

Music Licensing and Sports Clubs

Parliamentary Briefing

Music Licensing

There are two separate fees that are generally required when a sound recording is played in public:

1. A copyright in the actual sound recording, for which a license from Phonographic Performance Limited (PPL) is required. These fees are then distributed to record companies and performers.
2. A separate copyright in the musical and lyrical composition for which a license from the Performing Rights Society (PRS) is required. These fees are then distributed to composers and publishers.

The Copyright Designs and Patent Act 1988 gives licensing bodies such as PPL and PRS the authority to collect fees on behalf of the organisations they represent.

Changes to PPL Licenses

- Previously, charities and not-for-profit organisations were exempt from the payment of PPL fees. In 2010 the government revamped music licensing legislation in order to bring the UK into line with international law, which ended these exemptions.
- In November the government laid down the Statutory Instrument which will bring the new laws into effect in January 2012, following a 12-month grace period to help not-for-profit organisations prepare for the change.

The Impact for Sports Clubs

- A public performance is defined as any music played in a non-domestic setting. This means that listening to the radio in a sports club or vehicle requires a license.
- Sports clubs are already operating in a challenging financial climate, with an average annual surplus of only £2000. It is vitally important that these fees do not make a difficult situation worse.
- Current proposals suggest that clubs should pay 1% of their defined income if it exceeds £10,000 to even have a radio on in the stock room. Some sports clubs have high incomes without making any profit, for example a yachting club which pays for mooring fees.
- While talks between the community sectors and PPL are ongoing, they are far from concluded. The Sport and Recreation Alliance is an active participant in the negotiations in order to reduce the impact on sport.

Taking Action

If you would like to assist sports clubs you may like to write to Baroness Wilcox as Minister for Intellectual Property, copying in Hugh Robertson MP (Minister for Sport), Nick Hurd MP (Minister for Civil Society) and Michael Moore (Secretary of State for Scotland) to recommend the following:

1. **The introduction of a cap on music license fees** to ensure that no community organisation is faced with crippling costs.
2. **A zero rate for Community Amateur Sports Clubs** to protect sports at the grassroots level.
3. **A re-evaluation of the definition of 'income' for the purposes of determining fees** in recognition that for community organisations income is not proportional to profit.

Further Information

For further information please contact David McColgan, Scottish Sports Association:

david@info-ssa.org.uk

0131 339 8785

