

**Report on the  
Public Lending Right  
Scheme  
and  
Central Fund Account  
2012 - 2013**

# Public Lending Right

## Report on the Public Lending Right Scheme and Central Fund Account 2012-2013

Report presented to Parliament pursuant to Section 3(8) of the Public Lending Right Act 1979.

Account of the Public Lending Right Central Fund presented to Parliament pursuant to Section 2(6) of the Public Lending Right Act 1979.

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## Preface

I am pleased to lay before Parliament this report on the operation of the Public Lending Right (PLR) Scheme for 2012-13.

This has been a historic year for PLR. It marks the thirtieth anniversary of the first PLR payments made to authors from the PLR Central Fund. It will also be the last full year of independent operations for the Registrar and his team at the PLR office following the government's decision to transfer responsibility for PLR to the British Library. Subject to passage of the secondary legislation through Parliament, this will be effective from 1 October 2013.


It was clear from the many responses from authors to the consultation on the future management of the Scheme that my Department undertook during the year that PLR remains an important source of financial support for authors. The consultation also demonstrated the high regard in which the Registrar and his staff are held by authors and the widely held wish that the existing PLR team should continue to have an important role to play in the Scheme's administration.

I believe that the government's decision to transfer responsibility for PLR to the British Library while retaining its administration at PLR's current offices in Stockton-on-Tees meets these wishes. Given the need to reduce public expenditure the funding provided to PLR by my Department has had to be further reduced over the next two years following the Chancellor's Budget announcements. This is in line with reductions for other bodies funded by DCMS. In these circumstances I commend the PLR team for their success in keeping PLR's administrative costs below the cap set by my Department during the year under

review. But the scope for further savings is restricted by the size of the current PLR organisation and the government takes the view that the transfer of PLR functions to the British Library, as a much larger public body, offers more opportunities for efficiencies.

I would therefore like to extend my Department's thanks to Dr Parker and all the staff at PLR for their unrelenting commitment to their work, and ensuring the continued smooth operation of managing the PLR Scheme.

As Dr Parker and his team prepare for the transfer of PLR responsibilities to the British Library, I and my officials look forward to working with them in the interests of authors to ensure a smooth transition to the new arrangements.



**Rt Hon Maria Miller MP**  
Secretary of State for Culture,  
Media and Sport

## Overview

On 27 March 2013 the Culture Minister announced that responsibility for PLR would transfer to the British Library and the PLR body would cease to exist as a separate government-funded organisation. This brings to an end two and half years of uncertainty for PLR staff and authors about the future administrative arrangements for PLR and allows us to begin planning for the transfer of responsibilities which will officially take place on 1 October 2013, subject to passage through Parliament of the relevant legislation. While the Board of the British Library will take over the Registrar's legal responsibility for the PLR Scheme, the current PLR team will transfer to the British Library and continue to administer PLR from the current offices in Stockton. This reflects the confidence in the existing PLR team expressed by respondents to the government's consultation last summer and ensures continuity of expertise and experience in administering PLR.

This Report covers the second year of our current four-year Funding Agreement with the Department for Culture, Media and Sport (DCMS). Following the government's Comprehensive Spending Review in 2010 we received a funding settlement of £7.2 million for 2011-12. Over the three remaining years of the Agreement funding would be reduced by 15% in real terms to £7 million in 2014-15. PLR's funding for 2013-14 and 2014-15 has been further reduced since 2010 following announcements in the Chancellor's autumn 2012 statement and March 2013 Budget.

Under our Funding Agreement our principal objective is to cap the running costs of the Scheme at their 2010-11 level of £756,000 in each year covered by the Agreement. Our other objectives are linked closely to administering a

number of key statutory functions which make up PLR's annual cycle of author and book registration; collection and processing of data on public library book loans; payment calculation and distribution.

During 2012-13 we were successful in completing all the work required of us by the Scheme and in keeping the running costs of the Scheme below the cap set for us by DCMS. Indeed, we were able to identify some further administrative savings which, taken with the income derived from our support for the Irish PLR system, went some way towards offsetting the overall reduction in funding. This helped us make payments to authors this year at a higher rate of 6.20 pence.

On 1 April 2012 we took on an expanded role in the day-to-day administration of the Irish PLR system. Given the continuing uncertainty around our future governance arrangements we accepted the invitation from the Irish government to take on this work on a renewable one-year contractual basis. The work has involved author and book registration, loans data collection and payment calculation and distribution. This was a groundbreaking venture as no other PLR system internationally has taken on administration of another country's PLR scheme. The short lead-in time during which we had to integrate the Irish PLR operation into our own systems represented a significant challenge. The PLR team rose to this and we were in a position to make Irish PLR payments to authors by the target date in December 2012.

I would like to pay tribute to PLR colleagues for their achievement in once again providing authors with a service of the highest order in a difficult period. Now that the government has announced its decision on PLR's

future governance arrangements we can begin working with the British Library to ensure a smooth transfer of responsibilities.

## Author and Corporate Services

### a) Author and Book Registration

The Public Lending Right Act became law in 1979 and gave British authors the legal right to receive payment from public funds for the free lending out of their books by public libraries. Under the Act and the PLR Scheme, which followed in 1982, a PLR office was established in Stockton-on-Tees under the Registrar of PLR to whom authors could apply to register their books for payment. Since then the Registrar and his team have managed PLR's registration processes, gathered in computerised data on book loans from a representative sample of public libraries across the UK and made annual payments to authors on the basis of that data. This year we celebrate 30 years of PLR payments.

Comparisons with the first year of PLR registration show how the system has developed and expanded. At the end of the first year just over 7,500 authors and illustrators had registered their books. Authors must apply for registration and submit their PLR applications electronically or using printed application forms. These applications need to be received at the PLR office before the end of the PLR year on 30 June. Take-up of our online registration service continues to grow with over 80% (78% last year) of books now being applied for via the PLR website. The savings in staff time resulting from the increased use of the online service have helped us absorb the continuing high levels of new registrations. This year over 1,500 authors successfully applied for PLR registration taking the total number of registrations since the Scheme's inception past 51,000.

One of the great strengths of the PLR system in the UK has been its adaptability and responsiveness to feedback from authors and the bodies that represent them on the operation

of the Scheme. So, for example, the original requirement that an author must be named on a book's title page to qualify for registration has been relaxed to provide for other methods by which applicants can prove their authorship given that not all books have conventional title pages. The Scheme has also been extended to include other categories of author, such as editors and translators. Posthumous registration has been introduced enabling books published in the ten years after a registered author's death to be taken account of by PLR. The Scheme was opened up to authors living in other countries within the European Economic Area in July 2000. This extension has led to a growing number of reciprocal arrangements by which UK authors now receive PLR from countries like France, the Netherlands and Estonia.

At the start of the year we took on responsibility for the day-to-day operation of the Irish PLR system under contract to the Local Government Management Agency in Dublin. This has involved providing a registration service to authors, collecting loans data from all 32 of the public library authorities in Ireland and distributing annual PLR payments. The broad similarities between the British and Irish PLR rules and methods of operation provided an opportunity for us to develop synchronised procedures to enable authors to register for both systems simultaneously and to harmonise their personal and book details that we hold for them on both systems. The synchronised systems were operational by the middle of the year. They have simplified registration procedures for authors and reduced workloads for PLR staff.

### b) Loans Data Collection

PLR's secondary legislation, the PLR

Scheme, provides a detailed set of rules by which the Registrar is required to manage the selection and participation of public library authorities in the PLR sample. The sample must include a minimum number of authorities from every region of the UK. Selected authorities transmit book loans data electronically to the PLR Office at monthly or two-monthly intervals during the PLR year which runs from 1 July to 30 June.

As this Annual Report describes the operation of the Scheme over the period 1 April 2012 to 31 March 2013 it takes in two PLR loans years. Data from the former, covering the loans year 1 July 2011 – 30 June 2012, provides the basis for the February 2013 payments. Data collected for the period 1 July 2012 – 30 June 2013 will be used to calculate payments due in February 2014. The library authorities selected by the Registrar to provide data to PLR during both these loans years are listed in Table 1 opposite.

The composition of the library sample changes each year. The Scheme requires that a minimum of seven library authorities are replaced annually to help provide for a more equitable sample given the local and regional differences in library book stock and borrowing patterns across the country. These variations can be seen in the national and regional borrowing figures released by the PLR office in February each year. For example, according to PLR's most recent data (published in February 2013) the ten most borrowed books in London were children's titles, while in the North-East the top ten titles were works of adult fiction.

The first PLR payments to be made in February 1984 were calculated using loans data collected from a single branch library in each of 16 library

Table 1  
**Sample Library Authorities**  
 2011/12 and 2012/13

<b>England</b>	
East Sussex	North Yorkshire
Essex, Southend and Thurrock	Telford and Wrekin
Libraries West ( <i>Bath and North East Somerset, Bristol, North Somerset, Somerset, South Gloucestershire</i> )	Blackburn with Darwen
	Northamptonshire
	Middlesbrough
Suffolk	Warwickshire*
<b>Metropolitan Districts</b>	
Rotherham	Salford
Sunderland*	Sefton*
<b>Greater London Boroughs</b>	
City of London*	Islington
London Consortium ( <i>Barking &amp; Dagenham, Brent, Ealing, Enfield, Hackney, Havering, Newham, Richmond Upon Thames, Redbridge, Tower Hamlets, Waltham Forest, Wandsworth</i> )	
<b>Wales</b>	
Cardiff*	Denbighshire and Flintshire
Monmouthshire*	
<b>Scotland</b>	
East Ayrshire	Glasgow*
Scottish Borders	
<b>Northern Ireland</b>	
Northern Ireland Library Authority (replacing the five former library boards in Northern Ireland)	

Authorities marked \* were replaced in July 2012 by:

Gateshead  
 Lewisham, Kingston-upon-Thames, Merton (joining London Consortium)  
 Manchester  
 North Lanarkshire  
 Portsmouth  
 South Tyneside  
 Sutton  
 Vale of Glamorgan  
 Wrexham



authorities across the UK. The loans data received represented 0.9% of total UK public library book loans. Since those pioneering early years we have increased the volume and range of loans data collected by increasing the number of participating library authorities and by taking account of loans data from all the computerised branches in each authority. The payments made in February 2013 were based on data representing 22% of total UK loans supplied by 43 public library authorities across the country.

