



## New SFE tariff FAQs

These FAQs are provided for guidance only and readers are referred to the new SFE tariff <https://pplprs.co.uk/tariff-consultations/> for its full terms.

### **1. Why introduce a new SFE tariff?**

PPL identified that its existing tariff for Specially Featured Entertainment (“SFE”), Tariff PPLPP001, had several issues:

- It undervalued the contribution of PPL’s repertoire to SFE events.
- It failed to treat customers fairly as the fees did not take proper account of differences in the attendances at events.
- There was uncertainty as to how customers should report their attendances, which led to further inconsistencies.

PPL is introducing this new tariff for SFE, Tariff PPLPP299, after detailed consultations and negotiations with two trade associations (the British Beer & Pub Association and UK Hospitality), who have agreed both the terms of the new tariff and the timetable for its implementation.

### **2. What types of premises does the new PPL SFE tariff PPLPP299 apply to?**

It will apply to SFE events taking place at pubs/bars, nightclubs, hotels, restaurants and cafes.

### **3. What is an SFE Event?**

SFE events include playing sound recordings in public as part of discos, dances and DJ sets/presentations (the latter is where a DJ is used to play the sound recordings).

The tariff applies regardless of whether the recordings are played at the venue (for example, from vinyl, CDs and memory devices such as hard drives) or are transmitted to the venue (for example, by an internet stream).

### **4. If I operate a different type of premises, how will I be charged for SFE events?**

Any SFE events taking place in premises other than pubs/bars, nightclubs, hotels, restaurants and cafes will continue to be licensed under the existing SFE tariff PPLPP001.

### **5. Why are SFE events at other premises not being treated in the same way?**

PPL focussed its initial review of the SFE tariff on hospitality venues. The four site types covered by the new tariff represent the majority of SFE venues (and of SFE events) licensed by PPL. PPL may consider and consult on changes for other site types separately in due course.



## **6. When will the new SFE tariff apply?**

The new SFE tariff comes into force on 1 January 2023.

Fees for SFE events at pubs/bars, nightclubs, hotels, restaurants and cafes will be charged under the new SFE tariff if they take place in a customer's Licence Year that starts on or after 1 January 2023.

For example, if the start date for a customer's licence is 1 July 2022, the new SFE tariff will first apply to SFE events taking place at their site(s) from 1 July 2023 onwards.

## **7. What are the main changes from the old tariff?**

In both Tariff 001 and the new SFE tariff, the fees are based on the attendance at and the duration of the event. The level of those fees has been revised, and will increase over time, with details being set out in the tariff document itself <https://pplprs.co.uk/tariff-consultations/>

There are several other important changes under the new SFE tariff. We advise reading the new tariff in full but, in summary:

- The fees for an SFE event rise in direct proportion to the size of the audience attending that event (whereas under Tariff PPLPP001 the fees for events with large attendances are often not much more than the fees for events with small attendances).
- There is a clear policy on reporting with customers having to provide details of their SFE event attendances (that is, the total number of people through the door).
- The tariff applies to both the playing of sound recordings at the venue and to playing sound recordings transmitted to the venue (see also Q3 above)
- In line with a number of PPL's other tariffs, the new SFE tariff will introduce a surcharge for late payment and/or holding SFE events without first obtaining a licence.

To help licensees moving to the new tariff, some of these changes are being phased in as follows:

- The fee increases are being phased in over a number of years.
- In the early years of the new tariff, there are temporary discounts for events with large attendances.
- The surcharge will not apply until 2024.

As result of the "phasing in", the fees for many events will be lower in the early years of the new SFE tariff compared to the fees that are currently charged under Tariff PPLPP001 (see Q8).



## **8. How much is it going to cost me?**

The fees in the tariff for an SFE event are based upon its duration and the total number of people in attendance, charged in bands of 25 attendees. For Licence Years starting between 1 January 2023 and 31 December 2023, the fees per event are set out in the new SFE tariff as in force from 1 January 2023 <https://pplprs.co.uk/tariff-consultations/>

The new tariff is subject to transitional arrangements under which the fees will increase over time. Full details can be found here <https://pplprs.co.uk/tariff-consultations/>

These transitional arrangements for the new SFE tariff mean that many licensees with relatively small events may see reductions in their SFE fees for those events in 2023.

One aspect of the new SFE tariff is that all SFE events are charged in the same way. This results in larger fees for SFE events with large attendances and, in addition to the general “phasing in” of the fees in the new tariff, there are discounts, reduced over time, for such events to assist licensees to adjust to these changes.

