

WGDB25-26(6)4 Music Venue Trust,

Senedd Cymru | Welsh Parliament

Y Pwyllgor Cyllid | Finance Committee

Cyllideb Ddrafft Llywodraeth Cymru 2025-26 | Welsh Government Draft Budget 2025-26

Ymateb gan Music Venue Trust, | Evidence from Music Venue Trust,

1. What, in your opinion, has been the impact of the Welsh Government's 2024-2025 Budget?

Please outline your reasons for your answer to question 1 (we would be grateful if you could keep your answer to around 500 words).

The main impact for grassroots music venues (GMVs) has been the cut in business rate relief from 75% to 40% that was implemented in April 2024.

This rise is an immediate threat to GMVs. Cutting business rates relief is having a direct impact on the number of events that are staged in Wales, reducing supply, cutting economic activity, and negatively impacting jobs, especially in the 'gig economy'.

The gross profit from the entire sector in Wales in 2023 was £119,000. The fall in rates relief creates a new additional cost of £127,000. This single measure is putting the sector, as an entire network, into the red. It places the long-term resilience of Welsh GMVs at a severe and direct competitive disadvantage when compared to their cultural counterparts in England that will continue to be entitled to rate relief, resulting in a very significant national disparity between costs associated with touring.

37 GMVs in Wales (77%) are subject to the increase in costs, allowing for all models of rate relief.

The demand for rate payment increases falls disproportionately on venues already identified by MVT as those most at risk of closure due to their legal infrastructure, location and business model.

The value of the increase by venue is such that it will present an immediate threat of closure to 16 venues - 33.3% of all the venues in Wales.

If these 16 venues close, the direct cost to the rates budget would be £153,679. Only 12 of these venues would need to close before the total raised from the predicted

increase delivered by this budget measure (£127,000) would be eliminated by business closures.

Furthermore, even if venues do not close, this cut in rate relief is removing their ability to be financially sustainable, and to invest in new music and community engagement.

588 jobs, £8 million of economic activity, 3500 events and 30,000 performance opportunities for musicians are at direct risk from this measure. The closure of a single venue represents a huge loss to the local community, to the music sector, and to the future of Welsh talent. The closure of 16 would be a catastrophe to the Welsh grassroots music scene. Welsh GMVs deserve to be operating within a level playing field as their cultural counterparts in England.

More broadly, we feel that much of the funding supposedly aimed at GMVs has not just been cut, but is usually not appropriately aimed at GMVs, despite the purported aims of the specific funding streams. Through this, funding is actually being cut, because GMVs are not receiving it, while the sector, MSs and wider stakeholders are consistently being told there is funding available.

For example, the new Music Revenue Fund from Creative Wales has the key criteria that it is to support the release of new music, which means that venues can only be tangentially involved in the event that an artist decides to apply, as part of releasing new music, to play at their venue. It is, therefore, not supporting grassroots music venues in the way we hoped, and we would ask that the criteria are urgently reviewed and opened up to include grassroots music venues.

We appreciate that live music venues are one of Creative Wales's priorities, however, we do not believe this fund fits with those aims given that grassroots music venues - the research and development department of the grassroots live sector - can only be tangentially involved, if at all. We are currently not aware of any other plans in the year ahead to support grassroots music venues so would be pleased to hear about this as soon as possible.

2. How financially prepared is your organisation for the 2025-26 financial year, how will inflation impact on your ability to deliver planned objectives, and how robust is your ability to plan for future years?

Please outline your reasons for your answer to question 2 (we would be grateful if you could keep your answer to around 500 words).

The cut in business rate relief from 40% to 75% will cause irreversible damage and, given the lack of wider funding for grassroots music venues (GMVs), will only add to the crisis already happening in Welsh grassroots music. This means that many of the

member venues we work with in Wales do not feel at all financially prepared for the 2025-26 financial year.

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588 jobs, £8 million of economic activity, 3500 events and 30,000 performance opportunities for musicians are at direct risk from this measure. There are specialist skills - including sound, lighting, operations, promoting, artist management - that will either be directly lost in Wales as a result of venues closing, or they will simply move their work elsewhere in the UK, leaving Wales at a direct disadvantage.

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These GMVs do not have the additional financial cushion to come through this cut in business rate relief. Despite the public demand for grassroots live music, with 23 million audience visits to a gig last year, the average profit margin for a GMV is 0.5%.

In Wales, the percentage of cases of venues entering MVT's Emergency Response Service with financial difficulties has doubled from 2023 (15.79%) to 2024 (30%), with four months of 2024 still to go.

GMVs are uniquely placed to provide long term and sustainable cultural delivery to a wide variety of areas from sprawling cities to rural communities, and their position at the heart of the music ecosystem allows investment to reach beyond the funded organisations. Their places as cultural regional hubs support a wide region beyond their doors and develop skills often not catered to in traditional educational environments.

