



# Driving UK growth: The role of licensing music in the age of AI

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## About us

WPI Economics is an economics, data insights, policy and impact consultancy, but one that is a little different to many others. We draw on backgrounds in government and the private and charitable sectors to produce work designed to make a difference. We do not do research for research's sake. We are committed to ensuring that everything we do has an impact – which is part of the reason why we recently became a verified B Corporation. WPI Economics has authored this report.

The British Phonographic Industry (BPI) is the representative voice for the UK's world-leading record companies and label businesses. The BPI runs The BRIT Awards, is home to the Mercury Prize, co-owns the Official Charts, and administers the BRIT Billion and The BRIT Certified Awards. Through its public affairs and policy work, the BPI helps foster a policy and business environment in which its members and their artists can thrive, promoting the rights of over 500 labels and businesses. The BPI commissioned this independent report from WPI Economics.

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# Forewords



**Sophie Jones**  
Chief Strategy Officer, BPI

Britain excels in creativity.

Our talent for music is renowned on the world stage and contributes significantly to the UK economy, providing £8 billion of GVA and 220,000 jobs.

This is well understood and acknowledged by the UK Government, which lists the creative industries as one of eight priority sectors driving economic growth.

What is often less understood is that copyright is the oil that allows the wheels of the creative industries to turn, by translating creativity into robust rights that can be bought, sold and licensed.

Copyright is more essential than ever at precisely the moments when creativity needs to be licensed in new ways, usually because of the advent of new technologies. The music industry has been through many such moments in the past and we are at another such juncture now as we scope out the opportunities presented by AI.

BPI represents the three global 'majors' and hundreds of independent record companies. These businesses are at the cutting edge of creative and commercial innovation, exploring these new opportunities, building new markets for music and creating new audiences and revenue streams for artists and creators.

This report showcases their early forays into this new era and the enthusiasm and energy with which they are approaching it.

The report reveals that an overwhelming 97% of BPI members surveyed rely on copyright to capitalise on these opportunities. It also points to an alignment of views between music rightsholders, responsible AI firms and consumers that copyright should be respected and creators paid when their work is used in AI.

We welcome therefore Government's recent shift in thinking away from damaging new copyright exceptions and towards ways to support and accelerate copyright licensing at this pivotal moment.

We hope the report will serve as a useful contribution to this next phase of policy development.



**Lord Vaizey of Didcot**

Former Minister of State for Culture and the Digital Economy 2010–2016

For those of us who have been involved with cultural and tech policy for longer than we may like to admit, the recent public debate over copyright feels like the return of an obstreperous old friend recounting stories from the past.

For the creative industries, copyright is the golden key to ownership of and investment in music, film, TV, literature and more, the foundation of one of our most successful sectors and the source of Britain's cultural power on the world stage.

For certain big tech operators wanting to market new tools and services, copyright is portrayed as an inconvenience, supposedly restricting access to the 'content' they know they need in order to develop, innovate and market new products, but which they would rather take for free simply because they think they can (and sometimes already have).

I heard these same positions many times back in the 2010s when I was the minister for culture and the digital economy in David Cameron's government, though the battleground then was illegal file-sharing rather than AI training.

I knew then, just as I know now, that there would be no solution until there was a commercial solution.

So I welcome this report which cuts to the chase and identifies clearly the opportunity for commerce and economic growth that comes not from sweeping away copyright, but from licensing it.

Back in the 2010s, a commercial solution did indeed emerge, as services like Spotify, Amazon Prime and Netflix kicked illegal filesharing to the margins. The early signs, as outlined in this excellent report, are that this is happening again in the field of generative AI.

Our role as policymakers is to let copyright and the new market builders on both sides of the equation work their magic through licensing while encouraging the dialogue and transparency needed to accelerate their progress.



**Samantha Niblett**

Labour Member of Parliament for South Derbyshire

Member of Science, Innovation and Technology Select Committee

This report is music to my ears, outlining as it does the early signs of collaboration between music and tech, two jewels in Britain's crown, and demonstrating that responsible, copyright-licensed innovation is not only possible but already happening.

With these green shoots of collaboration now appearing, it is time to reject the old tech mantra of 'move fast and break things' and ask instead how these sectors can 'move together and build things'.

The report also points to the appetite and momentum building towards many more licensing agreements and partnerships and the opportunity not only for the bigger companies in our economy, but for the small and mid-sized too. A healthy and vibrant licensing market promises to create tangible opportunities for Britain's myriad, UK-based SMEs in both the tech and music sectors, in turn supporting entrepreneurship and the UK's 2.4 million creators.

I know from experience that technology can only deliver responsible innovation and progress if people can trust it. And trust is built on transparency, fairness and respect for the law, including copyright.

So let's now move the discussion onward to shape a policy environment that supports both tech and the creative sectors and above all commercial collaboration between them which is the best and fastest route to sustainable growth.

# Executive summary

## **British music is a global superpower – economically and culturally**

- The UK music industry was worth £8 billion to the UK economy in 2024, including £4.8 billion in exports, and provided 220,000 jobs.
- The Government’s industrial strategy cited the creative industries as having “potential for wealth and job creation through the generation and exploitation of intellectual property.”
- The UK’s music industry generates significant soft power for the UK – helping develop global stars that elevate the influence of the UK on the world stage.
- 75% of UK adults surveyed by UK Music said they are proud of Britain’s music industry, putting it ahead of sports, IT, construction and banking.<sup>1</sup>
- Goldman Sachs predicts that the global recorded music market will grow in value from \$31.4 billion (£24.6 billion) in 2025 to \$55 billion (£43.1 billion) by 2035. BPI has a target to reach £1 billion in recorded music exports revenue by the end of the decade and now is a crucial time to seize a stake in this growing global market.<sup>2</sup>

## **The music industry has a track record of adapting to technological change and creating new opportunities for artists and rightsholders**

- Technological change is a constant in the music industry; adapting to meet these opportunities is embedded in the industry’s DNA.
- From streaming to social media platforms, to at-home fitness products like Peloton and new experiences like Abba Voyage, the music industry is adept at spotting opportunities and creating new markets for artists and audiences at scale.

## **AI licensing is no different. Rights holders and tech companies are already starting to strike licensing deals**

- As of 2026, rights holders (licensors) and AI developers (licensees) from a range of creative sectors had struck 274<sup>3</sup> commercial licensing agreements.
- For example, in January 2026, Universal Music Group and NVIDIA entered a collaboration to undertake research and development to advance human music creation and rightsholder compensation, and to enrich music experiences through AI.<sup>4</sup>
- In November 2025, Warner Music Group (WMG), Universal Music Group (UMG), and Sony Music Entertainment (SME) signed licensing deals with US-based AI music company Klay Vision Inc., making it the first AI startup to enter into agreements with three major record labels and their publishers.<sup>5</sup>

## **BPI members are willing and able to license their works at scale for use in AI systems**

- The three ‘major’ music companies whose repertoire collectively accounts for over 70% of music consumption in the UK are exploring further licensing partnerships with companies developing AI products.

- The same is true of licensing aggregators, such as Merlin, acting for independent music companies that together represent 15% of the global music market.<sup>6</sup>
- In addition, of the independent BPI members surveyed for this report:
  - 16% are exploring licensing partnerships.
  - 77% agree that licensing is key to driving growth for businesses in the creative industries.
  - 77% are open to licensing their music for ethical use by AI.
- While many of these conversations remain early stage and confidential, this report contains a snapshot of 26 deals concluded and announced between 2023–26.

*“AI needs us as much as it needs energy and computer skills.  
A dynamic licensing market will enhance the role of human creativity in the UK,  
positioning us as a key player in the global AI supply chain.”*

*Excerpt from letter to Prime Minister Keir Starmer signed by  
400+ British artists including Sir Elton John and Sir Paul McCartney, May 2025*

### Consumers also agree that licensing is the way forward

- According to a poll commissioned by WPI Economics for this research, over half (54%) of AI users think licensing music for AI use could support economic growth, compared to just a quarter of non-users (26%).
- 8 in 10 consumers (77%) think rights holders and artists should be paid if their work is used by AI to create a new song.
- The same proportion (77%) think that an artist’s music or vocals should not be used by AI without permission from the artist or their record label.

### Debate about unnecessary changes to copyright and opacity of AI training data have been holding the licensing market back from achieving scale

- Of the independent BPI members surveyed for this report:
  - 97% of respondents agreed that the existing copyright framework is fit for licensing AI systems and critical for their business.
  - 84% of respondents agree AI has the potential to fuel economic growth for the UK economy.
- Nevertheless, licensing AI remains nascent.
- Uncertainty created by discussion of unnecessary changes to copyright law serves to fuel litigation and freeze the market.
- Meanwhile, the opacity of AI training data is a major barrier preventing AI companies coming to the table for licensing discussions.
- Together these factors are holding back licensing at scale, limiting both the number of exploratory conversations and slowing the striking of licensing agreements.

- The Government's recent shift away from potentially damaging exceptions to copyright creates the opportunity for a new approach to support and accelerate the development of a vibrant licensing market.

