



PLR Annual Report

2013-14

Contents

1. Overview
2. Service to authors
3. Book loans data collection
Table 1: Sample library authorities
4. Finance and payments to authors
Table 2: Payment distribution
5. Transfer to the British Library
6. Looking Ahead

Annex 1 Membership of Advisory Committee for Public Lending Right

1. Overview

This Report describes the operation of the Public Lending Right (PLR) Scheme during the period 1 April 2013 to 31 March 2014. It has been prepared by the Head of PLR for the British Library Board following the Board's assumption of responsibility for the PLR Scheme on 1 October 2013.

The Scheme, which sets out the rules under which PLR operates, was established by the PLR Act (1979) and received parliamentary approval in 1982. The PLR Act provides a legal right for authors to receive payment from public funds for the free lending out of their books by public libraries. The PLR Act vested responsibility for the Scheme's operation in the Registrar of PLR and the Scheme has been administered by the Registrar and his staff from offices in Stockton-on-Tees since its inception. First payments were made to authors in 1984. Government funding for the Scheme is provided by the Department for Culture, Media and Sport (DCMS) as grant-in-aid. Following the transfer of responsibilities to the British Library the outgoing Registrar accepted the temporary position of Head of PLR for the period 1 October to 30 September 2014 to assist with the transfer of PLR functions to the British Library.

During the year under review, much effort has been devoted by PLR and British Library staff to planning and managing the transfer process. PLR's annual cycle of activities involving the registration of authors and books, collection of book loans data from public library authorities, and calculation and distribution of payments have all carried on as normal against this background. Additionally, the PLR team has been working with DCMS colleagues in preparation for extending the PLR Scheme to public library loans of audio-books and to ebooks downloaded on library premises.

PLR's grant-in-aid funding covers both the Scheme's administrative costs and the payments made to authors each year. It is therefore important that running costs are kept to a minimum to free up the maximum amount of government funding for payment to authors. Under the former Registrar's Funding Agreement with DCMS, PLR's principal performance indicator related to keeping the administrative costs of the Scheme below a cap determined by the government. The cap for 2013-14 was set at £741,000. It is pleasing to be able to report that in this, the first year of British Library responsibility for the Scheme, we were successful in meeting the target figure and in identifying some further savings in running costs. These savings helped to offset the recent reductions in government funding for PLR and helped to maintain the Rate Per Loan, on which payments to authors are based, at the previous year's figure of 6.20 pence.

I would like to pay tribute to the PLR team for their achievement in once again providing authors with a service of the highest order in a period of great change, and to our new British Library colleagues for their support during the transition process. We look forward to many more successful years as part of the British Library.

Dr James Parker
Head of PLR

2. Service to Authors

To qualify for payment for loans of their books from public libraries authors must first apply for PLR registration. Registration is open to authors living in the United Kingdom or other European Economic Area country regardless of nationality. Eligible authors include writers, illustrators, translators, editors and photographers. Applicants must be able to demonstrate their eligibility for PLR by being named on a book's title page or entitlement to a royalty payment from their publisher.

Under the Scheme authors must apply for each new book that they publish and for each new edition of an existing book as each has a different ISBN. It is the book's ISBN that allows the PLR system to credit book loans to the right author. PLR book applications may be submitted electronically via the PLR website or by using printed application forms. These applications need to be received at the PLR office before the end of the PLR year on 30 June to qualify for payment in the following February. Over 1,600 new authors successfully applied for PLR registration by the cut-off date of 30 June 2013. Take-up of PLR's online registration service continues to grow with over 83% of books (80% in the previous year) 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.

Published books may have several contributors who are eligible for registration. In these instances the contributors must agree shares in the book's PLR based on their individual contributions before applying to register their respective shares with the PLR office. In addition to overseeing author and book registrations, PLR's Author Services team deal with a wide range of queries from authors on issues such as eligibility for PLR, posthumous and other assignments of PLR rights, and technical issues arising from the growing use of PLR's online registration service.

