging from Hail and NEMIS through to the Scottish Chamber Orchestra and Jimi McRae. In all, this funding has amounted to some £350k.

Mechanical-Copyright Protection Society (MCPS)

The Mechanical-Copyright Protection Society (MCPS), established in 1924, is a not-for-profit organisation representing over 17,000 composers, songwriters and music publishers.

The essential function of MCPS is to collect and distribute royalties. It acts on behalf of its members by negotiating agreements with those who wish to record and distribute product containing copyright musical works and collecting licence fees for this use. The money is subsequently distributed to its members as mechanical royalties.

The main role of MCPS is to collect money from music users in the UK who record music into TV and radio programmes, websites, feature films, CDs, records, and so on. MCPS collects royalties by issuing licences to music users in respect of the mechanical copyright in musical works.

Details of the music used are supplied to MCPS by the licensees. This information, when matched to the detailed work information held on the MCPS databases, enables the payment of royalties to the writers and publishers of the music used. MCPS is a not for profit organisation funded by the commission levied on the licence revenue it receives.

British Council in Scotland

The British Council is the UK's international organisation for educational opportunities and cultural relations. Foreign policy is a reserved power and, as a result, the British Council does not have an exclusively Scottish focus. Nevertheless, the British Council has a role in enhancing Scotland's international reputation and contributing to building an internationally-oriented, outward-looking Scotland.

The organisation is involved in showcasing the best of Scotland's contemporary arts and the most innovative and dynamic creative output from Scotland to the rest of the world. This is achieved through participation in over one hundred events every year in and out of Scotland, working with Scottish and overseas partners and sponsors.

Under the heading of arts and culture, the Council is involved in drama & dance, literature, music, visual arts and creative industries. It is primarily concerned with promoting Scottish talent abroad by providing help and support to individuals planning overseas visits, and encouraging overseas individuals and organisations to come to Scotland through events such as Celtic Connections, Edinburgh Book Festival and Edinburgh International Games Festival.

New Deal for Musicians

New Deal for Musicians is available to people of all ages on certain New Deals wanting to make a career as a musician. It covers all types of music for instrumentalists, vocalists, composers and songwriters and performing DJs. It does not yet cover people who wish to have careers in technical or management areas e.g. sound engineers or artist managers.

Those seeking a place on New Deal for Musicians have to go through the first stage of the standard New Deal Programmes (New Deal for Young People or New Deal 25+) and if during this first stage individuals can prove they are genuinely interested in working as a musician, their personal adviser will refer them to someone with music industry experience who will act as a mentor. Their role is to offer support and realistic advice on chances of succeeding in the music industry. In addition, individuals will also work with a training provider to learn the skills needed to support themselves as a musician.

As the vast majority of working musicians are self-employed, the New Deal for Musicians tests whether individuals can earn a living as a musician while on New Deal, allowing for example, to perform, build a fan base or try to get a record deal. This is called 'test trading' and offers individuals a training allowance equivalent to the normal Jobseeker's Allowance plus a top-up grant for up to six months while trying to get established.

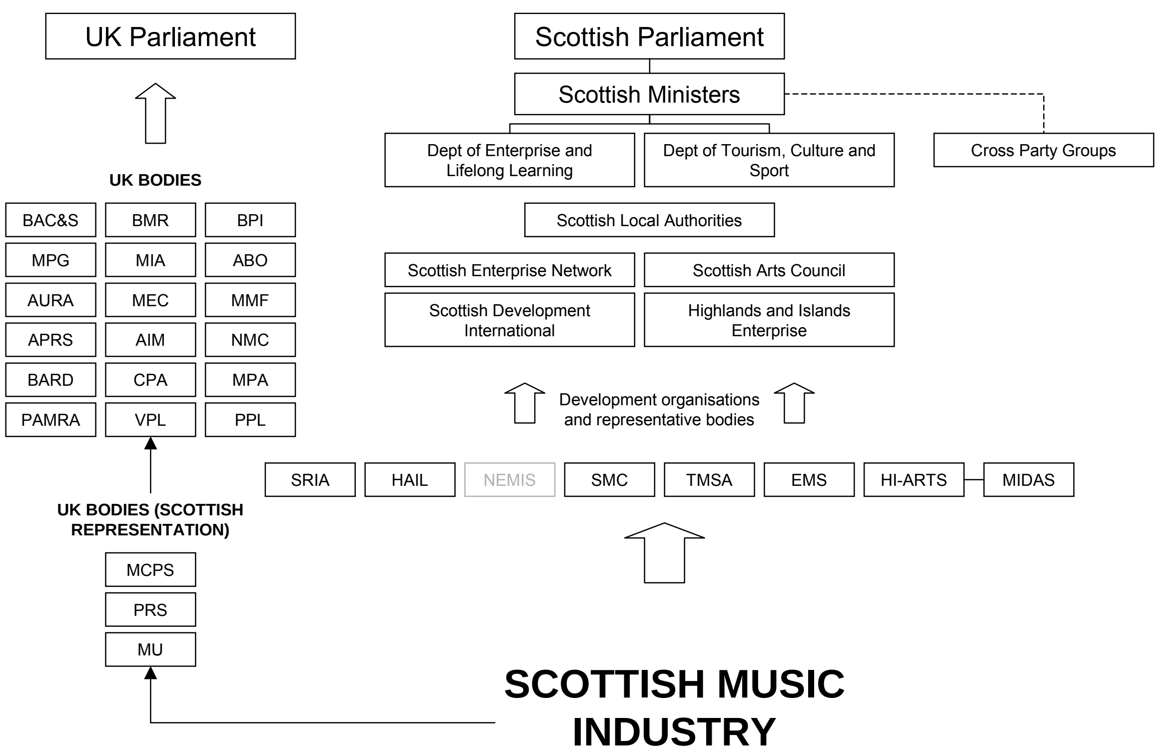
If at the end of the New Deal for Musicians period an individual has not found a job or if after test trading they feel unable to support themselves through self-employment, New Deal will continue to offer advice and support to find work.

2.4.4 UK Organisations with no Scottish Representation

Finally, in mapping out the existing organisational context for Scotland's music industry, it is essential that full account is taken of the UK organisations that, despite having no specific Scottish presence, are influential and important components of the infrastructure supporting the industry.

Figure 2.3, below, maps out the organisation contact for the Scottish music industry, including Scottish and UK organisations and their relationships to the music industry and to government and public sector structures.

Figure 2.3: Organisational Context: Scotland and UK



Association of British Orchestras (ABO)

The Association of British Orchestras (ABO) is the national body representing the collective interests of professional orchestras throughout the UK. The ABO exists to support, develop and advance the interests and activities of the orchestras in the UK. It seeks to influence and improve the environment in which orchestras operate and to ensure they flourish and achieve their maximum potential.

The key objectives of the ABO cover four areas of activity:

- advocacy: to be an advocate for the orchestral community of the UK ensuring that the voice of British orchestras is heard by all relevant parties;

- services: to provide relevant and value for money services to members for their benefit and convenience;

- communication: to provide the principal means by which members communicate collectively with each other to facilitate shared knowledge, collaborative initiatives and problem solving; and

- information: to provide accurate, timely and comprehensive information on issues and events that impact on the management, development and legal responsibilities of orchestras.

The past decade has seen a substantial development in the organisation in terms of its size (an increase from 35 in 1989 to 128 today) and its role. The ABO now has an extensive programme of events from specialist managers meetings and training to seminars, public symposia and the annual conference.

Association of Independent Music (AIM)

AIM is the UK trade association for independent record labels, and it provides a range of services for its members. It promotes and protects independents on a national and international level. It negotiates with the biggest players in the industry and government to help companies of all shapes and sizes that are faced with a variety of problems on a daily basis. It collects and disseminates information, and promotes British independents at home and abroad.

AIM has 700 members and is non-profit making. The early adopter mentality of the independents is mirrored in all aspects of their business. AIM promotes this diverse sector internationally as well as in the UK. AIM set up the first collective negotiation system for licensing members' repertoire for internet and other uses, through its sister company Musicindie. AIM has also produced the widely acclaimed "AIM Guide to Survival and Success in the Music Business" CD ROM and set up the first free on-line business affairs service (Dr John) and on-line technology service (Dr Geek) through its website.

Association of Professional Recording Services (APRS)

APRS is the trade association that represents the audio recording industry, promoting the highest standards of professionalism and quality of goods and services. Its members are recording studios, post-production houses, mastering, replication, pressing and duplicating facilities, and providers of education and training, as well as audio engineers, manufacturers, distributors and suppliers of professional audio equipment. Its primary aim is to develop and maintain excellence at all levels within the audio industry and to encourage all aspects of the professional career development of its members.

Association of United Recording Artists (AURA)

AURA is a non-profit-making association run by featured performers for the good of featured performers. It represents the views of the contracted performer and is seen as the representative of the featured performer. It is actively involved in the negotiation and collection of neighbouring rights income as well as all performer related revenue. Its membership is drawn from the British record industry.

British Academy of Composers and Songwriters (BAC&S)

The Academy represents the interests of composers and songwriters across all genres, providing advice on professional and artistic matters. It administers a number of awards and events including the prestigious Ivor Novello Awards. The Academy currently represents some 3,000 members. BAC&S is also a member of British Music Rights.

British Association of Record Dealers (BARD)

BARD is a UK trade organisation formed specifically to act on behalf of and as a forum for retailers and wholesalers who specialise in the sale of entertainment products. It's aims are to ensure the highest standards of trading for retailers involved in the sale of music, video, DVD and multimedia products and to encourage and provide formal and informal contact between members, the public, governmental bodies and all sectors of the industry.

BARD also plays an active role in GERA Europe (Global Entertainment Retailers Association Europe) and is a founding member of this organisation. GERA is an international organisation for retailers including USA, Australia, Canada, Japan and the European Union.

British Music Rights (BMR)

British Music Rights (BMR) was established to promote greater awareness of the interests and concerns of some 40,000 British songwriters, composers and music publishers to UK and EU policymakers and the wider public. Its primary focus is to communicate an understanding of the rights and rewards for creativity in the music business; the value of those rights to UK plc; the impact of new technologies upon music creators and publishers and the resulting policy and legislative implications.

BMR is currently running an awareness campaign entitled 'Respect the Value of Music' to raise awareness of the value of music, copyright and to educate people about the issues affecting music creators today. The members of BMR are the British Academy of Composers and Songwriters, the Music Publishers Association, the Mechanical-Copyright Protection Society and the Performing Right Society.

British Phonographic Industry (BPI)

BPI is the British record industry's trade association, representing thousands of British record companies. The organisation helps record companies by providing copyright protection and legal expertise, government lobbying and research and statistics, export advice and practical support at trade fairs, specialist media briefings, essential business advice, education and training programmes, the BRIT Awards – showcasing music globally.

BPI focuses on four main areas:

- the fight against piracy;
- rights' negotiation and the provision of legal expertise to lobby on behalf of our member records companies;
- promotion of the music industry to the media, politicians and the public; and
- research into, and publication of, key statistics on the value of the UK record business.

Members pay an annual fee for services and there are two categories of membership – full and associate membership. Full membership is open to any UK based company or individual involved in the making or production of sound recordings. The company/individual must own performing rights and have put out a commercial release in the UK. Associate membership is open to all that wish to benefit form networking opportunities related to the music industry.

Concert Promoters' Association (CPA)

The CPA is a membership organisation which represents and promotes the interest of concert promoters in all contemporary music genres. Its membership includes most of the main large-scale concert promoters (around 35 members). It actively lobbies the Government and other industry bodies with regards to Health & Safety and licensing issues, ticketing procedures, work permits, radio airplay and promotion and other matters of interest and concern for its members.

Music Education Council (MEC)

The Music Education Council (MEC) is the umbrella body for all organisations connected with music education in the United Kingdom. MEC exists to bring together and provide a forum for those organisations to debate issues affecting music education and to make representation and promote appropriate action at local, national and international level. There are currently around 170 corporate members and current members include conservatoires, universities, higher education and further education colleges, specialist music schools, music services, LEAs, music associations, examining bodies, community music organisations, and music businesses. MEC works closely with the DfES, DCMS, Qualifications and Curriculum Authority, Ofsted, and Teacher Training Agency.

Music Industries Association (MIA)

The Music Industries Association (MIA) is a UK trade association, the only one servicing and representing the interests of all UK businesses selling musical instruments and associated products. Manufacturers, importers, publishers, retailers and supporting businesses (e.g. music media) all come within its scope. All activities are focused on achieving its mission to "create more music makers".

Music Managers' Forum (MMF)

The MMF (Music Managers Forum) was formed in 1992 to represent the interests of Managers in the music industry. It now runs comprehensive training courses throughout the country and has international chapters around the world.

The MMF is a membership based organisation that offers access to a worldwide network of professionals dedicated to delivering first class management services to the artistic community drawing from a wide variety of genres. The organisation organises discounts to industry events and services and lobbies on behalf of its members and their artists at UK and European level to protect their rights the MMF. Membership categories vary from Corporate (£1,000/£5,000) to Associate (£100) for managers of unsigned artists.

Music Publishers' Association (MPA)

The Music Publishers' Association (MPA) is a trade association that represents the interests of music publishers to government, the music industry, the media and the public. The organisation organises training, seminars and social events and promotes the value of music and copyright. It also administers International Standard Music Numbers (ISMNs) and publishes a catalogue of printed music with over 250,000 entries.

The MPA offers new members practical benefits as well as networking, policy making and training and learning opportunities. Members receive access to a range of information services including member-only monthly Bulletins and the quarterly *MCM* magazine; have their details included in the MPA Membership Directory and on the MPA web site and get exclusive access, priority booking and discounts to a range of events and seminars. The MPA has a range of specialist MPA committees that formulate strategies and policies on behalf of the UK music publishing business. Acting on behalf of the music publishing business, the MPA takes part in high-level national and international lobbying and the negotiation of various collective agreements, guidelines and schemes designed help to save music publishers time and money.

Music Producers Guild (MPG)

The Music Producers Guild (MPG) promotes and represents individuals in the music production and recording professions. It is a professional organisation that embodies collective and individual creative contributions to the production and recording of all genres of music and media related activities. As an independent and democratic organisation, the MPG membership includes producers, engineers, mixers, re-mixers, programmers, students and trainees, those involved in multimedia and any other individuals involved in the creative process.

National Music Council (NMC)

The National Music Council (NMC) seeks to celebrate and promote the value and enjoyment of music, which contributes, in all its forms, to the cultural, spiritual, educational, social and economic well-being of the United Kingdom. The National Music Council sits at the centre of a complex network of national music organisations, but is the only organisation that exists to promote the interests of the music industry as a whole.

Membership is drawn from all areas of the music business and is open to 'umbrella' organisations with an interest in music and its development in the UK: professional, voluntary and amateur; subsidised and commercial; creative and educational.

Performing Artists Media Rights Association (PAMRA)

The Performing Artists' Media Rights Association (PAMRA) is a non-profit making organisation, run by performers for performers. With over 17,000 members, it is the largest performers' collecting society in the UK. The association represents all performers – featured and non-featured across all genres of music. It acts to promote performers' rights and administer them as efficiently and effectively as possible, to ensure that all musicians and singers receive their maximum income from the UK and overseas.

PAMRA's sole purpose is to administer the 'recorded performance remuneration right'. This is the right for performers to receive equitable remuneration whenever a recording they have appeared on is broadcast or played in public either in the UK or overseas.

Phonographic Performance Limited (PPL)

Phonographic Performance Limited (PPL) is the UK collecting society for record companies and performers. PPL licenses radio stations, TV stations and other broadcasters who use sound recordings (records, taps, CDs etc) in their transmission. PPL also licenses clubs, pubs, restaurants, shops and thousands of other music users who play sound recordings in public.

PPL represents over 3,000 record companies and 30,000 performers. The license fees that PPL collects are then distributed to the rightful owner of the sound recording copyright – usually the record company responsible for creating the track – and also the performers who play on the track.

PPL membership is currently 1,100 and is increasing. It includes all the best known record companies, both multinationals and independents, and a large number of specialised repertoire producers. Membership of PPL is free, with running costs deducted from income collected.

UK Committee on Live Music

The Live Music Forum was established following the passage of the Licensing Act 2003. Chaired by Feargal Sharkey, the Forum includes representatives from the music industry, the Arts Council, grass roots music organisations, local authorities, small venue operators and Government. The aims of the Forum are to:

- take forward the Ministerial commitment to maximise the take-up of reforms in the Licensing Act 2003 relating to the performance of live music;

- promote the performance of live music generally; and

- monitor and evaluate the impact of the Licensing Act 2003 on the performance of live music.

To achieve these aims, the Forum will:

- consider the results of research commissioned by DCMS to establish a baseline of current live music activity in England and Wales;

- consider, with the relevant stakeholders, a range of initiatives for promoting the performance of live music in England, and take these forward as far as is practicable; and

- produce recommendations for possible further action, taking appropriate account of the results of the research.

UK Music Business Forum

The Music Business Forum is an informal group of music business organisations that, since its inception in 2002, has gained a reputation as an effective lobbying force, acting in the interests of the music making community. The members of the MBF represent interests from all aspects of the UK music making community in all the ways that reflect the diversity of the industry. The members are: AIM, APRS, AURA, BAC&S, BARD, BMR, BPI, Sound Connections, Equity (actors trade union), MCPS-PRS Alliance, Music Education Council, MIA, MMF, MPA, MU, Music Producers Guild, National Music Council, PAMRA, PPL and VPL.

Video Performance Limited (VPL)

Video Performance Limited (VPL) is the UK organisation set up by the music industry in 1984 to administer the broadcast, public performance and dubbing rights in music videos. VPL represents the copyright owners of music videos and currently has over 800 members comprising mainly, but not exclusively, record companies. There are over 45,000 music videos currently registered with VPL.

UK All Party Music Group (APMG)

The APMG is a group of MPs and Lords with an interest in key issues facing the contemporary music industry. It holds up to four themed meetings per year at the House of Commons for subscribed members and invited guests. APMG members will also be invited to participate in activities outside of Parliament, to gain better firsthand understanding of how the UK music industry operates. British Music Rights jointly operates the secretariat function of the APMG (All-Party Music Group) with the BPI.

UK Super Council for Music (in development)

It is our understanding that there is currently a proposal to create what's being called the 'Super Council' at UK level. The body would be a flat power base for the whole industry with seats for all the main bodies. Although this is still at the proposal stage, our understanding is that this would be an active council, charged with setting the industry agenda and it is intended to complement the Music Business Forum, which discusses these issues at government level.

Under the current proposal the Super Council would include all industry sectors except probably retail, with two seats per body on the executive and one each on the board. The costs would be pro-rated against each member and, it is hoped, government support as well. The body would address key issues of cross industry concern such as government relations, anti-piracy and industrial relations.

2.4.5 Summary

There is a complex network of agencies and organisations currently involved with the music industry at both Scottish and UK levels.

The public sector in Scotland is already engaged in supporting and developing the music industry although driven by different objectives. The Scottish Executive's Arts and Culture Division, and the Scottish Arts Council, are both driven primarily by cultural objectives, although these often blur with those of industry development. On the other hand, the Enterprise Networks are very focussed on economic development objectives, and music competes for support with a wide range of other industries, both within the creative industries and beyond. Nevertheless, the Enterprise Networks have extensive powers vested in them, and are the main economic development agencies in Scotland.

It is important also not to lose sight of the importance of the Local Authorities in support for music. The Local Authorities are, together, the single largest supporter of the arts in Scotland, and play a key role in supporting music organisation, venues and businesses. Again, they have extensive powers, and would be key partners for any SMIA.

In terms of the representative structures currently involved in the music industry in Scotland, the picture is one of partial coverage, with some notable gaps, although it is clear that encouraging work is underway.

In terms of gaps, there are no existing representative structures that cover all record labels in Scotland (HAIL covers the Highland and Islands and SRIA counts a number of important labels as members). There is also no representation for Scottish promoters, recording studios, producers, manufacturers, managers or orchestras. All of these areas have representative bodies at UK level, but no direct equivalents (or branches) in Scotland. In addition, with the recent demise of NEMIS, there is no body representing the views of contemporary music in Scotland.

It is also important to note that many of the representative bodies are structured along membership-based models and are already active in the provision of specific services to their members. This suggests that a new membership body may struggle to build a membership if it forces choice with existing bodies.

Finally, it is clear that there is no one body (either at Scottish or at UK level) with a truly cross industry remit.

3. Phase 1 Consultation

3.1 Introduction

The main element of Phase 1 of the study was extensive consultation with individuals and organisations involved in the music industry in Scotland. In this Chapter we report the main findings of that exercise. The feedback is presented in aggregate form and reflects the general consensus of the consultees. In particular, no reference or attribution is made to any specific organisation or individual.

3.2 Consultation Process

The consultation exercise targeted two broad groups:

- partners: organisations involved in the development of Scotland's music industry, including public sectors bodies, existing representative organisations (at Scottish and UK levels) and organisations and projects established to help develop music in Scotland; and

- music industry: individuals and organisations in the music industry in Scotland, including musicians, record labels, promoters, venues, managers, agents and distributors across all genres of music.

The list of individuals and organisations to be consulted was agreed in advance with the Study Steering Group (SSG). An initial long list was provided, split into a range of categories to ensure broad representation across the music industry. The categories were as follows:

- composers/songwriters;
- record labels;
- promoters;
- musicians;
- agencies;
- producers;
- festivals;
- managers;
- distributors;
- orchestras and bands;
- recording studios;
- music publishers;
- broadcasters;
- manufacturers;
- professional services;
- new media;
- venues; and
- retail.

Each member of the SSG then provided a short list in each category of the key individuals and organisations to be consulted (ranked in order of priority). This feedback was then compiled and analysed, and a final list developed based on analysis of the supplied rankings. The list of key partner organisations was also agreed with the SSG.

The consultation exercise comprised of three main elements:

- one-to-one consultation with key individuals/organisations;
- four focus group discussions (Glasgow, Dundee, Edinburgh and Inverness); and
- an online consultation form on a dedicated study website (www.scottishmusicindustry.co.uk)

The process was designed to allow as many people as possible to contribute within the resources available to the study. In particular, the study website was established to allow anyone to contribute, and was promoted in a variety of ways:

- through direct email contact with almost 500 individuals in the music industry in Scotland (contact details were drawn from the database developed as part of the Music Industry Mapping Study[4], making use of contacts held by SSG members);
- through other organisations' websites, including the Scottish Arts Council and Scottish Music Centre; and
- through the efforts of the SSG in encouraging their own contacts and networks to participate in the study.

Throughout the process, great care was taken to ensure that the consultation process provided good coverage across the music industry supply chain, across different genres of music and around the country.

All consultation materials (discussion proformas, online consultation questions) were developed and agreed with the SSG in advance. Copies of these can be found in **Appendix 4**.

The consultation process ran from late August until early November 2004. In total, just less than 500 people were contacted about the study. In 20% of cases, contact details were wrong or out of date. In total, 143 people contributed their views in Phase 1 (excluding SSG members), split as follows:

- 63 one-to-one interviews;
- 28 participants in focus group discussions; and
- 52 responses to the online consultation.

[4] *Mapping the Music Industry in Scotland*: *A Report*, Cloonan, M. Williamson, J, and Frith, S, (2003).

3.3 Findings: One-to-One Discussions and Focus Groups

The key findings of the one-to-one discussions and focus groups are reported below, Feedback is reported under a series of key headings, reflecting the issues discussed in the consultations.

3.3.1 Issues facing Scotland's Music Industry

Consultees were first asked to comment on the key issues facing the music industry in Scotland, and on the extent to which they felt that these issues were common across the industry.

It is important to recognise that most consultees commented on the wealth of talent in Scotland, and the strength of its music in general. However, a number of important issues and challenges were identified, some of which could be said to be external to the industry (e.g. policy, funding) while others are more internal (e.g. infrastructural gaps an weaknesses). The main issues raised were as follows:

- fragmentation;
- lack of a coherent policy on music;
- investment and funding;
- infrastructural weaknesses;
- internationalisation; and
- media support.

Fragmentation

There was a general feeling, amongst partners and the industry itself, that the music industry in Scotland is too fragmented. While a number of different organisations are trying to support and develop the industry, they are perceived as quite separate from each other, and lacking a collective approach. The industry itself was also seen as fragmented, without an authoritative voice that can speak on its behalf.

However, it was also recognised that different parts of the music industry may have different concerns according to genre, position in the supply chain and geography. In particular, consultees from the Highlands and Islands emphasised issues with venue provision, the costs of travel and the perceived dominance of the Central Belt. However, there was also strong praise for the work of Highlands and Islands Enterprise in helping to support music in the region.

Lack of Music Policy

Some consultees pointed to the lack of a coherent policy for music in Scotland. Many raised the issue of the perceived dichotomy between cultural and commercial concerns, feeling that music has too long been treated as a cultural benefit with less recognition at a policy level of its economic worth. Indeed, many felt that understanding of the music industry is not well developed at policy levels in Scotland, and that it is not taken seriously as an industry, despite its obvious economic potential.

Investment and Funding

Investment was seen as a key issue, with lack of investment across the board resulting in an industry that struggles to compete and to invest in and retain talent. While many recognised the role of bodies such as the Scottish Arts Council in supporting music in Scotland, there was a feeling that funding decisions were made without industry input, and there was a lack of clarity around the way in which funding was distributed. In particular, genres such as classical and traditional music were seen by many as the primary beneficiaries of public funding support. Many consultees also commented on the difficulties of making a living as a musician in Scotland, and although it was widely acknowledged that Scotland is rich in talent, retaining this talent is made difficult by a poorly developed industry infrastructure, and insufficient investment in talent development.

Infrastructure Weaknesses

In terms of the infrastructure supporting music in Scotland, it was felt that the industry suffered from a number of key weaknesses:

- the recording industry was seen as small, and lacking in any significant businesses with the resources necessary to invest in and develop talent;
- music publishing was noted as a major weakness, with few publishers in Scotland, and none of scale;
- the industry was felt to lack good managers and agents (with some noted exceptions) with the result that too much of the country's talent leaves to access this support elsewhere; and
- lack of distribution was raised, although some consultees felt that this would diminish in importance with the ongoing development of new technologies.