**This report calls for policy makers to do three things to nurture and scale the licensing market:**

- **Maintain existing law:** Maintain the existing copyright regime to enable a thriving licensing-based marketplace that supports commercial negotiations between the creative sector and AI firms.
- **Mandate transparency requirements:** Developers should keep clear records of training inputs to inform and enable commercial licensing. AI-generated outputs should be clearly labelled, so that consumers can make informed choices about what they listen to.
- **Assert the sovereignty of UK law:** It should be made clear that all AI models deployed in the UK must comply with UK law irrespective of where they have been trained. This would stimulate commercial licensing, prevent circumvention of UK law and ensure a more level playing field for the UK's ethical AI companies.

### Case study 1: Facilitating licensing agreements and ensuring fair compensation – a spotlight on Human Native AI

Human Native AI is a startup based in London, operating a marketplace that facilitates licensing agreements for AI training materials between companies developing LLM projects and rights holder organisations interested in licensing their data.<sup>7</sup> Launched in April 2024, Human Native grew quickly to get a minimum viable product that benefits both rights holders and AI developers into production in only three months.<sup>8</sup> The company set out to connect traditional creative sectors with the emerging AI sector by addressing two overlooked needs. First, ethical AI developers often found it difficult to obtain and properly source a wide range of high-quality training materials. Second, rights holders saw their copyrighted materials used to train AI models without permission or compensation. Human Native provided a way for them to create a revenue stream from their content with ease and at scale.<sup>9</sup>

Human Native was recently acquired by Cloudflare and will now focus on developing products to support a sustainable economic model for copyright materials to be used in AI training. The proliferation of marketplaces such as this is a significant turning point in the evolution of a working relationship between rights holders and AI developers.<sup>10</sup>



## 1. The strength of the UK music industry

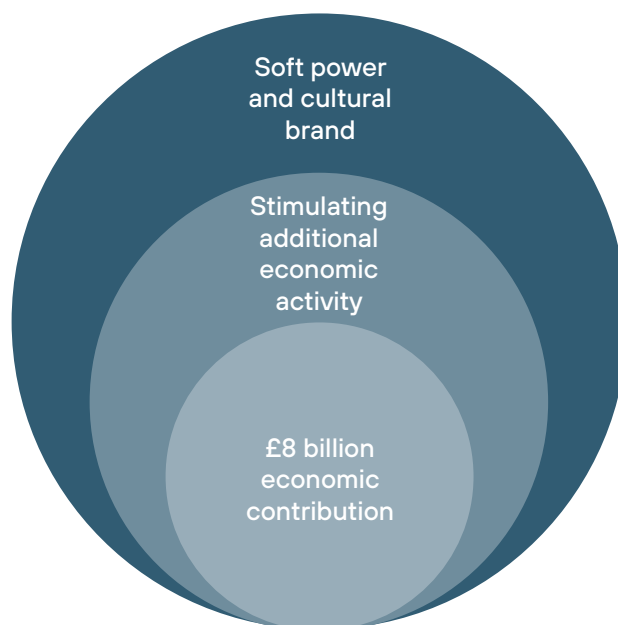
- The UK music industry plays a vital role on the domestic and world stage: contributing £8 billion to the UK economy in 2024.
- The UK is the third biggest music market in the world and the second biggest exporter of recorded music.
- 59% of people think that music helps to improve Britain's reputation abroad and 63% view music as a key national asset that brings social and economic benefits to the UK.
- The music industry has consistently adapted to new technologies and formats.
- This has centred on new ways to license music, creating new markets and innovative ways for fans to experience music while generating revenue to compensate artists, reward creators, and support investment in emerging talent.
- Goldman Sachs predicts that the global recorded music market will grow in value from \$31.4 billion (£24.6 billion) in 2025 to \$55 billion (£43.1 billion) by 2035. BPI has a target to reach £1 billion in recorded music exports revenue by the end of the decade and now is a crucial time to seize a stake in the growing global market.<sup>11</sup>

## The UK music industry is a pillar of the country's creative economy

The UK is recognised globally as a leading source of creative talent, with its artists frequently topping the music charts of major markets around the world.<sup>12</sup> The industry is large and diverse, comprising a wide range of segments including recorded music, live music, music publishing and licensing, and ancillary services.<sup>13</sup> Overall, the UK music industry has immense domestic and global value, being the third biggest music market in the world and second biggest exporter of recorded music.<sup>14</sup> Despite rising competition, particularly from Latin America and Asia, the UK continues to produce global superstars.<sup>15</sup>

BPI's record-label members vary in size and structure, from micro-businesses to larger organisations. All have at their heart the purpose of developing new talent, providing the investment and creative support required to enable artists to realise their creative vision, making brilliant music and reaching as big an audience as possible by developing fanbases around the world. Record labels are inherently 'people businesses', staffed by people (some of whom are musicians themselves) who are passionate about and committed to the craft of music – and to helping the best talent achieve their ambitions.

**Figure 1: The importance of the UK music industry to the wider economy**



## The UK's music industry makes a significant economic contribution

The music industry contributes meaningfully to the UK's Gross Domestic Product (GDP), export revenue, and employment. It has a strong track record as an economic engine, contributing £8 billion to the economy in 2024.<sup>16</sup> In the same year, music exports grew by 5% to £4.8 billion and employment in the sector increased by 2% to 220,000 at a time when growth in many other UK industries slowed.<sup>17</sup> The UK music industry also acts as a multiplier that stimulates additional economic activity across other sectors. In 2024,

23.5 million music tourists attended concerts and festivals across the country, reflecting a 23% increase on the previous year and collectively contributing £10 billion to the economy through:

- £5.1 billion in direct spending on tickets, accommodation, food, travel, and merchandise; and
- £4.9 billion in indirect spending by supporting industries such as production, transport, security, and event services.<sup>18</sup>

The music industry plays an outsized role in how the UK projects itself to the world, enhancing the country's cultural power globally. Polling for UK Music found that 75% of adults surveyed say they are proud of Britain's music industry, putting it ahead of other industries including sports, IT, banking and construction.<sup>19</sup> The same polling also found that 59% of respondents think that music helps to improve Britain's reputation abroad and 63% view music as a key national asset that brings social and economic benefits to the UK.<sup>20</sup>

Goldman Sachs predicts that the global recorded music market will grow in value from \$31.4 billion (£24.6 billion) in 2025 to \$55 billion (£43.1 billion) by 2035.<sup>i</sup> BPI has a target to reach £1 billion in recorded music exports revenue by the end of the decade and now is a crucial time to seize a stake in the growing global market.<sup>21</sup>

## The UK music industry has a long track record of adapting to new technology

Throughout history, transformative technologies have reshaped entire civilisations and economic systems. This holds true for the music industry, which has witnessed and led many such moments of technological change. The industry has successfully balanced being at the frontier of technological disruption and driving growth, while promoting and preserving the value of creativity. **Copyright provides the 'scaffolding' that enables the music industry to build entirely new models and markets, while continuing to invest in artists and repertoire and drive growth.**

The music industry has consistently adapted to new technologies and formats, from the invention of the phonograph and Thomas Edison's early recording cylinders to long play formats (LPs), compact discs (CDs), radio, television, film, advertising, downloads, mobile ringtones, user-uploaded content, streaming services, social media, and short-form videos. The 'digital revolution' of the past few decades has now fundamentally changed the way music is produced, distributed and consumed. The shift from physical to digital formats has democratised access to music, reshaped discovery and consumption patterns among users, challenged traditional revenue models, and offered greater convenience to customers.<sup>22</sup>

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i As per Bank of England's exchange rate of 1.2757 in April 2026.

However, the shift to digital formats also brought with it significant online music piracy, which escalated after the launch of Napster in 1999, with similar networks such as Gnutella, Kazaa, LimeWire, BitTorrent and Grokster emerging soon afterwards.<sup>23</sup> These unlicensed networks allowed the distribution of tens of millions of songs for free without any payment to creators or rights holders. Over time the licensing of legitimate new streaming businesses pushed these pirate networks to the margins and created a flourishing new market for music.

## Copyright has enabled the industry to adapt to new formats and embrace new markets

The UK's intellectual property rights, recognised as world leading, serve as the cornerstone for its creative industries, and the umbrella under which copyright sits. These regulations play a vital role in protecting the UK's world leading creative industries, which were valued at £146 billion GVA, nearly 6% of the UK's total GVA, in 2024. The creative industries are growing at more than twice the rate of the wider economy and in 2023 accounted for 13% of all UK services exports.<sup>24</sup>

Copyright has been crucial to the industry's ability to adapt and embrace digital technology and ensure the creation of sustainable business models in the digital era. Copyright served as both 'stick' in holding infringing companies responsible for enabling piracy and as 'carrot' in the development of licensed options for consumers to stream music. The UK's Copyright, Designs and Patents Act 1988 provided the framework for these licensing solutions to emerge.<sup>25</sup> Streaming services, such as Spotify, Apple Music, Amazon Music and others, now provide fans with unprecedented access to music for a monthly subscription (or free with ads) while returning value to the music industry. In 2025, Spotify paid music creators and rights holders globally US\$11 billion<sup>26</sup> (£8.6 billion)<sup>ii</sup>, with £860 million<sup>27</sup> of that going to UK entities. This is testament to the market-making prowess of copyright.

