

REVIEW OF SUPPORT FOR BOOKS FROM WALES

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1. Introduction

1.1 The Welsh Government (WG) Arts and Media Policy Division commissioned this review of its support for books from Wales, which is currently all delivered by the Welsh Books Council (WBC).

1.2 A major purpose for this review was to ensure that the WG's Grants Centre of Excellence's Standards (as published in July 2013) are complied with in relation to the Culture and Sport Department's grant funding for books from Wales. This is the first review under these standards, and the normal expectation is that such formal evaluations will take place every 3 to 5 years. The terms of reference are at Annex 1.

What this review is not

1.3 This review is **not** a review:

- a. in direct terms, of the WBC. However, since the only body awarded grant from the WG's budget for publishing, most of the evidence and detailed analysis in this report relates to the WBC and the activities it supports.
- b. of WG's publishing policy, although it describes the WG policy context.
- c. about how much WG support should give to publishing, or WBC in particular.

Methodology

1.4 As reviewer, I undertook:

- a. desk research;
- b. interviews with WG staff responsible for this funding, with some of the other key WG stakeholders, some key stakeholders in the WBC and some organisations, companies and individuals concerned with the production, distribution and reading of books from Wales; and
- c. drafted this report which is the main output of the review

1.5 Those with whom discussions were held are listed at Annex 2. I would like to thank all the people listed for the information, views and time they offered me, while stressing that the conclusions reached are wholly mine.

1.6 I shared the report (at a late draft stage) with the Deputy Director, Arts and Media Policy, Welsh Government, as the formal client for this review, and (for fact checking purposes) with the Chief Executive of WBC.

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2. What is the overall policy context?

2.1 Expenditure by the Welsh Government (WG) is only justifiable in support of policy aims within the remit of its responsibilities and powers. The policy context for the funding for books from Wales is not contained in one place. It includes the following strategies, policies, annual budget documents, etc, dating back 13 years:

a. The WG's overall strategic agenda, "Programme for Government", especially areas highlighted in the then Culture and Sport Minister's Remit Letter of March 2013 to the Welsh Books Council (WBC):

- The Culture and Heritage of Wales
- Growth and Sustainable Jobs
- Education
- Public Services in Wales

b. "A living language: a language for living", Welsh Language Strategy 2012-17

c. Creative Future : Cymru Creadigol (2002)

d. Task and Finish Group on Publishing 2001-02

e. Response of 5 May 2004 to the then Minister for Culture, Welsh Language and Sport to the Welsh Assembly's Culture, Welsh Language and Sport Committee's report "Welsh Writing in English"(March 2004)

f. Economic Renewal: a new direction (July 2010)

g. Child Poverty Strategy (2011)

h. Current Budget Documents

2.2 Below is are some key elements the above documents, particularly in relation to publishing of books from Wales.

Programme for Government

2.3 WBC is not explicitly referred to in the Programme for Government, but issues relevant to the activities of the WBC include:

- a. **Culture and Heritage of Wales**, where the aim is to, "Enrich the lives of individuals through our culture and heritage."
- b. **Growth and Sustainable Jobs**, which (in the "About the Programme" piece on the WG website dated June 2014 emphasises, "...a more prosperous and innovative economy....more cohesive communities with lower levels of poverty and greater equality...and a society with a vital sense of its own culture and heritage."
- c. **Education**. Commitments include: improving early years' experiences; developing Welsh medium education; and improving further and higher education.
- d. **Public Services in Wales**. Commitments include: supporting continuous improvement in our public services; ensuring that our funds support stronger and more effective service delivery; and seeing effective collaboration between public services.

“A living language: a language for living” (Welsh Language Strategy)

2.4 The Welsh Language Strategy for 2012-17 has 6 “Strategic Areas”. The final one of these is Infrastructure, whose aim is “To strengthen the infrastructure of the language.”, with desired outcomes being, “...more tools and resources to facilitate the use of Welsh, including in the digital environment.”

2.5 The first two indicators are in areas where the main interventions are made by WBC: first, “...the number of Welsh language books, e-books and magazines sold (non educational)”; and second, “...readership of Golwg 360”

2.6 Also in the Strategic Area 6 section, under the heading “Reading”, “Through the Welsh Books Council, we want to maintain editorial support for publishing houses, continue to support authors and support the development of good quality graphics, photographs and design...We will expect the key commissioners of Welsh-language materials, including the Welsh Books Council ...to increase significantly the proportion of material...published electronically.”

