

Launchpad

Managing Your Royalties

Insight Sessions
Getting Release Ready
Tuesday 28th June 2022

Launchpad

Music Industry Insight Sessions

Five sessions to help you manage aspects of your music career

14th June - Getting release ready

28th June - Managing your royalties

12th July - Promoting yourself and your music

26th July - Finding funding for your music project

9th August - Getting out there and playing live

Delivered by Launchpad team & industry advisors.

Launchpad

Speaker – whiskas / Sam Nicholls

Director - Music:Leeds / Come Play With Me

Program Leader – BA Music Industries Management (Leeds Beckett University)

Advisor - PRS Foundation, Help Musicians, Youth Music,

Previously: Musician, Record Label Owner, Artist Manager, Promoter, Producer.



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Maximising Your Royalties

- Where do royalties come from?
- Recordings vs Compositions
- Performing Royalties (PRS)
- Mechanical Royalties (MCPS)
- Neighbouring Rights (PPL)
- Working with labels & distributors
- Publishing

Managing Your Royalties

Music creators and rights holders make money and generate royalties in multiple ways depending how and where the music is played / performed.

A music creator is always the first owner of a musical work, but in most cases will license it to different groups in order to most effectively collect the royalties attached to it.

Managing Your Royalties

A musical work is generally split into two separate copyrights / intellectual property.

These are:

- Songs / Compositions
- Recordings

Each has it's own set of original creators, and relevant partners it is commonly licensed to.

Managing Your Royalties

SONGS / COMPOSITIONS

When you write a song, you create a piece of Intellectual Property. The original writer(s) are the owners.

Managing Your Royalties

RECORDINGS

When you make a recording, you also create a piece of Intellectual Property. The people who convened, arranged or basically paid for the recording, are the owners.

It is assumed the performers are contracted (more later). There are other processes in place to reimburse the songwriters of the composition recorded (more later).

Managing Your Royalties

When you release music, there are multiple stakeholders

- Master Rights Holder (traditionally record label)
- Performers
- Songwriters

You might be all 3 of these, but the way rights your rights & royalties are collected and distributed are affected differently for each role.

Managing Your Royalties

Dependent on how a song or recording is distributed and performed, there are primarily 3 different ways income is generated

- Through “sales”
- Through “broadcast”
- Through “duplication”

Managing Your Royalties

To collect all the income due to you, you need to be aware of these 5 income streams:

- **Recording Royalties**
- **Performer Royalties (Neighbouring Rights) via PPL (Performer)**
- **Performer Royalties (Neighbouring Rights) via PPL (Rightsholder)**
- **Performing Royalties via PRS**
- **Mechanical Royalties via MCPS**

**RECORD SALE
IN A SHOP
(HMV / JUMBO
etc)**



**DISTRIBUTOR /
RECORD LABEL**

**PAYS ARTIST A
ROYALTY**



**RECORD LABEL SHOULD PAY MCPS A
LICENSE AT PRODUCTION STAGE - THIS
GOES TO SONGWRITERS / PUBLISHER**

STREAMING
(Spotify,
Apple etc)

Approx. 82%



DISTRIBUTOR
/ RECORD LABEL

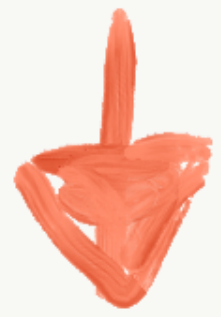
Approx. 18%



PRS – 50%

MCPS – 50%

(Goes to songwriters / publishers)



PAYS ARTIST A ROYALTY /
AMOUNT AFTER
COMMISSION

(Independent artists may
receive all this figure)

RADIO OR TV AIRPLAY

PLUS!!
BBC SOUNDS
PAYS TO MCPS

**Pays PRS a
license fee**

**This goes to
songwriters /
publishers**

**Pays PPL a
license fee**

**50% goes to
performers**

**50% goes to
master rights
holders**

Managing Your Royalties

Even if you:

- own your own recordings, and
- are the solo performer, and
- write your own songs

you need to be aware of all these processes to receive all the income due to you.