The Scheme requires the Registrar to reimburse library authorities for costs incurred through participation in the PLR sample. To help meet our overall running costs target we have sought to reduce costs in this area of the Scheme's operation. While meeting the Scheme's legal requirements that a minimum number of authorities from each region are included in the sample we have remained alert to opportunities to increase the sample size by bringing in groups of authorities operating as consortia. This enables us to collect loans data from several authorities together at no extra cost. The 2011-12 sample included both the Libraries West and London Libraries Consortia, as well as embracing all the public library branches in Northern Ireland which since 2009 have operated under a single authority, Libraries NI.

Additionally this year we collected loans data from all 32 public library authorities in Ireland under our contract with the Local Government Management Agency. Though similar in many ways to the UK system the Irish PLR system bases its payment calculations on data from all the Irish library authorities rather than just on a sample.

#### **c) Finance**

Our four-year funding settlement from

DCMS following the government's 2010 Comprehensive Spending Review provided for grant-in-aid of £7.2 million for 2011-12 falling by 15% to a figure of £7 million in 2014-15. PLR's funding for 2013-14 and 2014-15 has been further reduced since 2010 following announcements in the Chancellor's autumn 2012 statement and March 2013 Budget. Our original Funding Agreement with DCMS capped our running costs at £756,000 for each year of the Funding Agreement period. This was subsequently revised to £720,000 for 2012-13.

To maintain running costs within this cap has proved demanding for a body of PLR's size given the major savings that we have already achieved in previous years. However, we were successful in keeping running costs within the capped figure and finding some additional savings. Taken with the income generated by our administering Irish PLR these and other sources enabled us to supplement the funding available for payment to authors by some £57,000 and to achieve a Rate Per Loan of 6.20 pence (6.05 pence in 2012).

In preparation for the possible transfer of PLR responsibilities to another public body, we worked with the Department during the year in preparing estimates of potential administration cost savings under the different governance options set out in the public consultation last summer. We also prepared the groundwork for how our key financial systems, such as payment calculations and distribution, might have to adapt were we to become part of a larger body.

#### **d) Human Resources**

The departure during the year of a member of staff from our Corporate Services unit marked the first change

in personnel at the PLR office for five years. This lack of staff turnover allows us to benefit from the long experience and specialist skills of PLR team members. During the year one member of staff celebrated 30 years of service with the PLR office. At a time when we are seeking to reduce costs to meet our government target and at the same time taking on new work to generate income such continuity of service is invaluable.

2012-13 saw a slight relaxing by the government of the constraints on public sector pay. This enabled the Registrar to offer a 1% salary increase to staff which was consolidated into permanent pay. It also proved possible to provide one-off performance-related bonuses to recognise the PLR team's achievement in taking on administration of the Irish PLR system.

We were able to meet our core training requirements once again this year by focusing on in-house training and development. Taking over responsibility for the day-to-day running of Irish PLR brought with it a requirement for Author Services staff to master the workings of the Irish PLR system, and to get to grips with the new synchronised procedures developed by PLR's IT Manager. Refresher training was provided for all staff to reinforce their ability to provide support for colleagues in other areas of work in line with our overall approach to covering for staff absences and providing support at busy times of year. In total an average of 7.7 days per member of staff (6 days in 2011-12) was given over to training and development.

#### **e) Accommodation and Security**

It is now 14 years since we moved from central Stockton-on-Tees to our present offices on the Teesdale Business Park on the south side of the River Tees. Richard House continues to provide a safe, economic and efficient working

environment for staff. Now that the transfer of PLR responsibilities to the British Library has been confirmed by the government and the British Library has committed to retaining the PLR office in Teesside for the foreseeable future, we plan to undertake a review of our future accommodation requirements. One option will be to remain at Richard House where our current lease ends in November 2014.

#### **f) Sustainable Development**

We continue to promote sustainable development with particular reference to resources over which we have control in the context of leased office accommodation. Obvious targets are to minimise our use of electricity by the use of timers and by switching off unused equipment. We continue to purchase recycled goods and have paper saving policies in place. Most of PLR's services to authors and the collection of data for the PLR sample are now performed electronically. For 2012-13 our footprint was 20.08 tonnes (24.82 tonnes in 2011-12).

#### **g) Information and Communication Technology**

With 80% of book registrations now coming through PLR's online service this service is central to the PLR operation. The newly installed web server which supports the online service came through the busiest part of the PLR year successfully with thousands of authors now logging in over the course of a week. Over the course of the year there remain peaks of work associated with the annual PLR cycle of activity. One such peak comes in January when authors' payment statements are made available on the PLR website to online users. This can coincide with high levels of telephone enquiries for PLR's small team of Author Services specialists to deal with ranging from technical issues around passwords to queries about

payment calculations.

We are increasingly making use of technology to manage these peaks of work by releasing information over a longer period and alerting authors electronically in advance of deadlines to help avoid last-minute influxes of registration applications.

To facilitate our taking over responsibility for Irish PLR registration and loans data collection we migrated the Irish system from a remote web server to our in-house servers at the PLR office. This provided a number of operational benefits, including the potential for some integration and streamlining of the UK and Irish PLR systems. The main benefit has been the development and implementation of a synchronised approach to registration (described in Section (a) **Author and Book Registration**, page 6.)

## Payments to Authors

We distributed a total of £6.42 million in payments to authors in February 2013. This included income from administering Irish PLR and funding released from our administration budget through efficiency savings. Payments to authors are based on a Rate Per Loan that is calculated by the PLR computer each year. The Rate is arrived at by dividing the funding available by the total number of loans (arrived at by 'grossing' up the loans data received from PLR's library sample) into the funding available. This year's Rate was 6.20 pence per loan (up from last year's Rate of 6.05 pence).

As part of our continuing drive to introduce electronic communication in all areas of our business to improve efficiency we have phased out the use of cheques for payments to authors. This year 92% of payments were made electronically direct to authors' bank accounts and a further 3% were paid by international direct credit. 5% of payments remained 'on hold' awaiting up-to-date information on bank account details for the authors concerned or details of their assignees, on receipt of which payment can be released.

In relation to payments made to authors resident outside the UK, we have been working with our international payments provider (Western Union) and have developed an automated file upload facility to allow us to import data directly from our database into the Western Union software. By using Western Union, we were able to make 682 international payments to 21 different countries at no cost to PLR, cutting down on the extra administration and paperwork arising from the production of, and accounting for, cheque payments.

This was the second year that we used the services of UK Mail to distribute

payment statements to authors who do not yet make use of the online service to view their statements through PLR's website. By uploading electronic copies of the statements to UK Mail and making use of their UK-wide distribution service we have removed the need for PLR staff to undertake the onerous annual task of printing, packing and despatching the statements. Just over 1,000 fewer authors asked for printed statements this year as take-up of PLR's online service continues to grow.

2012-13 saw the first full year of administering Irish PLR. In December we distributed 4,685 Irish PLR payments. Overall things went smoothly, although we identified the need for some further developments to the Irish PLR system to further streamline procedures ahead of next year's payments.

Table 2  
**Payment Distribution**

23,187 authors and assignees (23,716 in 2011-12) qualified for payments. The numbers of authors in the various payment categories were as follows:

<b>Authors Earning:</b>	<b>2012-13 30th Year</b>	<b>2011-12 29th Year</b>
£6,000.00 - £6,600.00	238	246
£5,000.00 - £5,999.99	75	67
£2,500.00 - £4,999.99	392	393
£1,000.00 - £2,499.99	824	826
£500.00 - £999.99	956	956
£100.00 - £499.99	3,524	3,640
£50.00 - £99.99	2,035	2,082
£1.00 - £49.99	15,143	15,506
<b>Total No of Authors</b>	<b>23,187</b>	<b>23,716</b>
<b>Expenditure</b>	<b>6,421,511</b>	<b>6,513,278</b>

An analysis of the distribution of money for the thirtieth year to authors by payment category shows:

	<b>£</b>	<b>%</b>
£6,000.00 - £6,600.00	1,562,057	24
£5,000.00 - £5,999.99	412,467	6
£2,500.00 - £4,999.99	1,344,731	21
£1,000.00 - £2,499.99	1,287,958	20
£500.00 - £999.99	671,085	11
£100.00 - £499.99	817,029	13
£50.00 - £99.99	144,735	2
£1.00 - £49.99	181,449	3
<b>Total</b>	<b>6,421,511</b>	<b>100.00</b>

## Development of the Scheme

Unsurprisingly our planning for the future development of PLR is currently focused on ensuring that during the transfer of PLR responsibilities to the British Library we continue to meet our statutory obligations and maintain the high levels of service to authors that have become our trademark.

But the world in which we operate does not stand still and we must continue to look ahead to how PLR needs to adapt to the changing ways in which authors' works will be made available through the public library service. The extension of PLR to public library lending of audio books and e-books downloaded on library premises was enabled by the 2010 Digital Economy Act. The government decided not to implement these changes in PLR legislation against a background of constraints on new public spending commitments.