Many venues provide additional activities and benefits for their local communities. These include apprenticeships, jobs for local young people, children's classes and concerts, fairs, festivals, comedy, and day activities. Local communities will lose a whole host of cultural and community activity if venues are to close as a result of cut funding and higher business rates.

We would also note the impact on tourism from venues closing; an average tour in 2004 would have included 22 dates. In 2024, this is now 12. Worse, those 22 dates

might have taken place in 28 different locations across the country that were regularly accessing exciting new and original live music. In 2024, just 12 cities were regular hosts to such shows. The grassroots sector invests over £277 million every year into the development of new British talent, supporting both frontline performing artists and production and technical/logistics crew.

Not only are GMVs continuing to close at a rapid rate in 2024, but the remaining venues are being forced to decrease their live music offer, running fewer shows at a higher cost.

There has been a dramatic decrease in the total amount of live music in our communities. There is an increasingly small number of places on the touring circuit, with far fewer opportunities for artists and audiences. The gross income from live music for GMVs declined by a huge 14.1% in 2024. If fewer bands are touring in Wales, this has both a detrimental effect on the Welsh economy, and on the opportunity for people see live music and culture in their local communities.

3. What action should the Welsh Government take to:

- help households cope with inflation and cost of living issues;
- address the needs of people living in urban, post-industrial and rural communities, including building affordable housing and in supporting economies within those communities?

(We would be grateful if you could keep your answer to around 500 words).

We have focussed this answer on the needs of people living in urban, post-industrial, and rural communities accessing culture and community activities. This is to ensure that arts and culture are opened up to as broad and as keen an audience as we know it deserves, and that audiences are provided with all the support they require to ensure accessibility.

A lot of grassroots music venues are in areas that are supported by dwindling and insufficient public transport infrastructure, including rural towns, as well as larger cities with poor interconnecting services. Audiences are limited to attending grassroots music in close proximity to them, and broader audiences are being hindered from attending venues that they otherwise would be active supporters of.

We know that grassroots music venues provide much more than live music to their communities; they are often the centre of cultural activity in their area, developing skills, providing jobs, and catering for people of all ages and backgrounds. As noted above, many venues provide additional activities and benefits for their local communities. These include apprenticeships, jobs for local young people, children's

classes and concerts, fairs, festivals, comedy, and day activities. It is vital that people from all areas of Wales are able to use safe, reliable, and cost-effective public transport to access these kinds of services and activities.

We have been pleased to be part of conversations with Transport for Wales and we understand they are working with Network Rail to try and improve late-night services between Swansea and Cardiff. Currently, the latest train links running East leave Swansea at 22:37 on a Saturday evening, and 22:37 during the week. The hard decision then lies on an attendee at one of these venues to either drive or leave early and miss the closing hour of an event. The former obviously does not lend itself well to climate change, while the latter means we are reducing accessibility to cultural events. Either way, attendees are being considerably further out of pocket than if they were to have the ability to rely on public transport.

Buses in particular are crucial for rural areas, under-served urban areas, and as a cost-effective way for most people to travel, including young people. Learning to drive and the cost of owning a car, is often prohibitively expensive for young people. If there are no, or too few, safe late night bus services, young people are prevented from accessing culture and arts in their communities, such as that provided by grassroots music venues. These venues provide a safe space for young people to socialise, develop performing arts skills, grow their confidence, and even identify a possible career. For older people, attending a cultural event or activity can also improve their health and mental wellbeing, and cheap bus travel is the most environmentally-friendly way to achieve this.

Grassroots music venues also provide jobs, and are at the heart of Wales' night-time economy, often being the centrepiece of someone's night out that may also mean they go to a pub, a restaurant or takeaway, and a nightclub. This can include using hotels or taxis to see a gig in a different city, or to get around, which is beneficial to the Welsh economy.

588 jobs, £8 million of economic activity, 3500 events and 30,000 performance opportunities for musicians are supported by Welsh grassroots music venues. There are specialist skills including sound, lighting, operations, promoting, artist management that will either be directly lost as a result of venues closing, or they will simply move their work elsewhere in the UK, leaving Wales at a direct disadvantage.

All of these workers, and those in the GMV sector, rely on late-night travel to get home from work safely. Safe late-night travel, by both bus and train, should be available to these workers, which is more effective for the economy and the environment than expecting them to travel by private car.

4. Have Welsh Government business support policies been effective, given the economic outlook for 2025-26?

(We would be grateful if you could keep your answer to around 500 words).

We don't believe business support policies can have been effective with the cut in business rate relief. Venues are being forced to cut other costs and in some cases, consider closing altogether. Programming of new and original music is the most obvious casualty of a lack of funding; this high risk activity of investing in new artists without the prospect of financial return has simply had to be cut from the budget. The result is that venues impacted most significantly by the cuts to rate relief have altered their programming to present reliable income streams at lower risk and with lower costs. In the grassroots music venue sector, this results in lower investment in artists, cuts to tech, services and supporting roles, and a focus shift from cultural activity to commercially viable events.