### Case study 2: How copyright protects artists in the age of social media

The growth in popularity of short-form, amateur, user-generated video content hosted on social platforms such as Facebook, Instagram and TikTok brought new challenges for music creators and labels. The removal of metadata and identifiers coupled with the sheer quantity of content being produced made it difficult to keep track of music used in videos. The problem was compounded by the remixing of songs and poor knowledge of licensing requirements amongst video creators.<sup>28</sup>

Despite this challenging environment, rightsholders found a way to license the use of music on social platforms. The platform secures global licensing deals with music companies to access a broad catalogue of music that can be used in videos in exchange for fair artist and songwriter compensation and protection against unauthorised AI-generated content.<sup>29</sup>

ii As per Bank of England's exchange rate of 1.2757 in April 2026.

Today, music streaming platforms use several measures to comply with copyright laws, including automated content ID systems like those on YouTube that detect and manage user-uploaded infringing content. Platforms also secure rights to stream films, music, and TV series through licensing deals with content owners, often involving revenue sharing. Major services such as Spotify, Netflix, and Amazon Prime invest significantly in these agreements to ensure legal compliance and fair compensation to creators. Additionally, content fingerprinting assigns unique digital signatures to media, enabling tracking of copyrighted works across platforms.<sup>30</sup>

With the rapid growth of generative AI, the music industry is experiencing a transformation that could be its most significant change so far. This shift affects not only how music is consumed and distributed, but also the way it is created. This transformation, like those that have come before, gives rise to licensing opportunities for the music industry to harness to create sustainable, ethical business models while preserving the value of human creativity. New licensing arrangements are emerging as illustrated by the case study below and Table 1 on pages 22–24.

### **Case study 3: Klay Vision Inc. – the first music-tech company to sign AI licensing deals with all three ‘major’ music groups**

Klay Vision’s Large Music Model, trained entirely on licensed music, reimagines listening with immersive, interactive tools to evolve music experiences for fans while fully respecting the rights of artists, songwriters and rights holders.

KLAY has been working with key parties in the music industry to build an innovative and comprehensive AI-driven music experience. Notably, it is the first AI enterprise to secure licensing deals with the recording and publishing divisions of all three global music companies, Universal Music, Sony Music and Warner Music.

KLAY is currently expanding its licensing efforts to include all independent labels, artists, publishers, and songwriters in this framework, creating a scalable foundation for the industry at large. Together, KLAY and its partners across all sectors of the industry are establishing the guardrails, attribution systems, and cultural dialogue necessary for AI to serve as a force multiplier for artistry.



## 2. The strength of the UK tech sector

- The UK is the third largest AI market in the world, after the US and China.
- The UK is home to over 3,700 AI companies, employing over 60,000 people and contributing £3.7 billion to the economy.
- The potential for AI as a transformative tool for the UK builds on the country's existing tech strength.
- The Artificial Intelligence sector study 2024, published by the UK Government in 2025, reported significant growth in AI activity across employment, revenue, GVA and firm count between 2023 and 2024.
- There is huge opportunity for AI to form a part of music's wider tech-enabled growth story, and investors are increasingly backing companies that demonstrate ethical AI products and services.
- Embracing AI is central to the future success of industries across the economy.
- The creative industries are no different – and are seeking an environment that upholds licensing agreements underpinned by a gold-standard copyright regime.

Generative AI, which can create new content such as text, images, videos and music with text-to-image generators and large language models (LLMs)<sup>31</sup> is a transformative tool with vast potential for the UK. The UK is the third largest AI market in the world, after the US and China. Valued at \$92 billion (£72.3 billion) in 2024, the UK's AI sector is larger than that in any other country in Europe.<sup>32</sup> Currently, the UK is home to more than 3,700 AI companies, that employ more than 60,000 people and contribute £3.7 billion to the UK economy.<sup>33</sup> AI is projected to boost UK GDP by an estimated £550 billion by 2035.<sup>34</sup>

## The UK's tech industry is underpinned by enduring strengths – from world-class educational institutions to global market access

The potential for AI as a transformative tool for the UK builds on its existing tech strength. For example, to date, the UK has produced 168 tech unicorns<sup>35</sup> more than any European country, and behind only the United States, China and India. According to the UK Government's "Grow your business in the UK" campaign, the combined market value of UK tech companies is now US\$1 trillion (£783 billion)<sup>iii</sup>.<sup>36</sup> The UK is also a global leader in innovation, ranking sixth out of 139 economies in the Global Innovation Index.<sup>37</sup> These indicators are evidence of the UK's position as an attractive place to build and scale a technology company, underpinned by three key drivers, as detailed in the Government's "Entrepreneurship in the UK" policy paper, released in late 2025:

- **World-leading educational institutions that attract innovators to build companies in the UK:** The UK hosts four of the world's top 10 universities and leads internationally in cutting-edge fields such as quantum technology. British universities are increasingly successful at supporting scientific advances and helping new technologies reach the market. Half of Europe's top 10 universities for creating spin-out companies (those founded using university-owned intellectual property) are based in the UK. The combined enterprise value of these UK spinouts has now reached US\$114 billion<sup>38</sup> (£89 billion)<sup>iv</sup>. In 2024 alone, these spin-outs raised a record-breaking £3.35 billion, a 44% jump compared to the previous year.<sup>39</sup>
- **A high potential investment ecosystem:** The UK offers many opportunities for access to equity-finance where companies of various sizes and growth stages can find funding options. This ranges from seed funding, venture capital (VC) and private equity (PE) through to public listing. There is great potential to leverage this, with London serving as Europe's leading venture capital hub.<sup>40</sup> Additionally, there are many Government-backed schemes such as the British Business Bank, which plans to support at least 10 new growth-stage funds over five years. Furthermore, UK Research and Innovation (UKRI) plans to invest £14 billion in research and more than £1.5 billion specifically to help create pioneering businesses based on promising research.<sup>41</sup>

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iii As per Bank of England's exchange rate of 1.2757 in April 2026.

iv As per Bank of England's exchange rate of 1.2757 in April 2026.

- **Global market access:** The UK's position as a bridge between the US and other markets such as Europe make it an attractive place to build and scale tech businesses. According to a survey of 500 technology decision-makers conducted by Opinium for Barclays Bank, as of last summer, 62% of respondents consider the UK a more attractive location to grow and scale a tech business than mainland Europe. Of those surveyed, 61% favour the UK over the Asia-Pacific region and 60% prefer it to the United States.<sup>42</sup> The UK's main advantages over other markets are identified as its strong market opportunities, skilled talent pool, and rapid adoption of technology products. This is also made easier by the primacy of the English language.<sup>43</sup>

The AI economy will be an integral part of the UK's future growth, which serves to underline the importance of being able to combine the country's tech and creative strengths.

## The UK's strength as a tech hub supports world-leading AI development

Since 2023, the UK has made considerable strides in advancing its AI strategy, beginning with the Bletchley AI Safety Summit and continuing with the Government's AI Opportunities Action Plan. While earlier strategies centred on investment in hardware, more recent initiatives such as the TechFirst programme and Modern Industrial Strategy are more focused on the skills needed to thrive in a future shaped by AI, such as Science, Technology, Engineering and Mathematics (STEM), AI expertise and tech proficiency. This reflects the increasing ubiquity of advanced tech skills requirements and the role of AI across all sectors.<sup>44</sup>

The AI sector study published by the UK Government in 2025 reported significant growth in AI activity between 2023 and 2024 across all key economic indicators including employment, revenue, GVA and firm count.<sup>45</sup> The study also highlighted the UK's robust AI ecosystem, especially during the early stages of company formation, where access to research funding and early-stage investment is critical.<sup>46</sup> More broadly, investment in AI companies continues to rise, with technology and AI remaining the most active sector for investment in 2025 according to Mishcon de Reya, in both deal volume and value, accounting for 37% of all the deals handled by them.

*With the AI regulatory landscape and data governance evolving at a fast pace, investors are increasingly backing companies that are developing ethical AI products and services.<sup>47</sup>*

As noted above, this confluence of strengths gives the UK a competitive advantage. The rapid advancement in the development of AI has significantly increased demand for AI integration across most sectors of the economy. According to research conducted by Barclays, 95% of firms surveyed observed growing client interest in AI-powered products and services, with half of surveyed companies intending to increase their investment in AI by at least 20% in 2026. As AI adoption accelerates and confidence in the UK's status as a global tech hub continues to strengthen, this research indicates that the UK's tech sector is poised for notable expansion.<sup>48</sup>



### 3. Facilitating growth: the licensing opportunity

- The growth of AI companies and their LLMs has raised issues of responsible content use and transparency.
- There is high potential for the development of a robust and mutually beneficial collaborative model for the AI and music sectors, underpinned by licensing.
- Over the past few years investment in startups looking to facilitate this market has been growing, with £360 million invested in UK music tech companies between 2020 to 2024.
- Although the debate surrounding AI in the music industry is complex, its application is increasingly widely recognised as integral to the future of the industry.
- The three 'major' music companies whose repertoire collectively accounts for over 70% of music consumption in the UK have each struck a number of licensing agreements and are exploring further partnerships with companies developing AI products.
- The same is true of licensing aggregators, such as Merlin, acting for independent music companies that together represent 15% of the global music market.<sup>49</sup>
- Of the independent BPI members surveyed for this report, 16% are also exploring licensing partnerships, 77% agree that licensing is key to driving growth for businesses in the creative industries and 77% are open to licensing their music for ethical use by AI.
- While many of these conversations remain early stage and confidential, this report contains a snapshot of 26 deals concluded and announced between 2023-26.
- To unlock this licensing opportunity at scale, the policy conversation must shift away from unnecessary changes to copyright law and focus instead on transparency, labelling and the sovereignty of UK law. The shift in Government's thinking announced in March 2026 is therefore welcome.