We are ever conscious of the need to publicise the PLR Scheme to ensure that authors are aware of their PLR opportunity. At the heart of our communications strategy lies the publicity generated by our annual media campaign which uses PLR's unique database of book loans information to publicise the country's most borrowed authors and books. The figures, released each year in February after the payments to authors have been made, provide a sophisticated and fascinating breakdown of book borrowing trends nationally, regionally and in individual library authorities. This year's focus was on regional variations in book borrowing and generated widespread media interest. Over the last year we have also become aware of the potential of the social media for publicising PLR. PLR's Twitter account has grown hugely in popularity and is now a key means by which important PLR messages and publicity can be disseminated to a wide range of authors.

Two years ago the PLR office 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 signing up for Irish PLR, collecting loans data from all 32 public library authorities in Ireland and distributing annual PLR payments. There are broad similarities between the British and Irish PLR schemes and methods of operation. These 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 held on both systems.

Synchronisation has simplified registration procedures for authors and reduced workloads for PLR staff.

3. Book Loans Data Collection

The payments made annually to authors under the PLR Scheme are based on how often their books have been lent out by public libraries in the previous year. Book loans data is supplied to the PLR office by a representative sample of public library authorities chosen by the Head of PLR on behalf of the British Library Board. The authorities are drawn from every region of the UK and the rules governing their selection are set out in the PLR Scheme. A minimum number of authorities is required from each region and no authority may remain in the sample for more than four years. The composition of the library sample changes each year and this helps the Scheme reflect regional differences in library book stock and borrowing patterns across the whole country. Authorities selected for the sample 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 2013 to 31 March 2014, it takes in two PLR loans years. Data from the loans year 1 July 2012 – 30 June 2013 provided the basis for the February 2014 payments. Data collected for the period 1 July 2013 – 30 June 2014 will be used to calculate payments due in February 2015. In October each year, the PLR computer applies a 'grossing up' factor to the data collected from each region to provide a national estimate for the loans of each book. The total loans figure for books registered for PLR can then be divided into the available funding to provide a Rate Per Loan. The library authorities selected by the Registrar to provide data to PLR during both these loans years are listed below in Table 1.

The first PLR payments made to authors in February 1984 were calculated on the basis of book loans data representing 0.9% of total public library book loans in the UK. Over the years we have increased the volume and range of loans data collected by increasing the number of participating library authorities. This is aimed at improving the opportunities for a wider range of authors to benefit from PLR payments. Because the Scheme requires the PLR office to reimburse library authorities for costs incurred in supplying data we have sought to enlarge the sample size by bringing in groups of authorities operating as consortia. This has enabled us to collect loans data from several authorities together at no extra cost. The 2012-13 sample included both the Libraries West (five authorities) and London Libraries Consortia (fifteen authorities), as well as embracing all the public library branches in Northern Ireland which since 2009 have operated under a single authority, Libraries NI.

As a result of enlarging the sample size, the payments made in February 2014 were based on book loans data representing 24% of total UK loans supplied by 45 public library authorities across the country. All loans data from these library authorities had been received and processed by the PLR team in good time for the October 2013 Rate Per Loan.

Table 1

Sample Library Authorities July 2012-June 2013

(Library authorities marked with a * left the sample by rotation at 30 June 2013. They were replaced in the 2013-14 sample by the authorities listed at the foot of the page.)

England

Blackburn with Darwen*	East Sussex
Essex, Southend and Thurrock	Libraries West (5 authorities)
Middlesbrough	Portsmouth
North Yorkshire	Northamptonshire
Suffolk*	Telford and Wrekin

Metropolitan Districts

Gateshead	Manchester
Rotherham*	Salford
South Tyneside	

Greater London Boroughs

Islington*	London Consortium (15 authorities)
Sutton	

Wales

Denbighshire and Flintshire*	Vale of Glamorgan
Wrexham	

Scotland

East Ayrshire*	North Lanarkshire
Scottish Borders	

Northern Ireland

Northern Ireland Library Authority

Authorities joining the sample on 1 July 2013:

