Government response to the public consultation on the proposed transfer of the Public Lending Right functions from the existing public body



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# Introduction

1. The Public Lending Right (PLR) is the right of authors to receive payment for the loans of their printed books from public libraries in the UK. Payments are made annually to eligible authors who register their books with the PLR Registrar, to a maximum of £6,600 per author per year. The PLR receives grant-in-aid from the Department for Culture, Media and Sport (DCMS) to fund the running of the scheme and the payments to authors.
2. The resource grant-in-aid budget for PLR reduces by 15% in real terms over this Spending Review period which in the current circumstances represents a fair settlement for PLR and shows a real commitment to the importance and value of this scheme. However, with the PLR Registrar currently believed to be operating at near maximum efficiency the settlement does necessitate some radical thinking and the Government believes that transferring the PLR functions into a larger body presents further opportunities for efficiencies than would otherwise be achievable and consequently offers to maximise the proportion of available grant-in-aid to be distributed as author payments.
3. DCMS ran a 12 week public consultation between 8 May and 30 July 2012 on the proposal to transfer the PLR functions to another public body. The consultation document outlined a number of options, including the Government’s preferred option of a transfer of the PLR functions to the British Library. A summary of the consultation responses was published on the DCMS website on 17 October 2012.

**Government response – executive summary**

1. In total, 1,015 consultation responses were received, and the large response reflects the importance of PLR to authors and other rights holders, and the esteem in which the current PLR office is held by its customers.
2. The aims of the proposed transfer are to reduce the number of public bodies and to increase the efficiency and economy of running the PLR scheme, so that the maximum proportion of available grant-in-aid can be distributed as payments to authors and other rights holders. The Government has considered how to meet these aims taking account of the responses to the consultation and the issues raised.
3. The Government would like to thank all those who responded to the public consultation. A number of concerns and issues were raised, and have been given careful consideration.
4. The main issues raised in consultation responses related to:
5. The service the Registrar and PLR office provides to authors, which is widely held to be “excellent”, “effective” and “efficient”; the majority of respondents are of the view that the operation should remain as it is.
6. Concerns about potential transition costs, and whether the savings would outweigh the costs.
7. Potential loss of knowledge and experience (i.e. if there were to be changes to staffing); and/or concerns related to the potential loss of jobs from the North East.
8. The importance of the independence and/or impartiality of the existing NDPB.
9. Potential impact of a transfer on PLR rights holders, such as a reduction in efficiency, or a disruption to the service i.e. if there were to be a change to staffing.
10. The representation of authors’ interests under the Registrar, and whether representation would be as effective under new management.
11. How PLR would fit within the British Library as a larger organisation taking on the role of a dedicated body; the compatibility of the functions of both organisations; and how the British Library would see this function fitting within its overall business and aims, and its broader role in developing copyright and library strategies.
12. The issues raised in response to the public consultation are set out in more detail below, followed by the Government response to each aspect. In summary, we consider that the British Library’s proposal for how it would manage the running of PLR addresses the concerns and issues raised, and that the proposed abolition of the Registrar of PLR and the transfer of functions to the British Library will achieve the Government’s aims of reducing the number of public bodies and improving the exercise of public functions having regard to economy, efficiency, effectiveness and accountability.

**Responses to the consultation**

1. There were 1015 respondents to the public consultation, comprising: 740 rights holders (authors, illustrators, translators, editors, and literary executors); 238 other individuals (the majority of whom do not specify their role/interest or whether they are rights holders, though a small number identify themselves as aspiring and unpublished authors, readers and library users); and professional bodies and other organisations and interested parties, as listed at Annex A of the [summary of consultation responses](http://www.culture.gov.uk/consultations/9444.aspx) published on the DCMS website.
2. In addition to the 1015 responses, there were a small number where the proposal being consulted on has been misinterpreted: 24 respondents gave their views about what they understood to be proposals to stop making PLR payments to authors; and 29 respondents gave their views about what they understood to be proposals to abolish the Authors’ Licensing and Collecting Society (ALCS), an organisation which administers payments due to rights holders from a number of European PLR schemes.
3. The consultation asked 3 questions, and summaries of the responses to each are set out below, followed by the Government response to the issues. The vast majority of respondents (over 90%) did not refer to or answer the questions directly, and their comments have been summarised under the appropriate section(s) below.