## The music industry is poised to seize AI opportunities

If the benefits of AI-driven growth are to reach beyond tech companies and deep into the economy, it is essential that AI developers pay for the resources and inputs they use, in the same way that physical manufacturers pay for raw materials. Using licensing to create a fairer playing field will create an opportunity for both the tech and music industries to work together to ensure that the transformation now underway drives growth and enhances productivity.

The debate that surrounds the relationship between the music and tech sectors often depicts it as a battle in which there must be a winner and a loser. This overlooks the opportunity for a symbiotic relationship based on AI developers' need for high quality material for AI training and the creative industries' ability to provide it on commercially agreed terms. It is this win-win scenario that will drive new scalable licensing models and economic growth.

For the UK to fully reap the benefits of a tech-advanced economy, it is important that it preserves and respects human creativity and that as many people as possible can play a part in it. New models of collaboration between AI companies and the music sector are key to achieving this: over the past few years investment in start-ups looking to facilitate this market has been growing, with £360 million invested in UK music tech companies between 2020 to 2024.<sup>50</sup> This gives the UK a strong platform to become a global powerhouse for building and scaling tech companies while retaining its status as a world leader in creative industries.

## The music industry has already embraced the use of responsible AI

The creative and tech industries are increasingly finding opportunities to work together in a collaborative way. Discussions with BPI members<sup>v</sup> interviewed for this research indicated that they are open to incorporating or have already incorporated AI into their operations as well as licensing their works to AI companies within clearly established ethical guidelines. BPI members felt that strong licensing frameworks and clearly defined guardrails are essential for preventing unethical AI use, ensuring fair compensation, and supporting the acceptance of AI-generated content. The application of existing copyright principles to AI developers was supported by all those surveyed who were in favour of engaging with AI,<sup>vi</sup> so that any use of intellectual property would result in proper payment to rights holders and original creators. Including independent musicians and smaller projects in industry discussions is crucial, as while these groups have established ways to licensing their works through organisations such as Merlin or Kobalt, they may have fewer resources to draw on for enforcement action. BPI members also mentioned that, as technology advances, it is vital that the value created is shared fairly, making sure artists and businesses receive suitable compensation for their intellectual property.

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v The BPI represents over 500 labels and businesses in the music industry.

vi The surveyed members were divided into two groups: those who supported engagement with AI and those who did not. All individuals in the first group shared this perspective.

The music industry itself is already making use of AI within its operations to boost productivity and to selectively support the creative process. The industry harnesses AI tools for stem separation, video upscaling, and generative video tools, all chosen with consideration for ethical licensing and transparency. Those we engaged compared low-value, generic AI music generation models with higher-value ones that enable fans to interact with and remix specific artist recordings, showing a clear preference for the latter as a more creative and rewarding application of AI. AI also simplifies content creation in multiple languages and supports personalised experiences, which could open new revenue opportunities for artists. Although the debate surrounding AI in the music industry is complex, its application is increasingly widely recognised as integral to the future of the industry.

## The licensing market is the next opportunity for both tech and music industries

Licensing will be key to ensuring that the AI revolution is a graspable growth opportunity for the music industry. We spoke to and surveyed BPI members to find out how they perceive AI's role in growth and within their own industry.

We found that 84% of BPI members surveyed<sup>vii</sup> agree that AI has the potential to fuel economic growth. 74% of those surveyed agree that those able to take part in the AI economy will ultimately be financially better off. From the longer-form interviews we conducted with the music industry and open-text survey responses with BPI members, we heard a range of perceptions of the future role of AI. One music business co-founder told us:

*"We need to embrace AI and integrate it positively into everything we do, or we will get left behind whether that be creatively or commercially."*

Another business leader, who was thinking about the role of licensing in unlocking this opportunity, told us:

*"Ethical music licensing for AI presents a real opportunity if it is built on transparency, consent, and fair compensation."*

*"Done well, licensing can support innovation while protecting creators' livelihoods, encouraging collaboration rather than extraction, and setting clear standards that distinguish ethical AI companies from exploitative ones."*

If this can be achieved, there is real potential for the UK to be a global leader here. 77% of BPI members surveyed agree licensing solutions are key to driving growth for

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vii A survey was sent to independent BPI member organisations asking about their views on the use of AI in the music industry and its implications for economic growth and their experiences with licensing agreements with AI technology firms. Please see the Methodology on page 36 for more detail.

businesses in the creative industries. Encouraging this approach has the potential to create new start-ups, enhance the UK's reputation as a copyright and intellectual property leader on the world stage and underpin growth in these vital sectors.

Music labels of all sizes want to take part in the creation and expansion of this new potential driver of growth. A huge majority, 97% of respondents, agree that the existing copyright framework is a key driver of music licensing and therefore critical for their businesses. This was echoed by most members we interviewed who identified two main requirements for a successful licensing market: (1) maintaining existing copyright law, and (2) transparency in AI training data, both of which would support fair artist compensation. Nine in 10 members (90%) surveyed agree that a licensing approach that respects their artists' voice, image, likeness and IP is important to them. The same proportion of respondents (nine in 10) said that using music for training AI or generating music outputs without licensing is unethical. It was clear from our interviews that industry leaders are looking for a way to engage in these opportunities, while preserving the value of human creativity. One business leader told us:

*"Music is not just pattern, harmony, rhythm, or style. It is lived memory, cultural context, emotional ambiguity, imperfection, intention, risk, biography in sound. Generative AI can imitate the surface of music, but [it] can't originate from lived human experience. AI can reproduce the form of music, but not the reason music exists."*

#### **Case study 4: Enhancing human creativity through fair and transparent means – a spotlight on Voice-Swap.ai**

Voice-Swap.ai is an innovative software developed "by artists for artists", to reform vocal AI technology. Distinct from platforms previously criticised for copyright infringement, Voice-Swap.ai emphasises the protection of artists' rights and ensures fair compensation for their vocal contributions.<sup>51</sup> Voice-Swap.ai was established in 2023, initially specialising in singing models to distinguish itself from competitors focused on text-to-speech technology. The company subsequently broadened its scope to include various voice applications and focused on integrating into the creative sector. Voice-Swap.ai provides a platform where artists can publicly host their vocal models, enabling other creators to use them for demos or social media content. The service operates a royalty and revenue-sharing framework, compensating artists for both creative and commercial use of their models, thereby establishing a new category of intellectual property and a source of passive income for creators.

By using Voice-Swap to train models, artists enter into legal agreements that make the platform the definitive authority for their voice models. This arrangement allows artists and their teams to request the removal of unauthorised uses from sites such as

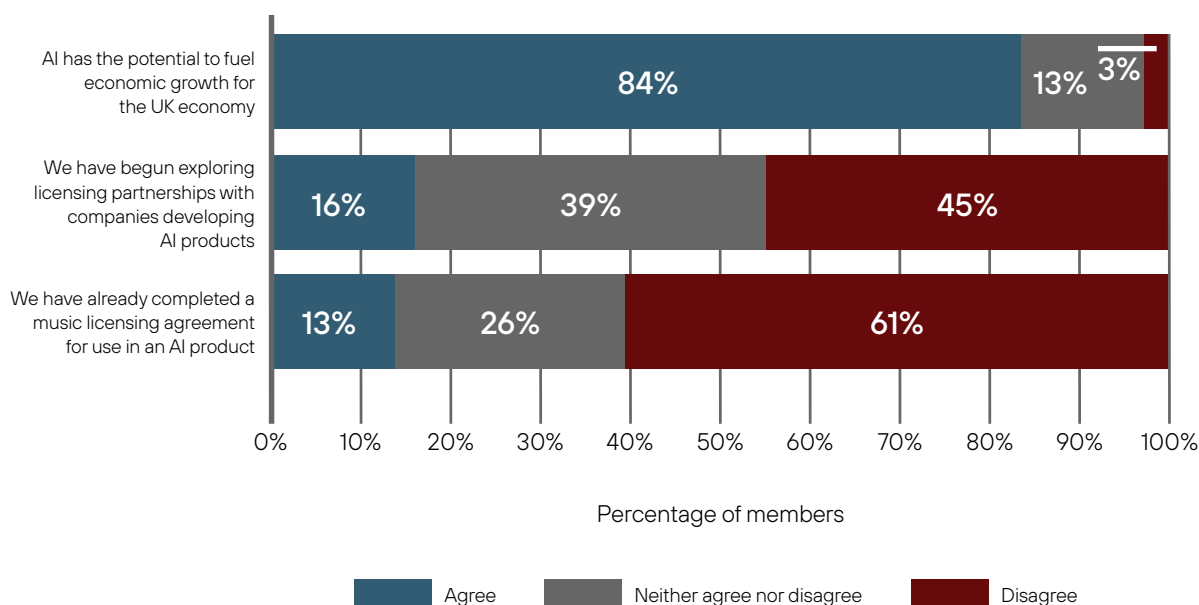
YouTube and TikTok, even if explicit copyright laws do not apply. Voice-Swap.ai has partnered with BMAT Music Innovators, one of the world's biggest music rights attribution and management companies on a new certification for AI models.<sup>52</sup> BMAT verifies all input audio against a vast library, ensuring that training data is legitimate and bridging current industry standards with new, AI-driven processes.