Internationalisation

Internationalisation was seen as a key opportunity for Scotland, although many felt that there is insufficient support for international touring and promotion. Some commented that the industry itself must look more to international markets, while others felt that the weakness of the infrastructure made it difficult to compete on the international stage. It was also noted that there is no consistent approach to the internationalisation of Scotland's music industry, despite the fact that this offers real potential for growth. While many cited the recent successes of Scottish bands at South by Southwest, there was a feeling that the industry needs more of this kind of support within a coherent policy for international engagement.

Media and Broadcasting

Finally, a number of people mentioned the lack of media support as a key constraint on the growth of the music industry in Scotland. Scotland's broadcasting infrastructure (both radio and television) was perceived as failing to support Scotland's music industry, and the printed media was seen as uninterested in Scotland's musical product. In particular, many commented on the difficulty of securing airplay, and saw this as a real barrier to growth.

Other Issues

While the issues described above were the most frequently mentioned challenges facing the music industry in Scotland, other issues were raised, including the following:

- the interests of different parts of the music industry are often in conflict (e.g. those selling rights and those buying rights);
- there is a disconnect between the subsidised and commercial sectors;
- educational provision is wrongly targeted – it should be more focused on developing craft skills rather than aspiring musicians and music executives;
- business and management skills are lacking across the industry and need to be developed;
- the industry is failing to take full advantage of the opportunities created by technology;
- there is no parity of esteem between genres of music, and there are inequalities in the distribution of funding;
- Scotland's music industry is remote from the bigger players in the UK (London) and internationally; and
- there is a general lack of awareness of, and of clear and concise information on, the kinds of support available to the music industry.

Commonality of Issues

The general view was that most of the issues described above are shared across the music industry, although it was recognised that this is not always the commonly held perception.

It was also recognised that different parts of the industry do face different specific issues. For example, while Scotland does have (some) specialist distribution in folk and traditional genres, there is no equivalent for rock and pop or dance music. As a result, good distribution deals are harder to secure in these genres.

Similarly, some felt that different parts of the industry face specific issues. For example, promoters will have concerns around issues such as licensing, policing and planning, while labels may be more interested in distribution, publishing and investment.

Again, the geographical issues were raised, with a recognition that geographical peripherality brings with it specific challenges in terms of available infrastructure, cost of travel and access to viable networks.

However, despite the fact that different parts of the industry, and different genres of music, will have specific issues, the widely held view was that there is a number of big issues that are shared across the industry, with more common ground than not.

3.3.2 The Need for a Music Industry Association

There was widespread (but not universal) support for the concept of a Music Industry Association, although many commented that this would depend on how the association was structured and what it was set up to do.

Of the main one-to-one sample, 78% stated that there was a need for a Scottish Music Industry Association. 10% said that they were unsure, and 12% said that they did not think there was a need. When asked why, those that did not perceive a need, felt that there any organisation would either add bureaucracy or would divert funding from other more worthwhile areas.

Within the focus groups, the balance of opinion was again positive, but with some important caveats.

Both one-to-one and focus group respondents, while positive about the need for a SMIA, did raise some issues to be considered in developing any proposition.

First, the organisation must not duplicate existing provision, and must add value to existing organisations and structures. Secondly, there was a concern that a new organisation might divert funding from existing bodies, with a clear message that this should not be supported. Finally, some concerns were raised about how a single organisation could ensure proper and wide representation across the industry, and a clear view that structure will be critically important.

3.3.3 Defining its Constituency

The widespread view was that the SMIA should adopt a broad definition of its constituency with some important caveats:

- it should be focussed on the professional music industry – defined as anyone that earns a significant proportion of their income from music/music related activities;
- membership should not extend to individuals, but rather should be focussed on organisations;
- retail, other than independent retail, should not be included i.e. HMV and Virgin should not be included; and
- some felt it was difficult to see a role for the broadcasters as there would be a conflict of interest.

In addition, the issue of education was raised throughout. Views on this issue were mixed, although all consultees were clear that education plays a fundamental and critical role in music. However, the general feeling (including that of members of the education sector itself) was that education should not be a part of the SMIA itself, but should be a key partner.

School education was seen as too distant from the industry to be part of an association. However, views on Higher and Further education were less clear cut. In particular, it was noted that some educational institutions play more than one role in music. Some colleges have started record labels to release music by students, while a dedicated music school such as RSAMD is a significant employer in the music industry. The lines between educational and industrial activity in these instances are somewhat blurred.

Clearly, the interface between the music industry and the education sectors is critical, but the inclusion of music education within an SMIA remains an open question. We return to this issue later in the report.

3.3.4 Broad Approach

Consultees were asked to comment on the advantages and disadvantages of taking such a broad approach, and of seeking to represent the interests of the entire music industry in Scotland.

Most saw the broad approach as offering real advantage in terms of providing a single voice for the industry, and a clear point of contact for political engagement. While many recognised tensions within the industry, it was felt that they only way to address these tensions was through collaborative working and discussion. A whole industry approach would also help to identify the key issues that are common across the sector.

It was also felt that a whole industry approach would offer advantages in facilitating greater communication across the industry, providing a mechanism for developing greater understanding of the issues facing different parts of the industry.

Finally, most recognised that there is strength in numbers, and that the sheer scale of a whole industry association would bring significant benefits. Indeed, some commented that the music industry would never be heard if it continues in a fragmented and piecemeal fashion. The economic and cultural arguments for music would only be strengthened by looking at the industry as a whole.

However, there was still a degree of nervousness about such a broad approach. There could be a risk that important, but quite specific, issues could be ignored, and some felt concerned that a new organisation could undermine the activities of existing bodies. It is also clear that there is a real tension between the ‘commercial’ industry (rock and pop), and the classical, jazz and traditional sectors. In broad terms, the classical and traditional sectors are perceived as well supported by public subsidy, while rock and pop receives little financial or other support. As a result, there is an element of nervousness (on both sides) that an SMIA might be dominated by one or other camp. This will be an important tension to acknowledge and resolve.

Finally, some of the consultees questioned the ability of such a broad structure to ensure that all parts of the industry felt properly represented. It was seen as critically important that people in the industry would feel that their views could be heard and their issues considered. Again, this has important implications for the structure of an SMIA.

3.3.5 Roles and Functions

Not all of the consultees felt able to comment on the role and functions of an SMIA, but amongst those that did, there was strong consensus.

The key role of the organisation should be to provide a single authoritative voice for the industry, with its main function being to lobby on behalf of the industry on issues of shared concern. There was a feeling that the current approach of individual organisations lobbying on specific issues had resulted in mixed messages and a lack of clear vision for the industry. Addressing this was seen as a key role for an SMIA. The SMIA should act as a liaison between the industry and policy makers and public agencies, identifying and raising awareness of the common issues affecting music in Scotland.

The key lobbying goals were seen as being the development of a coherent music policy, ensuring greater recognition of the economic contribution of the music industry and improving the support infrastructure by encouraging the structures that will help the industry to develop.

In addition, the association should provide a forum for the debates that are affecting the industry, reflecting also genre-specific and geographic concerns as mentioned earlier. This cross-industry discussion and networking was seen as an important role, and through this engagement, the SMIA should develop a clear and shared understanding of the common issues facing the music industry in Scotland.

Importantly, an SMIA should not become involved in the very specific issues that are more appropriately addressed through existing trade bodies and organisations. Its focus should be on the high level, strategic issues common to all parts of the industry, while recognising that these may require different approaches in different areas.

Almost all consultees felt that the organisation should not have a role in the provision of funding or direct support to the industry, as this would not only duplicate existing organisations, but would change fundamentally its relationship with the industry.

There was some support for a role in international promotion, but not in terms of direct provision. Rather its role was seen as facilitating a more coherent approach to international promotion and showcasing, working with the appropriate bodies to improve delivery in this area.

Similarly, there was also some support for a research and information provision role, although it was recognised that this could be expensive. Most felt that an SMIA should not have a direct provision role here, but rather it should work with existing organisations to set the research agenda for the industry, acting as a conduit for information to the sector.

3.3.6 Relationship to Existing Organisations

In terms of its relationships to existing organisations, the consultations provided a very clear message. It must work within existing structures in a way that adds value to the activities of the trade bodies and organisations already active in Scotland. There was no support for a new organisation that would either duplicate or replace the functions of existing bodies.

Many also felt that all of the existing organisations should have a seat at the table, and that funding should not be diverted from them into a new organisation. Rather an SMIA should actually help to strengthen existing structures, encouraging and facilitating more collaborative working as appropriate.

Consultation with UK bodies also indicated strong support for an SMIA, and any such organisation would have an open invitation to sit on the UK Music Business Forum and the developing UK Super Council (see **Chapter 2**). This would provide an important link to music industry representation at UK level, ensuring proper representation for the concerns of the industry in Scotland.

Finally, there was widespread agreement that the relationship between an SMIA and government and public agencies should be one of lobbying and advocacy, and of working in partnership to develop the policies and structures that can best support and grow the industry in Scotland.

3.3.7 Structure of a Music Industry Association

In terms of structure, the consultation discussions focused on a number of key issues:

- membership structure;
- governance;
- staffing; and
- funding.

Membership Structure

While a model based on fee-paying membership was seen as attractive in principle, a number of issues were raised with this:

- extending membership to individuals was seen as too unwieldy and risked duplicating the role of existing organisations (e.g. MU, MCPS, PRS etc);
- there was doubt about the willingness and ability of music organisations and businesses to pay, and even if this was overcome, the income would not be sufficient to support an organisation;
- the administrative burden in collecting membership fees from individuals and individual businesses was considered too large to be practical;
- membership could imply exclusivity, which in turn would constrain the ability of the organisation to act on behalf of the whole industry. Rather it would have to act on behalf of its members, thus diluting its wider impacts;
- requiring organisations and music businesses to pay fees could force them to choose between an SMIA and existing organisations, thus constraining its ability to add value to existing structures;
- if members pay fees then they (rightly) will expect something in return, implying a need for some form of service provision. This would pull an SMIA into the territory of existing organisations, again creating the potential for duplication and unnecessary competition;
- there would be timing issues in trying to build a membership before the organisation can demonstrate its value to potential members; and
- successful membership based models elsewhere (see **Chapter 4**) have relied heavily on the presence and support of majors, none of which have a base in Scotland.

Therefore, there are many issues with a structure based on industry membership, although, as mentioned earlier, it was seen as important that existing organisations are able to contribute. We return to this issue in **Chapter 5**.

Governance

In terms of governance, there was widespread support for a representative industry Board, appointed through a clear and transparent election process. The membership of the Board should rotate on a regular basis and the decision making process should be made fully transparent to the industry.

It was also acknowledged that the organisation must be sensitive to geographical issues and concerns, and must ensure proper engagement beyond the Central Belt.

Staffing

Views on the staffing requirement were mixed, but most felt that if the organisation was to achieve anything, some full time staff complement would be required. However, the clear view was that this should be small. There was no appetite for the creation of a large organisation. In large part, consultees felt that the role and remit of the organisation would dictate the level of staffing required, but that this must remain small.

The leadership of the organisation was seen as critical, and most felt that the leader (Chief Executive) should have a strong background in and knowledge of the music industry without being associated too strongly with any one area. They must also be able to engage effectively at a political level, and to enthuse and win the support of the industry. International experience was also seen as useful.

There was also a feeling that finding the appropriate person within the Scottish industry to lead the organisation could be difficult, and some felt that issues of vested interest and history were such that the recruitment process should look beyond Scotland. Some even felt that it could also look beyond the music industry to attract someone with strong commercial experience and experience of similar work in other industries, although the extent to which this would be perceived favourably by the industry is uncertain.

Funding

While there was a general feeling that the industry should contribute to an SMIA, as mentioned above, it was widely acknowledged that industry contributions would not be sufficient. In addition, the problems of a membership-based model suggest that membership fees would create more problems than they solved.

In general, most consultees felt that there was a case for public funding support, at least in the early years, and that this support should come from the Scottish Executive, the Enterprise Networks and the Scottish Arts Council. However, the issue of diverting existing funding was again raised, and most felt that any public funding support should not be at the expense of support for existing organisations.

Finally, it is worth noting that funding was seen as a critical issue. It was felt that without proper funding support, the organisation would not succeed, and this was cited as a contributing factor in the failure of previous attempts to develop organisations in other contexts.

3.3.8 Judging Success

It was widely felt that the success of an SMIA should be judged in economic terms. Consultees felt that the association should lead ultimately to more employment, higher sales and higher earnings across the music industry in Scotland.

However, other (perhaps earlier) indicators of success were also identified:

- greater government understanding of, and interest in, Scotland's music industry;
- more support from government and the public agencies;
- clear policy for the development of music in Scotland;
- an increase in music activity across Scotland;
- the organisation itself meeting targets and developing a sustainable model.

3.3.10 Immediate Priorities

When asked to state the immediate priorities for an SMIA, responses centred around the need to get out and engage with the industry across Scotland, and to define and communicate its agenda (the common issues). It was also considered important that the organisation can demonstrate some early successes, and the acknowledgement of the Scottish Executive that it is the authoritative voice for music in Scotland was seen as an important 'quick win'.

3.3.11 Summary

Feedback from the one-to-one consultations and focus group discussions was broadly positive, and indicated strong support for an SMIA. However, it is clear that this support is on certain terms, and the consultations provided valuable guidance on the issues to consider in developing the SMIA model. In addition, it is important to recognise that there were dissenting voices, and that the concept of an SMIA does not have unanimous support. However, the balance of opinion, as described, was heavily in favour.

The fact that the industry is widely perceived as fragmented and lacking a single authoritative voice is, in itself, strong confirmation of the need for an SMIA. The general agreement that there are issues of shared concern across the industry lends further weight to this, although it is important to note that many did feel that, while there are common issues, there are also more specific challenges that are not shared across the industry. An SMIA will need to be sensitive to this, and should focus its activities on the areas of common ground, leaving more specific issues to the appropriate industry bodies.

Clearly, the balance of opinion was in favour of an SMIA, although there are some strong messages about its structure and functions.

The SMIA should not duplicate the functions of existing bodies, nor should it divert funding away from these organisations. Rather it must add value to current structures, developing and helping them as appropriate. It should take a broad view of its constituency, realising the benefits of a whole industry approach – arguments of scale, better cross industry communication and understanding and identification of common issues. The view was that the association should focus on organisations rather than individuals and while there was universal agreement on the importance of education, views were more mixed as to whether or not education should be a part of the association itself.

The main function of the organisations should be lobbying and advocacy, providing a single authoritative voice for the industry and acting as a point of liaison between the industry and government and public agencies. The SMIA was also seen as providing an important forum for debate, and an opportunity to develop the structures that can help grow the industry.

There was little support for the association to have a direct role in the provision of funding, although there was some support for a role, possibly advisory, in the area of international promotion, and in facilitating and communicating research and information.

In terms of structure, the feedback cast significant doubt on the feasibility of a fee-paying membership model as a way of generating revenue for the organisation. Membership raises too many issues of duplication with existing bodies, administrative costs and exclusivity. In addition, there was general agreement that even if the industry was willing to pay, the level of contribution would not be sufficient to support an organisation. Therefore, fee-paying membership is not likely to prove feasible, at least in the short term.

The general feeling was that the SMIA should be governed by an elected industry board, with broad representation across genres, geography and types of activity. It was also felt that, if the organisation is to be effective, some level of full time staffing will be required, but that this should be small and fit for purpose, with strong leadership and demonstrable experience and knowledge of the music industry (although not necessarily in Scotland).

Most consultees felt that there would be strong case for public funding support, although others also felt that the industry itself should contribute. However, the comments about membership revenue models suggest that public funding will be required, at least in the initial stages. There was also a very clear message that insufficient funding provision would threaten the success of the organisation.

3.4 Findings: Online consultations

3.4.1 Introduction

As stated in the introduction to this Chapter, a key element of the consultation method was that it was open and transparent. Therefore, to encourage the participation of as wide a cross section as possible, an online survey was designed and available for completion at www.scottishmusicindustry.co.uk. The online survey was available for completion between September and November. As described above, it was promoted through a variety of channels.

52 questionnaires were submitted from a wide range of individuals with interests in the music industry and who were based in Scotland. In the analysis of these responses a distinction has been made between those who reported that the music industry was their primary source of income (professionals - 30) and those who did not regard the music industry as their primary source of income (classed as non-professionals - 22).

3.4.2 Main Findings

Respondents were asked to state the sector(s) of the music in which they were involved. As expected, a number of respondents were involved in more than one sector within the music industry, as shown in **Table 3.1**, below.

Table 3.1: Which sector(s) of the music industry are you involved in? (multiple responses)

	Professionals		Non-professionals		Overall	
	No.	%	No.	%	No.	%
Musician	12	41	8	36	20	39
Education	11	38	5	23	16	31
Record label	10	34	2	9	12	24
Music promoter	7	24	5	23	12	24
Artist management	6	21	2	9	8	13
Producer	5	17	-	-	5	10
Recording Studio	5	17	3	14	8	16
Songwriter/composer	5	17	5	23	10	20
Others	23	73	13	59	36	71

Just under two-thirds worked in two or more sectors within the industry. The most popular sector was musician, but closer analysis showed that this was often combined with other sectors such as songwriter/composer or in music education (teacher). The questionnaire provided 22 options as a possible response to this question, for the purpose of this analysis we have included all those responses that received four or less under the others category. This includes such areas as record producer/engineer, music venue, and manufacturing.

Respondents were asked to state what they regarded as the three main issues currently facing the music industry in Scotland, and although the replies were varied, broadly similar issues emerged across the two groups.

Lack of funding and financial support available to the music industry was the most frequently mentioned issue amongst professionals and non-professionals alike. In particular, areas such as the development of talent and artists and the provision of live venues we felt to lack support, and there was a perception of a general funding gap across the industry.

Another area of concern was the lack of an organisation or infrastructure to support the industry. There was a general belief that the industry is fragmented and lacks the cohesiveness necessary to represent the sector as a whole.

There was also an issue around the lack of promotion of the industry in Scotland. In many ways, this is linked to the lack of an organisation to support the industry. The industry was perceived as lacking co-ordination, and unable to successfully promote itself due to a lack of resource and support.

Other issues mentioned included audience development, lack of music education in schools and a lack of experience and advice available to the industry.

Respondents were asked if they thought the issues they had highlighted were shared across the whole music industry in Scotland. The responses are shown in **Table 3.2**, below.

Table 3.2: Do you think these issues are shared across the music industry in Scotland?

	Professionals		Non-professionals		Overall	
	No.	**%**	**No.**	**%**	**No.**	**%**
Yes	12	41	8	36	20	39
No	4	14	1	5	5	10
Some, but not all	9	31	4	18	13	25
Yes, but in different ways	6	21	9	41	15	29

In general, both groups agreed that the issues are shared, at least in part, across all of the music industry in Scotland. This was more noticeable in the non-professionals responses with 77% agreeing at least in part against 62% of the professionals. Only a small minority felt that these issues were not shared across the industry.

Respondents were then asked if they thought there was a need for a Scottish Music Industry Association (MIA) to represent the entire music industry in Scotland. The responses are shown in **Table 3.3**, below.

Table 3.3: Do you think there is a need for a Scottish Music Industry Association to represent the entire music industry in Scotland?

	Professionals		Non-professionals		Overall	
	No.	**%**	**No.**	**%**	**No.**	**%**
Yes	11	37	12	55	23	44
No	2	7	2	9	4	8
Maybe	17	57	8	36	25	48

Only 8% said that there was no need for an SMIA, with their main reasons being that the industry is too diverse for one association to be able to represent everyone equally. Those respondents that stated that there was a need for a Scottish MIA felt that such an association would help develop the potential of the music industry in Scotland. Reflecting earlier responses, the view was that a single organisation would be more able to provide help and support to all sections of the industry, and provide a voice to influence policy decisions affecting the industry. There was also recognition of current organisations such as NEMIS, Scottish Arts Council and HAIL, but a feeling that they lack the resources, strength and focus to develop and represent the whole industry.

Those respondents that were unsure and replied maybe to this question were a little more sceptical that such an organisation would be able to cater for all sections of the Scottish music industry without favouring one area over another. Without dismissing the idea they would need to be convinced of its viability and independence.

In the event that a Scottish MIA was established, respondents were asked to prioritise the functions that the association should carry out, based on the kinds of activities undertaken by other industry associations. **Table 3.4** details the listings based on those who ranked the options as their first priority.

Table 3.4: Rank in order of priority, the functions that you believe a Scottish Music Industry Association should undertake

	Professionals		Non-professionals		Overall	
	No.	**%**	**No.**	**%**	**No.**	**%**
Lobbying government and influencing policy	20	69	8	40	28	57
Talent development	12	46	10	53	22	49
Industry research	11	48	9	43	20	45
International trading	10	40	10	50	20	44
Business development	12	44	7	35	19	40
Promotion of the music industry	12	44	7	32	19	39
Information provision	10	42	7	35	17	39
Providing a single voice for Scotland's music Industry	9	33	8	42	17	37
Industry networking	8	35	8	40	16	37
International promotion	11	44	5	25	16	36
Funding advice	11	46	5	24	16	36
Events	6	25	10	50	16	36
Liaison with education sector	8	33	8	38	16	36

Lobbying government and influencing policy was ranked as the main priority, although a number of other areas were also considered important, including talent development, industry research and international trading.

As a follow up to this question respondents were asked to list what they regarded as the top three priorities for a Scottish MIA. Again, responses highlighted various priorities, and a number received a cross section of support. These included:

- providing a voice for the Scottish music Industry to lobby government and influence policy;
- promoting and developing the industry not only at home but also abroad;
- attracting and increasing funding;
- developing talent; and
- working closely with education.

Respondents were then asked how a Scottish MIA should be funded. **Table 3.5**, over, details the listings based on those who ranked the options as their first priority.

Table 3.5: How should a Scottish Music Industry Association be funded?

	Professionals		Non-professionals		Overall	
	No.	%	No.	%	No.	%
Combination of funding sources	12	52	11	58	23	55
Mainly funded by government/public agencies	16	59	9	45	25	53
Mainly funded by commercial activity	3	14	2	12	5	13
Mainly funded by membership income	2	9	3	17	5	12

The preferred funding option was through a combination of sources, closely followed by funding from mainly government or public agencies.

Any Scottish MIA would have to measure its success, and respondents were asked what impact a successful MIA would have on their organisation and what impact it would have on the music industry as whole.

Reported impacts at the organisation level included increased support and advice, a chance to network more widely, increase in sales and an increase in funding opportunities.

Impacts on the music industry more generally included:

- better promotion of the industry;
- increased awareness of the industry;
- improved links within the industry;
- more funding and support;
- provision of a voice at government level; and
- improved infrastructure.

Finally, the respondents were asked if they would be interested in joining a Scottish MIA. **Table 3.6**, below, presents the responses.

Table 3.6: Would you be interested in joining a Scottish Music Industry Association?

	Professionals		Non-professionals		Overall	
	No.	%	No.	%	No.	%
Yes	24	80	15	68	39	75
No	-	-	2	9	2	4
I would be happy for another organisation to represent my interests	3	10	5	23	8	15
Only if it was free of charge	4	13	7	32	11	21

Three quarters of respondents stated they would be interested in joining a Scottish MIA. Just over a fifth would join if it were free of charge. Only 4% showed no interest in joining a Scottish MIA.

3.4.3 Summary

Analysis of the online survey indicates a general consensus that a Scottish Music Industry Association would be of benefit to the industry, while identifying some concerns about how such an organisation would run and how it could represent the many diverse areas of Scottish music. If a Scottish MIA were established, it would be expected to be a strong voice for the industry, influential in lobbying government and policy makers.

Respondents were clearly concerned about a number of issues such as funding, promotion and the lack of co-ordination across the industry and would expect an industry association to tackle these issues.

Overall, the online consultation feedback did indicate a willingness to support the establishment of an organisation to represent the industry.

3.5 Consultation Summary and Implications

The feedback from the consultation programme indicated strong support for the establishment of an SMIA, and for a cross-industry approach, bringing the strength and weight of the whole industry to bear on key issues of shared concern. This was widely seen as a major advantage of the SMIA concept, and there was support for greater communication and collaboration across Scotland's music industry.

However, support for an SMIA came with certain conditions, and these must be borne in mind when designing an organisational model.

First and foremost, the SMIA must add value to existing provision. There is little to be gained in duplicating the work of already established organisations, and indeed the industry itself would not support this. Rather, the SMIA should target the gap that currently exists for cross-industry representation on those issues that affect all of the industry. In particular, it should develop a single and authoritative voice on the high level strategic issues that impact on the music industry, and engage with government and the public agencies on the development of coherent policies to enable the music industry in Scotland to realise its full economic and cultural potential. Key issues in this respect would include the current lack of a policy for music in Scotland (and music's low profile and influence in other policy areas such as economic development, tourism and the international promotion of Scotland), international promotion of Scotland's music talent and industry, funding and investment and education.

Importantly, the SMIA must work to address the issues of perceived fragmentation across the music industry, and develop a collective voice and collective view on the major issues and challenges facing the industry. It must promote better understanding of these issues across the industry, and facilitate communication and collaborative working.

It is also clear from the consultation discussions that the industry in Scotland suffers from significant gaps in the supply chain infrastructure, again suggesting an important role for an SMIA in helping to develop the structures that can support and grow the industry.

In addition, the feedback suggests that there might also be work for an SMIA in engaging with the broadcast and print media in Scotland to encourage greater support for Scotland's music, and for the music industry.

In terms of organisational structures, a fee-paying membership model is unlikely to be feasible and would have little support in the industry. It risks undermining the activities and functions of existing bodies as well as constraining the activities of an SMIA with a substantial administrative task. However, there was a feeling that the existing bodies and organisations should be represented, suggesting a different model based not on individual businesses and organisations, but on their representative bodies.

Clearly, the personnel involved in an SMIA will be critical and it is important that the governance structures are seen to be transparent and representative across the industry. There is a strong argument for an elected board, with representatives drawn from across the spectrum of musical genres, activities and geographies, and the appointment of a Chief Executive is key. To win the support of the industry, the Chief Executive will need to demonstrate knowledge and understanding of the music industry, while demonstrating the essential strategic, management and political skills required of the post.

Funding is a critical issue, with widespread recognition that under-funding will result in failure. However, the funding question raises further issues. Without an industry based revenue model, the SMIA would require public support and, as a result, will require clear targets. The feeling was that these targets should focus mainly on economic (rather than cultural) success.

All of these key issues have influenced directly the development of an SMIA model, as presented in the Proposition document.