Managing Your Royalties

Recorded Music – Sales Revenue

Digital Distributors / Aggregators

When you upload music to a distributor / aggregators, you give them the license to manage the IP and pay you any income they make.

This is why it may appear as if they “own” the recordings on social media, YouTube etc.

Managing Your Royalties

Recorded Music – Sales Revenue Direct to Fan

Rights holders can also sell music Direct to Fan (eg. Bandcamp).

You set the prices and earn revenue direct.

Also useful at acquiring customer data.

You're not obliged to pay any additional fees for this, but if you have duplicated physical records, it's assumed you have relevant mechanical licenses (more later).

Managing Your Royalties

Recorded Music – Sales Revenue

Working with a label

When there are agreements between a label and an artists, it's important to know certain terms, even informally:

- Who is the master rights holder? Is it a timebound license?
- How long is the agreement for managing the recordings – retention?
- How long is the agreement for releasing through them – options?
- What is the royalty % on income?

Managing Your Royalties

Recorded Music – Neighboring Rights

UK copyright law says performers and recording rights holders (traditionally record labels) have the right to payment when their works are publicly performed. This is called Equitable Remuneration.

This usually means TV / Radio.

This is administered by PPL.

These royalties are sometimes called performer royalties, or neighboring rights.

Managing Your Royalties

Recorded Music – Neighboring Rights

PPL pay royalties for recordings registered on their systems to performers & rights holders 50/50.

Only rights holders can register a recording in PPL.

Recordings are identified by ISRC codes – these can be generated by PPL, or given by your distributor.

Once a recording is registered, performers can “claim” them.

Managing Your Royalties

Recorded Music – Neighboring Rights

If you are a master rights holder & performer you need to register for both accounts.

They are both **free!**

However, you need to print, sign and scan the forms.

Forms for US collection are confusing if you aren't a registered business entity.

Managing Your Royalties

Recorded Music – Neighboring Rights

If you are getting national airplay (6 Music, Radio 1 / 1Xtra, BBC TV or other sync) you could be missing out on income if you haven't registered.

Launchpad+ offer neighboring rights management – get in touch if this would be helpful!

Managing Your Royalties

Recorded Music – Neighboring Rights

Equitable Remuneration doesn't occur when your music is streamed on DSPs....

...but this is something being discussed by the current DCMS enquiry – although may just be non-interactive streams.

Managing Your Royalties

Publishing Royalties – Performing Royalties

Performing royalties are collected by PRS in the UK.

They are generated when songs / compositions are “broadcast” – performed live in public, played on the TV / radio or streamed through DSPs.

If you are signed to a publisher, they should make sure this income is collected and distributed to you by PRS (more later).

Managing Your Royalties

Publishing Royalties – Performing Royalties

Live

A small gig pays £10 PRS to all songwriters combined.

Large gigs pay 4.2% of the ticketed income, which is split 80% Headliner / 20% Support Acts.

You need to submit your setlists through PRS website

Managing Your Royalties

Publishing Royalties – Performing Royalties

Radio

BBC Radio 1 - £4.50 to £10.50 / minute

BBC1Xtra - £1.34 - £3.12 / minute

BBC 6 Music - £2.42 to £5.64 / minute

BBC Leeds - £0.11 to £0.25 / minute

BBC Introducing in Leeds should be 11p / minute

*all figures are on PRS website!

Managing Your Royalties

Publishing Royalties – Performing Royalties

Streaming DSPs also pay performing royalties when music is streamed.

This is 9% of the total it pays out to all rightsholders.

If you are paid 100% royalties by a distributor, this another 10% on top of this.

Managing Your Royalties

Publishing Royalties – Performing Royalties

PRS is £100 to join

To earn over £100, your music would need to have:

- one play on a BBC 1 primetime show
- six plays on Sky 1
- two plays on ITV
- three plays on Channel 4
- five plays on BBC Radio 1
- 150 plays on an independent local radio station
- 200 plays on an MTV Music Channel

For live performance, your music will need to be performed at:

- twelve small-scale venues that are registered in our [Gigs and Clubs scheme](#), such as a local pub
- two or three larger venues, such as Barrowlands in Glasgow or The Deaf Institute in Manchester

Managing Your Royalties

Publishing Royalties – Mechanical Royalties

Mechanical royalties are collected by MCPS in the UK.