But in its response to the recently published Sieghart review of e-lending in public libraries the government has said that it will consider commencing the appropriate provisions of the Digital Economy Act to extend PLR to audio, e-audio and e-books. It will also seek to include remote e-book loans in PLR though this would require a change to primary legislation and would have to be compatible with European copyright law.

Following the Sieghart Review a number of pilot projects are envisaged to test business models around the use of e-books in public libraries. We shall look forward to working with these pilots in preparation for the possible extension of PLR to e-books.

Another important strand in our preparations for the future is the on-going development of the online registration system that we have introduced and which is proving so

popular with authors. Just over 80% of authors are now registering their books for PLR online. This provides cost savings for the PLR office and a wider range of facilities for authors. These include online access to their annual payment statements, the ability to keep personal details up to date and, since last year, access to data on loans of their books across the UK over the previous ten years.

Electronic communication with authors is proving helpful in alerting them to approaching registration and payment deadlines and the need to keep their personal details up to date. We feel there is still scope to increase the number of authors using the online service and we will continue to promote the benefits of using this service with new authors.

PLR's Marketing Strategy remains at the heart of our planning process and aims to ensure that authors from every background are aware of their PLR opportunity. We are now using Twitter as a means of publicising our work among authors and aim to increase the number of authors following our updates.

Internationally we aim to continue to play a leading role by coordinating the International PLR Network, promoting the UK PLR approach as a model of best practice and providing objective advice to countries looking to set up PLR systems for the first time. We will work with the Irish PLR colleagues based in the Local Government Management Agency in the coming year to help them host the next International PLR Conference in Dublin in September 2013. With eight countries now making PLR payments to UK authors via the Authors' Licensing & Collecting Society we feel our international work continues to provide dividends for British authors.

In tackling all of these issues we continue to benefit from the support of the PLR Board which represents all PLR's principal stakeholder groups and provides advice to the Registrar and his team across the full range of PLR functions.

## Summary of Performance against Funding Agreement Targets

This Funding Agreement between the Department for Culture, Media and Sport and Public Lending Right (PLR) runs from 1 April 2011. The Agreement and PLR's Financial Memorandum and Management Statement will remain in force until they are replaced by a framework document.

### Financial Allocation

PLR's allocations for 2011-12 to 2014-15 are as set out in the Secretary of State's letter of 20 October 2010 and in any subsequent letters which update the allocations.

### Priorities

The Secretary of State's letter of 20 October 2010 sets out his priorities for this Spending Review period. He expected:

- That PLR will not exceed their administration cap of £0.756m (updated to £0.720m in revised funding letter of 8 December 2012)
- That PLR will aim to reduce administration spend during 2011-12

Officials will work with PLR to prepare and deliver the effective transfer of the organisation into another body and will support the Registrar through the transition period.

### Compliance

PLR will undertake to:

- Comply with all relevant legislation;
- Comply with its Management Statement and Financial Memorandum;
- Observe the requirements of *Managing Public Money*.

The Department will expect PLR to comply with the latest controls issued by the Department, which are currently set out in 'Implementing the Additional Spend Controls and Authorisations

2011'. Changes to controls will be notified in writing as and when they occur.

### Performance and Monitoring

PLR will supply DCMS each year with regular financial information. This information, together with Annual Reports and further reports PLR prepares in relation to progress against its own corporate priorities, will be used to monitor performance.

### Achieved

During 2012-13 PLR achieved the revised administration cap set by the Secretary of State and was able to add further £39,000 efficiency savings from the grant-in-aid allocation to the author fund to supplement the rate per loan.

# Public Lending Right Central Fund Account

2012 - 13

# Public Lending Right

## Central Fund Account 2012-2013

### MANAGEMENT COMMENTARY

These are the accounts for the thirtieth year of the Public Lending Right (PLR) Central Fund and cover the annual payments due to authors at 31 March 2013.

#### History and Statutory Background

The Public Lending Right Act 1979 established a right for authors to receive remuneration from public funds in respect of their books lent out from public libraries. The calculation of library loans is estimated from a sample of public libraries where issues are recorded electronically and processed by local authority computers before transmission to the Registrar's computer at Stockton-on-Tees.

The details of eligible books, eligible authors, and payment calculations are set out in The Public Lending Right Scheme 1982, as amended in 1983, 1984, 1988, 1989 and 1990. The consolidated text appears in Statutory Instrument 1990 No 2360. Further amendments were made in Statutory Instruments 1991 No 2618, 1993 No 799, 1996 No 3237, 1997 No 1576, 1998 No 1218, 1999 Nos 420, 905, 3304, 2000 Nos 933, 3319, 2001 No 3984, 2002 No 3123, 2003 No 839, 2003 No 3045, 2004 No 1258, 2004 No 3128, 2005 No 1519, 2005 No 3351, 2006 No 3294, 2009 No 3259, 2011 No 54, 2012 No 63, 2012 No 3123.

The Public Lending Right Management Board advises the Registrar on the operation of the Scheme but has no formal responsibility for the overall performance of PLR. Appointments to the Board are made by the Registrar. Details of the Board's membership at 31 March 2013 are provided in Annex A.

#### Review of Activities

The thirtieth year's operations are described in the PLR Annual Report which includes the statutory report on the operation of the Scheme laid before Parliament by the Secretary of State for Culture, Media and Sport. We successfully processed all applications for PLR registration from authors and loans data from the 43 authorities in our 2011-12 public library sample in time for rate per loan calculations in October 2012 and payment distribution in February 2013. In October 2010 the government announced proposals to abolish PLR as an independent body but to transfer its undertakings and activities to another existing public body. Powers to effect these changes were included in the Public Bodies Act which received royal assent in December 2011. Following a public consultation during 2012 the government announced its decision on 27 March 2013 to transfer responsibility for administration of the PLR Scheme to the British Library. The transfer will take effect on 1 October 2013, subject to passage through Parliament of the relevant legislation.

#### Financial Review

PLR seeks to maximise the amount of grant-in-aid made available for distribution to authors. We continue to seek efficiency savings in all aspects of our management of the Scheme and were successful in keeping the running costs of the Scheme below the cap of £720,000 set for us by DCMS in our Funding Agreement.

#### Payments to Authors

PLR's core funding from DCMS was £7.08 million (£7.21 million in 2011-12). As noted above the funding available for payment to authors was less than in the previous year but as a result of this year's lower figure for estimated loans of registered books (126 million compared with 129 million in 2011-12), savings made in running costs and income from administering Irish PLR we have been able to increase the rate per loan to 6.20 pence (6.05 pence in 2011-12). A total sum of £6,421,511 (£6,513,278 in 2011-12) was made available from the Central Fund for paying out to 23,187 (23,716 in 2011-12) authors. 82% of the Fund was distributed in payments of £500 or more.

Expenditure includes £63,855 unpaid at the year end because the address of some authors is unknown to PLR, or their assignees have not made probate claims. There were 8,851 (11,175 in 2011-12) authors whose books earned no payment. A further £35,397 is a separate PLR reserve which may be used to supplement the Central Fund. The PLR reserve is made up of amounts held as creditors and subsequently renounced by authors, or unclaimed and undistributed after six years (see Note 9).

#### Fixed Assets

No land or buildings are owned. No funds are accumulated for the replacement of other assets. Future replacement will need to be financed from funds voted in the year of acquisition.

Movements on fixed assets are set out in Note 12 to the financial statements.

#### Payment of Creditors

The Registrar has adopted the prompt payment code which aims to pay 80% of invoices received within 5 working days. In 2012-13, 100% of creditor invoices were paid within 30 days (2011-12, 100%), with the average payment time being 2.87 days (80% paid within five working days). Every effort is also made by PLR to effect payments to authors on the annual date fixed by the Registrar. However, as a result of failure by



authors to notify PLR of changes in address or bank details, and of other circumstances outside the control of the Registrar, it may not always be possible to make payment. In such cases, the Registrar is required to hold payments as debts due to the authors concerned for up to six years during which period all reasonable efforts are made by PLR to effect payment.

The Public Lending Right Scheme has suffered no protected personal data incidents during 2012-13 or in prior years and has made no report to the Information Commissioner's office.

#### **Superannuation**

The PCSPS is a "pay-as-you-go" statutory unfunded pension scheme. In accordance with Section 40 of the Social Security Pensions Act 1975 such schemes are exempted from the need to set up funds. The liability to pay pensions is underwritten by an understanding that in accordance with existing legislation, in particular the Superannuation Act 1972, the Government is obliged to provide benefits to members of such schemes in accordance with their respective rules.

#### **Results and Appropriations**

The Fund is distributed after deduction of the Registrar's remuneration, administrative costs, and payments to local authorities.

#### **Staffing Matters**

The Registrar of Public Lending Right is committed to promoting effective consultation and communications with his staff. PLR has one operational team which meets regularly to discuss matters relating to PLR's activities. Additionally, staff are briefed on matters discussed at management meetings. PLR recognises the Public and Commercial Services Union for the purpose of collective bargaining.

The Registrar of Public Lending Right makes every effort to employ disabled people in suitable employment and gives full and fair consideration to applications for employment of disabled people.

Average number of days absence per employee due to sickness was 6.96 (2.80 in 2011-12). The significantly higher figure for 2012-13 was due to the extended absence of one member of staff due to sickness.

#### **The Euro**

The activities of Public Lending Right are mainly within the United Kingdom. Exposure to transactions denominated in the Euro occurs in respect of authors resident overseas. These are treated no differently from transactions in any foreign currency. Public Lending Right's systems are accordingly already Euro-enabled.