4. Review of Other Models

4.1 Introduction

As part of the research and consultation process, several case studies were undertaken to investigate other models of industry representation in the music industry in the UK and elsewhere, and in other industries.

The list of organisations to be investigated was developed to provide a broad range of different approaches and models, and was agreed in advance with the SSG. They were:

- **Northern Ireland Music Industry Commission** (NIMIC) as a body that provides services and support to the music industry but without charging;

- **Music Export Finland** as an example of an organisation focussed entirely on international promotion;

- **Association for Independent Music** (AIM) as an example of a commercially focussed trade association with a strong lobbying reputation;

- **Welsh Music Foundation** as an example of an organisation established with public funding support to develop the economic contribution to the music industry in Wales;

- **Music Board Ireland** as an example of a partnership between government and the music industry, charged with providing policy and operational advice to government and government agencies; and

- **Producers' Alliance for Cinema and Television** (PACT) as an example of a successful and commercially focussed trade association in another industry (film and television production).

The research process combined online and desk research with telephone and face-to-face consultations with individuals involved with the relevant organisations.

4.2 Northern Ireland Music Industry Commission (NIMIC)

The Northern Ireland Music Industry Commission (NIMIC) was established to help develop the Northern Ireland music sector and to encourage private sector investment with a view to creating employment. It is also charged with encouraging the development of public education and understanding and knowledge of the art and science of music and musical appreciation.

History

In the late 1990s, the industrial development agency in Northern Ireland (LEDU, now Invest Northern Ireland) had been approached by a range of small music businesses and had provided some initial assistance to help them establish themselves. The organisation then began to consider the need for some kind of music development agency and a Steering Group was established to look into this proposition. After a couple of years, the Group presented an argument for the establishment of a new body and secured funding of £100,000 for the first 18 months from Invest NI. This funding supported the creation of two full time posts, and NIMIC was established.

Following the creation of its first strategic action plan, NIMIC then approached other funding bodies for support (mainly project based support) and was successful in securing funding from the PRS Foundation, the Arts Council of Northern Ireland and the Department of Culture, Arts and Leisure. This was followed by European support through the EU Peace and Reconciliation Fund to support some e-commerce delivery and information provision. Staffing has since expanded to three full time personnel.

Functions

NIMIC supports bands, artists, technicians and business people working in any genre at any level. It offers the following services:

- organisational and financial support for musicians and music events throughout Northern Ireland;
- free consultancy for anyone involved in any area of the music business;
- marketing and promotion of the industry through the showcasing of artists and bands nationally and internationally (e.g. South by Southwest, MIDEM); and
- assistance to bands wishing to set up local, national or even international tours, the production of compilation CDs to promote NI music of all genres and the provision of music industry workshops and seminars throughout the north.

In addition, NIMIC holds intermittent seminars as part of existing events, and provides some mentoring support to developing music businesses. It also has a lobbying and advocacy role and engages regularly with government and public agencies.

Funding

NIMIC is reliant on (mainly) public sources of funding support and now survives largely on project based support. This funding model has two significant implications. First, there is a degree of financial instability, as the organisation lacks a sustainable core funding base. Secondly, the need to secure project support has meant that NIMIC's engages in activities for which it can secure funding support. While to a degree this is fine, the risk is that the need for funding begins to pull the organisation away from its core functions. It is also worth noting that the reporting burden created by this mixed funding approach is substantial, creating resource issues for the organisation.

Structure

NIMIC is a member-based organisation, and this structure was established largely to meet the requirements of the initial funder (Invest NI). Invest NI wanted to see the organisation develop a self-sustaining model, however there are questions about the extent to which a membership based funding model would be financially viable. Although the membership model was supported by the Board and the initial Steering Group, there was a feeling that this approach could be exclusive in a way that might alienate some potential funders. For example, the Arts Council of Northern Ireland places great emphasis on access. In order to avoid this issue, membership to NIMIC is free.

The organisation is constituted as a company limited by guarantee and has a Board of Directors. The Board was initially elected, but others have since been asked to join in an attempt to develop a structure that is more representative of the music sector in Northern Ireland.

Future Issues

The key challenge for the future of NIMIC is funding. In particular, the organisation needs to find a sustainable core funding model, and is currently working on a three-year plan. To an extent the plan will focus on 'more of the same' but will seek to develop a clearer core funding proposition on which the organisation can then build and develop.

Key Lessons

The main lessons from NIMIC relate to its constitution and structure. Despite having the ambition of representing all of the music industry, NIMIC itself would acknowledge that it has been perceived as being mainly concerned with rock and pop music. As a result, it has struggled to engage properly with other sectors, in particular with classical music.

In addition, although NIMIC does have a clearly stated constitution laid out in the Memorandum and Articles of Association, a view was expressed that this constitution had left some loopholes open, and that these had been exploited by some individuals. In effect, despite having a defined structure and constitution, NIMIC has not always been able to act in a manner that is truly representative.

Despite these issues, it was also felt that NIMIC has delivered useful and valued services to the music industry in Northern Ireland. However, these are of a different nature to those being proposed for a Scottish Music Industry Association. For example, NIMIC has done little in the way of explicit lobbying and is more focussed on the provision of support to its members. In this respect, NIMIC is perhaps more closely aligned with organisations such as NEMIS and HAIL than it is with a more strategic level, lobbying body.

4.3 Music Export Finland

Music Export Finland (MUSEX) was created with the simple remit to strengthen the possibilities of Finnish music professionals to achieve export revenue. Unlike other models presented here, MUSEX has no domestic agenda.

History

Music Export Finland was founded in December 2002 and has developed a high profile within the international music scene. As with all the Scandinavian countries (Export Music Sweden, Music Export Norway) there has been a concerted effort to raise the profile of their music in international markets. They have been taking part in about six events each year including a major presence at Midem and PopKomm. Their director is Paulina Ahokas.

Functions

MUSEX primarily supports the record industry, which in this case includes the major record companies each of whom has a presence in Finland. It offers the following services:

- seeking potential partners for its member companies and actively co-promoting their products;
- collecting export-related information about selected target markets and distributing this information to Finnish professionals;
- encouraging clients to participate in and representing them at international trade fairs and other related events;
- keeping industry professionals up to date on news and developments in the Finnish music business;
- developing funding and support structures for Finnish music export; and
- initiating and producing Finnish music export projects at key trade fairs and seminars all over the world, organising sales initiatives and showcases in co-operation with Finnish professionals.

Funding

The annual budget is 255,000 Euros, which covers office costs, employees (two full time), accountancy fees and a small travel and promotional budget. The Finnish Ministry of Trade and Industry pays approximately 60% of the budget, with the rest raised through members' contributions.

All of the export projects are funded by separate budgets for which MUSEX must apply for funding from various sources - primarily Finnish music industry, companies etc. and also some ministry sources.

Structure

MUSEX has 13 trade body members including the IFPI (who represent 80 of the record industry) and the Music Publishers Association. Each of the members has a seat on the board which meets 10 times a year (monthly with a break at summer and Christmas).

MUSEX has no individual company members, as it is the trade bodies that are members. However, all music companies that are registered in Finland can take part in their projects regardless of whether they are part of a trade body member.

Future Issues

MUSEX started as an export group for which Paulina was hired as a consultant. In June 2004, MUSEX became a trade association (official name Music Export Finland Association) and took the financial responsibility for the export organisation on 1st of January 2005. This evolution was due to the success of the export business, which has increased 24% from 2001 to 2003. The trade body is now exploring an expanded agenda based on the success of the first few years.

Actual figures are as follows:

The total market value of Finnish music exports increased from 15.5 million Euros in 2001 to 20.3 million Euros in 2003. Growth was particularly strong in sales of services, which increased 170% on 2001 and stood at 9.49 million Euros for 2003. This increase can be traced back to the positive record sales tally of previous years, which paved the way for a rise in sales of services such as concerts and tours. The average growth in total market value since 1999 has been 31% annually.

Sales of goods were valued at 5.35 million Euros in 2003. Sales of goods include record sales, CD production, royalties, licensing of records and publishing contracts. Copyright royalties paid to composers, producers, publishers and performers for the public performances of Finnish music abroad increased by a tenth (9.9%) on 2001. All copyright royalties combined totalled 5.2 million Euros in 2003.

MUSEX recently announced that they will be the main sponsor of the opening event at Midem 2006 and will have a high profile throughout Midem. This is a massive promotion (Microsoft did this in a previous year) and reflects the value they place on the profile of a national industry.

Key Lessons

The feedback from Paulina was that they find it extremely hard not having an annual budget for their projects. They spend a great deal of time and resource fundraising, making planning more difficult.

The other key factor is the importance of keeping very close contact with, and basing all actions on, the wishes and needs of those who actually export, i.e. publishers, labels, managers, agents etc.

It is important to note the involvement of the major record companies in MUSEX. It is through their presence and support that MUSEX is able to fund itself. This is a less viable proposition in Scotland where there is no major record label presence.

4.4 Association of Independent Music (AIM)

The Association of Independent Music (AIM) represents the UK independent labels at international and UK level. It does so on a specific independent agenda relating to finance, lobbying, business support and networking.

History

AIM was founded in 1999 by Alison Wenham, who was recruited to the task by a core group of UK independent labels and distributors. It has been hugely successful in attracting members with the number of label members (rather than corporate bodies who may have more than one label) standing at around 800. It has had many high profile press campaigns including the negotiations with MTV over broadcast royalties and raising the issues of the SONY/BMG merger. In addition, it completed the first licensing agreement with the original Napster, and continue to seek collectively negotiated deals with on-line and mobile licensees.

Functions

AIM has a wide agenda that includes all aspects of record labels' business.

- **Doing business:** AIM offers general business information and advice designed to help companies do business. It offers an email support service and regularly send out news emails on industry issues, events and opportunities;

- **National and international:** this is one of AIM's most active areas with trade visits to China, US and support and presence at the music industry trade shows such as Midem. It also seeks relationships with other labels trade bodies internationally. Within the UK, AIM supports initiatives that represent any sector or geographical area in preference to setting up sub-offices;

- **Marketing and promotion:** regular networking events called Big Wednesday have been a success and have expended to digital distribution days to enable labels to meet news services and distributors;

- **Training, mentoring and HR:** to support a labels staff development by providing industry information and the ability to be mentored by an industry executive;

- **New media and internet deals:** the Musicindie project, now renamed AIM Digital, negotiated collective heads of agreements with on-line and mobile services that enables the AIM members to sign a deal in the knowledge they're getting the same terms as everyone else. This has been a great success up until this year when the physical distributors started to move into this business;

- **Business affairs**: offering legal and business advice to AIM member labels;

- **Lobbying and government:** actively lobbying government on issues that impact the independent sector; and

- **Member benefits:** such as the AIM Digital deals, Midem and PopKomm trade fairs.

Funding

AIM is entirely funded by its membership with an initial £100 to join and then 12% of the joining label's PPL revenue paid to AIM directly by PPL (this was 9% for the first four years). Thus, AIM's funding changes each year, although it is in the order of £250,000 - £300,000 per annum. This includes supplemental income such as the £1,000 a year for a non-label to join as a 'Friend of AIM'.

Structure

AIM is a member-based organisation with a Board of 14 drawn from the membership. Every year, three of the Board must resign on rotation with their replacements elected at the AGM. AIM also has several active committees that look after the following areas and report back to the Board each month as appropriate:

- **International** - focusing mainly on penetration of overseas markets, trade fairs etc;

- **Marketing** - whose remit is business issues within the UK, e.g. charts;

- **MCPS** - dealing with MCPS negotiations;

- **Business & Legal Affairs** - leading industry lawyers and business affairs experts negotiate and monitor developments on behalf of the AIM membership;

- **Government Affairs** - dealing with lobbying on behalf of the independent sector;
- **Training, Education & Mentoring** - pan industry initiative;
- **Membership** - dealing with member benefits and promotion of the AIM brand; and
- **US Committee** - US music business executives involved in the UK Music Office Project.

Future Issues

AIM has several issues moving forward. For the first four years of its existence it had an arrangement with the British Phonographic Industry (BPI is a UK trade body who represent record companies including the majors) whereby the BPI would pass to AIM the membership contributions of the AIM founding members. This was to prevent a split in the industry but when an attempt to merge the two organisations failed, this agreement was not renewed and there is a degree of competition between the two bodies for independent members. The failure to merge was due in many ways to differences in the agendas of the independents and the majors, which in places are quite opposite.

Related to this is the core issue of funding. Although the PPL arrangement is an excellent formula that prevents AIM having to invoice and chase its members for revenue, it is an unpredictable source that results in several companies making much larger contributions than others.

AIM has also had to deal with a widely changing business market driven mainly by the technological changes that are potentially opening access to international markets to a much greater extent. However, there are similar trade bodies around the world, and movement had begun to work closer with these as an independent network.

Key Lessons

The main lessons from AIM relate to its ability to engage with its membership and encourage participation. Some labels join and then complain that they do not get value. However, this is usually because they do not take full advantage of the services and opportunities on offer. For the majority of labels, the ability to meet others in the industry, get advice on business issues specific to music industry and other such benefits makes them feel part of an industry and encourages them to succeed.

AIM does not have an agenda for any specific part of the UK although currently there are two Scottish Board members (Richard Brown of SOMA Recordings and Kevin McKay of Glasgow Underground/Breastfed). AIM is very keen to work with other bodies that can develop their local agenda and music industry with AIM acting as UK and international record label support where required.

4.5 Welsh Music Foundation

The Welsh Music Foundation (WMF) is an economic development body to build and develop the Welsh music industry.

History

The WMF began as a project championed by Natasha Hale. From 2002 it received core funding from the Welsh Development Agency (WDA). It is purely an economic development project developed to support all music industry services and is very specific in its focus on developing the economy and not the arts.

Functions

The mission statement of the WDF is "To assist the development of the music industry infrastructure in Wales."

From this, the objectives of the WDF project are to:

- create a support system for the development of a commercially viable Welsh Music Industry;
- provide business support to music-based SMEs in Wales;
- encourage partnerships between existing Welsh music organisations and entrepreneurs;
- advise and assist policy-makers;
- encourage greater inward investment from the international private sector;
- create a focal point of information for audiences of popular music based throughout Wales; and
- focus resources efficiently in dealing with all of the above.

Funding

The WMF is wholly funded by the WDA to a sum of £260,000 per year. The organisation receives additional support from Welsh Trade International for international events but this is on a project basis. The WDA is very supportive and sees the WMF as a specialist necessity to advise them in an important creative business. No decisions relating to the music industry are made by the WDA without referring to the WMF.

The idea of membership was rejected at an early stage, due mainly to the lack of critical mass in Wales that would generate membership fees. In addition, the WMF want Welsh labels to take part in AIM, MMF etc and did not want to create a financial choice. The very lack of critical mass, coupled with the huge international success of Welsh bands such as Stereophonics and Manic Street Preachers, was the core argument for the need for the WMF in the first place. None of these bands were able to work from Wales at any important level including label, publishing or management.

Structure

The WMF is run along the lines of an entrepreneurial organisation where decisions are made based on the finance available and the likely benefit and returns. At least 60% of the Board must come from the music industry and the Board meets every month. The organisation has a staff of seven.

Future Issues

As an economic development project, defining and collecting measurable impacts is an ongoing challenge. The WDA considers the WMF to be an important resource to which they can refer any music related business proposal for a critical view and knowledgeable feedback. There is no timeframe on the funding, although periodic reviews serve to raise the issues of how the success of the WMF should be measured.

Key Lessons

The WMF was created through having energetic champions at both founding level (Natasha Hale) and political level (Peter Hain MP). Natasha is a strong leader, and much of the support from the WDA appears to be due to their faith in the fact that she has the support of the industry and the capability to deliver.

The WMF does not promote gigs, or produce showcases or compilation CDs. It does however assist with other projects and bodies that wish to do this and will help them organise and raise funds for these purposes.

WMF uses key arguments to demonstrate the potential of the economic benefits, and these have a striking similarity to Scotland's commercial music sector. For example, the Super Furry Animals were signed to a small Welsh label and publisher, and when they signed to a major to move on they had to take with them all their recording and publishing rights. Therefore, the only legacy was their name and no economic value. The band however, along with many Welsh bands, would love to have been able to stay with a Welsh label and/or publisher that had the skills, finance and experience to take them to the world market. This has obvious parallels in Scotland.

The other core justification was devolution. Whilst the Music Business Forum may lobby Westminster, there was nothing to present and lobby Cardiff, leaving the devolved Parliament open to fractured opinions and low understanding of the industry and its potential. At the same time, with reference to this report, Scotland has two development agencies and HIE already has an economic development element to its music projects running successfully, albeit on a smaller scale to the WMF.

4.6 Music Board Ireland

Music Board Ireland was established in May 2001 as a mechanism for interaction between the music industry in Ireland and the government. It was initially set up for a three year period, and during that time was charged with the development of strategic policies to grow the Irish music industry.

History

In 1996, the music task force FORTE recommended the establishment of a Music Board to promote the development of the indigenous music industry. It was the conclusion of the task force that if the music industry was to realise its full potential it must have at its disposal a single coherent instrument capable of expressing its needs and articulating its future and that this could only be achieved through the establishment of a specially designated body to represent the music industry.

In making the recommendation, the task force was anxious that the Music Board should be seen as a further statement of the desired partnership between the Music Industry and the Government. Accordingly, it was recommended that the responsibility for funding the Music Board should be shared between the industry and Government. The Irish Business and Employers' Confederation (IBEC)[5] Music Industry Group also recommended the establishment of a Music Board.

The Music Board of Ireland has now completed its three year term and is no longer operational. The original intention was that the Board would work towards establishing itself as a statutory body, however that was not successfully achieved.

Functions

The roles of the Music Board were to be:

- a Forum for the industry to devise and actively promote strategic policies for the development of the Music Industry and the maximisation of its contribution to the national economy; and
- an assistant to the Government and State Agencies in their efforts to develop the industry.

Within these broad roles, it identified a number of core policy goals and objectives as follows:

- to prepare a 3 year rolling strategic development plan for the industry, supported by research and reviewed by the Board on an annual basis;
- to advise Government Departments, state agencies, education and training bodies and other organisations regarding the needs of the music industry and on their policies and practices vis-a-vis the industry;
- to promote policies in the area of international marketing, remaining complementary to the activities of those agencies primarily responsible for this area;
- to provide a focus and a source of expertise for the different strands of the industry and be an assistant to Government and State agencies in their efforts to develop the industry;
- to take a leading role in encouraging investment, sponsorship etc. in the music industry;

[5] Similar to the CBI in the UK. The IBEC Music Industry Group was formed under the auspices of IBEC in 1994. It seeks to represent the views and interests of the music industry and aims to keep the Government and other appropriate bodies briefed on all relevant matters relating to its sphere. The members of the group represent a wide range of interests in music business in Ireland.

- to identify areas of EU social, cultural and economic policies relevant to the indigenous Music Industry and highlight and promote their potential benefits;

- to promote awareness and education among the general public, business and government on issues affecting the industry, such as copyright;

- to act in a general promotional, representational and publicity role for the industry on matters of interest to it;

- to engage in research of relevance to the industry, including the development and collection of statistics and data relevant to the economic impact of the industry through both indigenous and foreign markets;

- to assess the ongoing training and educational needs of the industry in close consultation with relevant authorities such as the Department of Education, FAS etc to ensure that the identified needs are met;

- to co-operate with other agencies such as the Department of Foreign Affairs, for the further development of the cultural links that have been forged by Music between this country and the rest of the world;

- to establish close working links with organisations who are already active in the development of the music industry, such as Enterprise Ireland, the IDA, FÁS, the Arts Council, Forbairt and Shannon Development, to help promote clearly focussed objectives and joint initiatives; and

- to draft, and present to the Minister for Arts, Heritage, Gaeltacht and the Islands, proposals for the legislation for the establishment of a Statutory Body.

During its three-year term, the Music Board of Ireland launched a significant report on the Economic Significance of the Irish Music Industry and proposed a strategic plan for the development of the music industry in Ireland, "Shaping the Future", both of which were well received nationally and internationally.

The Board developed a network of contacts with similar organisations abroad, particularly though its involvement with the European Music Office and, in line with the initiatives proposed in the strategic plan, implemented a programme of activity this year in partnership with other organisations and aimed at different sectors of eth industry. This included:

- adding an audio-visual and PR aspect to Enterprise Ireland's "Music from Ireland" stand at MIDEM;

- enabling the St. Patrick's Festival Music Village to showcase new talent and introduce young artists to industry A&R; and

- working on behalf of the Department of Arts, Sport and Tourism in organising the EU Presidency seminar "Creative Financing and Music" in April and co-ordinating the production of the EU Presidency DVD / CD promotional pack.

Although the Board pursued a number of lobbying issues, these did not achieve change in legislation (or tax structures) although they were successful in raising important issues on behalf of the industry.

Structure

The Music Board was established as a non-statutory body, although the music industry in Ireland was strongly in favour of it becoming a statutory body. Accordingly, one of the objectives (see above) was to develop plans for legislative change to enable it to become a statutory body. This was not successful.

The Board comprised of eight members, all drawn from the music industry in Ireland, and a Chairperson. Four of the board members were appointed by Irish Ministers and four were appointed by the music industry (through IMRO and PPI). The Board met regularly and was supported by a Chief Executive Officer (CEO). Although the initial budget allocation allowed for a staff of five, the CEO reallocated budgets to support operational activities and employed additional staff support as required on a more ad-hoc basis.

Funding

The Music Board of Ireland was established with funding of approximately 380,000 Euros per year. This funding was provided by the Irish government and the music industry on an evenly split basis. Industry funding was provided by Irish Music Rights Organisation (IMRO), the Irish equivalent of PRS, and Phonographic Performance Ireland (PPI), the equivalent of PPL. The funding was intended to support an office and a staff of five people, but was all focused on administrative rather than project costs.

Future Issues

The Music Board of Ireland is no longer in operation, and was unsuccessful in developing a sustainable model for its continuation. In part, this was because the Board had a strong focus on establishing itself as a statutory body at a time when governments are generally not enthusiastic about establishing new organisations on this basis. However it may also reflect a lack of genuine political will to support the ongoing work of the Board, suggesting that the development of the music industry is not given the same priority as other areas of the creative industries, for example film, in which statutory bodies have been established.

Key Lessons

The Music Board of Ireland offers a number of interesting lessons for Scotland. While in many respects Ireland and Scotland share a Celtic heritage and are of a similar scale in terms of geography and population, there are important differences in political structures. Scotland's devolved structure does not afford the Scottish Parliament or the Scottish Executive the same degree of political sovereignty as Ireland, as it does not have control of fiscal and tax policy. It is also important to note that, in contrast to Scotland, the major record labels do have offices in Ireland and some of them were represented on the Music Board.

However, the Music Board was established with ambitions that bear some similarities to those for a Scottish music industry association. Specifically, it was set up to represent the whole music industry and had a primary focus on lobbying and policy making at an industry level. The experiences of the Music Board were that it focussed quite quickly on issues relating to the commercial music sector. It engaged far less with issues relating to public subsidy for music.

The failure of the Board to become established as a statutory body was largely attributed to lack of real political will, and lack of genuine understanding of the music industry more generally. It was also felt that the Board struggled to get the industry to pull together and present a united front. Larger businesses generally felt that very substantial sums of money were required to really make a difference, while others argued that even small sums could at least support activities to demonstrate some progress. This difference of opinion could act as a constraint on activity and as a result the Music Board only drew down around 50% of its available funding each year. This in turn made it difficult to present a case for increased support.

There are two key issues in this. First of all, the Music Board was focussed on the ‘big issues’ and as a result found it difficult to demonstrate achievement to the industry. For this reason, it became more involved in operational activity such as working with Enterprise Ireland to improve the impact of the Irish music stand at MIDEM. However, the financial structure was such that funding was concentrated on administrative rather than operational costs. Secondly, the overall level of funding was too low to support higher impact activity, and as a result its impacts in an operational sense were always going to be limited.

Finally, there is a sense in which the establishment of the Music Board on a time limited basis provided a ‘get-out’ for the Irish government. The extent to which the Music Board succeeded in changing government perceptions of the music industry is unclear, and as a result it failed to establish ongoing support for its activities. It is clear that this kind of model requires strong and consistent political support if it is to be sustained.

4.7 Producers’ Alliance for Cinema and Television (PACT)

Producer’s Alliance for Cinema and Television (PACT) is the UK trade association for film and television production companies. It is headquartered in London and has a total of 24 staff, with an office in Glasgow from which it manages its Nations and Regions activities (areas outwith the M25) and PACT Scotland. PACT is a membership organisation and its members must be limited companies. It does not represent individual producers or filmmakers.

History

The impetus to form PACT arose with the development of Channel 4 in the early 1980s, and the subsequent growth in the independent television production market. PACT was established in 1991 through the merger of two small trade associations, the Producers Alliance (filmmakers) and the Independent Producers Alliance (TV producers). Both organisations had sizeable memberships mainly comprised of small and micro businesses.

Functions

Initially the core function of PACT was lobbying, and the organisation achieved a significant early win by negotiating the legal requirement for public service broadcasters to source 25% of their programming from the independent sector. Although this issue was pursued by the Independent Producers’ Alliance (IPA) prior to the establishment of PACT, it was PACT that finally delivered the legislation, helping to create a sizeable marketplace for their members.

In recent years, PACT has secured further lobbying victories, influencing the Communications Act (2003) and facilitating the requirement on the part of broadcasters to adhere to agreed Terms of Trade when negotiating with independents. These lobbying successes will deliver substantial economic opportunities to PACT members.

Over its lifespan, PACT has continued to develop and grow its range of services to its members. The organisation now has a range of core functions:

- lobbying and representing the interests of its members to government, public agencies and within the UK and international film and television industry;
- helping to drive policy change to the benefit of its members;
- negotiating with trade unions in the sector; and
- working to improve the terms of trade between its members and the broadcasters.

In addition, PACT provides the following services to the industry:

- training;
- advise on business affairs;
- events;
- promotion of new initiatives; and
- research and access to communications and industry news.

Funding

PACT receives strong support from the UK broadcasters, and the broadcasters helped to establish the core funding model for the organisation. PACT receives a levy of 0.05% of all film and TV production budgets in the UK. This levy is routed via the broadcasters. Membership fees now account for approximately 60% of PACT's total income.

The production levy also supports the Producers Rights Agency (PRA) which is part owned by PACT (60%) in partnership with ITV (40%). The PRA is the industrial relations arm of PACT. PRA negotiates with all the trade unions in the industry and deals with matters relating to contract and employment law. The services of PRA are free to all PACT members.