They are generated when songs / compositions are “duplicated” – when CDs or vinyl is pressed, or streamed through DSPs.

We are also starting to see radio playback covered as a “duplication” – specifically through BBC Sounds app.

Managing Your Royalties

Publishing Royalties – Mechanical Royalties

Traditionally mechanical royalties were a chunky way to reimburse songwriters for recorded music sales.

Eg. Artist is projected to sell 100,000 records on an album launch – the label has to pay a mechanical license to be able to duplicate these records, which goes back to the songwriter / publisher. This could be about £80k to songwriters.

Managing Your Royalties

Publishing Royalties – Mechanical Royalties

A lot of indie labels will ask artists to waive the mechanical royalties, or reimburse through other ways (eg. stock).

This can be easier for small amounts and where artists aren't registered.

However, MCPS can often chase payments for previous releases.

You can view more info on waiving MCPS collection here:

<https://www.prsformusic.com/what-we-do/prs-and-mcps/mcps-mandates-and-exclusions>

Managing Your Royalties

Publishing Royalties – Mechanical Royalties

Streaming DSPs also pay mechanical royalties when music is streamed.

This is 9% of the total it pays out to all rightsholders.

If you are paid 100% royalties by a distributor, this another 10% on top of this – IN ADDITION to the 10% that goes to PRS.

Managing Your Royalties

Publishing Royalties – Mechanical Royalties

Mechanical royalties don't happen when songs are broadcast on live radio, but BBC Sounds counts as a stream playback, and they also generate royalties when they are attached to a moving image (TV / film).

Managing Your Royalties

Publishing Royalties – Mechanical Royalties

MCPS is also £100 to join.

For physical records – labels pay MCPS license of 8.5% of Published Price to Dealer – PPD.

An album might generate 60p-80p per copy, to be split between all the songwriters.

Managing Your Royalties

Publishing Royalties – Publishing Agreements

Traditionally, you might sign a publishing agreement to collect your Performing and Mechanical Royalties.

Many established artists / songwriters won't be signed up to MCPS directly.

If signed to PRS, Songwriters will always retain 50% of performing royalties (“writers” share). But other collection services can collect 100% of royalties if you're not signed up.

Managing Your Royalties

Publishing Royalties – Publishing Agreements

As with recording agreements, it's important to understand?

- How long is the agreement for managing the compositions – retention?
- Do you still need to collect parts of your royalties? Eg. writers share of PRS?
- How do you submit live music claims?
- What is the royalty % on income?

Managing Your Royalties

Publishing Royalties – Publishing Agreements

There is a rise in publishing collection services that collect all your PRS & MCPS income, without a fee but for a % - and with some added benefits, eg. pitching your music for sync.

These are mostly short term deals – you can leave them without penalty if you get a better offer.

Launchpad+ can also offer this!

Managing Your Royalties

Publishing – Public Broadcast Licenses (PRS, PPL)

PRS & PPL blanket license spaces to allow music to be performed in public, and then distributes the revenue back to its member songwriters / composers / performers.

PRS also blank license UK broadcast channels (TV & Radio).

Managing Your Royalties

Publishing – Sync

Producers of visual media (TV / Film / Games company) pay the owner of the rights in the song for a licence to reproduce the recording of a performance of the song with visual images.

Managing Your Royalties

Publishing – Sync

Need to be agreed between publishing company and master rights holder (record label)

They have to agree to the same license fee (split 50/50) - due to “Most Favoured Nation” clause, so one side can’t be disadvantaged.

Continue to receive royalties from continued use on top of the fee (in the UK from PRS, MCPS & PPL)

Managing Your Royalties

Tips

Keep a record of your repertoire – what are your codes etc.

If you're working with a 3rd party, be clear about who is doing what, and for how long.

Make sure you are covering collection for all possible revenue streams (we can help with that).

Ask for help!

Managing Your Royalties

Any questions?

Don't forget – you can book one-to-one advice from our team every other Tuesday: www.launchpad-music.com/advisedropins

Launchpad+ provides support for managing releasing music, and royalty collection. Contact us for more info:

whiskas@musiclocal.co.uk