#### **Social and Community Issues**

The PLR Scheme provides social and community benefits through its support for authors and public libraries. PLR payments sustain the livelihoods of the country's authors and thereby support the creative economy. A successful creative economy ensures the continued supply of new books to public libraries which play a vital role in community life by providing free access to information, learning and enjoyment to people from all social groups and backgrounds.

#### **Auditors**

The audit of the Public Lending Right Central Fund accounts is carried out by the Comptroller and Auditor General under section 2(6) of the Public Lending Right Act 1979.

As far as the Registrar is aware, there is no relevant audit information of which PLR's auditors are unaware.

The Registrar has taken all the steps that he ought to have taken to make himself aware of any relevant audit information and to establish that PLR's auditors are aware of that information.

*J G Parker*  
Registrar  
2 July 2013

## Annex A

### PLR Management Board

The members of the Management Board during the year were:

Dr James Parker, OBE (Chairman)

Ms Tracy Chevalier (Reappointed 1 May 2012)

Ms Meg Davis (Reappointed 1 May 2012)

Mr David Philip

Mr Martin Palmer

None of the Management Board members received any remuneration from PLR. However, members are reimbursed for expenses incurred in fulfilling their duties. None of the Management Board members had any significant interests which conflicted with their PLR responsibilities. Details of any significant interests would be recorded on the PLR website.

### PLR Audit Committee

The members of the Audit Committee during the year were:

Mr Brian Dawson (Chairman) (Reappointed 16 June 2012)

Mr Philip Chamberlin

Dr James Parker, OBE

## Remuneration Report

### Registrar's Salary and Superannuation

As specified in the Act, the Registrar's own remuneration and superannuation costs are charged directly against the annual grant-in-aid of £7,084,000 for 2012-13 (£7,206,000 in 2011-12). As they are not made from the Central Fund, they do not appear in these accounts. A reconciliation to the grant received is shown at Note 2. In 2012-13 the total deduction was £87,668 (2011-12, £86,395).

The Registrar is appointed by the Secretary of State for Culture, Media and Sport. He is employed on the basis of a five-year appointment (renewable) and the terms of his appointment are as set out in the schedule to the PLR Act 1979 and his letter of appointment.

A remuneration committee meets annually to assess the Registrar's performance and, if appropriate, to recommend to Ministers a pay award on the basis of criteria set out in the terms of reference provided by DCMS. The whole of any annual pay award to the Registrar is performance-based. Pay awards to the Registrar are dependent on the approval of DCMS Ministers. The committee acts in consultation with DCMS whose advice on wider government pay policy informs the committee's annual recommendations.

The Registrar provides the committee with an annual report setting out in detail his success in meeting key performance indicators agreed with DCMS. The committee may call for further information if required.

Members of the Committee during the year were:

Ms Tracy Chevalier (Chairman) (Reappointed 1 May 2012)  
 Ms Meg Davis (Reappointed 1 May 2012)  
 Mr David Philip

The Registrar's appointment was renewed for a period of up to five years from 1 August 2011.

The Registrar's notice period is three months and any termination payments would be in accordance with contractual terms.

*The information in the remainder of the remuneration report is subject to audit*

The Registrar's total remuneration is determined by DCMS. It consisted of a basic salary of £63,890 including a 1% consolidated increase. The Registrar accepted a bonus this year of £2,847. (2011-12 total emoluments were made up of £63,257 basic salary and £2,530 non-consolidated bonus.) The Registrar's superannuation costs were £13,928 and are charged at 21.8% of annual salary.

Registrar's Pension	Real increase in	Real increase	Accrued	Accrued lump	Cash equivalent transfer value		
	pension at 60	in related lump	pension at 60 at	sum at 60	As at	As at	Real increase
	£'000	£'000	31 March 2012	£'000	1 April 2012	31 March 2013	in year
	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Dr James Parker, OBE	0 - 2.5	0 - 2.5	25 - 30	80 - 85	582	624	9

During the year the Registrar received no benefits in kind (nil in 2011-12).

Pension benefits are provided through the PCSPS. Further pension disclosures are made in Note 22. The above table shows the cash equivalent transfer values (CETV) accrued at the beginning and end of the reporting period and the increase in CETV effectively funded by the employer. The closing CETV balance reflects transferred in rights from the Registrar's previous employment.

A CETV is the actuarially assessed capitalised value of the pension benefits accrued by a member at that point in time. The benefits valued are the member's accrued benefits and any contingent spouse's pension payable from the scheme. A CETV would be the payment made by a pension scheme to secure pension benefits in another scheme if the member chooses to transfer the benefits accrued to another scheme. The CETV includes the value of any pension benefits which have been transferred in to the PCSPS. They also include any additional benefit accrued as a result of the member's purchase of additional years of pension service at their own cost. The actuarial factors used to calculate CETVs were changed in 2011-12.

Reporting bodies are required to disclose the relationship between the remuneration of the highest-paid director in their organisation and the median remuneration of the organisation's workforce.

The remuneration of the highest-paid director in Public Lending Right in the financial year 2012-13 was £66,737 (2011-12, £65,787). This was

2.5 times (2011-12, 2.6) the median remuneration of the workforce, which was £26,646 (2011-12, £25,365).

In 2012-13, no (2011-12, none) employees received remuneration in excess of the highest-paid director. Remuneration ranged from £53,988 to £15,489 (2011-12, £52,122 - £14,910).

Total remuneration includes salary, non-consolidated performance-related pay, benefits-in-kind as well as severance payments. It does not include employer pension contributions and the cash equivalent transfer value of pensions.

#### **Management Board Members**

None of the Management Board members had any significant interests which conflicted with their PLR responsibilities. Details of any significant interests would be recorded on the PLR website.

*J G Parker*  
Registrar  
2 July 2013

## RESPONSIBILITIES OF THE REGISTRAR

Under section 2(6) of the Public Lending Right Act 1979, the Registrar, as Accounting Officer, is required to prepare a statement of accounts for the Public Lending Right Central Fund for each financial year in the form and on the basis determined by the Secretary of State for Culture, Media and Sport, with the consent of the Treasury. The accounts are prepared on an accruals basis and must give a true and fair view of the Central Fund's state of affairs at the year end and of its income and expenditure, recognised gains and losses and cash flows for the financial year.

In preparing the accounts the Registrar is required to comply with the requirements of the Government Financial Reporting Manual and in particular to:

- observe the accounts direction\* issued by the Secretary of State, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the *Government Financial Reporting Manual* have been followed, and disclose and explain any material departures in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Central Fund will continue in operation.

Under Section 2(1) of the Public Lending Right Act 1979, the Central Fund is placed under the management and control of the Registrar who is also responsible for the keeping of proper records. The Accounting Officer of the Department for Culture, Media and Sport has designated the Registrar as the Accounting Officer for the use of, and expenditure from, the Central Fund. As Accounting Officer he has overall responsibility for the propriety and regularity of the Public Lending Right Central Fund finances for which he is answerable to Parliament and for the keeping of proper records. His responsibilities as Accounting Officer are set out in *Managing Public Money*. The Accounting Officer of the Department for Culture, Media and Sport is the Accounting Officer for remuneration paid to the Registrar.

\* A copy of the accounts direction can be obtained from the following address: Public Lending Right, Richard House, Sorbonne Close, Stockton-on-Tees, TS17 6DA.

*J G Parker*  
Registrar  
2 July 2013

# GOVERNANCE STATEMENT

## 1. Introduction

The governance statement provides an overview of the arrangements for management of the PLR Scheme and PLR’s systems of internal control, and management of PLR’s key risks during 2012-13.

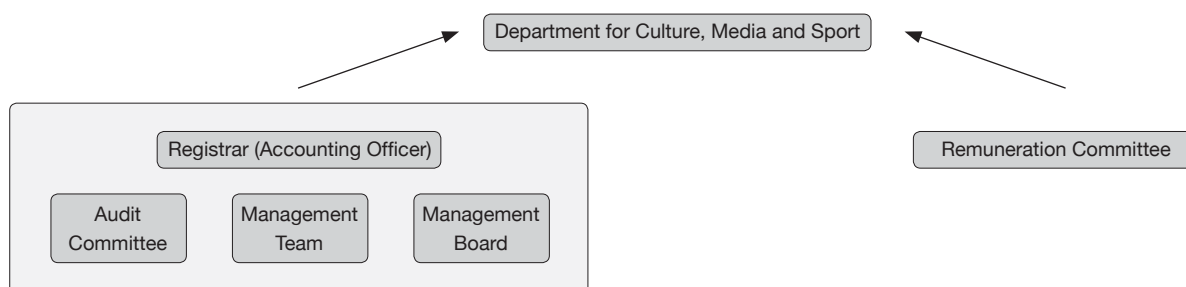
## 2. The Governance Framework

The Public Lending Right Act (1979) created a legal right for authors to receive payment from public funds for the free lending out of their books from public libraries. The Act made provision for the establishment of a Central Fund to cover the running costs of the PLR Scheme and payments to authors. Under the Act full responsibility for the Central Fund and administration of the Scheme is vested in a Registrar who has corporate sole status. The legislation does not make provision for a PLR board.

The Registrar is Accounting Officer for the PLR Central Fund. He is appointed by, and is directly responsible to, the Secretary of State for Culture, Media and Sport (the Culture Secretary) for administration of the PLR Scheme. In meeting these responsibilities, the Registrar is supported by an (advisory) Management Board and an Audit Committee. A Remuneration Committee advises DCMS on matters relating to the Registrar’s pay.