A gradual expansion in service provision has allowed PACT to tighten up on membership and increase fees. PACT now employs a commercial executive with responsibility for building membership and securing fee income.

It is worth noting that, according to PACT, different kinds of companies tend to perceive different benefits in membership. The larger companies generally do not make use of PACT's business affairs services (contract negotiation etc) as these functions are usually managed in house. For these businesses, the prime benefits come through PACT's lobbying activities. However, for the smaller companies, the main source of value is the direct services to members, in particular advice on business affairs and training.

Structure

As mentioned above, PACT is a membership based organisation. PACT members vary in size from very large independents such as Celador and RDF to small one and two person production companies. Membership fees are graded according to company turnover and the services provided by PACT can be translated into financial benefit to the members. PACT is able to demonstrate that membership, if fully exploited, can provide direct financial savings to companies that outweigh the outlay of fees.

PACT is constituted as a company limited by guarantee and is governed by an elected Board drawn from the production industries. The Board is elected annually by PACT members, and has sub groups that focus on specific issues and areas of PACT business. The organisation currently works to a three-year business plan.

Future Issues

The main issue for the future of PACT is financial sustainability. There is a range of threats to the current funding model. In particular, the changing economic structures of the broadcasting industries could weaken the case for strong broadcaster support. Coupled with increasing pressure on the broadcasters, support for PACT could decline as new priorities take on greater importance.

In addition, PACT has been instrumental in creating new economic opportunities for its members. However, this also presents a significant challenge in making sure that the members are able to exploit these opportunities and PACT may have a stronger role in helping its members to thrive in the new business environment.

Therefore, PACT is facing the dual challenges of securing a funding model for the further while also expanding further its services and activities to support its members.

Key Lessons

There are a number of important lessons to be drawn from the PACT experience. First, it is important to note that PACT started small and grew over time. Although the organisation already had a membership base through the merger of the IPA and the Producers' Alliance, it focussed initially on lobbying. With early success, PACT began to expand its activities through the provision of direct services to its members. This enabled the organisation to increase its membership income and create a more sustainable platform. This model of organic growth is an important factor in its success and the early focus on a key lobbying victory helped to cement its reputation amongst the members.

Secondly, PACT has also had to take account of the commercial/cultural dichotomy. PACT is an industry body, although the products of the industry are essentially cultural. PACT has addressed this by taking a strongly industry focussed approach (e.g. conditions of membership), but remains engaged in areas more related to cultural policy (e.g. development of talent) and maintains engagement with the appropriate organisations on these matters (e.g. UK Film Council, Arts Council of England, Scottish Screen etc.). However, its primary measures of success remain more focussed on economic or industrial development.

Thirdly, it is instructive that the management of PACT has a strong awareness of the differing value placed on membership by different kinds of members. The fact that bigger players value lobbying and access to government while smaller companies need practical assistance has obvious lessons for any trade association dealing with a varied constituency. However, it should be remembered that PACT is a trade association that is not in receipt of any public finding support. The production levy depends on the support of the very large industry players, the broadcasters. There are no comparable players in Scotland music industry, and a comparable funding model is unlikely.

Finally, the experience of PACT over its lifespan has been that the Chief Executive has exerted significant influence over the policies and focus of the organisation. In the past, different Chief Executives have brought stronger emphasis on film or on television, and introduced greater business focus to the organisation. This underlines the importance of leadership, an issue that is central to the success of an SMIA.

4.7 Key Lessons

Each of the models described above have strengths and weaknesses, and each is quite different in its focus, structure and functions. However, a number of important learning points do emerge from this analysis.

Only two of the models examined (PACT and AIM) have an explicitly commercial fee-paying membership structure (Music Export Finland does have members that contribute, but this is coupled with significant public funding support). Both AIM and PACT deliver services to their members and, in the case of PACT, the organisation can demonstrate the financial value to members of these services, a value that exceeds the costs of joining. However, it is also worth noting that both AIM and PACT collect income through industry levy systems, supplemented in the case of PACT by membership fees.

What is also interesting about the experience of PACT is the difference in expectations between large and small members. While the smaller companies joined to access the business support services offered by PACT, larger businesses were more interested in the lobbying power of the organisation. However, in both cases, membership subscription required some form of service provision, and service provision that is of value to members.

The other models were less keen on membership structures (e.g. NIMIC and WMF). Primarily this was driven by the need to be inclusive rather than exclusive and in the case of NIMIC, membership was made free as a result of doubts about the viability of a membership model and the need to be inclusive. In addition, the WMF rejected a fee paying membership structure on the basis that the industry in Wales lacked the critical mass to make this viable, and that creating this requirement would force choice with other bodies, both important lessons for Scotland.

In the cases of Music Board Ireland (MBI) and Music Export Finland, the presence of majors has been an important driving force in the development and support of the organisations. However, the experience of MBI is instructive in this respect, in that the different concerns of the large and small businesses actually became a barrier to action, an issue that has also impacted on AIM.

It is also clear that political structures and political support are important factors. The examples of Finland and the Republic of Ireland are not directly comparable to Scotland, as both are sovereign states with political control over key issues such as copyright law, fiscal policy and communications, areas of power that are reserved at Westminster. However, the formation of both MBI and WMF were both partly dependent on political support, although the subsequent lack of political interest was reported to be the contributing factor in the demise of MBI. For the WMF, a high profile political champion has clearly been an important benefit to the organisation, along with the need to engage with the devolved administration, an issue with clear resonance for Scotland.

Similarly, leadership is also important, as demonstrated by the examples of AIM and PACT, where strong leadership has been a major contributing factor in setting the organisational agenda and in ensuring its success.

Those organisations that can be considered to be successful (at least to date) have generally followed a model of organic growth, developing activities in response to members' needs and available opportunities. In addition, early success has been important, and both AIM and

PACT have demonstrated lobbying success in their early stages, helping them to build their reputations and memberships.

None of the music organisations examined have solved the challenge of working across the whole music industry, and those that have tried to do have defaulted to working in the rock and pop sector. This has been driven largely by the economic and commercial focus of the organisations and by a failure to engage more widely. Given that this is the ambition of the SMIA, the challenge is clear.

Apart from the commercial trade associations, public funding support has played a key role in all of the organisations. However, it seems that identifying and measuring the benefits and impacts of that funding support has been difficult. In the case of MBI this is unsurprising since the benefits will be at one step removed from businesses in the music industry. However, for those organisations engaged in direct delivery (NIMIC, WMF) measurable impacts should be more apparent.

The main points of learning for the study are summarised below:

- not all models were based on membership (fee paying or otherwise) and those that were supplied direct services to members (e.g. business affairs support, legal and contract negotiation etc.);

- political support was seen as important, and not all political structures are directly transferable to Scotland;

- all of the organisations have focussed mainly on economic growth, with far less (if any) emphasis on cultural development;

- apart from the commercial trade associations (PACT and AIM) public funding support was important although this needed to be supported by clear economic objectives. Measuring achievement against these objectives has proved difficult;

- those organisations that had enjoyed sustainable growth had done so in a organic way, demonstrating success to their constituencies through a series of early wins and good communications before expanding their activities;

- leadership has an important influence not only on the success of organisations, but also on their strategic direction and focus and is a key issues to consider; and

- none of the organisations examined have effectively solved the challenge of representing the entire music industry. While some have attempted to do so for others this was outwith their remit. Those that have attempted to do so have defaulted to a focus on the commercial end of the industry (as opposed to the more ‘cultural’, subsidised sector), despite the obvious inter-relationships.

5. Developing the SMIA Model

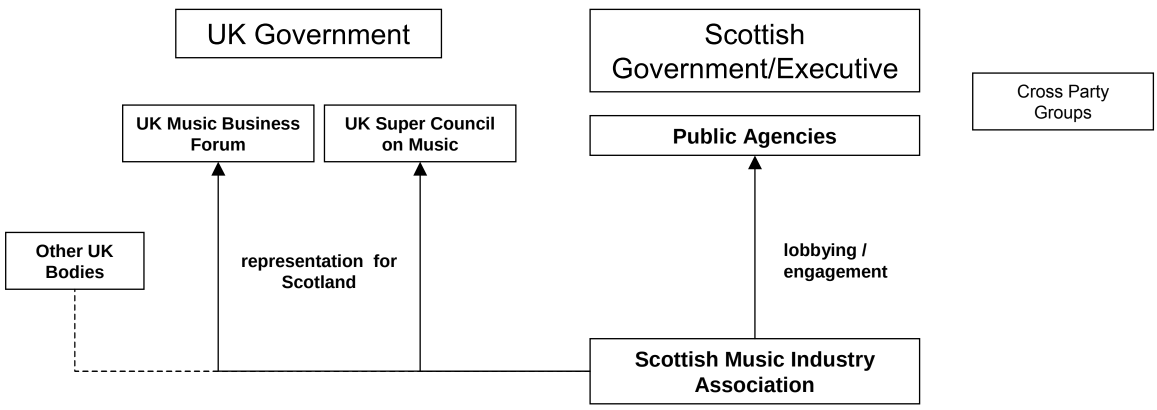
Following the completion of the research and consultation programme, a number of potential models for an SMIA were developed and reviewed at a workshop with the SSG. In this Chapter we describe each of the models and explain the rationale for the selection of the preferred model for development. The draft SMIA model is then described at the end of the Chapter.

5.1 Context

Before describing in detail the four potential SMIA models, it is important to clarify the position of an SMIA within its wider environment. This positioning is based on the analysis of the organisational environment in which the association would operate (as detailed in **Chapter 2**).

Figure 5.1, below, illustrates the position of an SMIA, and how it would relate to its key stakeholders in the music industry and in government and the public sector at Scottish and UK level.

Figure 5.1: Context for SMIA



The key stakeholders for an SMIA are as follows:

- the individuals and organisations that make up the music industry in Scotland;
- representative bodies and organisations;
- development organisations involved in the music industry in Scotland;
- public sector organisations and agencies in Scotland;
- Scottish Executive;
- Scottish MSPs and Ministers;
- UK level representative bodies for music; and
- UK government and government departments and agencies.

As shown, the SMIA is positioned as a point of liaison between the music industry and government structures and agencies. However, it is important to note that it is not positioned as a body that is in any way in charge of or overseeing the work of the existing representative or development organisations. Rather, the focus of the SMIA is on the issues of common concern across the industry, whereas more specific issues are more appropriately dealt with through the existing representative organisations.

It is also important to note the relationship between the SMIA and UK level organisations. In particular, the SMIA should seek representation on the UK Music Business Forum and the developing UK Super Council for Music (as mentioned in **Chapter 3** it is our understanding that this will be forthcoming). These are the established routes to engagement with the UK Government on matters relating to music and it is essential that the SMIA is able to represent the views and interests of the music industry in Scotland through these groups.

5.2 Potential Models

Four potential scenarios for an SMIA were developed, and each scenario was then tested against the outputs of the research and consultation exercise. The scenarios were all based around the key issues raised in the research and consultation exercise, and they vary in terms of their scale, the extent of their functions and the nature of the relationships with the key stakeholders.

5.2.1 Scenario 1: Full Trade Association

The first scenario presents a model of an SMIA as a full trade association delivering services to industry members, building international market opportunities, commissioning research and lobbying government and the public agencies on matters relating to music industry policy and development.

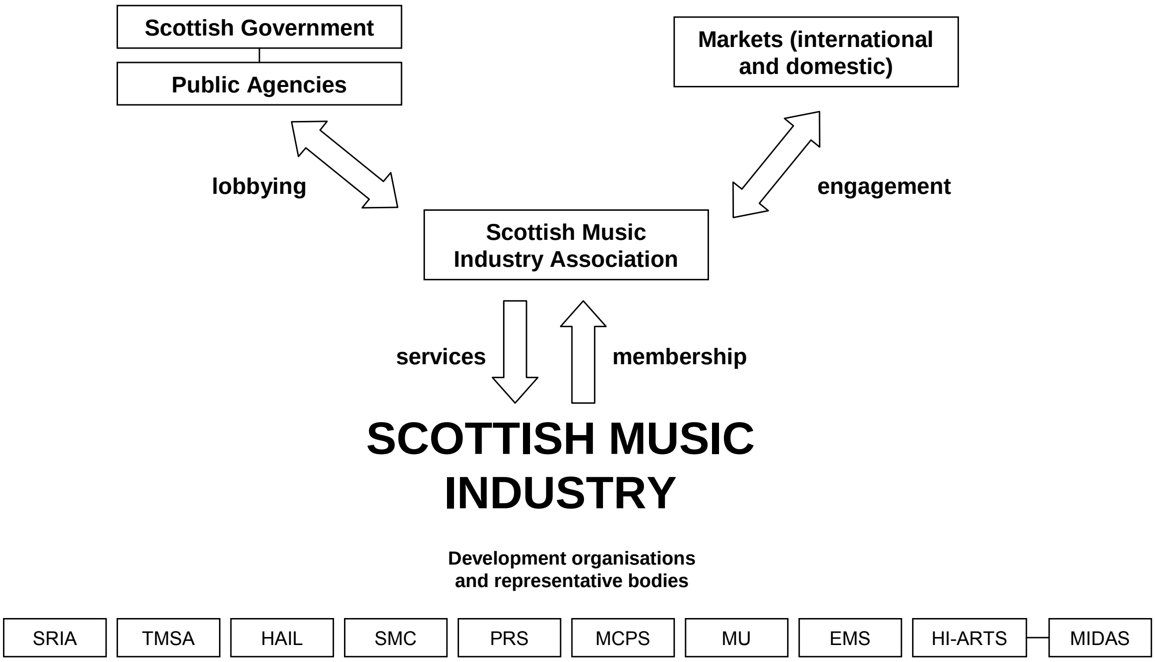
In this scenario, the members are organisations and businesses in the music industry, each paying a membership fee based on a sliding scale determined by turnover. The SMIA provides information and advice to members, possibly including access to professional services (e.g. legal, accountancy, consultancy etc), and is extensively involved in the management of international showcasing and brand building. It facilitates the contact between businesses and sources of support and funding, both private and public, and lobbies government and public agencies on issues of shared concern for its members.

The association has a full time staff of four: one Chief Executive, two full time officers and an administrative assistant.

The SMIA is funded through a combination of membership fee income and public funding support and is designed to move towards a self-sustaining revenue model within three years. This is to be achieved through a combination of membership fee income and project related funding support.

The relationships between the SMIA and its stakeholders in this scenario are shown in **Figure 5.2**, over.

Figure 5.2: SMIA Scenario 1



Appraisal

The trade association model (closest to that of PACT or AIM) did have some support, albeit limited, and it should be noted that this is an expensive model. In addition, there are issues with membership-based models and the proposed service provision risks duplicating the activities of existing organisations. In particular, legal assistance is provided by the Musicians' Union, and a delivery role in international showcasing risks duplicating the work of the Scottish Arts Council, Scottish Development International and the British Council. Finally, as reported earlier, this model is very optimistic about the potential to raise membership income and is unlikely to be viable, even in the short to medium term.

Therefore, Scenario 1 was rejected on the basis that it is not consistent with the findings of the research and consultation exercise. In particular it is too expensive, creates overlap and duplication with existing provision, fails to tackle the difficulties of developing a member-based structure and is unlikely to be viable.

5.2.2 Scenario 2: Membership-Based Association with Additional Functions

Scenario 2 presents a model of an SMIA that is still membership-based, but that does not engage in direct service provision to its members beyond the international showcasing role.

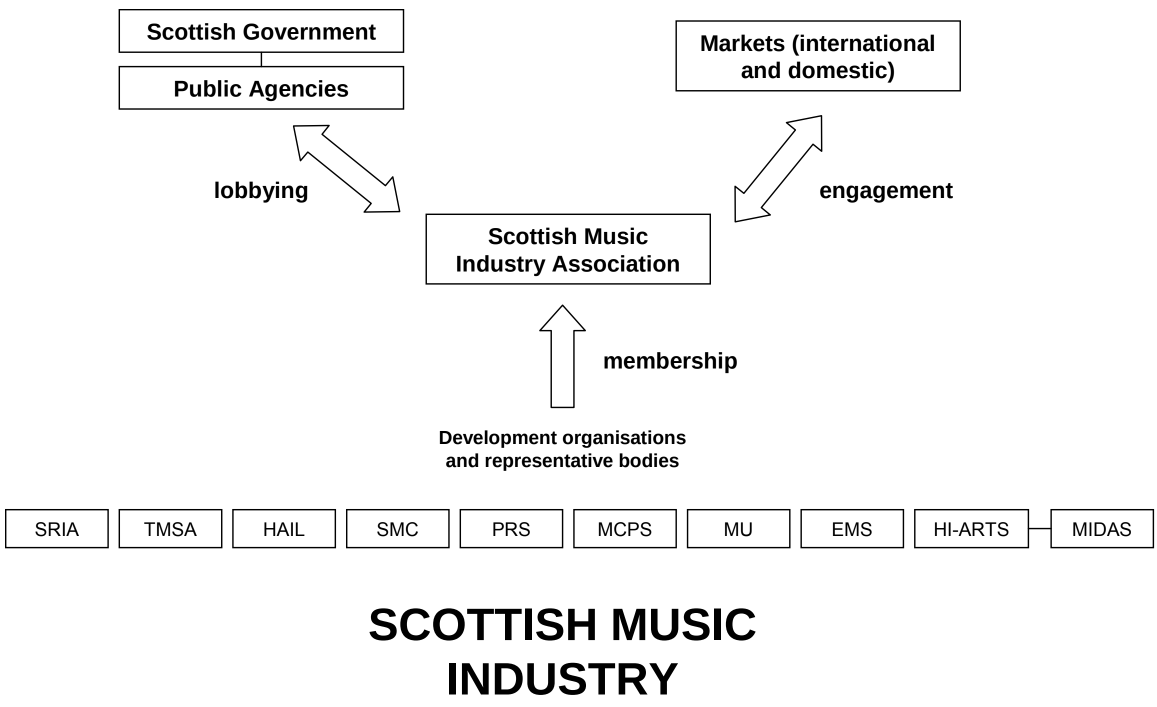
The key functions of this model are lobbying and advocacy, international market development and research. Although the organisation is membership based, there are two potential options for the membership structure.

In the first option, membership is structured in the same way as Scenario 1 where organisations and businesses pay a membership fee according to their scale (turnover). The second membership option is based on representative organisations only, again each paying a fee according to scale (and perhaps drawn from contributions by their own members). All existing organisations would be invited to join and any parts of the industry not without representation would be invited to develop some kind of representative structure. The SMIA would assist in this process.

The organisation again has a full time staff, but this is smaller than that for Scenario 1 (due to the removal of the information and advice services to businesses). The staff in Scenario 2 comprises of a Chief Executive, one full time officer and an administrative assistant.

The SMIA in Scenario 2 is again funded through a combination of membership income and public funding support, with public funding support tied to clear targets for growth driven by the international promotion and showcasing work. The structure of Scenario 2 is shown in **Figure 5.3**, below.

Figure 5.3: SMIA Scenario 2



Appraisal

In terms of the consultation feedback Scenario 2 has the advantage of addressing the key identified industry needs, and the second membership option has the potential to promote self-organising structures within the industry.

However, as a model, it is perhaps less visible than Scenario 1, and still suffers from the membership issues (at least with the first membership option) and funding problems of the first scenario. In addition, while the removal of the service provision element reduces the potential for duplication in some areas, Scenario 2 still risks overlap with the international work of various agencies as mentioned in the appraisal of Scenario 1.

Therefore, while the SSG did feel that Scenario 2 (with membership option 2) might offer future potential in the longer term, it was rejected on the basis that the issues with membership and the extent of its international promotion role risked creating duplication.

5.2.3 Scenario 3: Membership-Based Association

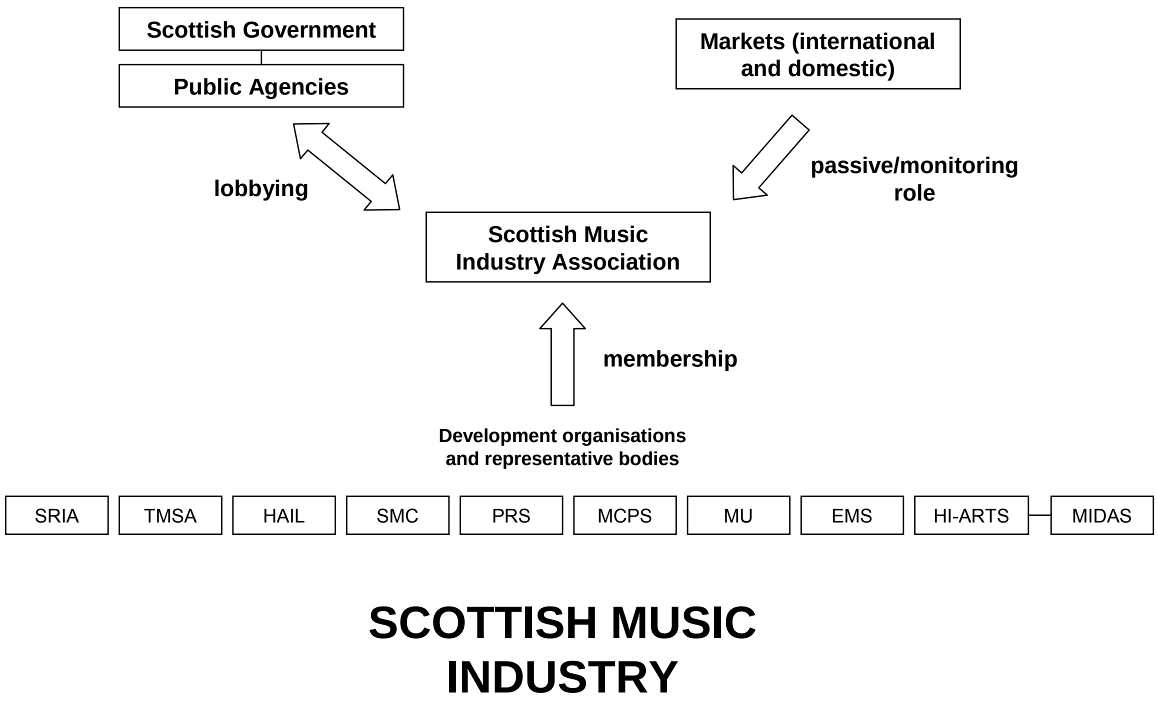
In Scenario 3, the SMIA model has been scaled down further to focus on the core functions of providing a voice for the industry, identifying common issues and engaging with key stakeholders to advance the interests of the industry. There is also provision for a more passive role in the international context, monitoring international markets and advising stakeholder and delivery organisations on the targeting of support in this area.

Scenario 3 is again based on a membership structure with two options (as above for Scenario 2). However, in Scenario 3 the staff compliment is again reduced to include a Chief Executive and administrative support, resulting in a leaner organisation with lower overhead costs than those of Scenarios 1 and 2.

The SMIA in this scenario would again be funded through a combination of public funds and membership income, with a development pan for the longer term, potentially aiming to develop into a model closer to that proposed in Scenario 2.

SMIA Scenario 3 is presented in **Figure 5.4**, below.

Figure 5.4: SMIA Scenario 3



Appraisal

There was support for the Scenario 3 model in the consultation process, and it offers the potential to address the key issues identified for the industry and to help promote self-organising structures within the industry (under membership option 2). However, again it is a less visible model (it is not directly servicing music businesses) and faces the same difficulties with membership as the other two scenarios. In this model, it is also difficult to set targets, and the funding issues are still present.

Nevertheless, the model is supported by the consultation findings, and it is well placed to meet the identified needs without confusion of roles and an expensive range of potentially duplicating activities.

As a result, the SSG agreed that Scenario 3 offered some potential for further development, although it is clear that the issues with membership and funding would have to be clarified.

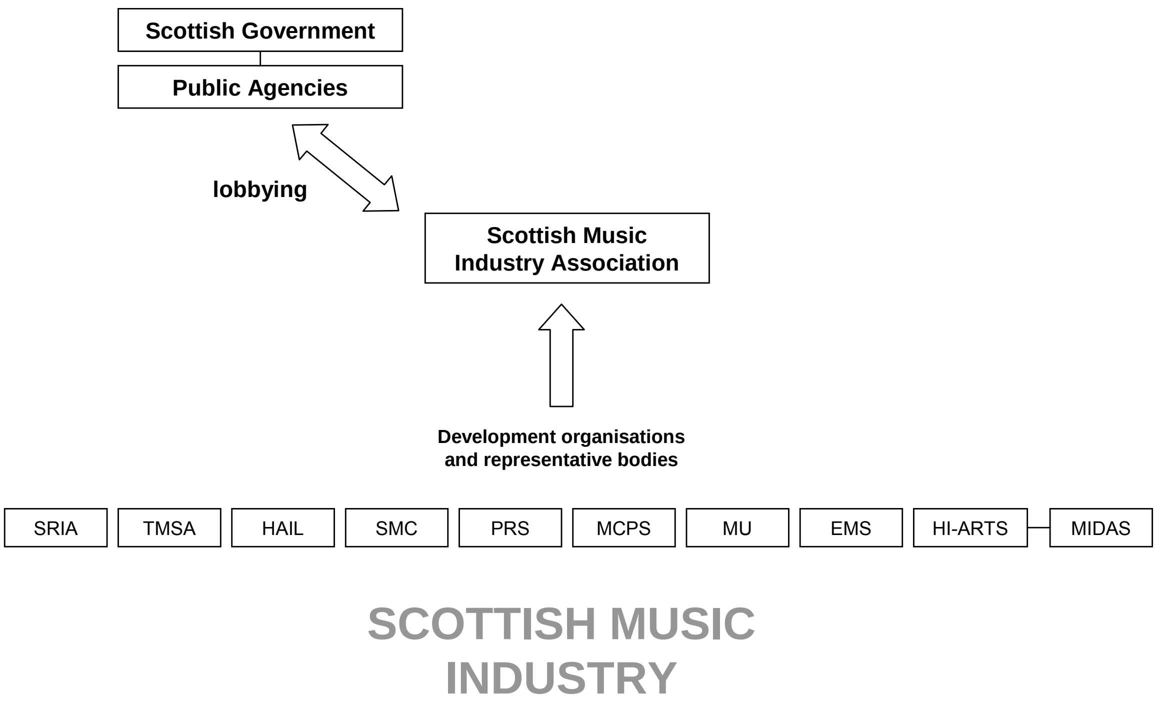
5.2.4 Scenario 4: Industry Forum

The final scenario presents a model for an SMIA that is less industry association and more a forum for existing organisations. The main functions of an SMIA in this scenario are lobbying and advocacy, identification of common issues and provision of a forum for discussion and debate.