## There is evidence of appetite for licensing across the BPI member base

Turning then to the potential of more ethical AI use in the music industry, 77% of independent BPI members surveyed are open to licensing their music for ethical use by AI, compared to 23% that are not currently interested. If the opportunity for licensing can be opened up and adopted more widely as we move beyond the early days of licensing music for use in AI, this could change as this potential for growth is currently relatively untapped. Although 84% of BPI members surveyed agree AI has the potential to fuel economic growth for the UK economy, only 16% of independent BPI members surveyed have so far begun exploring licensing partnerships with companies developing AI products, demonstrating the nascent nature of the market.

It is vital that the licensing opportunity can support smaller rights holders too. While there is broad agreement on the potential of future use of AI, smaller rights holders have struggled to get tech companies to come to the table to agree a licence. The three major companies, whose repertoire collectively accounts for over 70% of music consumption in the UK, have already entered into licensing agreements and are actively forging further partnerships. However, the survey conducted for this report indicates that only 25% of medium-sized companies and 5% of smaller companies have completed a licensing agreement for use in an AI product. This is indicative of a nascent market with large companies paving the way for medium and smaller market participants to enter.

**Figure 2: Survey respondents views on licensing music for use in AI and economic growth**



Tech companies need to be incentivised to come and play an active part in creating this new system. Getting this right is critical, as it will enable music rights holders of all sizes to enter the market, and realise their full potential. A director of a music business told us:

*“Our take is if it’s licensed it is better than the alternative. Some companies are benefiting from our songs without licensing or crediting us. So, if there are AI companies willing to [enter into] licensing then we are happy to negotiate deals.”*

Deals are already being struck between AI tech companies and rights holders in other sectors, and this appetite similarly exists in the music industry across the globe. Although a relatively low number of those surveyed have already completed agreements, the number of deals is growing steadily, and AI is already being used in several collaborative, thoughtful and enabling ways. For example, Warner Music Group (WMG), Universal Music Group (UMG), and Sony Music Entertainment (SME) have signed licensing deals with US-based AI music company Klay Vision Inc., making it the first AI startup to enter into agreements with three major record labels and their publishers.<sup>53</sup> These agreements set out how Klay will support innovative music experiences for fans by using AI, while also respecting the rights of artists, songwriters, and rights holders. Klay’s interactive LLM uses only licensed music for training and is built to boost both human creativity and consumer experience with immersive and interactive tools. Experiences created on the platform aim to enrich, not replace, human creativity, keeping artistry central and making sure copyright remains properly protected.<sup>54</sup>

There have been many significant developments leading to increased collaboration and licensing deals between creative companies and AI companies, which represents a new

chapter in shaping the content licensing market. Creative companies, including in music, allude to high numbers of conversations underway with AI companies regarding licensing or other partnerships, many of which remain confidential or too early to discuss publicly. As of 2026, there were 274 commercial agreements between content providers (licensors) and AI developers (licensees) from a range of creative sectors.<sup>55</sup> A snapshot of such agreements in the music industry is illustrated in Table 1.

**Table 1: Key licensing deals to date**

#	Licensing Companies	Licensee Companies	Year	Details
1	Universal Music Group	Nvidia	2026	<ul style="list-style-type: none"> <li>Collaboration to undertake R&amp;D to advance human music creation and rightsholder compensation, and to enrich music experiences through AI – elevating discovery, engagement and consumption.</li> </ul>
2	Merlin	Udio	2026	<ul style="list-style-type: none"> <li>Agreement with Merlin allows Udio to develop AI systems using music from Merlin members who choose to participate, with compensation flowing back to those labels and artists.</li> </ul>
3	Sony Music Entertainment, Universal Music Group, Warner Music Group	Klay	2025	<ul style="list-style-type: none"> <li>As noted in the earlier case study, Klay is the first AI enterprise to secure licensing deals with the recording and publishing divisions of all three global music companies, Universal Music, Sony Music and Warner Music.</li> </ul>
4	Universal Music Group	Udio	2025	<ul style="list-style-type: none"> <li>Strategic agreement under which copyright infringement litigation was settled and collaboration on a new commercial music creation, consumption and streaming experience commenced. A new platform will be launched in 2026, which will be trained on authorised and licensed music from Universal Music Group, under a new subscription model.</li> </ul>
5	Universal Music Group	Stability AI	2025	<ul style="list-style-type: none"> <li>Strategic partnership to develop next-generation professional music creation tools, powered by responsibly trained generative AI and built to support the creative process of artists, producers and songwriters globally.</li> </ul>
6	Sony Music Entertainment, Universal Music Group, Warner Music Group, Believe Music and Merlin	Spotify	2025	<ul style="list-style-type: none"> <li>Spotify announced it is working with major labels and distributors on developing AI tools which “put artists and songwriters first” and protect copyright.</li> <li>Spotify said it would make sure artists, songwriters and rights holders were “properly compensated for uses of their work and transparently credited for their contributions”.</li> </ul>
7	Sony Music Entertainment	Vermillio	2025	<ul style="list-style-type: none"> <li>Following a proof of concept with David Gilmour and The Orb, Vermillio secured a licensing deal with Sony Music in March 2025.</li> <li>Vermillio’s TracelD tool monitors online content for the use of intellectual property as well as name, image and likeness. The platform can both manage payments for licensed content and automatically send takedown requests for unlicensed content.</li> </ul>
8	Warner Music Group	Suno	2025	<ul style="list-style-type: none"> <li>Warner Music Group reached a licensing agreement with Suno AI after legal disputes, allowing the company to train generative music models using licensed music.</li> </ul>
9	Sony Music Entertainment, Universal Music Group	Sound Patrol	2025	<ul style="list-style-type: none"> <li>Soundpatrol is collaborating with Sony Music Entertainment and Universal Music Group to deploy “neural fingerprinting” tech for detecting copyright infringement in music, including AI-generated music (see case study below for more detail).</li> </ul>
10	Kobalt Music Group	ElevenLabs	2025	<ul style="list-style-type: none"> <li>Kobalt signed a licensing deal with ElevenLabs to enable AI developers to train models on music.</li> </ul>
11	Merlin	ElevenLabs	2025	<ul style="list-style-type: none"> <li>Merlin signed a licensing deal allowing ElevenLabs to train AI models on music owned by independent labels represented by Merling.</li> </ul>