Blackpool
Ceredigion
Hillingdon
Knowsley
Midlothian
Norfolk

4. Finance and Payments to Authors

PLR's grant-in-aid funding from DCMS for 2013-14 stood at £6.8 million (reduced from £7.1 million in 2012-13). DCMS funding covers both the running costs of the Scheme and the payments made to authors. Running costs for 2013-14 were subject to a cap of £741,000 (£756,000 in 2012-13) set by DCMS, and achievement of this target was PLR's key performance indicator in its Funding Agreement with DCMS.

In 2013-14 we have been successful in keeping the Scheme's administrative costs below the cap set by DCMS and in finding some £50,000 in additional savings. Economies of scale arising from our operating as part of the British Library have contributed to these savings. The funding available for payment to authors was further supplemented by the income earned from our contract with the Irish Government to run the Irish PLR system and by making use of reserve funding arising from unclaimed author payments from previous years. In all, some £6.2 million was paid out to authors. Public library loans of books registered for PLR fell from the previous year's figure of 132 million to 121 million.

The Rate Per Loan on which payments to authors are based is calculated by dividing the total number of loans of books registered for PLR into the funding available for payment to authors once PLR's running costs are deducted. As a result of the savings achieved in the Scheme's running costs this year and the fall in book loans, the Head of PLR was in a position to propose an unchanged Rate Per Loan of 6.20 pence to the British Library Board. The Board in turn recommended the unchanged Rate to DCMS Ministers. Any change in the Rate needs Parliamentary approval and requires DCMS to lay a Statutory Instrument in Parliament following a public consultation process. This process was not legally required for the February 2014 payments as the Rate remained at its 2013 level. However, in the interests of transparency in this first year of British Library management of the PLR Scheme, DCMS consulted with stakeholder organisations. The unchanged Rate of 6.20 pence received broad support from the bodies consulted.

Following confirmation of the Rate, and a month before payment distribution in February, the Scheme requires the PLR office to notify authors of the payment due to them. The exercise also provides an opportunity for authors to update the PLR office with any changes in personal and bank details that might affect their payments. This process was completed successfully and all changes in personal details were made in time for the payments to be released in the week beginning 10 February.

A total sum of £6.2 million was paid out to 22,370 authors (£6.4 million to 23,187 authors in February 2013). 200 authors had their payments capped at the £6,600 maximum specified in the PLR Scheme. The Scheme also makes provision for a minimum threshold of £1. A more detailed breakdown of the payments is provided below in Table 2.

Table 2

Payment Distribution February 2014

22,371 authors qualified for payments. The table below groups payees in payment ranges.

Payment ranges	No of authors	Total (£s)	% of funds
£6,000.00 - £6,600.00	230	1,508,722.51	24.4%
£5,000.00 - £5,999.99	67	369,428.97	6.0%
£2,500.00 - £4,999.99	368	1,275,316.20	20.6%
£1,000.00 - £2,499.99	801	1,287,980.29	20.8%
£100.00 - £999.99	4,305	1,435,323.75	23.2%
£1.00 - £99.99	16,601	313,430.17	5.0%
	22,372	6,190,201.89	100%

5. Transfer to the British Library

The Public Bodies Act (2011) provided statutory authority for the abolition of the PLR organisation as a stand-alone public body. Following a public consultation on future governance arrangements for PLR, DCMS announced in March 2013 that the responsibilities of the Registrar of PLR for administration of the PLR Scheme would be transferred to the Board of the British Library. Parliamentary approval for abolition of the PLR body was given on 6 September by The Public Bodies (Abolition of the Registrar of Public Lending Right) Order 2013, and PLR responsibilities officially passed to the British Library on 1 October. Since 1 October 2013, the PLR team has been operating as part of the Library's Finance Division with the Chief Financial Officer assuming overall responsibility for PLR.