The organisation would have not structured membership and organisations would be invited to Forum meetings. All of the participants in the Forum are representative organisations and the SMIA would have only one full time member of staff responsible for ensuring some forward momentum.

The organisation would not raise any income through membership fees, therefore it would require some public funding support to meet administrative and staff costs. The structure of an SMIA in Scenario 4 is shown in **Figure 5.5**, below.

Figure 5.5: SMIA Scenario 4



Appraisal

Scenario 4 would be less expensive than the other models and could be set up quickly and easily. There was also some (albeit small) support for this in the consultation findings. However, as a model this is the least visible and gaps in existing representative structures mean that coverage of the music industry would remain partial. In addition, it is unclear that a Forum model would really deliver additional benefits, and without teeth or structure it risks become merely another talking shop.

Scenario 4 was rejected on the basis that the model was lacking in ambition and structure, and there was only limited support for it in the consultations.

5.3 Developing the SMIA Proposition

On the basis of detailed consideration of the four Scenarios, it was agreed that Scenario 3 (membership option 2) would be developed in more detail for further consideration by the SSG and subsequent feedback to the industry.

A number of key considerations influenced the development of the draft proposition:

- the organisation must be focussed on the key functions and issues as identified in the research and consultation process (described in **Chapters 2, 3** and **4**);
- the model must promote self help and self organisation within the industry, helping to meet current gaps in representation and infrastructure;
- it must not duplicate the activities of existing organisations, but should add value to their work, assisting them in their development;
- the association should remain focussed on identifying and addressing the key issues that are common across the whole music industry, leaving those issues that are more specific to particular genres of activities to be addressed by the appropriate representative bodies and organisations active in that area of the industry;
- fee-paying membership models will not be viable, therefore, the SMIA must develop a different kind of structure while remaining inclusive and representative;
- governance must be clear and transparent, with broad representation across the industry; and
- scale and structure should be realistic and achievable given the financial constraints and issues with membership and funding.

The draft proposition developed and agreed by the SSG is described below in summary form. The more detailed draft proposition can be found in **Appendix 3**.

5.4 Draft SMIA Proposition

The draft proposition was developed around the notion of an organisation that is initially **time limited** (three years) with a remit to examine and develop its future role.

Remit/Purpose

The core purpose of the organisation is to provide a means by which the music industry in Scotland can organise and represent itself. In addition, the organisation will have a remit to:

- identify and research those issues that are common across the music industry in Scotland;
- discuss inter-industry issues with the music industry and agree shared lobbying positions on such;
- lobby on behalf of the Scottish music industry on issues of shared concern;
- develop an identity under which the music industry in Scotland can present itself;
- develop partnerships with key public sector organisations to help develop policies and activities to develop and support the music industry in Scotland;
- to act as a point of communication between the music industry and a wide range of stakeholders, bodies and organisations; and
- to interact with and develop relationships with the current range of organisations and interest groups in the music industry in Scotland and beyond.

Activities

The SMIA will be charged with undertaking a number of key activities as follows:

- developing its membership such that all of the music industry in Scotland is represented;
- addressing gaps in industry organisation and working with the relevant sectors of the industry to fill these gaps;
- consulting with the industry on the identification and agreement of common issues and needs;
- holding one annual large scale industry event to bring together the music industry in Scotland to debate areas of shared concern;
- holding smaller regional forums (and sectoral forums as/if required);
- developing relationships and partnerships with relevant public agencies and government departments;
- representing Scotland's music industry on appropriate UK and international forums;
- building an identity for the organisation under which Scotland's music industry can present itself and lobby at national and international levels;
- assessing the future role of the organisation and (if appropriate) working with the industry and public and private partners to develop a sustainable forward plan;

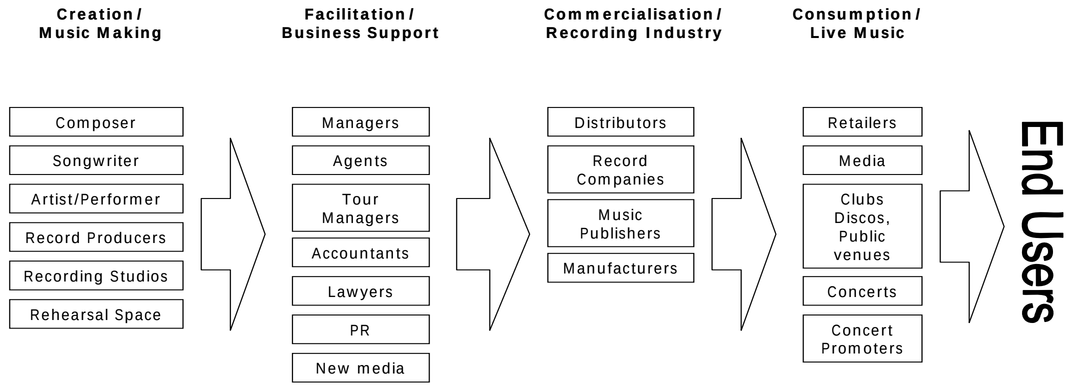
- engaging with the education sector on matters relating to music industry education;
- championing Scotland's music industry at all levels;
- working with the existing infrastructure to enable it to develop more sustainable models of industry organisation and support;
- developing and refining its own role and structure (or that of a successor) such that the common interests of the music industry can continue to be pursued; and
- raising and sustaining income to support its work in the initial three year period.

Structure and Governance

The organisation will comprise of **representative organisations** (or individuals) from across the music industry, such that **all** parts of the industry are represented. Importantly, these organisations/individuals must be able to demonstrate that they are representing the interests of a part of the industry (e.g. through membership or by selection).

How is the music industry defined?

In defining the industry, we have used a supply chain model that maps out the different activities in music from composition, creation and performance at one end through to consumption at the other (either live, broadcast or recorded).



How will the different parts of the industry be represented on the SMIA?

The SMIA will be based on a **free** membership model with two categories of membership:

- industry members; and
- associate members.

The organisation will adopt a supply chain model of the industry to ensure that each part of the industry is properly represented. Each part could be represented by a number of organisations (or individuals) so long as they are able to demonstrate that they are representing the interests of a wider group within the industry (i.e. not solely representing themselves and their own interests). It is not the intention that the music industry would be broken down only into the four broad supply chain headings above, or even into the activities listed below these headings. Further sub division is possible and should be accommodated within the overall structure.

Each part of the music industry should be able to choose their own representation, identified through early engagement and consultation. It is not the job of the SMIA to pre-judge the industry's choices - it is for the industry itself to decide. These representatives become the '**industry members**' of the SMIA.

In addition to industry members, there will be another tier of membership – support organisations. In Scotland there is a number of important and active organisations that provide support to the music industry, but that do not *represent* any one part of the industry. Examples here would include Hi-Arts, Scottish Music Centre and MIDAS. Although these organisations are not directly representative of any one part of the music industry, they have an important contribution to make to the SMIA and can join as **associate members**.

There is no cost associated with either category of membership. In the current model, the SMIA provides an overarching infrastructure for the wider organisation of the industry. It also provides an umbrella under which the music industry in Scotland can present itself.

How does the SMIA develop its membership?

The SMIA will begin with wide engagement with **each section** of the industry, through a series of open meetings to discuss its remit, activities and objectives. It will then solicit a request for membership from a representative body or grouping from each part of the industry. If none exists, it is the responsibility of that part of the industry to select and propose representation as described above. The SMIA can help and advise on the development of appropriate models.

All of the existing organisations in Scotland will be invited to join the SMIA. If they are representative organisations and have a mandate to represent part of the music industry in Scotland then they can join as industry members. If not, then they can join as support organisations (associate membership).

Will the SMIA have any full time staff?

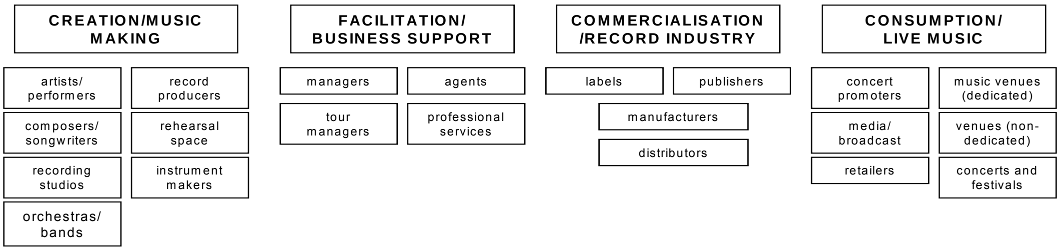
The consultation process indicated strong support for a full time staff for the SMIA. Without full time staff, it was felt that the organisation would lack the necessary drive to fulfil its remit effectively. In the early stages, the organisation should stay small with two full time members of staff:

- Chief Executive; and
- Administrative support.

How will the SMIA be governed?

The main governance structure for the SMIA will be an elected Board. Membership of the Board will be decided by the industry members of the organisation through a transparent election process. Associate members cannot vote on Board membership for the reason that they are not actually representing any section of the industry. The Board will comprise of **twelve** elected representatives. Board membership will rotate with a third of the Board members being replaced each year through an annual ballot of members. In some cases the Board may have powers of time-limited co-option where there is clear advantage in being able quickly to bring skills to the Board. The Board will appoint its own Chair for a period of not less than two years.

To ensure that a sufficiently broad spectrum of the industry is represented on the Board at any one time, the SMIA Board will seek representation across the industry supply chain as follows:



The twelve seats will be apportioned as follows:

- Creation/Music Making – 4 seats;
- Facilitation/Business Support – 2 seats;
- Commercialisation/Record Industry – 3 seats; and
- Consumption/Live Music – 3 seats.

In addition, any public finding partners will have the option of placing observers on the Board, without voting rights. The Chief Executive of the SMIA will be responsible for the development and implementation of organisational strategy, and will be fully accountable to the Board.

What is the relationship between the SMIA and the Board and the funding partners?

The relationship between the SMIA and the government and public agencies is one of partnership, engagement and lobbying. The SMIA will engage with all relevant bodies to raise the profile of Scotland's music industry and advance issues of common interest to all sectors of the industry.

Communications

The SMIA will maintain effective communications with its members and partners through a variety of channels:

- organisational website;
- national industry meeting;
- regional industry forums; and
- sectoral forums.

The scope and frequency of these meetings will be decided by the SMIA once established. It will at all times seek the views of its members on matters of common interest.

Staffing

Chief Executive Officer

The CEO will require the following skills and experience:

- knowledge and experience of a broad spectrum of the music industry, either in Scotland or elsewhere;
- genuine interest in and enthusiasm for music;
- understanding of the key issues and challenges facing the music industry in a small country like Scotland;
- ability to engage with a wide range of public and private sector partners;
- skills in organisational development, financial management; and
- excellent communication and presentational skills.

Administrator

The administrator will require the following skills and experience:

- genuine interest in and enthusiasm for music;
- excellent organisational and administrative skills; and
- excellent communication and presentational skills.

Ideally, they should also have experience of working in the music industry or in a music industry support organisation.

Funding and Sustainability

Funding and sustainability are closely interlinked, and there are a number of issues to consider:

- the research and consultation exercise did not demonstrate a viable revenue generation model for the organisation, at least in the short term;

- at this stage the SMIA is conceived of as a development **project** with defined objectives. Most importantly, its core objective is to develop a self-organising representative infrastructure for the music industry in Scotland. The successful delivery of this objective should change the nature of the need for a SMIA, and change the activities of the organisation, should it be required; and

- one of the stated objectives of the SMIA is to examine its future role in consultation with the industry and its partners, and bring forward a business plan for its ongoing existence or for a successor project as appropriate. This business plan should be based on the core assumption that the music industry itself should support the SMIA.

Taking into account the issues with revenue generating models, the SMIA will require public funding support. Funding support should be sought from the following partners:

- Scottish Arts Council;

- Scottish Enterprise;

- Highlands and Island Enterprise;

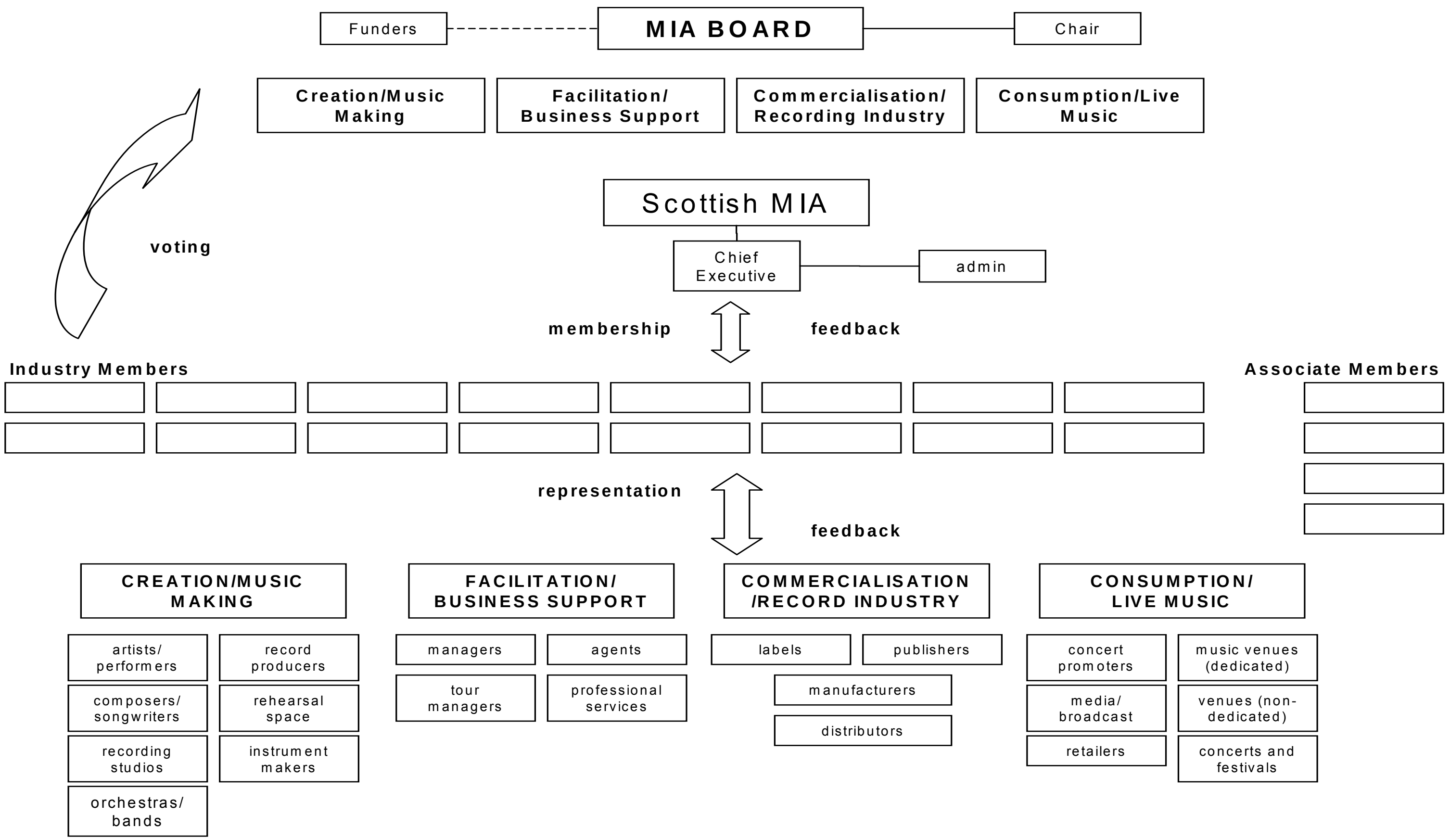
- Scottish Executive;

- PRS Foundation; and

- other public/private and industry partners as appropriate.

The core purpose of the SMIA is to facilitate the organisation of the music industry in Scotland and after the initial three-year investment, it will be the clear responsibility of the SMIA and its members to define and develop its future role and funding model. The overall structure of the SMIA is shown in **Figure 5.6**, over.

Figure 5.6: Draft SMIA Structure



6. Testing the Proposition

6.1 Introduction

As outlined in the Introduction, the study method made allowance for testing the draft SMIA proposition with the industry by means of an online consultation mechanism.

The purpose of this phase of the study was not to undertake another extensive consultation. Rather, it was to provide the industry with the outputs of the first phase and gather feedback via a set of short focussed questions.

The SSG agreed that this final testing phase should be short and focussed in order to bring the study to a conclusion and move forward with the recommendations. Therefore, the draft proposition document was published on the study website (summary and full versions, as detailed in **Chapter 5** and **Appendix 3** respectively) along with a set of 12 consultation questions (copies of the questions can be found in **Appendix 2**). The original contact list was again contacted by email to direct members of the industry and partner organisations towards the website and the consultation form. Members of the SSG were again encouraged to contact their own networks and encourage feedback.

This Chapter reports the outputs of that testing phase, and discusses the issues that it raised.

6.2 Response Rate

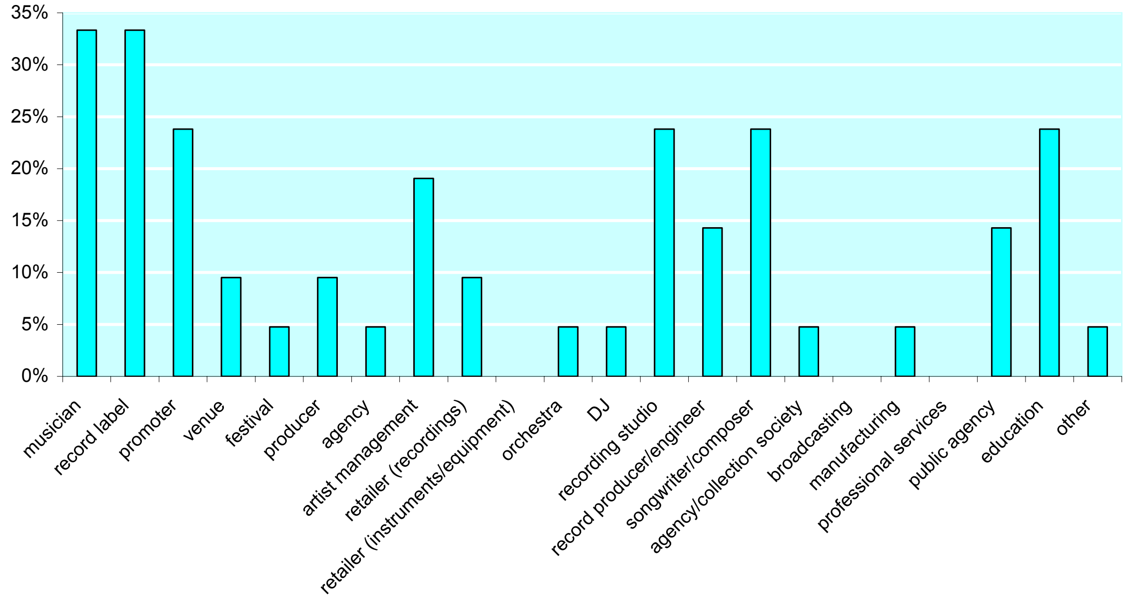
The level of response to the online testing survey was disappointing. A total of 483 emails were sent, of which 119 were returned as undeliverable, leaving an overall sample of 346. In total, 21 responses were received, a response rate of 6%, which is lower than expected.

However, in addition to the online responses, some other comments were received on a more informal basis by members of the consultant team and members of the SSG. While it was not possible to analyse these in a formal sense (many were ‘off the record’) the issues raised have been considered.

All respondents to the online testing phase were asked to provide information on their areas of activity within the music industry. Most reported a variety of roles, reflecting the pattern of responses in the Phase 1 consultation process. The most frequently mentioned activities were musicians and record labels, although a wide variety of roles were reflected as shown in **Figure 6.1**, over.

For 71% of respondents, the music industry provided their main source of income, and all were based in Scotland.

Figure 6.1: Testing Phase: Online Repondents Activities



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6.3 Responses to the Draft Proposition

When asked to state the extent to which they agreed with the purpose and remit of the SMIA, as described in the draft proposition document, 81% either agreed (57%) or strongly agreed (24%). Two respondents provided a neither/nor response, one disagreed and one strongly disagreed.

When asked to comment on the extent to which they agreed with the proposed activities of the SMIA, again 81% agreed or strongly agreed.

Respondents were asked whether the proposed SMIA structure would allow the music industry to agree and develop its own representative structures in line with the different needs of different parts of the industry. 57% agreed or strongly agreed that it would, and 24% responded neither/nor. 14% disagreed and one respondent provided a 'don't know' response.

In terms of the proposed staffing for the SMIA, 62% said that it was about right, and a further 14% felt that the staffing was too small. 14% did not know and the final 10% felt that too many staff had been proposed.

62% agreed or strongly agreed that the proposed Board structure was appropriate, and 24% disagreed of strongly disagreed. One respondent did not know and two (10%) responded neither/nor.

On the issue of public funding support, 62% agreed that this was appropriate, and 24% either agreed or disagreed. Three respondents (14%) felt unable to comment.

Finally, when asked if they felt that their part of the music industry should be represented on the SMIA, 76% felt that it should, and 14% felt that it should not. Amongst those that felt it should not were a public agency, an education provider and a local authority.

The consultation form also provided an opportunity for respondents to add any further comments, and off line feedback also raised a number of important issues. These issues now bear further consideration.

6.3.1 The Role of Education

Some of the feedback received by members of the SSG suggested some concern around the position and role of education within the proposed SMIA structure.

Throughout our consultations it was recognised that the education sector has a vital and central role to play in the health and future of the music industry. It develops the talent and skills base on which further success depends and is a critical upgrading influence across the industry.

Nevertheless, the education sector itself agreed that whilst its partnership is essential in providing a base for all aspects of music, it is not a constituent part of the music industry *per se* and would not be an initial constituent in the proposed association.

The school education system and informal sector organisations, for example, vital though they are to the future success of the music industry, are not a constituent part of the industry any more than schools and young people's workshops can be considered to be a part of any other industry sector. Similarly, further education colleges provide vital training for people seeking to enter the music industry but again are not themselves solely part of that industry. They supply the industry, but have a role and remit that goes beyond music and crosses and interacts with a wide range of different creative industries.

We should emphasise that it will be an important part of the SMIA's work to work closely with educators and trainers to ensure that the articulation between education, training and a professional industry is understood and developed for the optimum benefit of all concerned.

In particular, the education sector should have a close working relationship with the SMIA, and the SMIA could have a role in advising educational provision such that it can best meet industry needs and benefit from industry input. In addition, the industry can also benefit from the expertise of education providers and the SMIA has an important role to play in facilitating that context and developing a productive relationship with education. At the final meeting of the SSG, it was agreed that the SMIA Board should have a dedicated 'champion' responsible for ensuring that education issues were fuly represented in the activities of the SMIA.

6.3.2 Use of Public Funding Support

The use of public funding in support of any organisation or project is always a vexed issue, and a number of people voiced concerns or doubts about the appropriateness of using public funds for an SMIA. In particular, there was a feeling that an industry association should be supported by the industry itself and that public funding could compromise or diminish its independence.

These are valid and important arguments, however there are two key points to be made. First, the initial consultation process (and indeed the testing phase responses) demonstrated strong industry support for the use of public funding in supporting an SMIA. Of course, this does not in and of itself provide a case for public support, but it does indicate industry support for this as a funding option.

Secondly, there are real practical considerations in adopting a model based on industry contributions, and they have been described throughout this report. In particular, three main problems present themselves:

- most music businesses and organisations in Scotland are under-capitalised and this is true of both the commercial and subsidised sectors. Therefore, there are reasons to doubt the ability of the industry to pay, and to doubt the scale of revenue that could be generated in this way, even if collection were possible;

- collecting industry contributions from the many and varied businesses and organisations in music is in itself a significant undertaking and funding models based on industry levies are constrained since most of those opportunities have already been taken by other organisations (e.g. AIM's levy on labels' PPL income); and

- individuals and organisations across the music industry already contribute to various organisations through fees and subscriptions. These include the MU, PRS, MCPS, PPL and AIM. A fee-paying membership model for the SMIA risks forcing potential members to choose between different organisations, thus undermining either the SMIA or existing structures. This is contrary to the explicit aims and purposes of the proposed model (i.e. to *strengthen* existing representative structures).

As a result of these acknowledged difficulties in fee-paying membership models, the proposed use of public funding support was developed as a pragmatic solution.

However, this is not a guarantee of support, and it is important to recognise the challenges in securing such support. In this respect, the following issues must be considered:

- support for the SMIA should not come at the expense of existing organisations or representative structures in the music industry in Scotland;

- public funding support requires a clear case (e.g. to address a market failure or deliver public benefit) and clear outcomes; and

- there should be a clearly defined path to exit for public support such that the organisation (or project) either becomes self-sustaining or fulfils its purpose and is no longer required.

Due consideration has been given to each of these issues, and the revised SMIA Proposition includes suggested outcomes and exit options for public funding partners. However, it is important to recognise the challenges inherent in this model.

Defining outcomes that meet the needs of key potential funding partners is difficult, particularly as the impacts of the SMIA will be in terms of industry organisation and structure, rather than specific benefits to individual companies (at least not directly).

One of the key activities of the SMIA will be to work with public sector agencies to develop new ways of supporting and growing the music industry. These new support activities and mechanisms may require additional public support, or may refocus existing support on those areas of greatest opportunity. It is these activities that will deliver the more immediately identifiable and measurable impacts (economic and/or cultural).

However, the key question here is whether or not the SMIA will help meet the economic and cultural development objectives of the potential funding partners.

Our view is that, if successful, it will help meet these objectives. The SMIA model has been developed to help strengthen the existing structures that support the music industry, and to provide a platform for the industry to represent its interests. It is focussed on building industry capacity in a way that will lead ultimately to growth (economic) and to increased opportunity for music in Scotland to be produced and experienced (cultural output). It will be a conduit for communication between the music industry and policy makers and support organisations, and can help advice on ways to direct investment such that better value for money is achieved, and greater impacts realised. In the absence of this channel for communication, the risk is that a piecemeal and fragmented approach continues to divide the industry, and policy makers are not presented with coherent and holistic proposals for the development of the industry. This in turn, will constrain attempts to develop the industry, with the result that opportunities for growth will be missed.