The Scheme is administered by the Registrar and a small specialist team of managers and staff (9 FTE posts). The small size and discrete nature of the PLR operation enables the Registrar to maintain close overall responsibility for the day-to-day management of PLR. PLR’s operational structure ensures that there are clear reporting lines to the Registrar from managers and staff. This is supported by regular progress reports at management team and staff meetings.

PLR’s governance framework is illustrated in the diagram below:



## 3. Arrangements for Reporting to DCMS and to Parliament

The PLR’s Funding Agreement with DCMS sets out PLR’s funding settlement, the priorities identified for PLR by the Culture Secretary and the means by which the Registrar’s performance against these priorities will be judged in the current spending review period. PLR’s Funding Agreement targets, and a number of other operational objectives, are included in PLR’s Business and Corporate Plans. The performance of the Registrar and his team against Funding Agreement targets is monitored by DCMS by means of PLR’s monthly financial outturn reports and through periodic progress meetings with DCMS officials in the course of each year.

The performance of the Registrar and his team against Funding Agreement and Business Plan objectives is reviewed at each meeting of the PLR Audit Committee and Management Board.

The Culture Secretary, in turn, is directly accountable to Parliament for PLR under the PLR Act (1979). The Act requires the Culture Secretary to report to Parliament annually on the operation of the PLR Scheme. The Registrar provides substantial input into this report. The annual report and annual accounts of the PLR Central Fund (which the Registrar is required by the PLR Act to prepare) are laid before Parliament after auditing by the National Audit Office.

## GOVERNANCE STATEMENT (cont'd)

### 4. Operation of PLR's Governance Arrangements

#### 4.1 Management Board

The Management Board provides advice to the Registrar in his administration of the PLR Scheme. The Board is a non-statutory committee and has no formal responsibility for the operation of PLR.

The Board has a prescribed structure (determined by DCMS). It consists of a Chair (the Registrar), PLR's Principal Finance Officer and four other external members. Two members are appointed by the Registrar in accordance with public appointment principles; and two are nominated in consultation with the Registrar by stakeholder organisations representing authors and librarians. Details of the Board's membership during 2012-13 are provided in Annex A.

The Board normally meets twice each year. It met in June and October 2012, the second meeting being held at the PLR offices in Stockton-on-Tees. All members attended both meetings. Additionally, the Registrar calls on members between meetings for advice on specific PLR issues as required.

The Board's Terms of Reference, Code of Practice and Members' Register of Interests are available on the PLR website. The Board's approach to corporate governance complies with the principles set out in 'Corporate governance in central government departments; Code of good practice'.

During 2012-13 the Board provided advice to the Registrar on a range of matters relating to the operation of PLR. These included planning for PLR's future governance arrangements in light of government proposals to abolish the PLR body; internal audit of PLR systems and risk management; reviewing the rate per loan and PLR's upper and lower payment thresholds; improving awareness of PLR among published authors; and management of the Irish PLR scheme.

All papers presented to the Board are drafted or checked personally by the Registrar. Data submitted to the Board comes from PLR systems which are subject to independent internal and external audit checks. The Board has not raised any concerns over the quality of the information it receives.

The Board has been in operation since 2009 having replaced the PLR Advisory Committee. In its first years it has been developing its advisory role. To improve effectiveness the Board receives regular written updates from the Registrar between meetings to help Members stay abreast of significant developments; and the Board meets at the PLR office in Stockton-on-Tees every second year to enable members to meet staff and be updated on system developments. The Board undertook a formal review of its effectiveness during 2012-13. The review concluded that the Board was operating effectively. It made some minor recommendations to enhance effectiveness, full implementation of which awaits a decision from the British Library on the Board's future.

#### 4.2 Audit Committee

The Audit Committee assists and advises the Registrar on issues of risk, control and governance, and associated assurance.

The Committee consists of three members: two external non-executive members appointed by the Registrar in accordance with public appointment principles, one of whom chairs the Committee, and the Registrar as Accounting Officer. Details of the Committee's membership during 2012-13 are provided in Annex A.

The Committee normally meets twice a year, but additional meetings may be called if circumstances require. During 2012-13 the Committee met twice, in June and November 2012. All three members attended both meetings.

The Committee's Terms of Reference, Code of Practice and Members' Register of Interests are available on the PLR website.

During 2012-13 the Committee reviewed internal audit reports on key PLR systems including author and book registration, loans data collection, payment calculation and distribution, high-level financial controls and fraud policy. To improve its effectiveness the Committee also receives at its meetings reports from the Registrar on key issues and summaries of matters discussed at Management Board meetings. Between Committee meetings the Registrar circulates regular updates to members.

Papers and reports presented to the Committee are drafted by the Registrar, or by the internal and external auditors. Data in these reports derives from PLR systems which have been subject to independent internal and external audit checks. The Committee has not raised any concerns over the quality of the information it receives.

## GOVERNANCE STATEMENT (cont'd)

### 4.3 Remuneration Committee

The Remuneration Committee advises DCMS in relation to the Registrar's pay. It reviews the Registrar's performance annually against Key Performance Indicators and may make recommendations to DCMS for the award of a performance-related bonus.

The Committee has a prescribed structure (determined by DCMS). It consists of a Chair and three other members. The Chair and two of the members are appointed from the Management Board. The fourth (ex-officio-member) is PLR's Head of Human Resources. Details of the Committee's membership during 2012-13 are provided in the Remuneration Report.

The Registrar has responsibility for appointing the Chair. The Chair appoints the two other Committee members in consultation with the Registrar. The Committee normally meets once a year.

## 5. Risk Management

### 5.1 Identification of risks

Risk evaluation informs our actions in managing risks efficiently and effectively as we implement our plans to achieve future objectives. Risks are evaluated using a risk assessment matrix of likelihood and impact. We have incorporated risk management into PLR's strategic planning and decision making processes. The Registrar takes personal responsibility for PLR's key corporate risks which are set out in PLR's Risk Register.

To meet the challenges that we have encountered over the last 12 months, we have focused heavily on emerging risks and have ensured that risk awareness takes a high priority throughout the organisation. Risk is an ever-present agenda item at PLR staff and management meetings and we encourage all our staff to contribute to the identification, assessment and treatment of risks. The Risk Register is reviewed at every management team, Management Board and Audit Committee meeting.

Given the narrow focus of the PLR Scheme and the inter-relationship of all our key statutory functions we have chosen not to align individual objectives with particular risks. Each objective is vulnerable to impact from all or any of the key risks identified in the Plan. Our key organisational risks are detailed in PLR's Risk Register. A summary of these key risks and our approach to managing them is provided below.

### 5.2 Key risks

In October 2010 the government announced its intention to transfer the Registrar's statutory responsibility for the PLR Scheme to another existing public body thereby abolishing the PLR body as a separate organisation. Following public consultation the government confirmed on 27 March 2013 its decision to abolish the PLR body and transfer responsibility for administering the PLR Scheme to the British Library. As we awaited a decision from the government on PLR's future governance arrangements we identified a risk of disruption to the PLR operation during a transfer of responsibilities to another body involving possible restructuring of staff and services and loss of key staff. Following the government decision to transfer PLR responsibilities to the British Library, which was announced at the end of the 2012-13 accounting year, we have been giving priority to putting in place a comprehensive transition plan aimed at minimising any risk of disruption.

As a small organisation we rely heavily on external stakeholders and service suppliers to support our operations such as the provision of funding by DCMS and the monthly supply of loans data by public library authorities. Disruption to any of these services could impact on our management of PLR. We mitigate these risks by establishing formal arrangements with service suppliers on what is expected from both parties, by building and maintaining good working relationships with all our service providers, and seeking early warning of any potential problems.

Our funding settlement following the 2010 Comprehensive Spending Review caps our administrative spending at 2010-11 levels for each year of the 2011-15 Spending Review period. This remains a challenging target and the need to find new areas of savings carries with it the risk of impact on existing services to authors. Careful budgeting and planning are vital here along with a continuing emphasis on exploiting new technologies to reduce costs.

We rely heavily on our small team of experienced specialist staff. The uncertainty about PLR's future operational arrangements during the year under review added to the risk of losing key people. Our succession plans and cross-training policies are designed to lessen the risk of operational problems arising from staff absences or departures.

Other key risks include the security issues involved in holding large amounts of personal information about authors registered for PLR both in physical and electronic format. We have detailed security policies in place to mitigate the risk of breaches of security and review these regularly with internal audit and the Audit Committee.

Prior to the government announcement on 27 March the potential abolition of the PLR body created a material uncertainty over the PLR body's



## GOVERNANCE STATEMENT (cont'd)

ability as an entity to continue to operate in its current form. (See Note 1 below.)

### 5.3 Audit findings and assurance

As Accounting Officer the Registrar has overall responsibility for maintaining a sound system of internal control that supports the achievement of PLR policies, aims and objectives. At the same time he aims to safeguard the public funds and assets for which he is personally responsible in accordance with the responsibilities assigned to him in Managing Public Money. He ensures compliance with the requirements of PLR's Framework Document. A key element here is our use of comprehensive budgeting systems, with an annual budget approved by the Registrar.

PLR's system of internal control is designed to manage risk to a reasonable level rather than to eliminate the risk of failure to achieve policies, aims and objectives; it can therefore only provide reasonable and not absolute assurance of effectiveness. It takes account of Treasury guidance and is based on a process designed to:

- (a) identify the principal risks to the achievement of PLR policies, aims and objectives;
- (b) evaluate the nature and extent of those risks; and
- (c) manage them efficiently, effectively and economically.