***Q1: While acknowledging the effective administration of PLR by the Registrar, the government is now proposing to transfer the statutory function of administering the PLR scheme from the Registrar to another existing public body, effectively abolishing the Registrar as a separate public body. Please provide your views on whether you think the PLR functions should be transferred to another body.***

1. 948 respondents are of the view that the PLR functions should not be transferred to another body.
2. 30 respondents are of the view that the PLR functions should be transferred to another body; some of these are conditional on a number of factors, including: the British Library being funded adequately to take on the function; the transfer not resulting in increased expenditure; savings being made and added to the authors’ fund; existing staff being located in a convenient locality and their salaries not reduced; and the high quality service of the existing PLR office being maintained. 1 additional respondent does “not oppose” the transfer, provided that jobs are not transferred away from the North East; and 3 other respondents give ambiguous answers, or answer both for and against a transfer, depending on whether savings can be made and the author fund increased.
3. In addition to these, 8 respondents are of the view that the PLR functions should be transferred to another body, but to ALCS rather than the Government’s preferred option of the British Library. 1 respondent is of the view that the options “should include transferring PLR due to Welsh authors to a new devolved body in Wales”.
4. 1 respondent does not know if they think the PLR functions should be transferred; and 23 do not provide a view on whether they agree with a transfer but do provide views on: the importance of PLR payments to authors; the importance of PLR and public libraries generally; the loans sample used by PLR; the eligibility criteria; the distribution of payments to authors; the importance of impartiality to the operation of PLR; or seek assurances that the level of service would be maintained. Of these 23, 1 respondent is of the view that “all state involvement in the arts should be abolished” and 1 is of the view that the PLR fund to authors should instead be distributed to support public libraries.
5. Of those respondents of the view that the PLR function should not be transferred, 85% comment on the service the Registrar and PLR office provides to authors, which is widely held to be “excellent”, “effective” and “efficient”. Many rights holders’ comments relate to the high degree of confidence they have in the administration of PLR, and in the staff who respondents regard as knowledgeable, experienced and helpful.
6. Almost half of those who think PLR should not be transferred comment on the costs and savings of a transfer, raise concerns about potential transition costs, or question whether the savings would outweigh the costs. About 7% comment on the absence of estimated costs and savings in the consultation document and consultation stage impact assessment; about a quarter comment on the value of PLR payments to authors; and a small number express a fear that the author fund might decrease if the costs of transfer are underestimated. A number also refer to the reduction in PLR’s grant-in-aid. Responses from Neilson Book Services, ALCS, and a joint submission from RSL and a number of bodies (ALCS, Society of Authors, Writers’ Guild, Association of Authors’ Agents, Association of Illustrators, Creators’ Rights Alliance, National Union of Journalists, Poetry Book Society, and the Historical Writers’ Association) state that they would commit to working with PLR to identify and deliver potential efficiencies.
7. Other concerns are around loss of knowledge and experience (i.e. if there were to be changes to staffing); and/or related to the loss of jobs from the North East. Submissions were received focussing on concerns about potential impact on the North East from: the Public and Commercial Services Union (PCS); Cllr Bob Cook, Leader of Stockton-on-Tees Borough Council; Tees Valley Unlimited, the Local Enterprise Partnership; James Wharton, MP for Stockton South; and Alex Cunningham, MP for Stockton North.
8. Some respondents commented on the importance of the independence and/or impartiality of the existing NDPB.
9. Around 5% of those who do not think PLR should be transferred do not specify the reason.