It is also worth noting that public funding support for industry associations is not without precedent. Organisations such as SE, HIE and Scottish Arts Council have all recognised the benefits of building industry organisations and have invested in doing so in a number of different sectors. It is widely seen as a way of building industry capacity and encouraging industry sectors to take greater responsibility for their own development.

However, it is also true to say that past experience in this area has been mixed, and there are risks in developing models of industry representation. Effective management is essential, and the success of the SMIA will depend on the collective will of the music industry in Scotland. This, in turn, will depend on the ability of the SMIA to enthuse and engage its constituency and win support across the industry.

In addition, there is the issue of public agencies supporting a body that effectively lobbies them. While this is an issue, the very idea of the SMIA was born of the realisation on the part of some public agencies that there is uncertainty about who they can talk to about the development of the music industry. Therefore, the public agencies have, in part, defined the need for this organisation. It is also important to note that the nature of the relationship between the SMIA and the public agencies in Scotland is intended to be one of partnership and not of conflict or opposition.

Ultimately, decisions about the use of public funding are the responsibility of those bodies charged with the use and distribution of public monies. Our view is that there is an economic and cultural development case for public support for an SMIA. In addition, the balance of opinion amongst the music industry supported this, and there is no other practical solution if the association is to be developed.

6.3.3 Board Composition

Some comments were made about the proposed split of seats on the SMIA Board according to the different broad categories of the industry supply chain (see Draft Summary Proposition in **Chapter 5**). In particular, it was suggested that more seats should be allocated for composers, songwriters and performers.

However, if an objective approach is taken, using the Music Mapping Report data as benchmarks, it is possible to allocate Board places according to the relative share of employment accounted for by each of the four supply chain groups. This method results in a Board structured as follows:

- Creation/Music Making – 4 seats;
- Facilitation/Business Support – 1 seat;
- Commercialisation/Record Industry – 4 seats; and
- Consumption/Live Music – 3 seats.

6.3.4 Broadcasting

Although not widely raised, there is a potential issue around the inclusion of broadcasting in an SMIA structure. Broadcast media are certainly a key element of the music supply chain, and play an essential role in the promotion of musical product. However, the consultations also identified a clear issue regarding the extent to which music in Scotland is supported by the media. Certainly, the music industry itself perceives this support as inadequate. Therefore, it is likely that this would emerge as a key lobbying and influencing issue, and this has implications for the structure of an SMIA.

While including the broadcasting industry within the SMIA structure could facilitate greater partnership, there is clear potential for division and conflict. In addition, broadcasting is a separate industry, and its primary revenue source is advertising, not music. In this respect, broadcasting is not part of the music industry per se, although it is clearly a key sector with which the industry must engage more effectively.

For this reason, the SSG agreed that broadcasting should not be a part of the SMIA (i.e. an industry member) but that it should be recognised as a key relationship for the body. It was also agreed that broadcasting should have an identified champion on the Board.

7. Conclusions

7.1 Introduction

In this Chapter we present our overall conclusions and recommendations. These are based on careful consideration of all of the research reported earlier, and have informed the development of the two key supporting documents:

- Scottish Music Industry Association Proposition (see **Appendix 1**); and
- Scottish Music Industry Association Implementation Plan (see **Appendix 2**).

These documents are based on the main finding of the research; that there is support for the development of an association or organisation that can represent the interests of the entire music industry in Scotland.

However, in an exercise such as this, it is important to acknowledge that agreement on this point was not universal and, as a result, any organisation subsequently developed will have its detractors. This is to be expected, and with the balance of industry opinion in its favour, the SMIA should be able to win over most of its critics.

It is also important to recognise that implementing the proposal will not be easy, and there will be some significant challenges to address along the way, not least the issues around funding discussed in the previous Chapter. However, the model presented is clear in its focus and it ambitions, and is consistent with the findings of the feasibility exercise. These issues are discussed in more detail in this Chapter.

7.2 Key Findings

A number of key findings have emerged from the research and consultation process, and we have grouped these under three broad headings:

- context;
- industry views; and
- case study lessons.

7.2.1 Context

Scotland's music industry

Available research suggests that the music industry in Scotland is small and largely under-capitalised. Lack of scale constrains the ability of the industry to compete effectively on a global scale and, as a result, opportunities are lost. In particular, labels struggle to make the required investment in key talent, and there are key structural weaknesses in the supply chain, most notably in distribution, management and publishing. Shortages were also reported in tour managers, agents and professional services (e.g. music lawyers and accountants). Geographical remoteness (particularly from London) is seen as a challenge, and there is no major label representation in Scotland.

However, the industry is rich in creative talent, and has a highly exportable commodity across a wide range of musical genres. Many of Scotland's more successful record labels already earn a significant proportion of their income from overseas sales. Live music is also an area of strength, and although income is concentrated amongst a small number of key promoters and venues, it is also important to recognise the role that Scotland's music scene plays in tourism and in promoting a positive image of the nation.

Overall the picture here is a mixed one. Throughout the research and consultation process, Scotland's rich seam of creative talent was consistently identified as a major strength. However, there was also a strong feeling that the industry was fragmented, and lacked coherence and organisation. Funding, under-capitalisation, internationalisation and supply chain gaps are all significant issues that have constrained growth and that require an industry response.

Organisational Context

The research reviewed the organisational context in which a potential SMIA would operate, with the following key findings:

- a very wide range of agencies, organisations and associations are active in the music industry in Scotland and UK, all with different functions and objectives;

- Scotland's public sector engagement with music is driven by two broad objectives: cultural and economic development. The key players in cultural development are the Scottish Executive, Scottish Arts Council and the Local Authorities, with the Enterprise Networks and the Local Authorities the main deliverers of economic development support. In both areas (cultural and economic) support for music is variable in its extent and in the motivations underlying support. In particular, there is wide geographical variation with some areas placing significant emphasis on music while other focus more on other areas of cultural or economic potential;

- in terms of industry bodies and representational structures in the music industry in Scotland the picture is one of partial coverage with some notable gaps. In particular the following parts of the industry do not have any readily identified representative body or structure in Scotland:
    - promoters;
    - recording studios;
    - orchestras;
    - contemporary music (since the demise of NEMIS);
    - record labels;
    - producers;
    - managers; or
    - manufacturers.

  Although many of these areas have UK representation, there are no specific Scottish equivalents (or branches);

- representative structures at UK level are more comprehensive, although there is no one body that can speak with authority on behalf of the UK music industry. The UK Music Business Forum is an attempt to bring together the main organisations and representative bodies at UK level in discussion with UK Government Ministers, and plans are underway to develop a UK Super Council for Music. Therefore, at UK level, the need for broad cross industry representation has also been identified as a gap;

- many of the representative bodies (at UK and Scottish levels) are already structured along membership-based models suggesting that a new membership based body would struggle to build a membership if it forces choice with existing organisations.

The brief overview of the context for a SMIA clarified a number of important issues for the study:

- under-capitalisation across the industry casts doubt on its ability to contribute sufficient funds to a new organisation;

- a number of key issues currently challenge the long term growth of the Scottish music industry, and these require a more co-ordinated industry approach;

- industry representation and organisation in Scotland is patchy with significant gaps. This has contributed to the widely held view of a fragmented industry;

- there is currently no single body that can speak with authority on behalf of the whole of the Scottish (or UK) music industry, although the need for such a voice has already been identified in Scotland (as demonstrated by the commissioning of this research) and at UK level (through the Super Council discussions); and

- the prevalence of existing membership based structures and organisations suggest that forcing choice with existing bodies will be counter productive.

7.2.2 Industry View

Wide consultation with the music industry in Scotland was undertaken through one-to-one interviews and an online consultation questionnaire. In total, 164 individuals and organisations contributed their views to the study, and other contributions were received on a less formal basis through the SSG and their own contacts.

The key findings of the consultation process were as follows:

- there is widespread (but not universal) support for an SMIA, albeit with some important qualifications;

- the industry is widely seen as fragmented and lacking a single authoritative voice. In itself this is strong confirmation of the need for an SMIA;

- most consultees agreed that the industry does face some common issues and concerns although it is also important to note that, while there are common issues, there are also more specific challenges that are not shared across the industry. The implication of this is that an SMIA must remain focussed on the concerns that are common across the industry, leaving more specific issues (many of which relate to the interactions between different parts of the industry) to appropriate industry bodies and groups. However, as noted earlier, not all parts of the industry have adequate representation in Scotland. For this reason, an important role for the SMIA is to help develop these structures;

- the industry view was that the SMIA must not duplicate the functions of existing bodies, nor should it divert funding away from these organisations. Rather it must add value to current structures, developing and helping them as appropriate;

- the industry favoured a broad view of the SMIA constituency in order to realise the benefits of a whole industry approach – arguments of scale, better cross industry communication and understanding and identification of common issues;

- while there was universal agreement on the importance of education, views were more mixed as to whether or not education should be a part of the association itself. Indeed, views from the education sector itself suggested that education should not be considered as part of the music industry, but rather as a key partner in its development. In the later stages of the research and consultation process, the SSG debated this at length and agreed that the SMIA must give some kind of special recognition of the role and importance of education and must ensure that education is a key element of the work of the organisation. However, the SMIA is an *industry* association, and as such the broad education sector is a partner rather than a member, albeit a particularly important partner;

- the main SMIA functions should be lobbying and advocacy, providing a single authoritative voice for the industry and acting as a point of liaison between the industry and government and public agencies;

- there was little support for the association to have a direct role in the provision of funding (and indeed some very strong views against this), although there was some support for a role, possibly advisory, in the area of international promotion, and in facilitating and communicating research and information;

- the feedback cast significant doubt on the feasibility of a fee-paying membership model as a way of generating revenue for the organisation. Membership raises too many issues of duplication with existing bodies, administrative costs and exclusivity. In addition, there was general agreement that even if the industry was willing to pay, the level of contribution would not be sufficient to support an organisation. Therefore, fee-paying membership is not likely to prove feasible, at least in the short term;

- the general feeling was that the SMIA should be governed by an elected industry board, with broad representation across genres, geography and types of activity. It was also felt that, if the organisation is to be effective, some level of full time staffing will be required, but that this should be small and fit for purpose, with strong leadership and demonstrable experience and knowledge of the music industry (although not necessarily in Scotland); and

- most consultees felt that there would be strong case for public funding support, although other also felt that the industry itself should contribute. However, the comments about membership revenue models, and the potential issues with duplication and interference with existing bodies mentioned above suggested that public funding would be required, at least in the initial stages. There was also a very clear message that insufficient funding provision would threaten the success of the organisation.

7.2.3 Case Study Lessons

The research process included examination of different industry association models in music and in other sectors, from the UK and elsewhere (see **Chapter 4**). The purpose of this was to extract important learning for the SMIA proposal.

The review of models revealed some important lessons for the current study:

- organisations with fee paying membership structures deliver direct services to their members (e.g. business advice, legal assistance, contract and deal negotiation) and can even demonstrate the financial value of those services. For the SMIA, the fee paying model with associated service delivery would risk duplicating the work of existing organisations;

- political support has been support in the success (or otherwise) of other organisations. While the political structures in countries such as the Republic of Ireland or Finland are not directly comparable to Scotland, it is clear that the SMIA must seek strong political support;

- all of the organisations examined were focussed on the promotion of economic growth in their industry sectors. None had an explicit focus on cultural development;

- public funding was an important component of all but the commercial trade associations (PACT and AIM) although the experience of these other organisations was that measuring the return on that public investment had been challenging. This will be a key issue for the SMIA to address with its public sector partners;

- leadership was critical, influencing not only the overall success of representative bodies and organisations, but also affecting their strategic direction and focus. This suggests that the SMIA Chief Executive or Director will be a key appointment; and

- none of the organisations examined in the case studies has effectively solved the challenge of working across the whole music industry. Of those that had attempted to do so, the focus had defaulted to the commercial sector, highlighting what is perhaps the key challenge for the SMIA.

7.3 The Need for and Viability of an SMIA

As stated in the Introduction, the overarching purpose of the current study was to research the need for and viability of an SMIA. In light of this objective, a number of broad conclusions can be drawn:

Conclusion 1: the need for an SMIA is confirmed by the key findings of the research.

The research demonstrated clear support for an association, and the industry itself has been instrumental in helping to shape the form and structure of an association with encouraging enthusiasm.

However, it is important to note that support was not universal. A vocal minority did oppose the organisation, largely on the grounds that the differences in concerns across the music industry were such that a cross-industry remit would not be feasible. Certainly a cross industry remit is challenging, but this view is in direct contradiction to the majority opinion that there are indeed shared issues across the music industry, and that these would benefit from a more integrated approach.

Conclusion 2: the role and remit of the SMIA is clearly established through the findings of the research.

The structure, role and activities of the SMIA are specified in detail in the SMIA Proposition Document, and are based on the findings of the research and consultation process. The consultation process indicated very clearly that the core purposes of a pan-industry organisation should be:

- to provide a single unified voice for the industry;

- to identify issues and challenges that are common across the industry; and

- to engage with policy makers and public bodies to make the (economic and cultural) case for music, and work with them on the development of coherent policies and activities to support and grow economic activity in the music industry in Scotland.

The SMIA should have a remit to:

- identify those issues that are common across the music industry in Scotland, and represent the views of the music industry on these issues to political and public sector bodies;
- lobby on behalf of the Scottish music industry on issues of shared concern;
- develop an identity under which the music industry in Scotland can present itself and advance lobbying issues on behalf of the entire industry;
- work with key public sector organisations to develop policies and activities to support and grow the economic value and contribution of the music industry in Scotland;
- discuss cross-industry issues with the music industry and agree shared lobbying positions on such;
- act as a point of communication between the music industry and a wide range of stakeholders, bodies and organisations, in particular with the education and broadcasting sectors; and
- interact with and develop relationships with the current range of organisations and interest groups in the music industry in Scotland and beyond.

Conclusion 3: the SMIA must work with the grain of existing organisations, adding value and helping to fill gaps rather than duplicating activity.

This is at the heart of the model developed for the SMIA. Throughout the process it was clear that the SMIA must fit with the existing infrastructure, helping organisations and bodies to operate more effectively. In particular, we have highlighted current gaps in representative structures and the SMIA model has been developed to help fill these gaps and promote a stronger, more sustainable infrastructure through which the industry can develop self-help initiatives. The details of this are provided in the SMIA Proposition Document (**Appendix 1**).

Conclusion 4: governance structures for an SMIA must be transparent and accountable, with full industry involvement.

There was widespread agreement that an SMIA should be governed by an industry Board, elected by the industry itself, and the proposed model has developed a clear and transparent Board structure. This structure is based on a broad supply chain model of the industry (see **Chapter 2**) and apportions seats according to the share of employment in each part of the industry. The Board structure and election processes are detailed in full in the SMIA Proposition Document (**Appendix 1**).

Conclusion 5: in the short term at least, an SMIA will not be commercially viable and will require public funding support.

It is clear that a fee paying membership model will not be feasible for all of the reasons discussed throughout this report. As a result, the partners charged with the responsibility of taking forward the SMIA Proposition need to secure financial support from public funding partners.

The use of public funding in support of any organisation or project is always a vexed issue, and a number voiced concerns or doubts about the appropriateness of using public funds for an SMIA. In particular, there was a feeling that an industry association should be supported by the industry itself and that public funding could compromise or diminish its independence.

These are valid and important arguments, however there are two key points to consider. First, the research and consultation process demonstrated strong industry support for the use of public funding in supporting an SMIA. Of course, this does not in and of itself provide a case for public support, but it does indicate industry support for this as a funding option.

Secondly, as described, there are real practical constraints in adopting a model based on industry contributions. Therefore, the use of public funding support was developed as a pragmatic solution.

However, it is important to recognise the challenges in securing such support. In this respect, the following issues must be considered:

- support for the SMIA should not be at the expense of existing organisations or representative structures in the music industry in Scotland;

- public funding support requires a clear case (e.g. to address a market failure or deliver public benefit) and clear outcomes; and

- there should be a clearly defined path to exit for public support such that the organisation (or project) either becomes self-sustaining or fulfils its purpose and is no longer required.

This will require some clarity about the objectives of the organisation and its likely outcomes. Defining outcomes that meet the needs of key potential funding partners is difficult, particularly as the impacts of the SMIA will be in terms of industry organisation and structure, rather than specific benefits to individual companies (at least not directly).

The SMIA model has been developed to help strengthen the existing structures that support the music industry, and to provide a platform for the industry to represent its interests. It is focussed on building industry capacity in a way that will lead ultimately to growth (economic) and to increased opportunity for music in Scotland to be produced and experienced (cultural output).

One of the key activities of the SMIA will be to work with public sector agencies to develop new ways of supporting and growing the music industry. These new support activities and mechanisms may require additional public support, or may refocus existing support on the areas of greatest opportunity. These activities will deliver identifiable and measurable impacts (economic and/or cultural).

Ultimately, decisions about the use of public funding are the responsibility of those bodies charged with the use and distribution of public monies. There is both an economic and cultural development case for public support for an SMIA, and the balance of opinion amongst the music industry supported this model. Currently, this is the most practical solution.

Conclusion 6: the SMIA will be required to agree a set of clearly defined objectives with potential funding partners.

As discussed, public funding must demonstrate return on investment and clear objectives will be required. As such, over three years, the objectives of the SMIA will be to:

- help increase economic activity across the music industry in Scotland;
- help develop wider understanding of changing global market conditions affecting the music industry;
- engage all of the music industry in Scotland and demonstrate that it has its support;
- be recognised by the Scottish Executive and its public agencies as the authoritative voice for Scotland's music industry;
- work with the public sector on the development of projects and initiatives that will lead to demonstrable improvements in the cultural outputs and economic growth of the music industry in Scotland;
- assist the music industry in the development of self-help initiatives and representative structures;
- develop an identity under which the music industry in Scotland can present itself and advance lobbying issues on behalf of the entire industry;
- act as a point of communication between the music industry and a wide range of stakeholders, bodies and organisations, in particular with the education sector and with broadcasters; and
- to represent and promote the interests of the Scottish music industry at Scottish, UK and international levels .

At the end of the three years, evaluation of the SMIA should examine the impact of the organisation against the following criteria:

- success in growing economic activity in music both in Scotland and internationally;
- success in influencing and developing policy (for music and in other areas);
- success in engaging and winning the support of the music industry;
- developing its own membership to the point that all parts of the music industry in Scotland are represented;
- success in developing initiatives and projects in partnership with the main public bodies that demonstrate economic and cultural development across the music industry in Scotland;
- success in developing productive relationships and partnerships at Scottish and UK levels;
- success in assisting to develop the sustainability and effectiveness of existing music industry bodies in Scotland;

- representation of the interests of Scotland's music industry on appropriate UK fora; and
- success in developing a clear forward plan for the organisation beyond the initial funding period. This plan must demonstrate reduced reliance on public support and greater industry contribution.

Conclusion 7: the SMIA model presents a real and timely opportunity for Scotland's music industry.

Throughout our consultation, there was a feeling that the time is right for an SMIA. The development of the devolved administration, the policy focus on the economic potential of creativity and the creative industries and the recent wide ranging review of cultural support and provision in Scotland are all important contextual factors. In particular, we would point to the following:

- the Cultural Commission in its final report[6] expressed clear and unequivocal support for the SMIA model;
- UK structures for the representation of the music industry to government and policy makers expressed strong support for an SMIA to contribute to debate and engagement and to represent the interests of the industry in Scotland at UK level; and
- there is strength in numbers, and the music industry can only begin to build a strong case if it is able to speak with one voice and engage in way that presents a coherent view of a mature and organised industry.

There is an opportunity here of the music industry to begin to develop the cross industry structures and communication that can not only improve its profile with government and with international markets, but that can also build the networks and understanding across the industry that can support future success. The alternative, to continue in a fragmented and piecemeal fashion, was widely seen as unsustainable and unlikely to lead to any real step changes in the fortunes of the industry. However, it is now for the industry to support this development and help to make it happen.

7.4 Challenges Ahead

The current study has succeeded in demonstrating support for an SMIA, and has developed a detailed model that both meets the needs of the original brief and addresses the key challenges and concerns facing the music industry in Scotland. However, implementing the model will require strong championing and effective management. Here we discuss some of the main challenges in establishing the SMIA in Scotland. Detailed steps in the implementation process are described in the accompanying SMIA Implementation Plan (**Appendix 2**).

[6] *Our Next Major Enterprise*, Final Report of the Cultural Commission, June 2005 pp86-87

There are five key challenges in taking forward the SMIA proposition:

- agreeing responsibilities and championing the model;
- building widespread engagement;
- securing funding;
- leadership; and
- achieving a cross-industry remit.

Beyond the completion of this research, it is critical that the key partners agree roles and responsibilities for taking forward the Implementation Plan. In addition, the proposition must be communicated to the industry, and clear responsibilities must again be identified. The Study Steering Group, and the public agencies represented on the group, may all have a role to play.

As mentioned earlier, the very concept of an SMIA did have some vocal detractors and it will be important to address these criticisms at an early stage. The success of the organisation depends on wide engagement, and there is a real risk that a few voices could damage the proposition before it begins. The partners must ensure that the industry is fully engaged in a way that creates enthusiasm for the SMIA and that builds support. There is no doubt that this will be challenging, and that parts of the industry may struggle with elements of the SMIA's broad remit. This is to be expected. The proposed model is ambitious in its scope and will not be able to meet the individual and specific needs of every individual and organisation in the music industry in Scotland. Indeed, its purpose is to meet the needs at industry level. Therefore, the model must be communicated to the industry clearly and consistently to minimise the potential for misunderstanding and damaging rumour.

Agreeing and securing the funding for the organisation will be the biggest challenge in establishing the SMIA. Throughout the process, while there was support for the organisation, there was no clear commitment on the part of any of the potential funders that support would be available. However, it is important to recognise the pressures acting on the potential funding partners and to take full account of their priorities and the need to demonstrate return on their investments.

For each potential funding partner, it will be important to clarify the likelihood of funding being made available and the conditions for that funding (outcomes, targets and timescales). Based on the outcomes of these discussions, it may be necessary to make some adjustments to the SMIA Proposition, although the core remit and structure should not be altered.

Once funding is agreed, the next key challenge will be in appointing a suitably qualified and respected leader for the SMIA. Throughout the consultation, it was clear that this would be a key appointment and there are a number of issues to consider:

- industry experience is probably a prerequisite if the SMIA Chief Executive is to win the support of the industry in Scotland. While this may exclude talent from other areas, our view is that the industry will only feel comfortable with someone with demonstrable music industry knowledge and experience;
- the search for a suitable candidate must go beyond Scotland. Many of those consulted felt that there was no-one in Scotland with the required breadth of experience, and any potential candidates would have too close an association with one particular part of the industry. While a Scottish candidate may be preferable, the recruitment process must cast a wider net; and

- great care must be taken in making this appointment. It was clear throughout the consultation process that the appointment of the wrong person could significantly damage the chances of eventual success. It is critical that the leader of the SMIA can win the support and respect of all parts of the music industry in Scotland.

This last point raises what is potentially the most significant challenge for an SMIA, that of developing a truly cross industry agenda. The natural temptation in organisations of this sort is for individuals, however well meaning, to seek to advance a narrow set of interests. It is essential that the SMIA is able to transcend the inter-industry issues (of which there will be many) and remain focussed on the wider cross-industry agenda.

This will bring some real challenges. For example, balancing the needs of the commercial music industry with the less commercial sector (e.g. those organisations that depend more on public funding support) will be difficult, and different musical genres will perceive different issues and needs. However, it is important to recognise that while there will be disagreements and debates, the SMIA model provides a real opportunity for the industry to work to understand each others' concerns and to identify a common agenda.

Appendices

APPENDIX 1

SCOTTISH MUSIC INDUSTRY ASSOCIATION: PROPOSITION

1. Scottish Music Industry Association Model

The model described is for an organisation that is initially **time limited** with a remit to examine and develop its future role. We suggest that **three years** is an appropriate time frame for the SMIA to address its core purpose and address its future role (if appropriate).

1.1 Remit/Purpose

The core purpose of the organisation is to provide a means by which the music industry in Scotland can organise and represent itself. This will be achieved through the structure and activities of the organisation as described below.

The organisation will have a remit to:

- identify those issues that are common across the music industry in Scotland, and represent the views of the music industry on these issues to political and public sector bodies;
- lobby on behalf of the Scottish music industry on issues of shared concern;
- develop an identity under which the music industry in Scotland can present itself and advance lobbying issues on behalf of the entire industry;
- work with key public sector organisations to develop policies and activities to support and grow the economic value and contribution of the music industry in Scotland;
- discuss cross-industry issues with the music industry and agree shared lobbying positions on such;
- act as a point of communication between the music industry and a wide range of stakeholders, bodies and organisations, in particular with the education and broadcasting sectors; and
- interact with and develop relationships with the current range of organisations and interest groups in the music industry in Scotland and beyond.

1.2 Activities

The SMIA will undertake a number of key activities as follows:

- develop its membership such that all of the music industry in Scotland is represented;
- address gaps in industry organisation, working with the relevant sectors of the industry to fill these gaps;
- consult with the industry on the identification and agreement of common issues and needs;

- hold one annual large scale industry event to bring together the music industry in Scotland to debate areas of shared concern;

- hold smaller regional forums (and sectoral forums as/if required) to maintain ongoing engagement with the industry across Scotland;

- develop relationships and partnerships with relevant public agencies and government departments, and work with them on the development of policies and projects to stimulate the economic growth of the music industry in Scotland;

- represent Scotland's music industry on appropriate UK and international forums;

- build an identity for the organisation under which Scotland's music industry can present itself and lobby at national and international levels;

- engage with the education sector on matters relating to music industry education;

- champion Scotland's music industry at all levels;

- work with the existing infrastructure to enable it to develop more sustainable models of industry organisation and support;

- develop and refine its own longer term role (if required) such that the common interests of the music industry can continue to be pursued; and

- raise and sustain income to support its work in the initial three year period.

1.3 Structure and Governance

The organisation will not be based on a model of wide membership. Rather it will comprise of **representative organisations** (or individuals) from across the music industry, such that **all** parts of the industry are represented. Importantly, these organisations/individuals must be able to demonstrate that they are representing the interests of a part of the industry (e.g. through membership or by selection).