Ancillary services, such as community events, support for local charities, opportunities for rehearsal and recording time, have also been cut to manage the financial demands of the national government.

5. Are Welsh Government plans to build a greener economy clear and sufficiently ambitious? Do you think there is enough investment being targeted at tackling the climate change and nature emergency? Are there any potential skill gaps that need to be addressed to achieve these plans?

(We would be grateful if you could keep your answer to around 500 words).

We would again urge the Welsh Government to consider investing considerable resources in improved bus and train services, particularly in rural areas. Too often, people wanting to access cultural and community events - such as live music, or additional cultural activities hosted by grassroots music - are expected to attend these by private transportation due to a lack of alternatives. We believe this is both bad for the economy, and bad for the environment.

The Welsh Government's own report, 'Developing an Action Plan for the Visitor Economy' (2020), also highlighted the need for greater investment in public facilities, transport links and accessibility, and environmental maintenance. This included light rail systems, alongside the more traditional infrastructure issues such as improvements to rail and rolling stock.

When asked what changes to public transport infrastructure would make the biggest difference, respondents suggested: Improved public transport to and within rural

areas; More regular public transport across Wales; and Greater promotion of transport options.

Almost half of respondents suggested that the quality and accessibility of public transport needed to be improved, whilst a broadly similar group suggested that investment was needed in the road network. Many respondents to the questions interpreted it as travelling to and across Wales, suggesting that respondents perceived travelling within Wales to be just as important as travelling to the country.

We believe that resources should be put aside to improve transport links, with a special view towards safe late-night travel, to ensure that adequate support is put in place to allow GMVs and cultural venues of all sizes to thrive and flourish.

Welsh Government clearly has overarching responsibility for tourism policy in Wales, as well as a strategic oversight of cohesive economic, cultural and infrastructure policy around such offers, and their Welcome To Wales: Priorities for the Visitor Economy 2020-25 strategy actively set out a vision for tourism in Wales, building upon key sub-strategies including investment in infrastructure and the improvement of access to Wales for visitors. Any impact in these areas is hampered by a lack of support, engagement and investment by the Welsh Government in regional transportation infrastructure.

Reliable late night travel links between key destinations is vital to a thriving cultural landscape, and to ensure that art and culture remains, firmly, for all.

6. Is the Welsh Government using the financial mechanisms available to it around borrowing and taxation effectively?

(We would be grateful if you could keep your answer to around 500 words).

N/A

7. The Committee would like to focus on a number of other specific areas in the scrutiny of the Budget. Do you have any specific comments on any of the areas identified below?

Is enough being done to tackle the rising costs of living and support those people living in relative income poverty?

(We would be grateful if you could keep your answer to around 500 words).

N/A

How could the budget further address gender inequality in areas such as healthcare, skills and employment?

(We would be grateful if you could keep your answer to around 500 words).

N/A

Is the Welsh Government's approach to preventative spending represented in resource allocations (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early).

(We would be grateful if you could keep your answer to around 500 words).

N/A

How should the Welsh Government explain its funding decisions, including how its spending contributes to addressing policy issues?

(We would be grateful if you could keep your answer to around 500 words).

N/A

How can the documentation provided by the Welsh Government alongside its Draft Budget be improved?

(We would be grateful if you could keep your answer to around 500 words).

N/A

How should the Welsh Government prioritise its resources to tackle NHS waiting lists for planned and non-urgent NHS treatments. Do you think the Welsh Government has a robust plan to address this issue?

(We would be grateful if you could keep your answer to around 500 words).

N/A

Is the Welsh Government providing adequate support to the public sector to enable it to be innovative and forward looking through things like workforce planning.

(We would be grateful if you could keep your answer to around 500 words).

N/A

Has there been adequate investment from the Welsh Government in basic public sector infrastructure.

(We would be grateful if you could keep your answer to around 500 words).

N/A

How should the Budget support young people?

(We would be grateful if you could keep your answer to around 500 words).

N/A

How is evidence and data driving Welsh Government priority-setting and budget allocations, and is this approach clear?

(We would be grateful if you could keep your answer to around 500 words).

N/A

Is the support provided by the Welsh Government for third sector organisations, which face increased demand for services as a consequence of the cost of living crisis and the pandemic, sufficient?

(We would be grateful if you could keep your answer to around 500 words).

N/A

What are the key opportunities for the Welsh Government to invest in supporting an economy and public services that better deliver against the well-being goals in the Well-being of Future Generations (Wales) Act 2015?

(We would be grateful if you could keep your answer to around 500 words).

N/A