The Registrar's assessment of the effectiveness of the system of internal control in place at PLR is informed by the work of the internal auditors; PLR's executive managers who have responsibility for the development and maintenance of the internal control framework; and comments made by the external auditors in their annual reports. The Registrar is also guided in this regard by the Audit Committee which advises him on the effectiveness of PLR's internal control systems.

PLR has been using the services of Baker Tilly to provide internal audit services, operating to standards defined in the Government Internal Audit Standards. The Registrar contributes to the drawing up of an annual Audit Plan which is then approved by the Audit Committee. Baker Tilly provides the Registrar with six-monthly and annual reports on those systems identified in the Plan and these are then presented to the Audit Committee. During 2012-13 the Plan provided for 24 days of internal audit which has been undertaken by Baker Tilly. The internal auditor's reports include their independent view on the adequacy and effectiveness of PLR's system of internal control, as well as on progress in implementing recommendations made in previous financial years.

External audit is undertaken by the National Audit Office in line with an Audit Strategy agreed with the Registrar and presented to the Audit Committee at the beginning of the year. To support their audit of PLR's accounts the National Audit Office undertook on-site investigation of PLR's financial systems and also made use of testing of PLR systems and controls undertaken by Baker Tilly during their internal audit. The National Audit Office's findings are presented to the Registrar and the Audit Committee in the form of an annual report.

For the financial year 2012-13 Baker Tilly found that PLR had adequate and effective risk management control and governance processes to manage the achievement of the organisation's objectives.

In addition to overall annual audit assurance and regular block reports on which to base its advice, the Audit Committee receives copies of PLR's Corporate Plan and other strategy documents; details of key risks and lists of other evidence used by the Registrar to assess the robustness of PLR control systems; and regular progress reports on PLR's implementation of outstanding audit recommendations. The PLR Management Board also reviews PLR's Risk Register and any Priority One internal audit findings.

## 6. Assurance

In light of the evidence available to me, I believe that PLR has had all the necessary risk management and review processes in place throughout 2012-13.

*J G Parker*  
Registrar  
2 July 2013

## **PUBLIC LENDING RIGHT CENTRAL FUND**

### **The Certificate and Report of the Comptroller and Auditor General to the Houses of Parliament**

I certify that I have audited the financial statements of the Public Lending Right Central Fund for the year ended 31 March 2013 under the Public Lending Right Act 1979. The financial statements comprise: the Statements of Comprehensive Net Expenditure, Financial Position, Cash Flows, Changes in Taxpayers' Equity; and the related notes. These financial statements have been prepared under the accounting policies set out within them. I have also audited the information in the Remuneration Report that is described in that report as having been audited.

#### **Respective responsibilities of the Registrar and auditor**

As explained more fully in the Statement of Responsibilities of the Registrar, the Registrar, as Accounting Officer, is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. My responsibility is to audit, certify and report on the financial statements in accordance with the Public Lending Right Act 1979. I conducted my audit in accordance with International Standards on Auditing (UK and Ireland). Those standards require me and my staff to comply with the Auditing Practices Board's Ethical Standards for Auditors.

#### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Public Lending Right Central Fund's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by Public Lending Right Central Fund; and the overall presentation of the financial statements. In addition I read all the financial and non-financial information in the Report on the Public Lending Right Scheme to identify material inconsistencies with the audited financial statements. If I become aware of any apparent material misstatements or inconsistencies I consider the implications for my certificate.

I am required to obtain evidence sufficient to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### **Opinion on regularity**

In my opinion, in all material respects the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

#### **Opinion on financial statements**

In my opinion:

- the financial statements give a true and fair view of the state of the Public Lending Right Central Fund's affairs as at 31 March 2013 and of the net expenditure for the year then ended; and
- the financial statements have been properly prepared in accordance with the Public Lending Right Act 1979 and the Secretary of State for Culture, Media and Sport's directions issued thereunder.

#### **Emphasis of matter**

Without qualifying my opinion, I draw attention to the disclosures made in note 1 to the financial statements concerning the application of the going concern principle in the light of the Government's announcement that responsibility for administering the PLR Scheme will transfer to the British Library. This change is subject to further legislation. There is therefore uncertainty over the Public Lending Right body's ability to continue to operate in its current form.

#### **Opinion on other matters**

In my opinion:

- the part of the Remuneration Report to be audited has been properly prepared in accordance with the Secretary of State for Culture, Media and Sport's directions made under the Public Lending Right Act 1979; and
- the information given in the Management Commentary for the financial year for which the financial statements are prepared is consistent with the financial statements.

#### **Matters on which I report by exception**

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept;
- the financial statements and the part of the Remuneration Report to be audited are not in agreement with the accounting records or returns; or
- I have not received all of the information and explanations I require for my audit; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

#### **Report**

I have no observations to make on these financial statements.

*Amyas C E Morse*  
Comptroller and Auditor General  
8 July 2013

National Audit Office  
157-197 Buckingham Palace Road  
Victoria, London SW1W 9SP

**PUBLIC LENDING RIGHT CENTRAL FUND**

STATEMENT OF COMPREHENSIVE NET EXPENDITURE FOR THE YEAR ENDED 31 MARCH 2013

			2012-13	2011-12
	Note	£	£	£
<b>EXPENDITURE</b>				
<b><u>Administration</u></b>				
Staff Costs	3	(327,166)		(346,181)
Depreciation	12	(9,838)		(23,465)
Other Operating Charges	4	(294,673)		(253,831)
Irish PLR Project Expenditure	7	(30,897)		(10,183)
<b><u>Programme</u></b>				
Public Lending Right to Authors	6	(6,421,511)		(6,513,278)
			<u>(7,084,085)</u>	<u>(7,146,938)</u>
<b>INCOME</b>				
Other Operating Income	5	4,020		-
Irish PLR Project Income	7	44,335		12,742
Transfer from PLR Reserve	9	-		1,060
			<u>48,355</u>	<u>13,802</u>
<b>Operating Deficit</b>			<b>(7,035,730)</b>	<b>(7,133,136)</b>
Interest received	11	941		842
				<u>842</u>
<b>Net expenditure after interest</b>			<b>(7,034,789)</b>	<b>(7,132,294)</b>
Corporation Tax	10		(2,876)	(680)
			<u>(2,876)</u>	<u>(680)</u>
<b>Net expenditure for the Financial Year</b>			<b>(7,037,665)</b>	<b>(7,132,974)</b>
			<u>(7,037,665)</u>	<u>(7,132,974)</u>

The income and expenditure relate to continuing activities.  
The notes on pages 30 to 40 form part of these accounts.

**PUBLIC LENDING RIGHT CENTRAL FUND**

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2013

		31 March 2013	31 March 2012
	Note	£	£
<u>None Current Assets</u>			
Property, plant and equipment	12	2,659	12,497
Total Non-Current Assets		2,659	12,497
<u>Current Assets</u>			
Trade and other receivables	14	27,247	27,438
Cash and cash equivalents	15	231,868	194,717
Total Current Assets		259,115	222,155
<b>Total Assets</b>		<b>261,774</b>	<b>234,652</b>
<u>Current Liabilities</u>			
Trade and other payables	16	(168,041)	(156,843)
Provisions	17	(45,600)	-
Taxation	10	(2,876)	(680)
Total Current Liabilities		(216,517)	(157,523)
Non-current assets plus/less net Current assets/liabilities		45,257	77,129
<b>Assets less liabilities</b>		<b>45,257</b>	<b>77,129</b>
<u>Taxpayers' equity</u>			
General Reserve		9,860	51,193
Public Lending Right Reserve	9	35,397	25,936
		45,257	77,129

The notes on pages 30 to 40 form part of these accounts.

J G Parker  
Registrar  
2 July 2013

**PUBLIC LENDING RIGHT CENTRAL FUND**

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2013

		2012-13	2011-12
	Note	£	£
<b>Cash flows from operating activities</b>			
Net deficit after interest		(7,034,789)	(7,132,294)
Depreciation	12	9,838	23,465
Decrease/(Increase) in trade and other receivables	14	191	(1,831)
(Decrease)/Increase in trade payables	16	56,798	16,989
(Decrease)/Increase in PLR Reserve	9	<u>9,461</u>	<u>6,600</u>
Net cash outflow from operating activities		(6,958,501)	(7,087,071)
Tax Paid		(680)	(458)
<b>Cash Flows from investing activities</b>			
Purchase of property, plant and equipment	12	-	-
Net cash outflow from investing activities		-	-
<b>Cash Flows from financing activities</b>			
Grant from DCMS (Net of Registrar's costs)	2	<u>6,996,332</u>	<u>7,119,605</u>
Net Financing		<u>6,996,332</u>	<u>7,119,605</u>
Net increase/(decrease) in cash and cash equivalents in the period	15	37,151	32,076
Cash and cash equivalents at the beginning of the period		<u>194,717</u>	<u>162,641</u>
Cash and cash equivalents at the end of the period		231,868	194,717

The notes on pages 30 to 40 form part of these accounts.