Defining the Industry

In defining the industry, we have used a supply chain model that maps out the different activities in music from composition, creation and performance at one end through to consumption at the other (either live, broadcast or recorded). While we recognise that this simplifies the complex structure of the music industry (and there are other ways of defining the industry and its constituent parts), we consider this to be a method that is both comprehensive and understandable.

In a supply chain model, a number of key elements can be identified and defined within the music industry, each comprising of different sub sector activities:

- **creation/music making**
  - artists/performers (including orchestras and band)
  - composers and songwriters
  - bands
  - record producers
  - recording studios
  - instrument makers
  - manufacture of sound and recording equipment
  - rehearsal space;

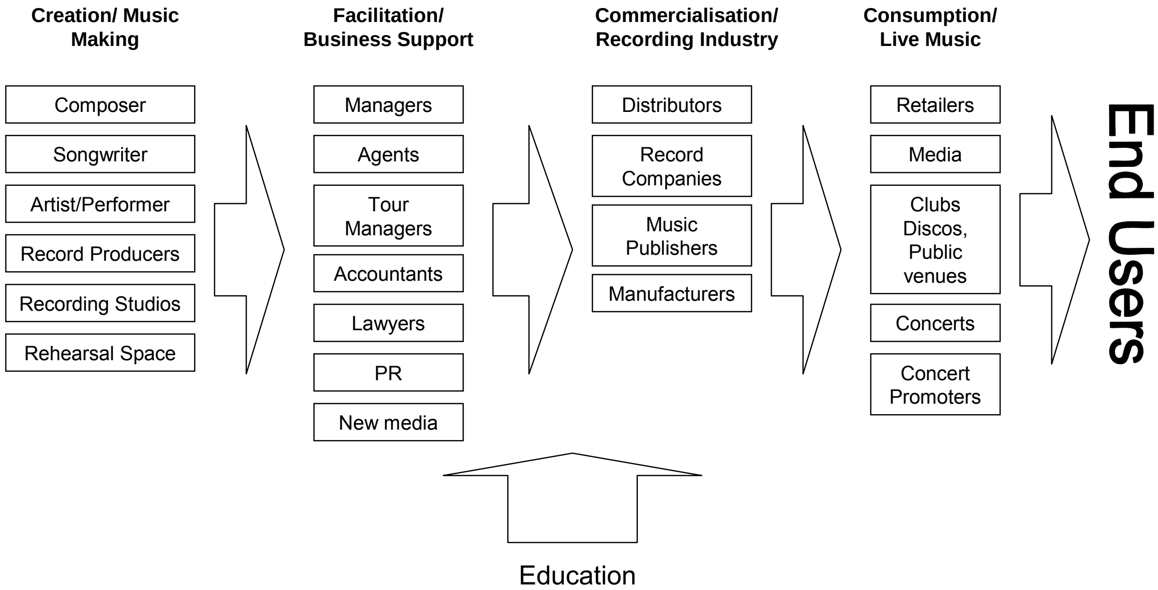
- **facilitation/business support**
  - managers
  - agents
  - tour managers
  - accountants/lawyers (and other professional services e.g. PR, new media support etc.)
  - technical support e.g. PA/lighting hire
  - design services;

- **commercialisation/recording industry**
  - record labels
  - publishers
  - distributors
  - CD manufacturers; and

- **consumption/live music**
  - retailers
  - media (including broadcast, print, film, online media)
  - download services
  - concert promoters
  - pubs, clubs, venues
  - concerts and festivals.

This is shown in **Figure 1**, below.

Figure 1: Supply Chain Model



Education

Throughout our consultation it was recognised that the education sector has a vital and central role to play in the health and future of the music industry. It develops the talent and skills base on which further success depends and is a critical upgrading influence across the industry.

Nevertheless, the education sector itself agreed that whilst its partnership is essential in providing a base for all aspects of music, it is not a constituent part of the music industry *per se* and would not be an initial constituent in the proposed association (i.e. as industry members). Existing representative groups in the education sector (e.g. the Atrium Group of Further Education Colleges) could join as associate members.

The school education system and informal sector organisations, for example, vital though they are to the future success of the music industry, are not a constituent part of the industry any more than schools and young people's workshops can be considered to be a part of any other industry sector. Similarly, further education colleges provide vital training for people seeking to enter the music industry but again are not themselves solely part of that industry. They supply the industry, but have a role and remit that goes beyond music and crosses and interacts with a wide range of different creative (and other) industries.

However, it is important to stress the critical role of the SMIA in developing and maintaining a close and productive relationship with the education sector. The SMIA must work to ensure that the articulation between education, training and a professional industry is understood and developed for the optimum benefit of all concerned. It is proposed that a champion is identified on the SMIA Board with specific responsibility for engaging with the education sectors and ensuring that the issues relating to education are properly represented and addressed.

Broadcasting

The broadcasting industry plays a key role in the promotion, dissemination and distribution of music. However, broadcasting is a quite distinct and separate industry, with well developed regulatory and policy structures and income streams that are unrelated to the music industry. In addition, the consultation process raised significant issues with the relationships between broadcasting and the music industry and there was a clear view that broadcasting should not be seen as part of the industry itself.

Rather, there is an important relationship to be developed between the SMIA and the broadcasters, and again responsibility for this would rest with an identified board champion.

Representing the Industry

The SMIA will be based on a **free** membership model with two categories of membership:

- industry members; and
- associate members.

The organisation will adopt a supply chain model to ensure that each part of the industry is properly represented. Each part could be represented by a number of organisations (or individuals) so long as they are able to demonstrate that they are representing the interests of a wider group within the industry (i.e. not solely representing themselves and their own interests).

It is not the intention that the music industry would be broken down only into the four broad supply chain headings above, or even into the activities listed below these headings. Further sub division is possible, e.g. orchestras and bands might each want separate representation on the SMIA. Similarly, traditional and rock and pop promoters might also want to be part of a genre specific rather than function specific grouping. These can and should be accommodated within the overall structure.

Each part of the music industry should be able to choose their own representation, identified through early engagement and consultation. While existing organisations might be well placed to represent certain parts of the industry e.g. Musicians' Union for musicians, PRS for composers, songwriters and publishers or HAIL for record labels based in the Highlands and Islands, it is not the job of the SMIA to pre-judge the industry's choices - it is for the industry itself to decide.

For example, concert promoters are not represented by a Scottish based organisation, but are represented by the Concert Promoters' Association (CPA) at UK level. The Scottish promoters could then choose to be represented by a Scottish member of the CPA or may choose another individual to represent their interests. Either way, the promoters will need to discuss and agree amongst themselves who is to represent them on the SMIA.

Similarly, there is a number of organisations that are part of or engage with the traditional music sector in Scotland (Traditional Music and Song Association, Hands up for Trad). It is our understanding that these organisations are currently discussing how they can better organise themselves and represent the sector. It is precisely this kind of development that the SMIA will seek to facilitate.

These representatives become the '**industry members**' of the SMIA.

In addition to industry members, there will be another tier of membership – support organisations. In Scotland there is a number of important and active organisations that provide support to the music industry, but that do not *represent* any one part of the industry. Examples here would include Hi-Arts, Scottish Music Centre and MIDAS. Although these organisations are not directly representative of any one part of the music industry, they have an important contribution to make to the SMIA and can join as **associate members**. As mentioned, representative groups in the education sector may be eligible for associate membership.

There is no cost associated with either category of membership. A membership based revenue model for the SMIA would mean that the organisation would potentially duplicate and even displace the activities of its constituent organisations. That is not to say that industry contribution will never be possible. In a developing industry it is possible that models for securing industry contributions could develop.

In the current model, the SMIA provides an overarching infrastructure for the wider organisation of the industry. It also provides an umbrella and identity under which the music industry in Scotland can present itself.

Developing the Membership

The SMIA must begin with wide engagement with **each section** of the industry. It will meet with each part of the industry through a series of open meetings to discuss its remit, activities and objectives. It will then solicit a request for membership from a representative body or grouping from that part of the industry. If none exists, it is the responsibility of that part of the industry to select and propose representation as described above. The SMIA can help and advise on the development of appropriate models.

Members must be properly representative and should be able to demonstrate that they have been given the responsibility and role of representing the interests and views of part of the music industry.

At present, the representation of the different parts of Scotland's music industry is patchy. Some areas are well organised and represented, e.g. musicians through the Musicians Union, while others are only represented through UK level organisations e.g. concert promoters, recording studios, orchestras etc. Indeed, this is at the heart of the issue underlying the rationale for a Scottish SMIA.

In addition, there are organisations such as PRS, MCPS, PPL, PAMRA and others, all of which have significant memberships but not all of which have Scottish representation. Only PRS and MCPS are represented in Scotland and through their different functions, each plays a key role in the development of Scotland's music industry.

All of the existing organisations in Scotland will be invited to join the SMIA. If they are representative organisations and have a mandate to represent part of the music industry in Scotland then they can join as industry members. If not, then they can join as support organisations (associate membership).

Staffing Requirement

The consultation process indicated strong support for a full time staff for the SMIA. Without full time staff, it was felt that the organisation would lack the necessary drive to fulfil its remit effectively.

We propose that in the early stages, the organisation should stay small with two full time members of staff:

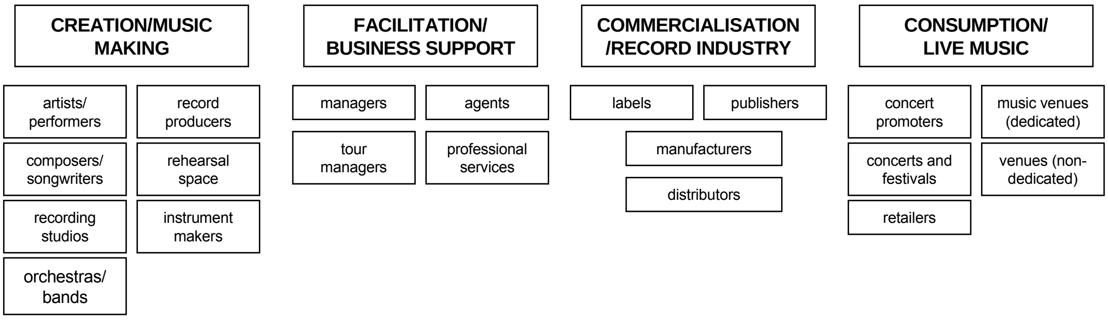
- Chief Executive; and
- administrative support.

Further details on these posts are provided below.

Governance

The main governance structure for the SMIA will be an elected Board. Membership of the Board will be decided by the industry members through a transparent election process. Associate members cannot vote on Board membership for the reason that they are not actually representing any section of the industry. The Board will comprise of **twelve** elected representatives.

To ensure that a sufficiently broad spectrum of the industry is represented on the Board at any one time, the SMIA Board will seek representation across the industry supply chain as follows:



It is proposed that the twelve seats would be apportioned as follows:

- Creation/Music Making – 4 seats;
- Facilitation/Business Support – 1 seats;
- Commercialisation/Record Industry – 4 seats; and
- Consumption/Live Music – 3 seats.

The split is based on the approximate share of employment across each of the four supply chain groups, as measured by previous research[7].

Any public funding partners will have the option of placing observers on the Board, without voting rights. The Chief Executive of the SMIA will be responsible for the development and implementation of organisational strategy, and will be fully accountable to the Board.

Role of the Board

The role and responsibilities of the Board are as follows:

- to provide representation for a broad spectrum of Scotland's music industry;
- to support and oversee the activities of the SMIA and the work of its staff;
- to contribute to and advise on the strategic direction and focus of the organisation;
- to represent the SMIA and industry issues in conjunction with the Chief Executive;
- to make decisions, taking full account of the input and views of the SMIA members; and
- to take specific responsibility (as appropriate) for relationships with key external partners (e.g. in education and broadcasting).

[7] *Mapping the Music Industry in Scotland: A Report*: Cloonan, M., Williamson, J. and Frith, S. (2003) Report commissioned by Scottish Enterprise.

Board Representation

The Board will be elected by the members. It will be structured to provide broad representation across the music industry supply chain (both in the commercial and cultural contexts) as described above. Of course, provision of adequate representation will depend on the members. If, for example, recording studios do not select a representative to act as an industry member of the SMIA, that part of the industry will have no voice in the organisation and will have no say in electing Board members. Therefore, it is critical that all parts of the industry can provide a representative industry member if their views and issues are to be properly heard.

Industry members within each of the four broad groupings will be invited to put forward nominations for Board membership, and all industry members will vote for the Board.

Board membership will rotate with a third of the Board members being replaced after two years. The Board members with the fewest votes will serve for two years and those with the highest number of votes for three. In some cases the Board may have powers of time-limited co-option where there is clear advantage in being able quickly to bring skills to the Board. The Board will appoint its own Chair for a period of not less than two years.

It will be the role of the Chair and Chief Executive to review regularly the composition of the Board to ensure that proper representation is achieved both across the industry and across Scotland.

Board Champions

It has been clear throughout the consultation process that there are key areas in which the SMIA must engage and develop productive and positive working relationships. In particular, as mentioned earlier, the education sector must be fully engaged with the SMIA, and there are specific issues relating to broadcasting that must also be addressed.

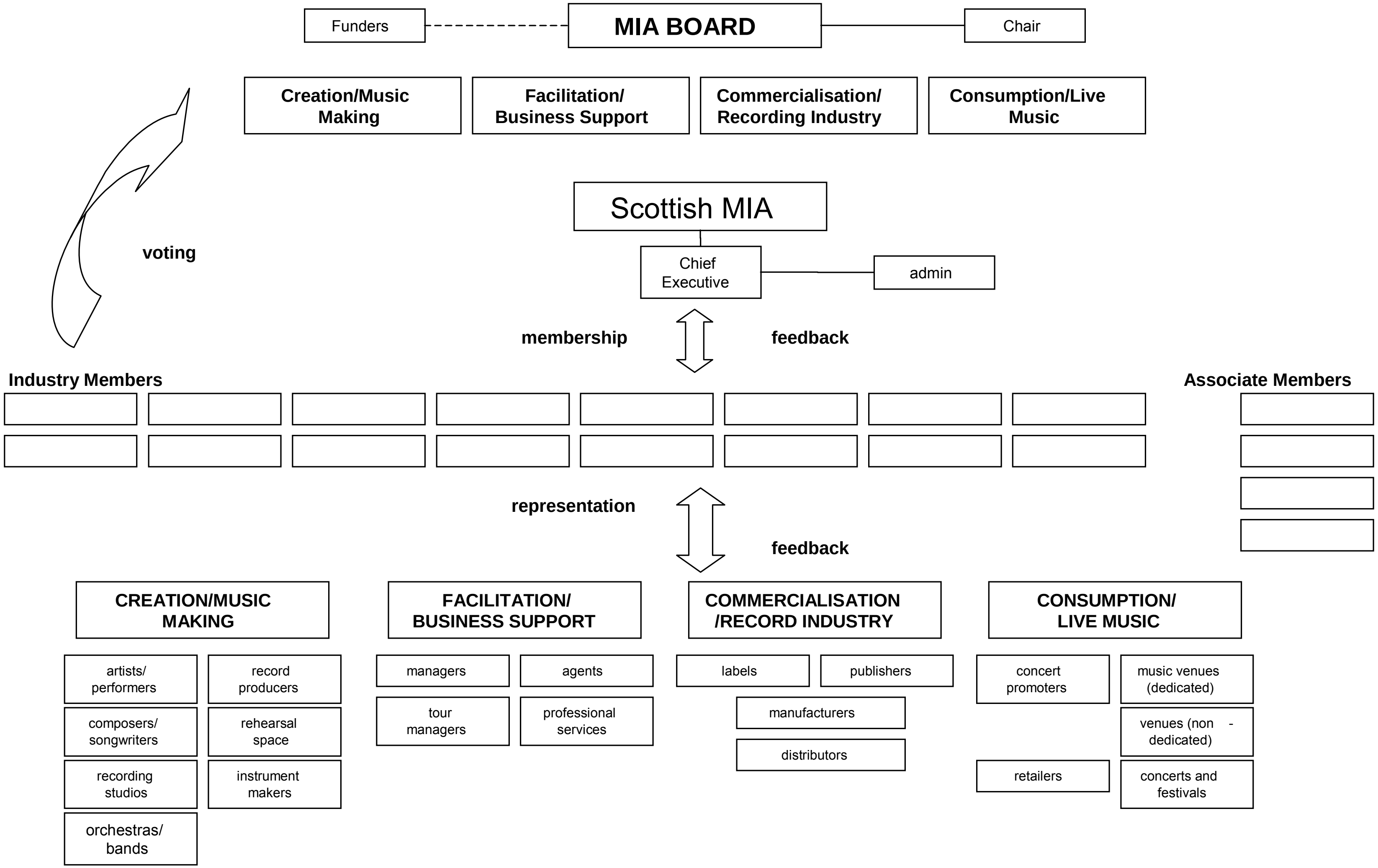
Therefore, it is proposed that the SMIA Board identifies champions for each of these areas and charges them with being the main point of contact (along with the Chief Executive) for engagement with these sectors. The role of the Board champions for education and broadcasting will be to ensure that issues relating to these two key areas are fully and properly represented within the work of the SMIA and that effective partnership working develops.

Relationships

The SMIA is an <u>industry</u> association and it is intended to be a mechanism for facilitating greater self-organisation and self help in Scotland's music industry. As such, public agencies, while they will be key partners, will not be eligible for membership. Representatives of public funding partners may participate in Board debates, but will not have voting rights or decision-making authority.

The relationship between the SMIA and the government and public agencies is one of partnership, engagement and lobbying. The SMIA will engage with all relevant bodies to raise the profile of Scotland's music industry and advance issues of common interest to all sectors of the industry. The overall structure of the SMIA is shown in **Figure 2**, over.

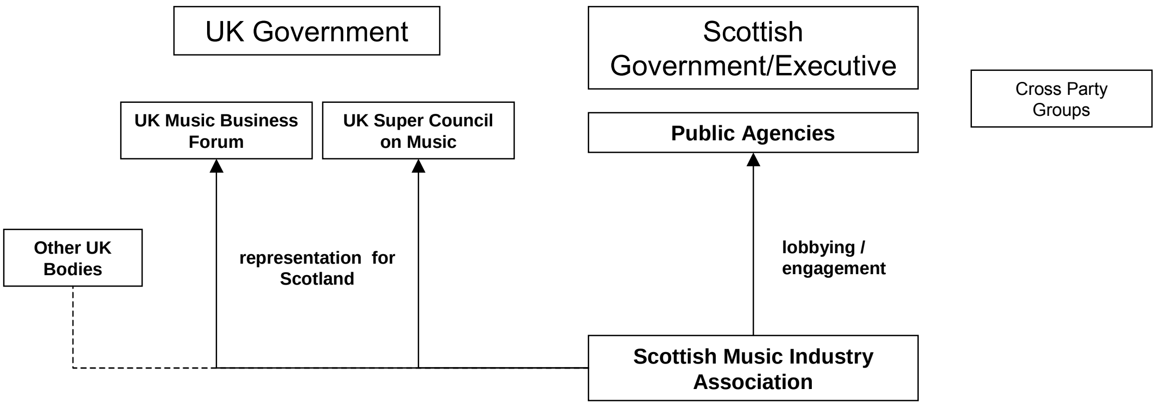
Figure 2: SMIA Structure



UK Relationships

It is also important to clarify the nature of the relationships that the SMIA will be required to develop at UK level. Currently, the Scottish music industry has no representation on UK level bodies and fora (e.g. the UK Music Business Forum, Live Music Forum and the developing UK Super Council for Music). The SMIA will fill this gap. Consultation at UK level identified strong support for a Scottish SMIA and for its involvement in the key music industry groupings currently engaged with the UK Government. **Figure 3** summarises these external relationships.

Figure 3: External Relationships



1.4 Communications

The SMIA will maintain effective communications with its members and partners through a variety of channels:

- organisational website;
- national industry meeting;
- regional industry forums; and
- sectoral forums.

The scope and frequency of these meetings will be decided by the SMIA once established. It will at all times seek the views of its members on matters of common interest. The Board will be the main decision making mechanism and will act as a representative body for the music industry in Scotland.

1.5 Staffing

As described, the SMIA will initially require two full time members of staff as follows:

- Chief Executive Officer (CEO); and
- Administrator.

Chief Executive Officer

The CEO will require the following skills and experience:

- knowledge and experience of a broad spectrum of the music industry, either in Scotland or elsewhere;
- genuine interest in and enthusiasm for music;
- understanding of the key issues and challenges facing the music industry in a small country like Scotland;
- ability to engage with a wide range of public and private sector partners;
- skills in organisational development;
- experience of financial management;
- proven track record in management; and
- excellent communication and presentational skills.

Administrator

The administrator will require the following skills and experience:

- genuine interest in and enthusiasm for music;
- excellent organisational and administrative skills; and
- excellent communication and presentational skills.

Ideally, they should also have experience of working in the music industry or in a music industry support organisation.

1.6 Funding and Sustainability

Funding and sustainability are closely interlinked, and there are a number of issues to consider:

- the research and consultation exercise did not demonstrate a viable revenue generation model for the organisation, at least in the short term;
- while there was some support in principle for a fee paying membership model, in practice this is unlikely to be workable (for the reasons described above) until the industry shows stronger growth;

- at this stage the SMIA is conceived of as a development **project** with defined objectives. Most importantly, its core objective is to develop a self-organising representative infrastructure for the music industry in Scotland. The successful delivery of this objective should change the nature of the need for an SMIA, and change the activities of the organisation, should it be required; and

- one of the stated objectives of the SMIA is to examine its **future** role in consultation with the industry and its partners. Its work over the initial three-year period will change the nature of the need for an SMIA, and the organisation will be required to bring forward a business plan for its ongoing existence (beyond the three year period) or for a successor project as appropriate. This business plan should be based on the core assumption that the music industry itself should support the SMIA.

Taking into account the issues with revenue generating models, the SMIA will require public funding support. Funding support should be sought from the following partners:

- Scottish Arts Council;

- Scottish Enterprise;

- Highlands and Islands Enterprise;

- Scottish Executive;

- PRS Foundation; and

- other public/private and trade partners as appropriate.

The use of public funding in support of any organisation or project is always a vexed issue, and a number of people voiced concerns or doubts about the appropriateness of using public funds for an SMIA. In particular, there was a feeling that an industry association should be supported by the industry itself and that public funding could compromise or diminish its independence.

These are valid and important arguments, however there are two key points to consider. First, the research and consultation process demonstrated strong industry support for the use of public funding in supporting an SMIA. Of course, this does not in and of itself provide a case for public support, but it does indicate industry support for this as a funding option.

Secondly, as described, there are real practical constraints in adopting a model based on industry contributions. Therefore, the use of public funding support was developed as a pragmatic solution.

However, it is important to recognise the challenges in securing such support. In this respect, the following issues must be considered:

- support for the SMIA should not be at the expense of existing organisations or representative structures in the music industry in Scotland;

- public funding support requires a clear case (e.g. to address a market failure or deliver public benefit) and clear outcomes; and

- there should be a clearly defined path to exit for public support such that the organisation (or project) either becomes self-sustaining or fulfils its purpose and is no longer required.

Defining outcomes that meet the needs of key potential funding partners is difficult, particularly as the impacts of the SMIA will be in terms of industry organisation and structure, rather than specific benefits to individual companies (at least not directly).

The SMIA model has been developed to help strengthen the existing structures that support the music industry, and to provide a platform for the industry to represent its interests. It is focussed on building industry capacity in a way that will lead ultimately to growth (economic) and to increased opportunity for music in Scotland to be produced and experienced (cultural output).

One of the key activities of the SMIA will be to work with public sector agencies to develop new ways of supporting and growing the music industry. These new support activities and mechanisms may require additional public support, or may refocus existing support on the areas of greatest opportunity. These activities will deliver identifiable and measurable impacts (economic and/or cultural).

Ultimately, decisions about the use of public funding are the responsibility of those bodies charged with the use and distribution of public monies. There is both an economic and cultural development case for public support for an SMIA, and the balance of opinion amongst the music industry supported this model. Currently, this is the most practical solution.

Cost Structure

The outline cost structure for the first three years of the SMIA is detailed below. It is essential that the SMIA is able to attract a suitably senior Chief Executive with the requisite experience and credibility. Therefore, we recommend a salary of £50,000.

The costs also allow for a small office, along with a dedicated marketing budget to allow the SMIA to promote itself and to stage industry meetings as required. A travel budget has also been included to allow the SMIA to engage with the music industry across Scotland and, as appropriate at UK and international levels.

SMIA Outline Costs

	Year 1	Year 2	Year 3	Total
Staffing Costs				
Chief Executive[1]	50,000	51,500	53,045	154,545
Admin[1]	17,500	18,025	18,566	54,091
On costs (NI @ 12.8%)[1]	8,640	8,899	9,166	26,705
Consumables	2,000	2,000	2,000	6,000
Travel	10,000	10,000	10,000	30,000
Web support	1,500	1,500	1,500	4,500
Sub-total	**89,640**	**91,924**	**94,277**	**275,841**
Office Costs				
Rent, heating, rates, insurance etc.	10,000	10,000	10,000	30,000
Telephone	2,000	2,000	2,000	6,000
Sub-total	**12,000**	**12,000**	**12,000**	**51,000**
Marketing/Events				
Marketing (incl print etc.)	10,000	10,000	10,000	30,000
Annual Industry Event	10,000	10,000	10,000	30,000
Industry Forums (x4)	10,000	10,000	10,000	30,000
Sub-total	**30,000**	**30,000**	**30,000**	**90,000**
TOTAL	**128,640**	**130,924**	**133,277**	**401,841**

[1] Staff costs based on a 3% annual salary increase

Beyond the First Three Years

Public funding requires a defined exit or development strategy. This can be achieved in one of two ways:

- development of a sustainable financial model; or
- achievement of objectives such that the organisation as constituted in this plan is either no longer required, or will evolve in response to future needs.

The core purpose of the SMIA is to facilitate the organisation of the music industry in Scotland and after the initial three-year investment, it will be the clear responsibility of the SMIA and its members to define and develop its *future* role and funding model.

At this stage, it is unlikely that a fee paying membership model will be feasible without significant growth in the industry, and changes to the structure of the SMIA. However, it may be possible to support a reduced model of the SMIA beyond the three year period through contributions from members and some element of public funding support, either project based or revenue support. However, this will depend on the performance of the SMIA against its objectives (see below).