The transfer of responsibilities has been managed by a Project Board chaired by the Chief Financial Officer and has involved senior staff from both the Library and the PLR office. The Project focused on the transfer of the following core areas of PLR business: Finance; Human Resources and Operations; Governance; IT; Communications and Branding. The Project Plan agreed by the Project Board identified specific tasks to be undertaken in each work area to ensure the successful transfer of responsibilities. Underpinning this process was the agreed goal of maintaining business as usual to ensure as little disruption as possible to the service that authors receive from the PLR office during the transition.

To meet these objectives the project team identified those functions that for legal reasons had to be transferred by the official start date of 1 October and those that could be phased in over the following year. It was also seen as important to find a formula that would enable PLR to function as part of the Library while retaining an identity that remained recognisable to authors. This approach was facilitated by the early commitment of DCMS and the Library to keeping the PLR operation in its existing offices in Stockton. (The current lease on the PLR office comes to an end in November 2014 and discussions with the landlord are in hand with a view to renewing the lease.) Continuity has also been provided by the retention of the former Registrar as Head of PLR for the first year of the Scheme's operation under the Library.

From 1 October PLR staff became employees of the British Library Board (though retaining their PLR terms and conditions), all existing contracts under the Registrar's name were novated across to the British Library Board, and the PLR website, information leaflets, applications forms and emails carried the British Library logo alongside PLR's own branding. And much effort has gone into communicating the changes in PLR's governance to authors and the organisations that represent them. This was always seen as a priority by the project team given the strength of feeling against the abolition of the PLR body demonstrated by authors responding to the government consultation.

By the end of March 2014 PLR's IT systems had been migrated onto Library servers, PLR staff were given new workstations with access to the Library's Intranet and other services, and video conferencing facilities were set up to link the PLR office in Stockton with the Library's Boston Spa and St Pancras sites. Consultation also took place with PLR staff and trade union representatives towards reaching agreement on terms that would enable staff to transfer across to Library terms and conditions of employment.

Under the Transfer of Undertakings (Protection of Employment) legislation, PLR staff retained the right to keep their existing PLR terms and conditions. Following negotiations most members of PLR staff agreed to transfer across to Library terms and conditions. In relation to financial operations, PLR will continue to operate its existing arrangements until 31 March 2014 after which these will be integrated into Library systems.

For the period 1 April – 30 September 2013, the Registrar continued to take advice from the PLR Audit Committee and Management Board. Both committees were wound up at 30 September when PLR responsibilities transferred to the British Library. In the last six months of its existence the Audit Committee reviewed the audit reports provided by PLR's external and internal auditors and provided approval to the Registrar to sign off PLR's 2012-13 Accounts. The Committee also approved a programme of internal audit of key PLR systems for the period April – September 2013 to provide assurance to the Accounting Officer of the British Library in preparation for his assumption of responsibility for the PLR Scheme. Additionally, the Chair of the PLR Audit Committee has provided assurance to the Chair of the British Library Audit Committee on the robustness of controls across the wider PLR operation.

The Order abolishing the PLR body required the British Library to prepare accounts for the final six months of the PLR Scheme's operation under the former Registrar prior to the transfer on 1 October 2013. The draft account was prepared by PLR staff from PLR records kept in the period up to 30 September 2013. The draft Accounts were reviewed and approved in draft by the Library's Audit Committee on 7 November 2013 and the Library Board on 26 November 2013. The Order transferring PLR functions to the British Library has removed the need for the preparation of future separate PLR accounts.

In the six month period April to September 2013, the Registrar's Management Board advised him on the operation of the Scheme and supported the preparations being made for the transfer of PLR responsibilities to the British Library.

To provide expert advice on the Scheme's administration and to provide an avenue for feedback from stakeholders in future, the Library has established an Advisory Committee for Public Lending Right. The Committee will comprise a Chair and six members: two members representing registered authors, two representing the public library community and two from the wider PLR constituency. (See Annex 1 for membership of the Committee.)