#	Licensing Companies	Licensee Companies	Year	Details
12	STIM	Songfox	2025	<ul style="list-style-type: none"> <li>The Swedish performing rights organisation STIM partnered with Songfox to develop AI licensing systems for music rights management.</li> </ul>
13	STIM	Sureel	2025	<ul style="list-style-type: none"> <li>STIM collaborated with AI startup Sureel to build tools for AI music generation while ensuring copyright compliance.</li> </ul>
14	Swedish Performing Right Society	SongFox	2025	<ul style="list-style-type: none"> <li>Established a framework enabling AI companies to train generative music models while paying royalties to rights holders.</li> </ul>
15	Pro Sound Effect	Musical AI	2024	<ul style="list-style-type: none"> <li>Pro Sound Effects partnered with Musical AI to license sound libraries for training generative audio AI models.</li> </ul>
16	Warner Music Group	Stability AI	2024	<ul style="list-style-type: none"> <li>Warner Music Group partnered with Stability AI to explore AI music generation technologies and develop responsible training models for generative audio tools.</li> </ul>
17	Warner Music Group	Udio	2024	<ul style="list-style-type: none"> <li>Partnership enabling the development of AI music generation tools using licensed catalogues with compensation mechanisms for rights holders.</li> </ul>
18	SourceAudio	ElevenLabs	2024	<ul style="list-style-type: none"> <li>SourceAudio licensed parts of its music catalogue to ElevenLabs to support training of generative AI audio models.</li> </ul>
19	Universal Music Group	Prorata.ai	2024	<ul style="list-style-type: none"> <li>AI licensing partnership establishing mechanism for attribution and compensation of music rights holders within generative AI systems.</li> <li>Agreement focuses on responsible AI deployment and fair remuneration for content owners.</li> </ul>
20	Universal Music Group	Soundlabs	2024	<ul style="list-style-type: none"> <li>Strategic agreement to offer responsibly trained AI vocal modelling technology ("MicDrop") to Universal Music Group artists.</li> <li>Partnership aimed at supporting creative innovation while safeguarding artists rights and rightsholder interests.</li> </ul>
21	Universal Music Group	Meta	2024	<ul style="list-style-type: none"> <li>Agreement allowing Meta to use licensed Universal Music Group music within AI-driven creative tools and platforms.</li> </ul>
22	Symphonic Distribution	AI Developer partner(s)	2024	<ul style="list-style-type: none"> <li>Collaboration exploring AI tools for music distribution while maintaining copyright protection and artist compensation.</li> </ul>
23	Universal Music Group	TikTok	2024	<ul style="list-style-type: none"> <li>Agreement allowing TikTok to continue using licensed music while expanding collaboration on AI-generated music tools and protections for artists.</li> </ul>
24	AudioSparx	Stability AI	2023	<ul style="list-style-type: none"> <li>Licensing agreement enabling Stability AI to train its text-to-music model on AudioSparx licensed music catalogue.</li> <li>Agreement provides Stability AI access to rights-cleared content for generative AI development.</li> </ul>
25	Universal Music Group	BandLab	2023	<ul style="list-style-type: none"> <li>Universal Music Group partnered with BandLab to integrate licensed music content into AI-assisted music creation tools used by independent artists on the platform.</li> </ul>
26	Universal Music Group	Google	2023	<ul style="list-style-type: none"> <li>Universal Music Group partnered with Google to explore responsible AI music generation and frameworks for compensating artists when AI systems use their work.</li> </ul>
27	Universal Music Group	Splice	2023	<ul style="list-style-type: none"> <li>Universal Music Group partnered with Splice to license music catalogues for AI-powered sample generation tools used by producers.</li> </ul>

### Case study 5: Sound Patrol Inc. – an equitable ecosystem for music

SoundPatrol's patent-pending forensic AI model for audio-video fingerprinting uses neural embeddings that capture and analyse musical semantics to identify the influence of original human-created music in fully or partly AI-generated music content.

Unlike traditional fingerprinting, neural fingerprinting captures semantic relationships in music, identifying transformations like covers, remixes, and generative-AI derivatives. These models enable real-time copyright detection across platforms and streaming environments. In September 2025, Sound Patrol announced a first-of-a-kind collaboration with Universal Music Group and Sony Music to build a sustainable and equitable ecosystem for music.

Beyond this, the music industry is increasingly collaborating with ethical AI companies to enhance their offerings, tap into business development opportunities, and improve customer experiences. One example of this type of thoughtful collaboration, which has a multiplier effect on the music and AI partnership, is illustrated in case study 6 below.

### Case study 6: Marathon Artists LABS

Marathon Music Group runs Marathon Artists LABS – a six-week global accelerator programme for innovative companies within the digital music ecosystem. Its objective is to create business development opportunities for companies, including those that have AI at their forefront.<sup>56</sup> For example, its 2020 'Music Discovery' and 2024 'Music Marketing' cohorts focused on AI companies that offer great value addition to existing music companies. A few examples include:<sup>57</sup>

- An AI company focused on the B2B sector has developed technology capable of 'listening to music' by automatically tagging, searching, curating, or creating playlists from audio files. This offers an efficient and scalable solution to music companies for managing extensive catalogues.
- A firm that uses AI bots to enhance emerging artist discovery, constantly monitoring music trends in real time to identify promising new musicians early in their careers.
- A company that provides a platform and a suite of tools that simplify the process of commissioning remixes, giving music rights holders insights and recommendations to support remix collaboration opportunities and deal-making.

Other examples of creator-focused AI innovation incubated in the programme include:<sup>58</sup>

- A platform that allows creators to access data and gain insights, leading to a boost in revenue by bringing together data from fan interactions across different platforms.
- Another platform that allows artists to get funding, distribution and marketing support from backers in return for a small share in revenue.

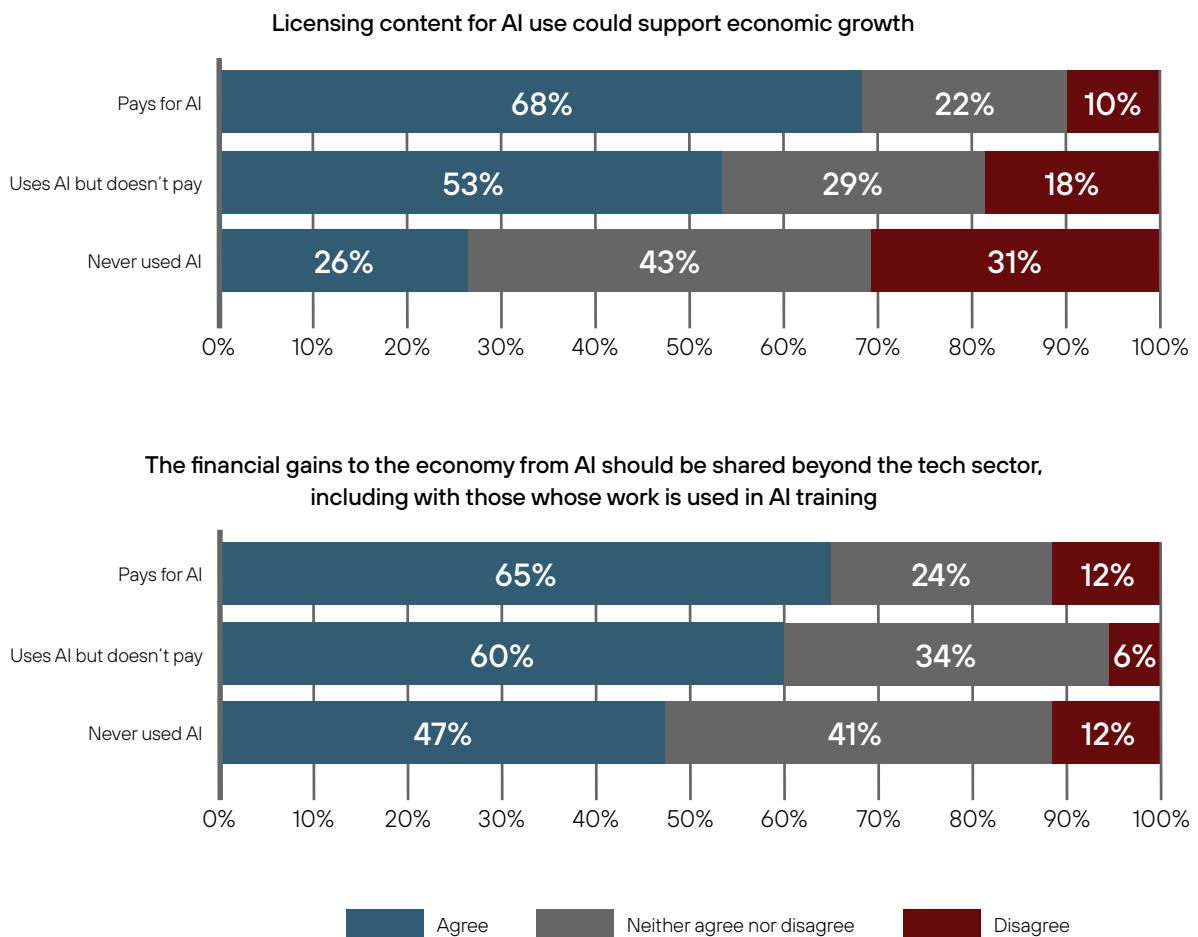


## 4. The consumer perspective

- We explored the views of UK consumers on the future of AI and its potential as an enabler of growth that values human creativity.
- More than half (54%) of AI users surveyed think licensing music content for AI use could support economic growth, compared to just a quarter of non-users (26%).
- Eight in 10 consumers (77%) think rights holders and artists should be paid if their work is used by AI to create a new song.
- The same proportion (77%) think that an artist's music or vocals should not be used by AI without permission from the artist or their record label.
- 60% of people in the Prime Minister's constituency believe that the music industry has an opportunity to harness AI for growth, compared to 44% country-wide.

To understand how the public views the role of AI in music creation, we polled 3,000 people in February 2026 to explore existing consumer uses and perceptions of AI in a music context. Close to four in 10 (39%) adults said they have used general-purpose AI in the last three months, and closer to one in 10 (13%) have specifically used music-generating AI. A smaller group (6%) said they are currently paying for a music-generating AI service. Familiarity with using AI plays a role in how consumers view the sectors: consumers who use AI are more likely to agree that the gains from the AI economy should extend to sectors beyond tech than people who have never used AI. Similarly, more than half (53%) of AI users think licensing music content for AI use could support economic growth, compared to just a quarter of non-users (26%).