Alternatively, it is possible that the SMIA may exist only in a much reduced capacity after the initial three years. As it develops an identity under which the music industry can represent itself, and the industry itself becomes more organised and structured, there may be less need for a high profile leader, and the industry itself (through its representative bodies) can take greater responsibility for it own representation under the SMIA banner. Under this option, exit for the public funding partners is achieved by transferring responsibility back to the music industry in Scotland.

Objectives and Outcomes

As stated earlier, the core purpose of the organisation is to provide a means by which the music industry in Scotland can organise and represent itself, and contribute to long-term economic growth in Scotland's music industry.

A coherent and self-organising structure for the industry is a key step towards long-term economic growth and enhanced cultural output. For example, the SMIA will engage with the appropriate public bodies to develop projects and initiatives that target investment and support where it can achieve greatest returns (in economic or cultural terms as appropriate). It is not possible at this stage to specify those activities, and indeed, their shape and form will depend on both the work of the SMIA and its public sector partners. However, it is reasonable to assume that these projects will have measurable economic and/or cultural outcomes, and that the achievement of these outcomes will depend on the appropriate targeting of support, as informed by the SMIA.

The role of public funding support to the SMIA is to build capacity across Scotland's music industry by creating a mechanism for better engagement across the industry and with key stakeholders, and for improved project development. As such, over three years, the objectives of the SMIA will be to:

- help increase economic activity across the music industry in Scotland;
- help develop wider understanding of changing global market conditions affecting the music industry;

- engage all of the music industry in Scotland and demonstrate that it has its support;
- be recognised by the Scottish Executive and its public agencies as the authoritative voice for Scotland's music industry;
- work with the public sector on the development of projects and initiatives that will lead to demonstrable improvements in the cultural outputs and economic growth of the music industry in Scotland;
- assist the music industry in the development of self-help initiatives and representative structures;
- develop an identity under which the music industry in Scotland can present itself and advance lobbying issues on behalf of the entire industry;
- act as a point of communication between the music industry and a wide range of stakeholders, bodies and organisations, in particular with the education sector and with broadcasters; and
- to represent and promote the interests of the Scottish music industry at Scottish, UK and international levels .

At the end of the three years, evaluation of the SMIA should examine the impact of the organisation against the following criteria:

- success in growing economic activity in music both in Scotland and internationally;
- success in influencing and developing policy (for music and in other areas);
- success in engaging and winning the support of the music industry;
- developing its own membership to the point that all parts of the music industry in Scotland are represented;
- success in developing initiatives and projects in partnership with the main public bodies that demonstrate economic and cultural development across the music industry in Scotland;
- success in developing productive relationships and partnerships at Scottish and UK levels;
- success in assisting to develop the sustainability and effectiveness of existing music industry bodies in Scotland;
- representation of the interests of Scotland's music industry on appropriate UK fora; and
- success in developing a clear forward plan for the organisation beyond the initial funding period. This plan must demonstrate reduced reliance on public support and greater industry contribution.

1.7 Set-Up and Implementation

The accompanying SMIA Implementation Plan provides a detailed description of the steps required to establish the SMIA, along with timescales and outline set-up costs.

APPENDIX 2

SCOTTISH MUSIC INDUSTRY ASSOCIATION: IMPLEMENTATION PLAN

1. Introduction

This paper presents an Implementation Plan for the development of a Scottish Music Industry Association (SMIA).

2. Key Steps

The SMIA Feasibility exercise has resulted in a proposed SMIA model, based on the outputs of an extensive and detailed research and consultation exercise (the findings of that exercise are reported in full in the accompanying Study Report).

However, in order to take forward the recommendations and begin to implement the SMIA, the key partners must now undertake the following key tasks:

- define and agree responsibilities for taking forward the recommendations of the report and for establishing the SMIA;
- engage with potential funders to explore the potential for support, and the conditions and requirements of that support;
- agree and finalise funding package;
- communicate the proposed SMIA to the industry, and in particular engage all of the existing representative bodies and organisations;
- appoint an interim Board/Steering Group to oversee key appointments and set-up;
- establish company and draft Memorandum and Articles of Association;
- advertise and appoint key positions;
- find premises;
- develop a detailed Operating Plan; and
- develop the membership.

The key tasks are discussed below.

3. Process and Responsibilities

In the initial stages, it is important that clear responsibilities are identified for progressing the SMIA proposal. In particular, representation should be made to the appropriate funding partners as soon as possible.

In addition, the proposition must be communicated to the industry, and clear responsibilities must again be identified. The Study Steering Group, and the public agencies represented on the group, may all have a role to play.

3.1 Developing the Funding Package

The Scottish Arts Council should take the initial lead in developing the funding package. Representatives of Scottish Enterprise (SE) and Highlands and Islands Enterprise (HIE) should take responsibility for investigating the funding potential within their respective organisations (Scottish Arts Council likewise).

For each potential funding partner, it will be important to clarify the likelihood of funding being made available and the conditions for that funding (outcomes, targets and timescales). Based on the outcomes of these discussions, it may be necessary to make some adjustments to the SMIA proposition, although the core remit and structure should not be altered.

If these initial approaches prove successful, the Scottish Arts Council, in partnership with SE and HIE, can then present a proposition to the Scottish Executive and other appropriate bodies for additional funding support. Again, funding conditions might require some revision of the proposition.

3.2 Industry Communications

While the funding development work is underway, the proposition must be communicated to the industry. All of the Study Steering Group partners have a role to play in this, with the Scottish Arts Council taking a lead, making use of its in-house Communications Team as appropriate, and engaging key partners (e.g. Core Funded Organisations) in promoting the SMIA proposal. The final meeting of the Cross Party Parliamentary Group on Contemporary Scottish Popular Music offers an early opportunity for communicating the SMIA to (part of) the music industry, and the consultant team will attend the meeting and make a short presentation.

The study website can also be repurposed for communicating the details of the SMIA proposition and progress in implementing it. The domain name (www.scottishmusicindustry.co.uk) is owned by EKOS, and will be transferred to the Scottish Arts Council on completion of the feasibility study contract.

However, the first key targets for communication should be the potential members of the SMIA. A meeting should be arranged with each of the potential members to discuss with them the proposed SMIA and their role in the organisation. There are two options for this:

- a series of individual meetings with Study Steering Group members taking responsibility for these; or
- one large meeting, possibly hosted by the Scottish Arts Council, and attended by the Study Steering Group members.

3.3 Interim Board

Once the funding package has been agreed, the key funding partners should meet to review progress and appoint an Interim Board. Care will be required to ensure that the Board is seen to be representative across the music industry, and the Board should be appointed for sole purpose of overseeing the set-up of the organisation. The Interim Board will be disbanded once the SMIA is established and can hold its first election for Board members.

The partners should also give due consideration to the skills available to the Interim Board, inviting individuals that can bring valuable expertise and influence.

Once appointed, responsibility for the development and implementation of the SMIA will transfer to the Interim Board, although it is expected that the key partners will have an ongoing role in working with this Board throughout the implementation stages.

Should there be any delays in establishing the Interim Board, the partners will assume responsibility for the Implementation Plan until such time as a Board can be established.

3.4 Company Set-Up

Legal expertise will be required in drafting the SMIA constitution and the Memorandum and Articles of Association. Early on in the consultation process, an offer was made for free legal assistance, and the partners/Interim Board should discuss and review this offer. If rejected, appropriate legal assistance will be required.

The SMIA should be constituted as a Registered Charity, in order to make best use of available financial incentives (e.g. VAT exemption). Under the new Charities Bill, it is now necessary for applicant organisations to demonstrate public benefit. This can be in terms of cultural and economic development, and our initial reading of the Bill does not suggest any significant problems in this respect.

Bank accounts should to be established for the SMIA with authorised signatories. It is proposed that two signatures will be required to authorise any cheque and that a minimum of three cheque signatories should be authorized. The Chair, Company Secretary and Chief Executive would all be signatories, and it is possible that one other may be added if the Chair and Company Secretary are not easily contactable at short notice.

Initially, one current account and one deposit account are proposed. Funding received from the partners would be held on deposit to earn maximum interest, and the current account would be managed so that sufficient funds were available to meet the organisation's obligations, including committed spend for future events and activities. Electronic banking facilities should also be organized.

The SMIA must also consider the question of unity in funding for the future. The organisation must always have sufficient funds in place to meet its short-term obligations and, therefore, it will be necessary that core funding be received in advance.

The registered office and Registered Charity number all need to be known at an early date, and certainly before any company stationery is printed. Other registrations required will include those for additional design/development work (i.e. as registered trade marks) and for any domain names. Registration under the Data Protection Act may also be required.

3.5 Key Appointments

The Interim Board should develop and agree key job descriptions for the positions of Chief Executive and Administrative Assistant. These should then be advertised and promoted as appropriate. Recruitment will comprise of Scottish and National newspaper advertising with advertisements placed in The Herald, Press and Journal, The Scotsman, The Guardian and their respective Sunday papers. This advertisement should include the company information and details of the skills and experience required.

Applicants will be short listed for each post quickly after the application closing date, with the short listing being undertaken by the partners (and/or Interim Board members if the Interim Board has convened by then). Interviews will held with an interview panel comprising of the partners (and/or Board members).

Jobs should be offered shortly thereafter. Recruited staff may be required to work contracted periods of notice (of 1-3 months likely) or may be able to start almost immediately.

Once appointed, the Chief Executive will then take responsibility for the remaining implementation stages.

3.6 Premises

A large number of issues have been, or need to be, considered with respect to the office location, accommodation and kit-out. The fundamental premise is for a Glasgow-based city centre office, without perceived undue influence as a consequence of geographical proximity to any stakeholder or other organisation.

The SMIA Proposition is for three years, therefore a three-year lease can be entered into, potentially reducing rental costs. The property must be able to accommodate anticipated staff numbers as well as requirements for a dedicated meeting room for Board and other meetings as required.

There are three options in this respect:

- rent basic accommodation, which would require some security, and would involve ongoing responsibility for property maintenance and management related matters;

- rent managed (serviced) accommodation where reception, cleaning, provision of heat and light and other services are included within the rental package; or

- rent office space within an existing organisation.

Although there are higher net costs involved in taking managed accommodation, it is considered to represent the best overall solution. It is simpler than renting basic accommodation and will allow the SMIA staff to focus on their main responsibilities. Renting space within an existing organisation risks compromising the independence of the organisation.

Once legally constituted, SMIA will sign for the property and the funding partners may be required to provide a guarantee of financial security.

A range of other factors will, of course, also form part of the decision–making process, including general ambiance of area, co-tenants, rental costs, rates, length of lease, security, reception, access to toilets/kitchen facilities, cleaning, hours of access, heat, light and telecoms (registration and payment terms), proximity to main public transport stations/bus stops, and parking (dedicated and/or available).

It is anticipated that although in good decorative order, the office suite will be unfurnished, incurring related costs of lease/purchase of desks, chairs, filing cabinets, cupboards, desk furniture, carpets, office dividers/partitions (and associated joinery work), window blinds, meeting room table and chairs, cabling/wiring, telecoms system etc

ICT and other fixed assets

The SMIA will be required to have its hardware systems functional at the outset. It has been assumed that the Chief Executive will require a laptop computer and mobile phone to reflect the mobility required in their role. The following hardware and software equipment need to be considered, as does the question of whether to purchase, lease or lease/purchase:

- server, PCs (two desktop and one portable) and one printer - operating system and software (Microsoft Office should suffice) and viral protection;
- general management information systems including activity reports and ability to record data relevant to information needs of the Scottish Executive will require to be set up (Excel);
- photocopier, scanner, binding machines, laminator, portable projector, portable screen, shredder;
- if not available at managed property - fax machines and franking machines;
- broadband access; and
- web site (www.scottishmusicindustry.co.uk)

Other Property

Other property costs will also include consumables and incidental office equipment, such as pens, ink cartridges, notepads, folders, staplers, punches, notice boards, clocks, kettle, mugs, etc.

3.8 Detailed Operating Plan

One of the key early tasks for the Chief Executive will be to develop and approve a detailed three-year Operating Plan with the Interim Board and funding partners.

The Operating Plan should provide a detailed account of the activities to be undertaken by the SMIA with clear timescales and milestones. The Plan should be consistent with the proposition developed as part of the research and consultation exercise, reflecting any changes made as a result of discussions with funding partners.

3.7 Developing the Membership

It will be the role of Chief Executive to develop the membership for the SMIA to a stage where the first Board election will be possible. However, initial work by the partners will have already engaged the key potential members such that a potential membership is prepared.

It is appropriate that the Chief Executive is given the flexibility to review and develop election processes in partnership with the Interim Board and the funding partners. This should be an early action for the Chief Executive. Once a full Board is elected, the Interim Board will be disbanded, and all responsibilities will be transferred.

4. Set-up Costs

However, there will be some additional costs associated with the set-up stages. In particular, there will be costs for each of the following activities:

- legal costs;
- equipment set-up;
- marketing and communications;
- web development; and
- recruitment.

These are detailed below.

SMIA Outline Set-up Costs	
	Costs (£)
Legal costs	10,000
Equipment set-up costs (three PCs – two desktop and one laptop, printer, server, software, other property)	10,000
Marketing and communications	10,000
Web development	5,000
Recruitment	7,500
Contingency	5,000
Total	**47,500**

No expenditure should be committed until the SMIA funding package is agreed and finalised with Funding Agreements in place with all of the partners.

5. Timetable

A draft timetable for the implementation is presented below.

Draft Implementation Timetable										
	2005							2006		
	June	**July**	**Aug**	**Sept**	**Oct**	**Nov**	**Dec**	**Jan**	**Feb**	**Mar**
Finalise feasibility report										
Agree responsibilities										
Develop funding package										
Finalise funding package										
Communicate proposal										
Appoint Interim Board										
Company Set-up										
Recruit key positions										
Chief exec starts										
Find premises										
Develop the membership										
First Board election (by summer 2006)										

APPENDIX 3

SCOTTISH MUSIC INDUSTRY ASSOCIATION: STUDY STEERING GROUP

The members of the SMIA Feasibility Study Steering Group were as follows:

Dave Arcari	Musicians Union (from Jan 2005)
Simon Crookall	Royal Scottish National Orchestra (until December 2004)
Geoff Ellis	DF Concerts
George Falconer	Scottish Enterprise
Iain Hamilton	Highlands and Islands Enterprise
Nod Knowles	Scottish Arts Council (until May 2005)
Duncan McCrone	MCPS (from June 2005)
Donald McLeod	CPL
Pauline McNeill	MSP and Chair of the Cross Party Parliamentary Group on Contemporary Scottish Popular Music (SSG Chair)
Rab Noakes	Neon Productions
Charlie Smith	PRS Scotland (until May 2005)
Ian Smith	Musicians Union (until June 2005, then Scottish Arts Council)
James Taylor	P3 Music
Simon Thoumire	Foot Stompin' Records

APPENDIX 4

SCOTTISH MUSIC INDUSTRY ASSOCIATION: STUDY MATERIALS

1. One-to-One Consultation Proforma

INTRODUCTION (READ OUT)

Background to the project – for some time, there has been a growing feeling amongst some of the main public agencies with an interest in the music industry, and within parts of the industry itself, that many of the issues facing different areas of music and the music business are common across the whole sector. In addition, while there is a range of existing representative bodies and structures in the Scottish (and UK) music industry, there is no one organisation that can speak authoritatively for the music industry in Scotland.

In recognition of this, the Scottish Arts Council and the Musicians Union proposed to the Scottish Executive Ministry of Tourism, Culture and Sport, and to a number of key individuals in the music sector, the creation of a membership association for the entire professional music industry in Scotland. It was agreed that the project would begin with an extensive consultation and examination of the feasibility of a Scottish MIA. We have been appointed to undertake this feasibility exercise.

The purpose of this discussion is to gather your views on the need for a Scottish MIA and on the roles and functions for such a body. We are interested in your views as an individual with knowledge of the music industry in Scotland, and as such we will keep your views confidential. We will not attribute comments or views to individuals. However, at times we may require an organisational response. We will make this clear to you at the time of asking and we will explain in full how such organisational views will be reported.

All information in the first part of this consultation will be confidential unless you specifically state you wish it to be public. The second part is an open opportunity to put the views of yourself and/or your organisation on the record and will not be confidential. The second part of this document is optional

PART ONE:

1. **What is your role and position in Scotland's music industry?**

2. **What do you think are the main issues facing the music industry in Scotland at the moment?**

3. **Do you think that these issues are shared across all of the music industry in Scotland?**

4. **Do you think that there is a need for a Scottish MIA to represent the entire music industry in Scotland?**

IF YES, PROCEED TO Q5. IF NO PROCEED TO Q15

5. **The current proposal is for a Scottish MIA that would represent the whole professional music industry – how should we define the music industry?** (probe for role of education, non-dedicated venues etc.)

6. **What are the advantages and disadvantages of taking a whole industry approach** (probe for tensions, barriers, economies of scale, shared issues and concerns etc.)

7. **What would you see as being the main functions of a Scottish MIA? How should these functions be undertaken?**

8. **How should a Scottish MIA relate to existing representative bodies? How should it relate to government and the public agencies?**

9. **What are your views on the structure of a Scottish MIA (e.g. governance, funding models, membership, categories of membership etc.)?**

10. **Who should lead such an organisation?**

11. **What should be the immediate priorities for a Scottish MIA? What are the longer term issues?**

12. **What would be the measure of a successful Scottish MIA? How would it impact on the music industry and on your own organisation/work?**

13. **Are you willing to take part in future consultation on this matter (e.g. industry survey)?**

14. **Would you join a Scottish MIA, and of so what would you expect in return for your contribution? Would you pay to join – if so, how much?**

From Q 5 if NO:

15. **Why do you think there is no need for a Scottish MIA? How would you prefer to see the music industry in Scotland represented?** (probe for detail)

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16. **Any other comments?**

PART TWO

Non Confidential section

17. **For Public Sector Partners only: Would you consider funding a Scottish MIA and what would you expect in return for this support?**

18. **Please make any other comments that you would like to be on the record in your name and/or organisation (state which).**

Direct consultee to website at www.scottishmusicindustry.co.uk

Thank you for your time.

2. Online Consultation Proforma (Phase 1)

INTRODUCTION

The purpose of this research is to test the need for and the viability of a Music Industry Association (MIA) to represent the interests of the entire music industry in Scotland. Such an organisations would therefore need to be able to represent the interests of all sectors of the music industry from orchestras through to commercial record labels and live music promoters.

Importantly, the success of a Scottish MIA depends on the support of its constituency – the music industry in Scotland. In assessing the feasibility of a Scottish MIA, it is critical that the industry is fully involved in shaping thinking and determining the role and functions of such a body.

This section provides an opportunity for you to register your views and we welcome your input. To allow us to analyse the responses in a consistent way, we have provided a series of key questions about the need for and potential functions of a Scottish MIA. For some questions, we have provided response options and for others you are free to input your views. The questions should take no more than 20 minutes to answer.

All responses will be treated in the strictest confidence unless you request otherwise. In our reporting, we will not attribute any views or statements to individuals unless directed to do so. Resources do not allow for the study team to enter into individual correspondence, however all responses will be taken into account in our analysis.

Thank you for your interest and input.

CONSULTATION QUESTIONS

Section 1: Personal Details

Name	
Organisation	
Email address	
Address	
Post Code	

1. What is the nature of your main activity? (state and then select sector below)

• Musician	○
• Record label	○
• Music promoter	○
• Music venue	○
• Music/arts festival	○
• Producer	○
• Agency	○
• Artist management	○
• Retailer (recordings)	○
• Retailer (instruments and equipment)	○
• Orchestra	○
• DJ	○
• Recording studio	○
• Record producer/engineer	○
• Songwriter/composer	○
• Agency/collection society (e.g. PRS, MCPS)	○
• Broadcasting	○
• Manufacturing	○
• Professional services (e.g. legal, accounting etc.)	○
• Public agency	○
• Education	○
• Other (please specify)	

2. Is the music industry your primary source of income?

Yes ○

No ○

3. Are you based in Scotland?

Yes ○

No ○

Section 2: Need for a Scottish MIA

4. What do you think are the top 3 issues facing the music industry in Scotland at the moment?

5. Do you think that these issues are shared across all of the music industry in Scotland?

Yes ○

No ○

Some, but not all ○

Yes, but in different ways ○

6. Do you think that there is a need for a Scottish MIA to represent the entire music industry in Scotland?

Yes ○

No ○

Maybe ○

Please explain your answer

Section 3: Roles of a Scottish MIA

7. **Below is a list of possible functions for a Scottish Music Industry Association. These are based on the kinds of functions carried out by other industry associations. Please rank those functions that you believe a Scottish Music Industry Association should carry out in order of priority with 1 indicating the highest priority.**

	Rank
Providing a single voice for Scotland's music industry	
Lobbying government and influencing policy	
Promotion of the music industry	
International promotion	
International trading	
Business development	
Information provision	
Funding advice	
Industry networking	
Industry research	
Events	
Talent Development	
Liaison with education sector	
Other (specifiy)	

8. **Please list what you think should be the top 3 priorities for a Scottish MIA.**

9. We are interested in your views about how a Scottish Music Industry Association should be funded? Please rank the following options in order of priority with 1 indicating the highest priority.

	Rank
Mainly funded by government/public agencies	
Mainly funded by membership income	
Mainly funded by commercial activity	
Mainly funded by other (specify)	
Combination of funding sources	

10. It is critical that a Scottish MIA is able to measure its success. What do you think would be the top 3 impacts that a successful Scottish MIA would have

a) on your own organisation?

b) on the music industry as a whole?

11. Would you be interested in joining a Scottish Music Industry Association?

- Yes ○
- No ○
- I would be happy for another organisation to represent my interests (e.g. Musicians' Union, NEMIS) ○
- Only if it was free of charge ○

12. We will be carrying out further consultation during this project. Are you happy to be contacted about taking part in this?

- Yes ○
- No ○

13. Do you wish your responses to remain confidential?

- Yes ○
- No ○

14. Do you have any other comments?

Thank you for your time.

3. Online Consultation Proforma (Phase 2)

INTRODUCTION

The first phase of the feasibility study into the need for a viability of an organisation to represent Scotland's music industry (a Scottish Music Industry Association) is now complete.

We would like to thank everyone who contributed to the study. In total, more than 500 individuals across the music in industry in Scotland were contacted, and more than 140 people contributed to the study through a combination of one-to-one discussions, focus groups and online consultation.

All of this input has been analysed, along with case study research into different industry association models in music and other industries, and a draft proposition has now been developed for a Scottish Music Industry Association. The proposition is based entirely on the findings of this research and consultation exercise.

The proposition is still in draft form, and Phase 2 of the feasibility exercise will refine and develop the organisation's structure and remit in more detail. However, at this point, we wish to feed back on the progress of the study so far, and seek your views on the draft proposition.

We believe that the proposed model presents a major opportunity for Scotland's music industry to develop appropriate structures for engagement between the industry, policy makers and support organisations. It is based on a model of self-organisation that encourages the different parts of the music industry to develop the representative structures that best meet their needs. However, its success depends on the ongoing involvement of the many individuals and organisations that make up Scotland's music sector.

On this website you will find a summary of the proposition (6 pages) and the full proposition document (16 pages). There is also an online consultation form with a set of questions for you to provide feedback on this proposition. We encourage you to do so, and help shape the development of an organisation to represent Scotland's music industry.

Downloads here

Full Draft Proposition (16 pages)

Summary Draft Proposition (6 pages)

CONSULTATION QUESTIONS

The following questions provide an opportunity for you to feedback on the proposed remit, activities and structure of a Scottish Music Industries Association (SMIA). It is important that you have read the draft proposition (either the summary or full version) before answering these questions. All responses will be treated in the strictest confidence.

Section 1: Personal Details

Name	
Organisation	
Email address	
Address	
Post Code	

1. What is the nature of your main activity? (state and then select sector below)

• Musician	○
• Record label	○
• Music promoter	○
• Music venue	○
• Music/arts festival	○
• Producer	○
• Agency	○
• Artist management	○
• Retailer (recordings)	○
• Retailer (instruments and equipment)	○
• Orchestra	○
• DJ	○
• Recording studio	○
• Record producer/engineer	○
• Songwriter/composer	○
• Agency/collection society (e.g. PRS, MCPS)	○
• Broadcasting	○
• Manufacturing	○
• Professional services (e.g. legal, accounting etc.)	○
• Public agency	○
• Education	○
• Other (please specify)	

2. Is the music industry your primary source of income?

- Yes ○
- No ○

3. Are you based in Scotland?

- Yes ○
- No ○

Section 2: Scottish MIA Proposition

4. To what extent do you agree that the purpose and remit of the proposed SMIA is appropriate?

- Strongly agree ○
- Agree ○
- Neither/nor ○
- Disagree ○
- Strongly Disagree ○
- Don't Know ○

5. To what extent do you agree with the proposed activities of the SMIA?

- Strongly agree ○
- Agree ○
- Neither/nor ○
- Disagree ○
- Strongly Disagree ○
- Don't Know ○

6. To what extent do you agree that the proposed SMIA structure will allow the views of the entire music industry to be represented?

Strongly agree	○
Agree	○
Neither/nor	○
Disagree	○
Strongly Disagree	○
Don't Know	○

7. The SMIA structure has been designed to allow the music industry in Scotland to agree and develop its own representative structures in line with the different needs of different parts of the industry?

To what extent do you agree that the structure can achieve this?

Strongly agree	○
Agree	○
Neither/nor	○
Disagree	○
Strongly Disagree	○
Don't Know	○

8. What is your view on the proposed staffing requirement for the SMIA?

About right	○
Too many	○
Not enough	○
Don't Know	○

9. **The structure of the Board for the SMIA has been designed to allow wide representation with a transparent election process?**

To what extent do you agree that structure of the Board is appropriate?

Strongly agree	○
Agree	○
Neither/nor	○
Disagree	○
Strongly Disagree	○
Don't Know	○

10. **The SMIA will require public funding support. To what extent do you agree that this is appropriate?**

Strongly agree	○
Agree	○
Neither/nor	○
Disagree	○
Strongly Disagree	○
Don't Know	○

12. **Do you believe that your part of the music industry should have representation on a Scottish Music Industry Association?**

Yes	○
No	○
Don't know	○

13. **Do you have any final comments about the proposed model?**

Thank you for your time.