10. **Government response: It is clear from the response to the public consultation that PLR rights holders and other stakeholders view the service provided by the Registrar and the PLR office as “excellent”, “effective” and “efficient” and the majority of respondents are of the view that the operation should remain as it is. The Government agrees that the Registrar and his staff provide an effective and efficient service and we share the confidence the respondents express in the administration of PLR. However, our proposal is motivated by the increasing demand for the Registrar to deliver efficiency savings and the limitations of doing so given the small size of the non-departmental public body (the Registrar is supported by 8.74 full-time equivalent staff in an office in Stockton-on-Tees).** **The decision was taken in the Comprehensive Spending Review to reduce the resource grant-in-aid budget for PLR by 15% in real terms over the spending period (from April 2011 to April 2015), and the proportion of grant-in-aid used to administer the scheme was capped at £756k p.a.. Transferring the PLR functions into a larger body has the potential to achieve greater efficiency savings than are achievable by a small body operating at near maximum efficiency. While no assumptions can be made about future Spending Review settlements, and it is therefore not possible to predict the amount of funding available for payments to authors in future years, a transfer offers to maximise the proportion of available grant-in-aid to be distributed as PLR payments to authors.**
11. **The consultation responses demonstrate that PLR rights holders are strongly supportive of the operation and workforce remaining at Stockton-on-Tees. At consultation stage, we were not able to say what the implications of a transfer would be in terms of the future of the Stockton-on-Tees office or the staff employed there, as operational decisions would be for the body taking over the functions. Now, following planning by the British Library and the Registrar, we are able to set out that the British Library has modelled its costs on retaining the operation at Stockton on Tees for the next 10 years, and it has no plans to transfer the operation to Boston Spa in the next 10 years, although the effectiveness of this arrangement will be reviewed after 5 years. As a result the service, and the staff providing it, will be maintained throughout the transition period. This represents a low-risk option which we consider addresses the concerns raised during the consultation, and would ensure a smooth transition with no impact on PLR rights holders.**
12. **Respondents had concerns around the potential for loss of knowledge and experience, should there be changes to staffing or a relocation of the office to the British Library’s Boston Spa or London offices; and concerns were expressed relating to the potential loss of jobs from the North East. Under the British Library’s proposals, all PLR staff would transfer to the British Library at the transfer date via TUPE and would continue to carry out their roles in the Stockton-on-Tees office, and the postholder of the current Registrar appointment would be contracted from the transfer/abolition date for an appropriate period of time to ensure a smooth transition, and successful knowledge transfer. After this transition period, a new Head of PLR, likely to be based in the Library’s site at Boston Spa in Yorkshire, would assume responsibility for the management of PLR (which would remain in Stockton-on-Tees). Economies of scale and the advantages of shared back-office services are expected to deliver savings in administration in the future.**
13. **At consultation stage, we were able to confirm that the PLR author fund would not be used to pay for the transfer of functions and any future decrease in the rate per loan will not result from the transfer of the PLR functions. However, it was not proportionate to consider all the options in detail at that stage, and the Impact Assessment did not include monetised costs and benefits. Now, following planning by the Registrar and the British Library, we are able to confirm that a transfer to the British Library would achieve additional net present value (NPV) savings of between £0.75m and £0.81m in the running costs of PLR over the 10 year appraisal period set out in the accompanying Impact Assessment. These savings are additional to a number of savings that have been identified by the Registrar which we will work to achieve in addition to the transfer. This addresses the concerns about costs and savings expressed by almost half of those respondents of the view that PLR should not transfer. By minimising the costs of administering PLR, the proportion of available grant-in-aid to be allocated to authors is maximised.**
14. **The independence and impartiality of the existing NDPB will be maintained by transfer to another public body at arm’s length from Government, and we consider that the British Library is well placed to represent the rights of authors. This final point is discussed in further detail under Q3 below. As a larger NDPB, we consider that transfer to the British Library would not only ensure continuity of the efficient running of the scheme, but would also develop a more solid infrastructure for PLR, thereby helping to future-proof the scheme.**