**Figure 3: Consumer views on AI and economic growth, split by AI usage**

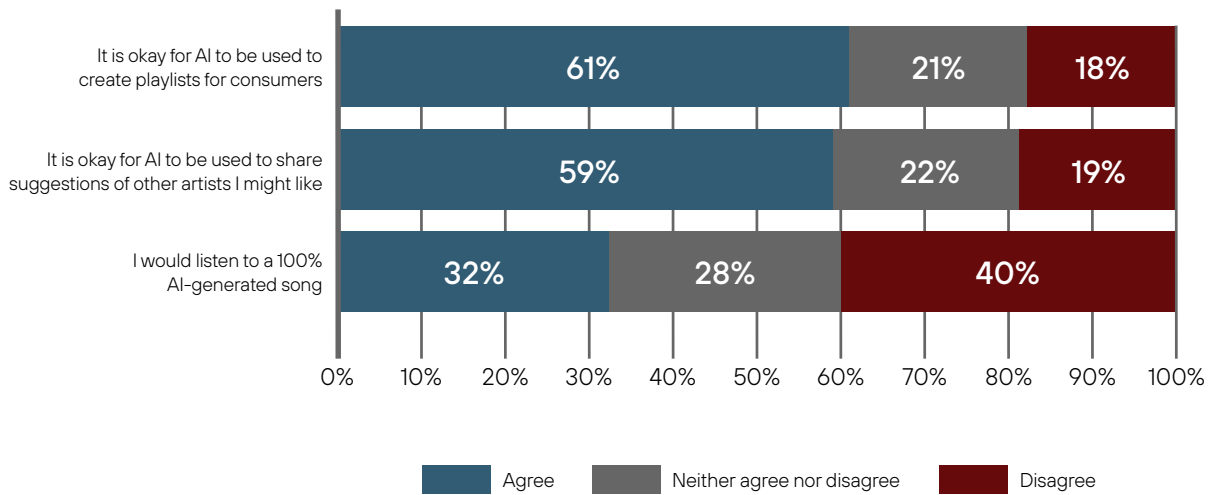


Given that consumer awareness of music licensing’s potential to support growth would likely grow over time, this is a strong baseline. One BPI member that responded to our survey commented:

*“[This is] about the time people spend listening to AI-generated music outside of the traditional music ecosystem. We need to participate in that market, quickly.”*

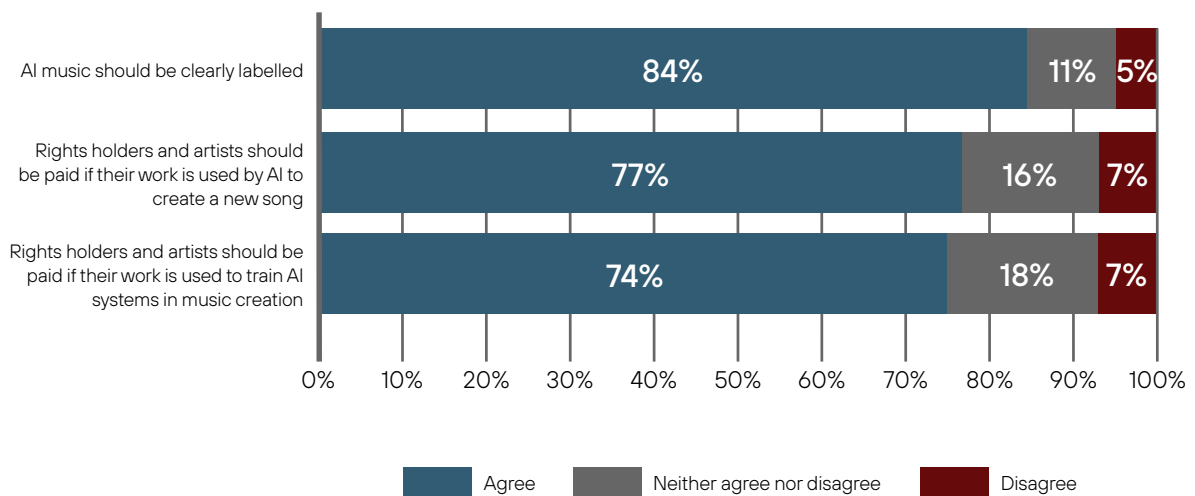
When we explored consumer perceptions in more depth, we found the public is open to the use of AI in music but concerned about ethical issues. Six in 10 consumers (61%) are comfortable with its role in creating playlists and a similar number (59%) are happy for AI to suggest new artists they might like. However, less than a third (32%) said they would listen to 100% AI-generated music.

**Figure 4: Consumer views on AI usage in the music industry**



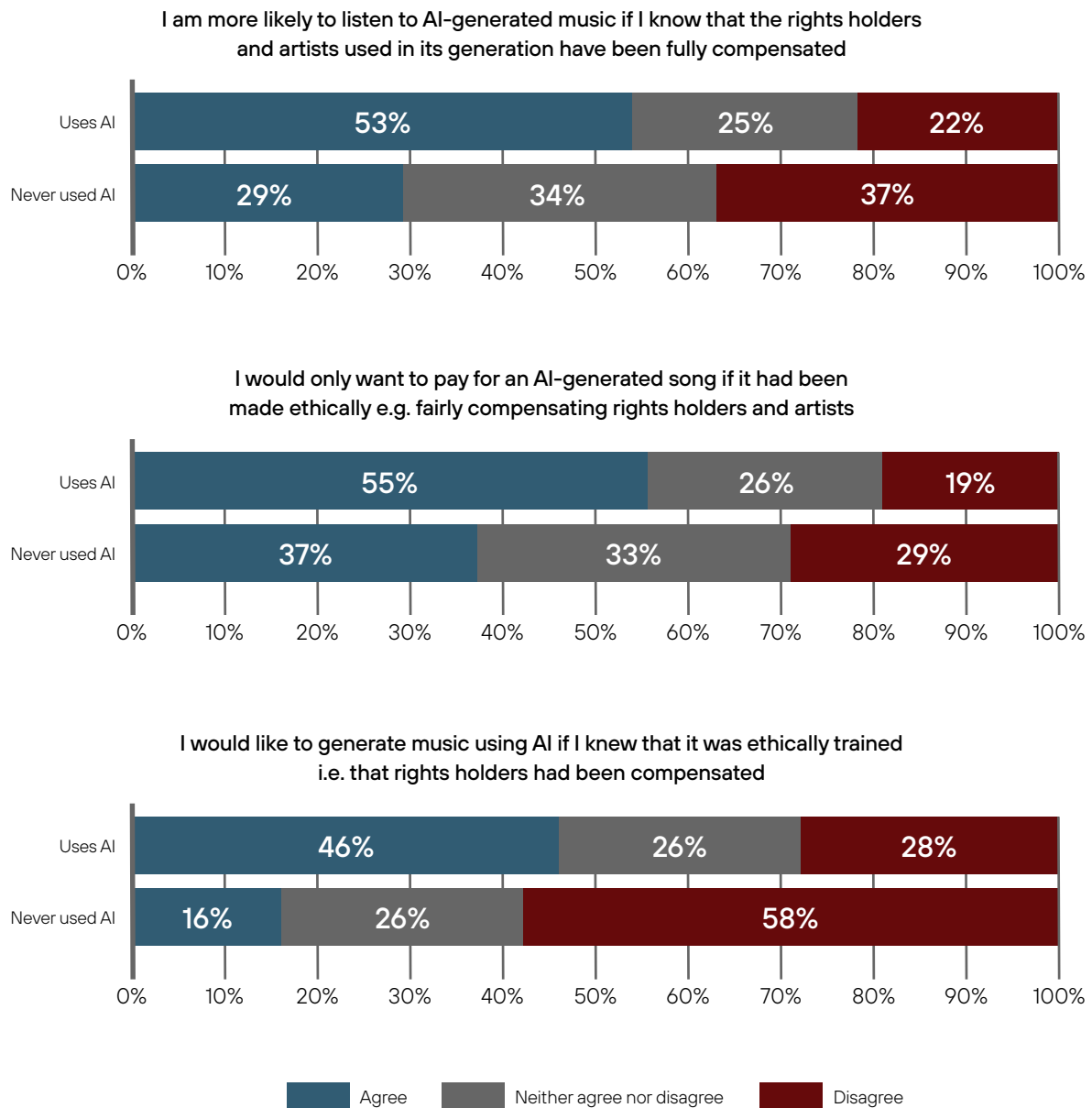
Ethics appear to be playing a part here, as 84% believe AI-generated music should be clearly labelled and nearly eight in 10 (77%) think that rights holders and artists should be paid if their work is used by AI to create a new song. Almost three quarters (74%) think rights holders and artists should be paid if their work is used to train AI systems in music creation. This is where an ethical licensing model can help to create confidence and bridge the gap.

**Figure 5: Consumer views on the ethics of AI licensing**



Having experience of using AI also shapes people’s views on an ethical licensing system. More than half of consumers who already use AI said they are more likely to want to listen to AI music if they know that it was created ethically (53%) and would only pay for an AI-generated song if it was ethically created (55%), which is a significantly greater proportion than people who have never used AI (29% and 37% respectively). Almost half of AI-experienced users (46%) would also be interested in using AI to generate their own music if they knew that it had been ethically created. This implies that there is a significant and growing market, which could be harnessed if consumers are reassured that an ethical licensing system is in place.

