



PRS for Music Podcast and Audiobook scheme consultation

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1. Introduction

PRS for Music is proposing to launch a bespoke licensing scheme specifically for UK Podcast and Audiobook platforms^[1] / Digital Service Providers (DSPs). For the purposes of this consultation document a podcast means a streamed or downloadable, audio only digital file that contains both music and speech and audiobook means a narration of a book recorded into an audio only digital file made available for streaming and/or download.

This licence will be available on a 24-month experimental basis and follows on from our review into the Limited Online Music Licence (LOML) scheme which currently covers the use of our members' repertoire in UK podcasts.

As part of the PRS review of the LOML scheme, a 'call for views' was carried out with existing licensees which unfortunately licensees did not meaningfully engage with. We are now opening a formal period of consultation on the proposed scheme. This will invite comments and feedback in an open dialogue with the Podcast and Audiobook sectors specifically. Our intention in doing this is to gather the widest possible market opinion around bringing more of our members' music into both these forms of audio content.

The podcast and audiobook licence is designed specifically to cover the platform operators and DSPs for both the communication to the public and mechanical rights for commercial works, MCPS production music works and MCPS production music sound recordings used in Podcasts and Audiobooks.

The key objective of the consultation is to invite views on the proposal from potential customers and other stakeholders, ahead of publishing the new licence later this year.

Your feedback and opinions are extremely important to us as we need to ensure that this scheme captures the needs of the marketplace, whilst fairly valuing our members works used in this medium. Current market data is limited therefore, any input you wish to give is most welcome and could help us to positively adjust the proposal, outlined within this document.

The consultation is being undertaken in accordance with the *PRS for Music Code of Conduct*. This outlines our commitment to undertake fair, reasonable, and proportionate consultations when proposing to introduce a new licensing scheme or to make significant changes to an existing tariff. Our aim is to set reasonable terms and to apply and administer all licensing schemes fairly and consistently. The Copyright Tribunal has jurisdiction over all existing and proposed licensing schemes operated by us.

The consultation will run for a period of 6 weeks from 10th May until 21st June. We will review all responses received on or before the closing date. Details on how to respond to the consultation can be found in Section 5.

This consultation does not relate to the licensing of commercial music sound recordings.

^[1] When a creator places their content on their own website a licence is still required, in this instance the website will be deemed to be the platform as outlined in section 4 of this document.

2. PRS & MCPS

To represent PRS & MCPS's collective licensing activities we use the term PRS for Music throughout this document.

Performing Right Society Limited represents the rights of over 160,000 songwriters, composers and music publishers in the UK. As a membership organisation we ensure creators are paid when their music is communicated to the public and champion the importance of copyright to protect and support the UK music industry. We provide businesses and community groups with easy access to over 10 million songs through our music licences. We are one of the world's most efficient performing rights organisations. With over 100 representation agreements in place globally, our network represents over two million music creators. After deducting running costs, the income received from licence fees is distributed to members.

The Mechanical Copyright Protection Society (MCPS) collects and distributes mechanical royalties to songwriters, composers and music publishers when their works have been copied or reproduced. Mechanical royalties are generated when a musical work is reproduced onto CD, vinyl, DVD, downloaded and streamed or synchronised into a TV programme.

Each organisation has its own board of directors: the [Members' Council](#) of PRS (previously known as the PRS Board) and the [MCPS Board of MCPS](#).

PRS for Music Ltd has a separate board of directors ([the board](#)) which sets strategy and supervises the operations of PRS for Music. The Board consists of writer and publisher members who are drawn from the Council, as well as external directors and our CEO.

3. Rationale for the proposal

The aim of the proposed Podcast & Audiobook scheme is to license the market more effectively whilst making the process of licensing more straightforward for platforms & DSPs. By creating a dedicated scheme for these specific forms of audio only content we will generate royalties much more efficiently for our members.

Due to there being a lack of a designated scheme, there is currently some confusion within the market with regards to licensing music in both podcasts and audiobooks and where the obligation for obtaining this licence lies.

At present, the only published podcast rate available is under our Limited Online Music Licence (LOML) scheme, which is intended for small businesses/individuals with an annual revenue of up to £12.5K. This scheme enables customers to select from a rate card the annual licence fee, taking into account the permissible number of downloads within each band (capped at 680,000 downloads). The podcast category within this scheme has an underlying rate of ~£0.0025 per podcast download.

Bespoke solutions are available to those services generating more than £12.5K per annum. Therefore, to provide certainty to platforms / DSPs with annual revenue greater than £12.5K, introducing a licence covering the rights needed for both podcast & audiobook content made available on these services is required.

We looked to the Commercial Radio licensing scheme, and in particular, commercial radio Talk Shows and 'speech based' stations as this scheme is the closest comparator for Podcast & Audiobook content with similar levels of music densities.

Talk radio stations are charged at 1% of net broadcast revenue (NBR), we have uplifted the 1% headline rate for commercial radio talk show stations to a 2.5% headline rate for Podcasts & Audio books so that the value of the use of additional rights required is reflected within the licensing scheme for Podcasts and Audiobooks.