***Q2: Following the transfer of functions the government is proposing that a cap on administrative spend will be imposed on the body that takes over the PLR function and has confirmed that the PLR author fund will not be used to pay for the transfer. Do you have any concerns about the impact a transfer of functions from the Registrar will have on PLR rights holders? If so please provide details.***

1. About a third of respondents outline concerns about the impact of a transfer on PLR rights holders. The majority of comments relate to concerns about the potential for: a reduction in efficiency; an increase in bureaucracy if a larger organisation takes on the function; or a disruption to the service, such as mistakes or delayed payments, i.e. if there is a change to staffing. 51 respondents either stated they agreed with the Society of Authors’ position or submitted a copy or a version of a statement from the Society which includes the point: “The current PLR Office is light on bureaucracy, very economically run, and strong on service. A transfer to a new body would inevitably involve teething problems and increased bureaucracy.”

1. In addition to the consultation responses, a small number of queries relating to the proposal were received by the Department, about whether authors would need to register their books differently or take any other action if a transfer took place.
2. There are some comments about authors’ interests being represented effectively by the Registrar and comments about whether representation would be as effective under new management, or in a public body with other responsibilities.
3. A small number of respondents make reference to activities carried out by the Registrar and the PLR office, commenting on their value, or questioning whether these activities would continue if a transfer took place. There are comments about the International PLR network, currently coordinated by the Registrar; and comments about the Irish PLR scheme, which is contracted out to the UK PLR office. A number of respondents also make reference to the PLR website, and to other communications from the PLR office, which are both regarded as clear and helpful.
4. **Government response: Of the respondents who commented on potential impacts on rights holders, the majority relate to concerns about the potential for a reduction in efficiency or disruption to the service, such as mistakes or delayed payments, i.e. if there were to be a change in staffing; or an increase in bureaucracy if a larger organisation takes on the function. The Government considers that the British Library’s proposal to retain the existing operation and workforce in Stockton-on-Tees mitigates the risk of any disruption to the service. Some respondents were of the view that a transfer to a larger organisation could result in increased bureaucracy; in fact the larger organisation allows for economies of scale and the advantages of shared back-office services, and in addition, the Impact Assessment shows that savings will be made as a result of the larger organisation taking on the PLR functions, including for example a net saving in audit fees.**
5. **As set out above, the current holder of the Registrar post would be contracted to oversee the transition of PLR, and would hand over responsibility for the management of the running of the scheme to a new Head of PLR. The Registrar’s role in representing the rights of authors will form part of this handover.**
6. **Under the British Library, the PLR service would continue to generate income through the existing Irish PLR contract. The International PLR network is currently coordinated by the Registrar, and the new Head of PLR’s role in the future of the network will be an area for further consideration over the transition period.**
7. **We have noted the comments from respondents about the PLR website and communications from the PLR office. PLR would retain its identity by becoming a sub-brand within the overall British Library brand. Stakeholder mapping has taken place and a detailed communications plan will be developed in the lead up to the transfer.**

***Q3: Though the government appreciates that it would be appropriate to transfer the PLR function to another copyright payment body, ALCS for example, statutory functions and distribution of associated government funding must be administered by a public body. Consequently the government’s preferred option is to transfer the PLR function to the British Library. Do you anticipate any problems or conflicts of interest in transferring the PLR function to the British Library?***