**PUBLIC LENDING RIGHT CENTRAL FUND**

STATEMENT OF CHANGES IN TAXPAYERS' EQUITY FOR THE YEAR ENDED 31 MARCH 2013

	General Reserve	PLR Reserve	Total
	£	£	£
<b>Changes in taxpayers' equity 2011 -12</b>			
Balance at 31 March 2011	64,562	19,336	83,898
Net transfer to PLR Reserve	-	7,696	7,696
Net Expenditure	(7,132,974)	(1,096)	(7,134,070)
Grant from DCMS (see Note 2 for Registrar's costs)	7,119,605	-	7,119,605
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2012	51,193	25,936	77,129
<b>Changes in taxpayers' equity 2012-13</b>			
Balance at 31 March 2012	51,193	25,936	77,129
Net transfer to PLR Reserve	-	9,577	9,577
Net Expenditure	(7,037,665)	(116)	(7,037,781)
Grant from DCMS (see Note 2 for Registrar's costs)	6,996,332	-	6,996,332
	<hr/>	<hr/>	<hr/>
Balance at 31 March 2013	9,860	35,397	45,257

## PUBLIC LENDING RIGHT CENTRAL FUND NOTES TO THE ACCOUNTS AT 31 MARCH 2013

### NOTE 1 STATEMENT OF ACCOUNTING POLICIES

These financial statements have been prepared in accordance with the 2012-13 Government Financial Reporting Manual (FReM) issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public sector context.

Where the FReM permits a choice of accounting policy, the accounting policy which is judged to be most appropriate to the particular circumstances of Public Lending Right for the purpose of giving a true and fair view has been selected. The particular policies adopted by Public Lending Right are described below. They have been applied consistently in dealing with items that are considered material to the accounts.

In October 2010 the Government announced its intention to abolish the PLR body and to transfer responsibility for management of the PLR Scheme to another existing public body. Following a public consultation in 2012 the government announced its decision to abolish the PLR body and transfer responsibility for administering the PLR Scheme to the British Library. The British Library board will take over all the Registrar's legal responsibilities for PLR with effect from 1 October.

The future abolition of the PLR body, which is subject to legislation, indicates a material uncertainty about the PLR body's ability to continue as a going concern. An order to make the necessary changes to PLR and British Library legislation was laid in Parliament on 9 May 2013 but is subject to affirmative resolution by the House of Parliament.

It is appropriate to prepare the account on a going concern basis as the PLR functions are to be continued within government. The government has confirmed its continuing commitment to funding the statutory PLR scheme as contained in PLR's current funding settlement from DCMS for the period 2011-15.

#### 1.1 Accounting Convention

These accounts have been prepared under the historical cost convention modified to account for the revaluation of property, plant and equipment, intangible assets and inventories.

##### Assets and Depreciation

PLR has no property assets. Items of IT and office equipment and fixtures and fittings costing in excess of £5,000 are added to the tangible assets register. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less the estimated residual value of each asset, over its expected useful life. Depreciation is charged from the date the asset comes into use. Items under £5,000 are expensed in the year of purchase. Items over £5,000 are depreciated over 3 years for computer and office equipment and 10 years for fixtures and fittings. Depreciated historical cost is used as a proxy for current value for named classes of assets (where appropriate).

##### Foreign Exchange

PLR earnings to authors living outside the UK are made in Euros. Payments will be converted to Euros from Sterling at the rate that applies on the day on which they are paid from PLR's bank account.

##### Tax

The tax expense represents the current tax expense.

The tax currently payable is based on deposit account interest received and profit from any trading activities undertaken by PLR. Taxable profit may differ from accounting profit as reported in the net expenditure account because it excludes items of income and expense that are taxable or deductible. The liability for current tax is measured using tax rates that have been enacted or substantively enacted by the balance sheet date.

PLR is not registered for VAT and therefore all costs are shown inclusive of VAT where VAT has been charged.

##### Grant Receivables

The FReM requires Non-Departmental Public Bodies (NDPBs) to account for grants and grant-in-aid as financing because they are regarded as contributions from a controlling party which gives rise to a financial interest in the residual interest of NDPBs.

Grant-in-aid received from DCMS is credited directly to the general reserve after the Registrar's costs have been deducted.

#### Operating Income

Any net profit taken from trading activities undertaken by PLR will be added to the PLR author fund to supplement annual earnings.

#### Leases

Costs relating to operating leases are charged to the income and expenditure account over the life of the lease.

#### Employee Benefits

Costs relating to employee benefits are based on the level of accrued unpaid leave or other accrued employment rights outstanding at 31 March 2013. Costs for unpaid leave are calculated by multiplying employees' daily payment rate by the outstanding number of days. There are no employment rights outstanding.

#### Pensions

Past and present employees are covered by the provisions of the Principle Civil Service Pension Scheme (PCSPS). The defined benefit elements of the scheme are unfunded and are non-contributory except in respect of dependant's benefits. The Central Fund recognises the expected costs of these elements on a systematic and rational basis over the period during which it benefits from the employees' services by payment to the PCSPS of amounts calculated on an accruing basis. Liability for payment of future benefits is a charge on the PCSPS.

#### Provisions

Provisions are recognised, in accordance with IAS 37, when PLR has a present legal or constructive obligation arising as a consequence of past events and where it is probable that a transfer of economic benefit will be necessary to settle the obligation. These obligations, which are of uncertain timing or amount at the Statement of Financial Position date, are included on the basis of the best estimate of the expenditure required to settle the obligation. Where the effect of the time value of money is significant, the estimated risk-adjusted cash flows are discounted using the real rate set by HM Treasury. Any increase in the provision due to unwinding of the discount is recognised as an interest expense in the Statement of Comprehensive Net Expenditure.

#### Financial Instruments

Financial assets and financial liabilities are recognised on PLR's balance sheet where PLR has become party to the contractual provisions of the instrument.

##### Financial Assets

###### *Trade Receivables*

Trade receivables are classified as loans and receivables and are initially recognised at fair value. They do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

###### *Cash and cash equivalents*

Cash and cash equivalents comprise cash at bank and in hand and other short-term deposits.

##### Financial Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of PLR after deducting all of its liabilities.

###### *Trade Payables*

Trade payables are initially recognised at fair value.



**NOTE 2 HM GOVERNMENT GRANT**

	2012-13	2011-12
	£	£
Grant for PLR (DCMS)	7,084,000	7,206,000
LESS Registrar's Costs	(87,668)	(86,395)
	<u>6,996,332</u>	<u>7,119,605</u>
Grant to Central Fund	<u>6,996,332</u>	<u>7,119,605</u>

As specified in the Act, the Registrar's own remuneration and superannuation costs are charged directly against the annual grant-in-aid allocation. As they are not paid from the Central Fund they do not appear in these accounts.

The Registrar's Costs comprise the salary and National Insurance payments of the present Registrar.

The difference between the Registrar's salary and superannuation costs shown in the remuneration report of £80,665 (£79,577 in 2011-12) and the Registrar's Costs shown above of £87,668 (£86,395 in 2011-12) is employer's National Insurance contributions of £7,003 (£6,818 in 2011-12).

**NOTE 3 STAFF NUMBERS AND RELATED COSTS**

	2012-13	2011-12
	£	£
Salaries	262,910	278,853
Employer's National Insurance	17,030	17,847
Superannuation	47,226	49,481
	<u>327,166</u>	<u>346,181</u>

Average number of whole time equivalent persons employed during the year (excluding the Registrar)	9	9
----------------------------------------------------------------------------------------------------	---	---

Average number of days absence per employee due to sickness	6.96	2.80
-------------------------------------------------------------	------	------

In addition to the above salary costs, £26,562 has been charged directly to project expenditure (see Note 7).

**NOTE 4 OTHER OPERATING CHARGES**

	2012-13	2011-12
	£	£
Administration	90,496	95,868
Accommodation	52,346	48,601
Computer Operating Costs	19,682	16,071
Local Authorities	14,549	21,276
Rentals under operating leases	72,000	72,015
Dilapidations Provision	45,600	-
	<u>294,673</u>	<u>253,831</u>

Included in administration expenditure is the exchange rate loss of £133 incurred on outstanding payments to PLR authors (loss of £102 in 2011-12).

**NOTE 5 OTHER OPERATING INCOME**

	2012-13	2011-12
	£	£
Business rate rebate	4,020	-
	<u>4,020</u>	<u>-</u>

**NOTE 6 PLR PAYMENT TO AUTHORS**

A total sum of £6,421,511 (£6,513,278 in 2011-12) was made available from the Central Fund for payment to 23,187 (23,716 in 2011-12) authors.

Expenditure includes £63,855 (£43,793 in 2011-12) still to be paid at the year end. These authors' addresses are unknown to PLR, or their assignees have not made probate claims.

NOTE 7 IRISH PLR CONTRACT – COSTS OF SALES AND PROFIT

		2012-13	2011-12
		£	£
Income from Support and Development		44,335	12,742
Cost of sales			
Support / Development	26,562		9,943
Other	<u>4,335</u>		<u>240</u>
		<u>30,897</u>	<u>10,183</u>
Net Income		<u><u>13,438</u></u>	<u><u>2,559</u></u>

Fees charged for each stage of the support and development contract includes full cost recovery for all staff resource expenditure involved. From 1 April 2012 the UK PLR office has taken over administration of Irish PLR on behalf of the Local Government Management Agency in Ireland.

Net Income received will be used to supplement funds available for payments to authors.

The Registrar retains full ownership of all intellectual property of the hosted PLR software.

NOTE 8 OPERATING DEFICIT

		2012-13	2011-12
		£	£
The Operating Deficit of is stated after charging		(6,992,065)	(7,132,974)
External Auditor's remuneration -			
Audit Fee - statutory audit		20,000	20,000
Operating Leases -			
- Premises Rental		72,000	72,015
Travel & Subsistence		7,523	11,804
Staff Costs	3	328,253	351,295
Depreciation	12	9,838	23,465

NOTE 9 PUBLIC LENDING RIGHT RESERVE

	Balance b/f	Transferred from Creditors: PLR Renounced, Returned or Undistributed after 6 years	Public Lending Right Paid	Transfer to Income and Expenditure Account	Balance c/f
	£	£	£	£	£
Balance at 31.3.12	19,336	7,696	(36)	(1,060)	25,936
Balance at 31.3.13	25,936	9,577	(116)	-	35,397

During 2012-13, no funds were transferred from the PLR Reserve to supplement the main author payment distribution (2011-12, £1,060).