Once the transitional arrangements come to an end, the fees in the new tariff will continue to be adjusted each year using the Consumer Prices Index (All Items), comparing the rate in September of the preceding year to the rate in September of the year before.

## **9. How do I report attendance figures?**

The new SFE tariff requires customers to report their actual attendance figures (that is, the numbers through the door). Please see PPL’s guidance notes (prepared with the assistance of British Beer & Pub Association and UK Hospitality) for more information

## **10. How will you calculate my fees in the first year?**

As part of your licence review process, PPL PRS will firstly review the events that you held in the last year for which you were charged under Tariff 001. The purpose of this review is to check whether the number of events held and the attendance at and duration of these events were in line with the licensing detail used to calculate the charges for that year.

PPL PRS will then use these figures, subject to any anticipated changes, to provide an estimate for the year going forwards. You will need to take into account the changes in the way that attendance is reported under the new tariff when providing estimates of attendance for the forthcoming year.

Throughout the year we will ask you to keep a record for each event of the total attendance at the event and the duration of the event.

As part of your annual review PPL PRS will then compare the actual figures to the original estimate and an additional invoice/credit note will be raised as required.

## **11. What is the surcharge? How is it different to other PPL tariff surcharges?**



Where sound recordings have been played in public as part of an SFE event without first obtaining a licence or paying the licence fees for that Licence Year in accordance with the terms of this tariff, the fees for that Licence Year will be subject to a surcharge. The purpose of the surcharge is designed to discourage use of PPL's sound recordings without a licence and/or payment and to compensate PPL for the work involved in enforcing its rights.

With this new SFE tariff, the surcharge will come into effect from 1 January 2024 (and apply to a customer's SFE events that take place in a Licence Year starting on or after that date).

Where the surcharge is applied, a customer will be charged 50% of the standard fee for that Licence Year (in line with the approach taken with other PPL tariffs). This is subject to a cap of £1,000 (subject to adjustment for indexation) for each site at which SFE events take place in the relevant Licence Year.

## **12. Why is PPL adding to the pressures on the industry whilst we are still dealing with Covid?**

Tariff 001 was in serious need of reform (see Q1) and the process of developing a new SFE tariff began long before the pandemic. Taking everything into account, PPL has looked carefully at not only what the final form of the new SFE tariff should be, but also the timing of its introduction and phasing in.

PPL is only introducing this new SFE tariff after detailed consultations and negotiations with key trade associations (the British Beer & Pub Association and UK Hospitality), who have agreed both the terms of the new tariff and the timetable for its implementation.

Having originally planned for a new SFE tariff to start in 2019, PPL delayed the introduction of the new tariff until 2023 and (as set out in Q7) changes in the fees and structure are being "phased in" over time. As a result, many licensees with relatively small events may even see reductions in their SFE fees in 2023.

*For example, using Tariff 001 as in force from 1 October 2021 for the purposes of comparison:*

- *The fee payable for a 3-hour event with a total attendance of 100 people decreases from £11.39 under Tariff 001 to £10.56 in year one of the new tariff. A 7% reduction in fees*
- *The fee payable for a 4-hour event with a total attendance of 225 people decreases from £41.19 under Tariff 001 to £31.68 in year one of the new tariff. A 23% reduction in fees.*

## **13. How was the new SFE tariff agreed?**

As part of the review of Tariff 001, PPL undertook extensive economic analysis of what a fair and reasonable fee for SFE would be, using external experts and an established valuation technique. This was done in conjunction with a number of public consultations on the various tariff issues and extensive negotiations with the British Beer & Pub Association (BBPA) and UK Hospitality.



Following this process, PPL published a proposed SFE tariff in 2019. BBPA and UK Hospitality then referred this proposed tariff to the Copyright Tribunal in June 2019. The Copyright Tribunal is an independent statutory tribunal, and its main role is to resolve commercial licensing disputes (in the UK) between licensing bodies such as PPL and people who use copyright material in their business.

Due to the pandemic the Tribunal process was delayed and in the meantime PPL, BBPA and UK Hospitality continued discussions. These further discussions led to agreement on the terms of the new tariff, as well as the timetable for its implementation, and the Copyright Tribunal reference was withdrawn.

*To the extent that there is any clarification required between these FAQs and the terms of the new SFE tariff, the terms of the tariff prevail.*