Members will be appointed by the Library or nominated by stakeholder bodies. To provide continuity three members of the former Registrar's Management Board have been appointed to the Committee for a year. One of these, Tracy Chevalier, has agreed to accept appointment as Committee Chair. The Committee will have its first meeting in May 2014. Its role is entirely advisory and it has no executive responsibility for the operation of the Scheme. Its contacts will be with the Head of PLR and its advice will be directed through him to the Board. The Committee will provide the Board with an annual report on its work.

6. Looking ahead

A huge amount has been achieved during the year under review in terms of transferring PLR responsibilities to the British Library. Most importantly, PLR's 2013-14 payment cycle has been completed successfully. Priorities for the coming year are very much focused on completing the transfer and making the changes to PLR systems required to implement government plans to extend PLR to audio-books and on-site loans of ebooks in public libraries.

In terms of the transfer, remaining tasks include completion of the integration of PLR's financial, IT and Human Resource functions into British Library systems. Thought is also being given to the future management and reporting structure to be put in place at the PLR office. It is intended that a new structure will be in place for 1 August 2014 to provide time for bedding down before the departure of the Head of PLR on 30 September.

Work has already begun in preparation for implementing the government's plans to extend the Scheme to loans of audio-books and ebooks downloaded on library premises (on-site loans). The changes to PLR legislation will come into effect on 1 July 2014. Implementation will require some detailed modifications to PLR's IT and other systems not least as the extension to audio and ebooks will not apply to Irish PLR. This necessitates some unpicking of the bespoke systems developed by PLR's IT team to enable registrations for UK and Irish PLR to be processed simultaneously.

The restriction of PLR to on-site ebook loans effectively rules out any possibility of payment for authors as UK library authorities currently make provision only for 'remote' off-site ebook downloads. The government's legal advice is that remote downloads are subject to copyright licensing and without a change in copyright law cannot be included in the PLR Scheme. This will inevitably be disappointing for authors. Although ebook loans currently represent only 0.4% of total public library issues and a number of the larger trade publishers remain unwilling to allow their ebooks to be lent out, all the signs are that ebook lending will become an expanding area of public library business in future. The government has agreed to look at the scope for changing copyright law to enable PLR to be extended to remote ebook loans. But this is likely to be a protracted process as agreement will be needed at European level. It will be important for the Advisory Committee and the PLR team to keep this issue on its radar and to monitor progress towards achieving the required changes in copyright law if authors are not to be deprived of PLR payment for loans of their ebooks.

The extension of the Scheme to take account of audio-book and ebook loans goes some way to recognising changes in the ways that libraries are making authors' works available for use by the public. We must also be aware of the implications for the Scheme of the current changes in public library governance involving the growing use of volunteers and the emergence of 'community' libraries. Under the PLR legislation, loans data may only be collected from libraries operating as part of a local authority's statutory public library service. Where local authorities use volunteers to staff library branches and the branches remain within the local authority service, the PLR office may continue to include them in the PLR sample. But in cases where an independent local community group has taken over responsibility for the running of a former public library branch, and it is no longer part of the statutory service, the PLR legislation

prevents the library being included in the PLR sample. To date there have been insufficient instances of such community libraries in the PLR library sample to impact on PLR sampling. But it will be important for the Advisory Committee and the PLR team to monitor these developments to ensure that the PLR legislation remains relevant to local library provision.

Annex 1

Membership of the Advisory Committee for Public Lending Right

Chair

Tracy Chevalier (author)

Members

Meg Davis (literary agent; former member of PLR Management Board)

David Philip (former Finance Director, National Maritime Museum, and former member of PLR Management Board)

Nick Stopforth (Head of Libraries and Information, Doncaster; nominated by the Society of Chief Librarians)

Jim Thompson (Information and Digital Services Manager, Edinburgh City Libraries; nominated by the Chartered Institute of Library and Information Professionals)

Tony Bradman (author; nominated by the Society of Authors)

Bernie Corbett (General Secretary, The Writers' Guild of Great Britain (WGGB); nominated by WGGB)