Our market and comparator research indicated to us that the most appropriate structure for this licensing scheme is therefore based on two elements to derive a royalty from:

- 1) Rate per music hour ("RPMH")
- 2) % of applicable revenue

A rate per music hour is an effective method we already utilise to license broadcasters and other services. Our proposed Podcast & Audiobook RPMH is underpinned by the 2023 music podcast rate within the published LOML scheme ~£0.0025. The origins of this rate stem from the JOL tribunal and our previous Joint Podcast Licence 2007 (JPL), which set the per track minimum at £0.0015. The rates within LOML have been adjusted by inflation each year to get to the ~£0.0025 rate it is today.

4. Proposal

Licence Scope

This proposed 24 months experimental licence will be issued to platforms / DSPs to license the use of PRS & MCPS repertoire and production music sound recordings (PMSR) incorporated into Podcasts & Audiobooks. We will review the scheme at the end of this period to see if it's operating as intended.

For the avoidance of doubt, where a creator makes available podcasts or audiobooks on their own website, the Podcast & Audiobook Licence would cover the website for the following rights:

PRS for Music Grant of Rights:

1. The communication to the public of PRS repertoire
2. The communication to the public of Production Music Sound Recordings
3. Mechanical rights in MCPS member and affiliated mechanical repertoire for the purpose of making such content available on-demand and for download on the Licensed Service.

Proposed Royalty Rates

The licence fee will be determined by the greater of the RPMH £0.0151 or 2.5% annual applicable revenue, subject to an annual minimum fee of £270 + VAT.

By way of example, the table below demonstrates the level of royalty expected for a sample range of music densities in podcasts using the proposed RPMH (based on a 40.56 average duration of podcast) as well as number of downloads / streams, and an example of the number of permissible episodes in the annual minimum fee (£270).

Average Podcast Duration 40.56 minutes	5% Music Density	10% Music Density	15% Music Density
Music Minutes	2.028	4.056	6.084
Rate per podcast	£0.000511	£0.00102	£0.00153
1K downloads / streams	£0.51	£1.02	£1.53
10K downloads / streams	£5.11	£10.22	£15.33
50K downloads / streams	£25.55	£51.11	£76.66
No. of Podcast episodes in minimum fee with 50K downloads / streams each	10.57	5.28	3.52
No. of Podcast episodes in minimum fee with 10K downloads / streams each	52.83	26.42	17.61
No. of Podcast episodes in minimum fee with 1K downloads / streams each	528.32	264.16	176.11

Definition of Applicable Revenue

Applicable revenue means revenue received (or receivable) from advertising or sponsorship, or any other revenue (such as one-off payments or donations), specifically derived by the platform / DSP from podcast and audiobook content made available on the service.

Restrictions & Exclusions

For the avoidance of doubt, this proposed licence does not include the reproduction rights for incorporating commercial music into podcasts and audiobooks. The reproduction rights can be obtained under a separate licence either directly from the rightsholders or via our website where PRS for Music are mandated to do so.

The following restrictions apply to the proposed Podcast & Audiobook Licence. Any use that falls outside these restrictions would need to be cleared directly with copyright owners.

- Podcasts & audiobooks must be provided in the form of programmes in their entirety, and not as individual tracks or separate portions.
- No audio-visual content is covered under the podcast & audiobook licence.
- Podcasts must contain both speech and music, with the speech interspersed throughout.
- No more than 50% of the music used in the podcast or audiobook can be performed by a particular artist or written by a particular composer without approval from PRS for Music.
- No more than 2 pieces of music from a particular album or more than 2 repertoire works performed by a particular artist or written by a particular composer is permitted under the proposed licence without approval from PRS for Music.
- There can be no guide providing details of the time at which particular tracks appear.
- There must not be any flags or markers inserted which enable the segmenting and disaggregation of tracks.

We are seeking your views on the following:

1. The benefit of introducing a dedicated scheme to license music used in podcasts & audiobook content.
2. Our approach to license the DSP's and Platforms for the music used in podcast & audiobook content their services made available to a UK audience.
3. The charging metrics the scheme utilises to calculate the licence fee.
4. Your considered answers to the accompanying consultation questions & call for views.

5. How to respond to the consultation

All the details of this review, and any updates, are available on our website:
<https://www.prsformusic.com/podcast>

Respondents should complete the response form on the website above.

Online responses are preferred.

Written responses can be posted to:

Consultation Responses

PRS for Music

1st Floor

Goldings House

London

SE1 2HB

Or by email to:

podcastaudiobookconsultation@prsformusic.com

Please entitle your response 'Podcasts & Audiobooks Consultation'

Or visit: <https://www.prsformusic.com/podcast> **the closing date for the consultation is 21st June 2023**

We will consider all comments received by the closing date. We have provided some questions for you to consider when formulating your response which can be found on the website above. If you would like us to keep your response confidential, or if you wish to provide confidential data in support of your response, please let us know by stating this on the response form.

This consultation does not obligate us to implement any of the changes proposed and we may propose an alternative scheme in the light of responses to this consultation.

Next Steps

Following the closing date of the consultation and call for views. We will review all of the responses and publish a summary on our website. We will seek to hold discussions with customers and any representative bodies, as required, and, subject to the outcome of the consultation, feedback and subsequent discussions, propose a new licence later this year.



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