1. Of the 1015 respondents, 189 answered Q3 directly or indirectly, providing views on potential problems or conflicts in transferring the PLR function to the British Library.
2. The majority of these (31% of the 189 responses) raise concerns related to how PLR would fit within the British Library. This includes concerns about the BL as a larger organisation taking on the role of a dedicated body; the compatibility of the functions of both organisations; queries about how the British Library would see this function fitting within its overall business and aims; concerns about widening the remit of British Library; views that PLR would be an “additional burden”; and comments that the British Library has many other responsibilities and that these may take priority over PLR.
3. 28% of the 189 responses make comments related to a “danger that transferring this function to a body with a wider remit could lead to conflicts between delivering PLR on behalf of authors and [the British Library’s] broader role in developing copyright and library strategies”, although it should be noted that of the 53 responses commenting on issues connected to copyright, 45 are from individuals who have submitted a copy or a version of an ALCS statement from which this quotation is taken.
4. Other comments reflect the concerns described under the first 2 questions: a quarter of comments relate to staffing, or loss of jobs, or relocation; 24% comment on potential disruption to the service, or reduction in efficiency; 19% comment on issues relating to experience or expertise (including concerns over loss of expertise, or that the British Library has no experience of payment distribution, or this sort of role). 13% of comments under Q3 relate to authors' interests, such as impact on authors’ rights, or the view that the British Library is a ‘pro-reader’ organisation rather than an author-facing one; 7% of comments relate to funding of PLR and the British Library; and 7% say that there would be a problem or conflict of interest but do not specify what it would be.
5. **Government response: We have shared the responses to this question with the British Library, and the Government and the British Library consider that the approach to be taken, where the operation and workforce would be retained in Stockton-on-Tees to ensure continuity of service and minimise the risks of a transfer, addresses the points raised here. We agree with respondents that the PLR office, as a small and dedicated body, works well at present, and we consider that by maintaining the operation and by transferring the management role from the Registrar to a new Head of PLR only after a transition period following the transfer, the effectiveness of the running of the scheme will be maintained, and that the efficiency and economy will be increased as a result of the savings to be achieved. We acknowledge that the current holder of the Registrar post has a wealth of experience and expertise and it will be important for the Registrar to oversee the transition and to hand over to the new Head of PLR in time. We consider that the new management role at the British Library will ensure that the PLR function will be represented within the British Library management team, while also retaining its identity as a dedicated function carried out by experienced and knowledgeable staff.**
6. **Many of the comments made in response to this question reflect the responses to the other two questions, and the Government’s response to comments around staffing and the future of the Stockton-on-Tees office, and the implications of changes to staffing on efficiency, and loss of experience or expertise, is set out above.**
7. **In addition to the savings that will be made as a result of transferring the PLR function to a larger body, there are a number of other benefits to the transfer. Undertaking the transfer of governance to the British Library would ensure continuity of efficient systems and processes – and furthermore would develop a more solid infrastructure, which the larger organisation enables. Therefore, we consider that a transfer to the British Library would future-proof the running of the scheme.**
8. **The British Library has given consideration to concern raised around a “danger that transferring this function to a body with a wider remit could lead to conflicts between delivering PLR on behalf of authors and [the British Library’s] broader role in developing copyright and library strategies”. The British Library’s position in response to comments about the Library’s representation of authors’ interests and on issues related to copyright is briefly summarised as follows. As the UK national library, the British Library is committed to a robust and balanced copyright regime that respects the interests of rights holders, creators and users alike. The British Library has a unique position as a legal deposit library, a purchaser or licensee of copyright content and materials, a licensor of its own intellectual property, and a support service to users of intellectual property be that for academic research, or for business development through their Business and Intellectual Property Centre which supports entrepreneurs and SMEs in developing, protecting and exploiting their ideas. The British Library sees getting the balance right – the balance between the rights of creators to be recognised and rewarded for their work, and the public interest in ensuring access to, and exchange and repurposing of, information and ideas – as intrinsic to a healthy creative economy and education sector. In short, the British Library’s position is that it operates at the fulcrum of the copyright balance.**
9. **There is a constant need for the copyright framework to adapt to new forms of innovation, creativity and technology, which is reflected by the Government’s actions in this regard, including work to implement the recommendations of the Hargreaves review. The British Library has been open and transparent in setting out its position and in advocating reform of the copyright framework.**
10. **The British Library has a unique position as an organisation with a role in the copyright framework**, **with close links to publishers, authors and other rights holders. The Government does not view the British Library’s role and interest in copyright reform as being at odds with the representation of PLR rights holders’ interests, and accepts that the Library, operating at the fulcrum of the copyright balance as they put it, can manage PLR effectively providing a high quality service to rights holders without conflict of interest.**

# Next steps

1. The Government would like to thank all those who responded to the public consultation; the responses demonstrate the importance of PLR payments to authors and other rights holders and highlighted a number of areas for consideration.
2. We cannot predict whether the rate per loan paid to authors will increase or decrease in future years, and no assumptions are made about future Spending Review settlements, however a transfer to the British Library offers greater efficiency savings than are achievable by a standalone body the size of PLR, and therefore maximises the proportion of available grant-in-aid which could be allocated to authors. This low-risk transfer will retain the operation and workforce which is working well at present and is highly valued by respondents to the consultation, and the increased efficiency and economy of the scheme will benefit PLR rights holders. Furthermore, the transfer would not only ensure continuity of efficient systems and processes, but would also develop a more solid infrastructure, which the larger organisation enables.
3. Transfer to the British Library emerged as the preferred option because it fulfils the Government’s aims of maximising the efficiency, economy and effectiveness of the Scheme and reducing the number of public bodies. The Public Bodies Act 2011 gives powers to Ministers to abolish, merge, or modify or transfer functions of public bodies through secondary legislation. We will now seek Parliament’s approval to abolish the Registrar of PLR using these powers and transfer the function to the British Library.
4. A final stage Impact Assessment, setting out the costs and benefits of the transfer, has been published on the DCMS website alongside this Government response.



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