The Public Lending Right Reserve is to cover probable further claims for payment of PLR. This is a statutory right enforceable by law - authors have the right to demand payment from the Registrar. Amounts held as creditors and subsequently renounced by authors, or unclaimed and undistributed after six years are transferred to the Reserve. If this is insufficient to meet claims in the year, an appropriation is made from the Net Expenditure Account. Funds will be transferred from the PLR reserve to the Net Expenditure Account to supplement the PLR author fund when necessary. Under the arrangements of the Scheme any unclaimed payments due will lapse after six years. Such amounts are retained in the Reserve for the benefit of authors. The Registrar considers that the Reserve carried forward is sufficient to meet probable claims.

NOTE 10 TAXATION

	2012-13	2011-12
	£	£
Current Tax		
UK – Current Year	2,876	680

The charge for the year can be reconciled to the profits chargeable to income tax as follows:

Interest Receivable	941	842
Profit from trading activities	13,438	2,559
	<u>14,379</u>	<u>3,401</u>
Tax at the domestic corporation tax rate of 20% (2011-12 – 20%)	<u>2,876</u>	<u>680</u>

NOTE 11 INTEREST RECEIVED

	2012-13	2011-12
	£	£
Interest on bank deposits	941	842

NOTE 12 PROPERTY, PLANT AND EQUIPMENT

	IT & Equipment	Fixtures & Fittings	TOTALS
	£	£	£
Cost or Valuation			
At 1 April 2012	83,717	66,092	149,809
Additions	-	-	-
Disposals	(1,351)	-	(1,351)
<b>At 31 March 2013</b>	<b>82,366</b>	<b>66,092</b>	<b>148,458</b>
Depreciation			
At 1 April 2012	72,460	64,852	137,312
Charge in year	9,699	139	9,838
Disposals	(1,351)	-	(1,351)
<b>At 31 March 2013</b>	<b>80,808</b>	<b>64,991</b>	<b>145,799</b>
Net Book Value at 31 March 2013	1,558	1,101	2,659
Net Book Value at 31 March 2012	11,257	1,240	12,497
Cost or Valuation			
At 1 April 2011	83,717	66,092	149,809
Additions	-	-	-
Disposals	-	-	-
<b>At 31 March 2012</b>	<b>83,717</b>	<b>66,092</b>	<b>149,809</b>
Depreciation			
At 1 April 2011	59,102	54,745	113,847
Charge in year	13,358	10,107	23,465
Disposals	-	-	-
<b>At 31 March 2012</b>	<b>72,460</b>	<b>64,852</b>	<b>137,312</b>
Net Book Value at 31 March 2012	11,257	1,240	12,497
Net Book Value at 31 March 2011	24,615	11,347	35,962

#### NOTE 13 FINANCIAL INSTRUMENTS

As the cash requirements of Public Lending Right are met through grant-in-aid provided by the Department for Culture, Media and Sport, financial instruments play a more limited role in creating and managing risk than would apply to a non-public sector body. The majority of financial instruments relate to contracts to buy non-financial items in line with PLR's expected purchase and usage requirements and PLR is therefore exposed to little credit, liquidity or market risk. As payments to authors resident overseas are made in Euros, there are some risks associated with exchange rate variances.

PLR has a statutory obligation to hold unclaimed author payments for up to six years. These payments are not classed as a financial instrument as there is no contractual liability existing.

Any exchange losses have been included in Note 4.

#### NOTE 14 TRADE AND OTHER RECEIVABLES

	31 March 2013	31 March 2012
	£	£
Sundry Prepayments	6,750	5,089
Rent and Service Charge Prepayments	19,567	19,339
Sundry and Trade Receivables	930	3,010
	<u>27,247</u>	<u>27,438</u>

The fair value of trade and other receivables is not considered to be materially different from their carrying value.

#### NOTE 15 CASH AND CASH EQUIVALENTS

	2012-13	2011-12
	£	£
Balance at 1 April	194,717	162,641
Net change in cash and cash equivalent balances	<u>37,151</u>	<u>32,076</u>
Balance at 31 March	<u>231,868</u>	<u>194,717</u>

These balances were held at commercial banks and cash in hand and are held in sterling. The carrying value of cash and cash equivalents approximates to their fair value.

**NOTE 16 TRADE AND OTHER PAYABLES**

	31 March 2013	31 March 2012
	£	£
Amounts falling due within one year:		
Trade payables	3,997	1,009
Accruals	20,000	20,000
Employee benefits – unpaid leave	6,324	9,719
Public Lending Right - Undistributed:		
06/07	-	12,559
(1,038 authors) 07/08	12,988	15,580
(1,037 authors) 08/09	12,890	16,110
(999 authors) 09/10	12,016	15,079
(1,025 authors) 10/11	15,059	22,994
(1,071 authors) 11/12	20,912	43,793
(1,312 authors) 12/13	63,855	-
	<u>168,041</u>	<u>156,843</u>

The average credit period taken is 2.87 days (2011-12, 3.19 days).  
There were no amounts falling due after one year.

**NOTE 17 PROVISIONS FOR LIABILITIES AND CHARGES**

As at 31 March 2013, the costs of meeting building dilapidations provided for under PLR's operating lease are given in the table below:

	£
Balance at 1 April 2012	-
Provided in the year	45,600
Provisions utilised in the year	-
Cost of borrowing (Unwinding of discount)	-
	<u>45,600</u>
Balance at 31 March 2013	45,600
Analysis of Expected Timing of Cash Flows:	
Not later than one year	-
Later than one year but not later than five years	45,600
Later than five years	-
	<u>45,600</u>
Balance at 31 March 2013	45,600

**NOTE 18 CAPITAL COMMITMENTS**

At 31 March 2013 there were no capital commitments contracted for, or capital commitments approved but not contracted for (none at 31 March 2012).

#### NOTE 19 COMMITMENTS UNDER LEASES

As at 31 March total future minimum lease payments under operating leases are given in the table below for each of the following periods:

	2012-13	2011-12
	£	£
Building		
Not later than one year	72,000	72,000
Later than one year but not later then five years	48,000	120,000
Later than five years	-	-
Other		
Not later than one year	-	-
Later than one year but not later then five years	-	-
Later than five years	-	-
	<u>120,000</u>	<u>192,000</u>

Lease agreement was renewed in November 2009 for a period of five years. Public Lending Right has no finance leases.

#### NOTE 20 CONTINGENT LIABILITIES DISCLOSED UNDER IAS 37

At 31 March 2013 there were no contingent liabilities (£nil at 31 March 2012).

#### NOTE 21 RELATED PARTY TRANSACTIONS

Public Lending Right is a Non-Departmental Public Body (NDPB) sponsored by the Department for Culture, Media and Sport. The DCMS is regarded as a related party. During the year PLR has had various transactions with DCMS and with other entities for which DCMS is regarded as the parent Department:

British Library - provision of bibliographic data

In addition, PLR has had a number of material transactions with other government bodies:

Local authorities - provision of loan sample

During the year, no Management Board member, Audit Committee member, key manager or other related party has undertaken any material transactions with PLR.



#### **NOTE 22 PENSIONS**

The Principal Civil Service Pension Scheme (PCSPS) is an unfunded multi-employer defined benefit scheme but Public Lending Right is unable to identify its share of the underlying assets and liabilities. The scheme actuary valued the scheme as at 31 March 2007. You can find details in the resource accounts of the Cabinet Office: Civil Superannuation (<http://www.civilservice.gov.uk/pensions>).

The Scheme Actuary reviews employer contributions usually every four years following a full scheme valuation. However formal actuarial valuations for unfunded public service pension schemes have been suspended by HM Treasury on value for money grounds while consideration is given to recent changes in public service pensions and while future scheme changes are developed as part of the reforms to public service pension provision. The primary purpose of the formal actuarial valuations is to set employee and employer contribution rates, and these are currently being determined under the new scheme design. The contribution rates are set to meet the cost of the benefits accruing during 2012/13 to be paid when the member retires and not the benefits paid during this period to existing pensioners.

For 2012-13, the employers' contributions of £47,226 were payable to the PCSPS (2011-12, £49,481) at one of four rates in the range 16.7% to 24.3% of pensionable pay (the rates in 2011-12 were 16.7% to 24.3%). Employer contributions are to be reviewed every four years following a full scheme valuation by the scheme Actuary.

Employees can opt to open a partnership pension account, a stakeholder pension with an employer contribution. No employers' contributions were paid in the year. Employer contributions are age-related and range from 3% to 12.5% of pensionable pay. Employers also match employee contributions up to 3% of pensionable pay. No employer contributions were payable to the PCSPS to cover the cost of the future provision of lump sum death benefits on death in service and ill health retirement of employees.

Contributions due to the partnership pension providers at the balance sheet date were nil. Contributions prepaid at that date were nil.

#### **NOTE 23 THIRD PARTY ASSETS**

At 31 March 2013, the UK PLR office holds funds of £1,558 (€1,901) on behalf of the Local Government Management Agency in Ireland to meet any liabilities arising from the administration of the Irish PLR service. This amount is correctly excluded from 'Cash and Cash Equivalents' in Note 15.

#### **NOTE 24 POST BALANCE SHEET EVENTS**

The annual report and accounts were authorised for issue by the Accounting Officer on 8 July 2013.

There were no other post balance sheet events.



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