**Figure 6: Consumer views on ethical AI outputs, split by AI usage**



**Constituency spotlight:** In addition to the nationally representative sample, a constituency boost sample of 1,514 people in five key Labour parliamentary constituencies was also polled: Holborn and St Pancras, Leeds West and Pudsey, Hove and Portslade, Leicester West and Wigan, which are respectively represented by The Rt Hon Sir Keir Starmer MP, The Rt Hon Rachel Reeves MP, The Rt Hon Peter Kyle MP, The Rt Hon Liz Kendall MP and The Rt Hon Lisa Nandy MP.

We found that across these five constituencies, consumers are more positive about the economic opportunity that licensing creates compared to the country overall. 54% of people in these five constituencies believe that the music industry has an opportunity to harness AI for growth, compared to 44% of the country. **Our constituency sample is also more confident that licensing content for AI use is the correct approach for supporting economic growth: 55% compared to 46% in the country overall.**

People in these five constituencies are also generally more supportive of AI use in music than the country overall (see Table 2). 58% of people in these five constituencies are supportive of artists using AI as a tool when creating music, compared to 47% of people in the country.

**Table 2: Percentage of people who agree with statements around the use of AI in music**

	Constituency Boost Sample	National Sample
It is okay for AI to be used as a tool by artists when creating music	58%	47%
It is okay for producers to use AI when they are producing music	52%	43%
It is okay for AI to be used to mimic artists' voices and musical styles with their consent	44%	34%
I would listen to a 100% AI-generated song	42%	32%
I would pay to listen to AI-generated music via a subscription service	33%	16%

### Case study 7: Amplifying human creativity – a spotlight on LifeScore Music

LifeScore Music takes original music recordings and creates high-quality, endlessly changing remixes that preserve each artist's unique musical style on a large scale. The goal is to amplify – not replace – human creativity.<sup>59</sup> The company specialises in music generation with a strong emphasis on working with real composers and prioritising ethics. It has developed multiple projects in various domains over the years including interactive music and adaptive soundtracking. The company was founded by musicians for musicians, which ensures all music is properly licensed and ethically sourced.

Their adaptive music platform delivers custom soundtracks in real time for each listener's journey. Collaborating with top musicians and composers, they record musical building blocks that are later processed by their proprietary AI to create dynamic soundtracks for listeners. Each listening experience is authentic and interactive, and always distinct. The music features genuine notes, beats, and elements performed by skilled musicians using real instruments, not computer simulations. LifeScore's technology is compatible with all musical genres, including ambient, classical, pop, EDM, funk, and heavy rock. It can be integrated into a wide range of applications across numerous industry sectors, effectively connecting user-generated, bespoke music to various facets of daily life.<sup>60</sup>

As well as working on projects in the sector, they are also involved in research on perceptual evaluation of generative versus pure music, and with partners have co-authored several papers that focused on attribution and fair compensation.

## 5. Challenges

As the previous sections explore, licensing has strong potential to create a win-win solution here. Nevertheless, significant challenges persist – including a lack of clear policy, the need for greater transparency and accountability, and the need to safeguard against permission violations and fraud by maintaining existing law. These act as substantial bottlenecks to the development of an effective licensing market. Key challenges include:

### 1. Tackling AI training without permission

Copyright licensing has been circumvented by developers which have scraped copyright material from the internet without permission for training LLMs.<sup>61</sup> The LLM is then released to the public, increasingly via a paid subscription, creating a situation where the creative industries have subsidised the development of LLMs whose output then competes with them without compensation for the material that has been used. The music industry is challenging this,<sup>62, 63, 64</sup> including via litigation in multiple jurisdictions including in the UK.

### 2. Ruling out any new copyright exceptions

UK copyright law is clear and effective in both providing recourse and redress for illegal AI training and a foundation for commercial licensing for the use of music in AI. However, the UK policy conversation over the last 12 months has focused too heavily on changes to copyright, creating uncertainty which has served to slow the development of the licensing market. Rightsholders have welcomed the Government's recent shift away from its previous 'preferred option' of a broader text and data mining copyright exception. To deliver legal certainty that will supercharge the licensing market, the Government should rule out any new exceptions to allow time for the licensing market to develop further.

### 3. Promoting transparency and accountability

Responsible generative AI is characterised by transparency and accountability. The Government now has an opportunity to mandate the AI training transparency that would accelerate the licensing market. Currently, many AI systems are an opaque 'black box', but greater transparency would shine a light on what systems are being trained on and how those inputs are determining the outputs. Additionally, a number of innovators are developing 'attribution' technology that can identify which inputs influence which outputs. These technologies, which have the potential to be embedded into responsible generative AI services will have a vital role to play in ensuring that creators and rightsholders can exercise their rights where their work has been used to influence an output. Attribution technology will also inform the distribution of royalty income deriving from licensed services (see Case Study 5 on page 24 on Sound Patrol).

### 4. Protecting against dilution and fraud

Music streaming platforms such as Spotify and Deezer already report high volumes of AI generated tracks being uploaded to their platforms daily, diluting and diverting royalties

away from human creators. Often, the individuals uploading AI generated tracks also deploy AI bots to 'listen' to those tracks.

Licensing has an important part to play here, but so too do responsible actions from platforms. There is a need for rightsholders and licensed music platforms to deploy a combination of labelling, technical measures and enforcement to avoid dilution and safeguard the role of human creators.

Timely action in these critical areas will help facilitate the development of a robust licensing market, delivering great benefits to the growth of the industry, strengthening the UK economy, and retaining the country's standing as a global leader in music.

## 6. Conclusions

The UK has significant and complementary strengths that flow from both the prowess of its music industry and from its position as a global leader in tech and innovative AI. While the debate on content licensing has been polarised to date, there is potential to change that and to find a way forward that serves both industries. Doing this successfully hinges on creating a forward-looking, growth-enabling policy environment that supports the development of a world-leading licensing market, based on existing UK copyright strengths and centred on transparency. The Government's March 2026 announcement that it no longer sees a text and data mining exception as its 'preferred option' is a positive step towards this, as is the Government's new work programme that will instead focus on transparency, labelling and personality rights. Getting this right will both generate value and enable the music and tech sectors to grow over the long term.

This report highlights the support for resolving this positively: all larger music companies and several medium and smaller companies are already forging licensing agreements. Our survey of independent BPI members reveals an overwhelming proportion (97%) agree that the current copyright framework is a critical enabler of licensing and therefore critical to their businesses. As you might expect, the concerns shared centred on the unethical use of music for training or generating AI outputs. 77% of independent BPI members surveyed are not opposed to licensing their music for ethical use by AI, compared to 23% that are not currently interested, which represents a significant economic opportunity. For that potential to be realised, businesses need confidence that their creative output can be successfully harnessed, while securing fair value as rights holders and artists.

Looking to the future, it is critical that the relationship between the AI and music sectors is put on a more solid footing so that it can support economic growth, extend the UK music industry's existing global position and create opportunities for a sustainable collaboration with AI technology and its application in the UK. With that in mind, the UK's clear copyright framework provides a solid foundation for AI licensing which could position the UK as a global hub for music and AI deals if complemented by strong transparency measures. To make this a reality, there are three key actions that could together support this vision of ethical cocreation:

- **Maintain existing law:** Maintain the existing copyright regime to enable a thriving licensing-based marketplace that supports commercial negotiations between the creative sector and AI firms.
- **Mandate transparency requirements:** Developers should be required to keep clear records and be accountable for training inputs they use, to inform and enable commercial licensing. AI-generated outputs should be clearly labelled, so that consumers can make informed choices about what they listen to. A number of industry-led initiatives are already in place to enable labelling. However, it would be helpful for the Government to create a requirement in law or regulation for the labelling of AI generated content.

- **Assert sovereignty of UK law:** It should be made clear that all AI models deployed in the UK must comply with UK law irrespective of where they have been trained. This would stimulate commercial licensing, prevent circumvention of UK law and ensure a more level playing field for the UK's ethical AI companies.

Implemented successfully, this would realise the potential growth that would be enabled by the UK's music industry working hand-in-hand with ethical tech companies, further cementing the UK's role as a global leader in both music and AI technology.

## 7. Methodology

### **Consumer survey methodology**

A public opinion survey asked 3,000 nationally representative consumers about their music listening habits and their views on the role of AI in the music industry. A further sample boost of 1,514 people from five parliamentary constituencies (Holborn and St Pancras, Hove and Portslade, Leeds West and Pudsey, Leicester West, and Wigan) also took place. The constituency boost sample was weighted to reflect the demographic makeup of each constituency and the weighted results are presented here. The polling was undertaken by Censuswide between 23rd January and 9th February 2026.

### **BPI member survey methodology**

A survey was sent to a wide range of independent BPI member organisations asking about their views on the use of AI in the music industry and its implications for economic growth and their experiences with licensing agreements with AI technology firms. Responses were received from 31 member organisations between 21st January and 6th February 2026, which collectively represent around 70,000 artists.

As well as the survey, semi-structured interviews were conducted with select BPI members to gain in-depth insights. A total of eight members were interviewed, which included a mix of the major labels and independent labels.


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