2.7 The Strategy also makes a general point (not specific to books) about the importance of research and data on the use of the Welsh language.

Creative Wales; Cymru Creadigol (2002)

2.8 This WG strategy, early on, yoked together the importance of both the Welsh and English languages to Wales, “The Welsh language has generated a distinct identity, while the emergence of the English language in Wales in a distinctive way has created a powerful new strand to that identity.”

2.9 The “Writing” section says that Wales has one of the longest literary and oral traditions in Europe, but it also has.....ineffective promotion and an inadequate stock of indigenous publishers, independent bookshops and library purchases.....support for writing in both Welsh and English needs to focus much more effectively on marketing and distribution, within and beyond Wales.”

2.10 This section continues, “Popular writing needs ongoing support from the Books Council’s publishing grant. The Council’s editorial and distribution services are key support services for the book trade.”

The 2001-02 Task and Finish Group on Publishing

2.11 The 2001-02 Task and Finish Group on Publishing (chaired by the then Deputy Minister for Culture, reporting to the then Minister) identified the need for measures to improve the appeal and commercial viability of books in Welsh.

2.12 This was a major contribution to the development of new measures to help to bring these things about through new ways, for example, of helping to improve the editing, design and sales of books; and introducing the funding of varied programmes of books from publishers, in addition to support for individual books.

Government's response to "Welsh Writing in English" (2004)

2.13 The Assembly's Culture, Welsh Language and Sport Committee (chaired by the current Presiding Officer and with all-party membership) made 18 recommendations in its March 2004 report. The Welsh Government, in its response of 5th May 2004, accepted 16 of the recommendations, including:

a. There should be an increase in the publishing grant to the WBC to address weaknesses in the infrastructure of publishers in Wales, including:

- Commissioning grants for the production of books of popular appeal in English;
- Editorial posts;
- Marketing posts and marketing budget; and
- A joint marketing strategy.

(WG provided additional funds to WBC for these purposes from 2004-05)

b. There should be a "Library of Wales" for classic works. (WG, in its response, believed that this would boost teaching, scholarship and readership of Welsh writing in English). It is now in existence, with the current contract having been awarded to the relatively new Welsh publisher, Parthian.

c. A welcome for the Arts Council of Wales initiative (in conjunction with the WBC and the Academi [the latter now Literature Wales] to address the lack of serious literary reviews in newspapers in Wales. WG believed that addressing fundamental weaknesses underlying the publishing industry in Wales would contribute towards the increased coverage of Welsh writing in English.

2.14 One of the rejected recommendations was that "ACCAC's remit should be extended to commissioning Welsh writing in English (including drama) for the WJEC curriculum." WG thought that the Library of Wales project and WBC's commissioning of new writing in English would materially improve availability of books relevant to schools. The then Government saw two types of book implied by this rejected recommendation (first, new writing; and second, classic works and other previously published texts) as not being appropriate to ACCAC, as it was not an appropriate agency to be charged with bringing about these general improvements in the books market.

2.15 On a third implied type of text (ie volumes intended primarily for use in schools, such as "study editions" or anthologies), the then Government believed that the production of school-specific texts was a lesser priority than the availability of Welsh writing in English to all readers. [ACCAC no longer exists, with its main functions now carried out by the Welsh Government itself]

Economic Renewal: a new direction (July 2010)

2.16 This document set out 5 priorities, of which 1, 3 and 5 have some relevance to the work of WBC:

1. “Investing in high quality and sustainable infrastructure,.. businesses... need ...to have access to the right facilities and services where they live and work.”
3. “Broadening and deepening the skills base.”
5. “Targeting the business support we offerconcentrate our resources where we can add most value, acting as an enabler for the economy...”

Child Poverty Strategy for Wales (February 2011)

2.14 This document stresses a need to “..reduce inequalities in educational attainment between children and young people.”, and to “....reduce inequalities in participation in culture, sport and leisure activities between children, and between children’s parents/carers, so far as necessary, to ensure children’s wellbeing.”

2.15 “Tackling Child Poverty: Guidance and Regulations for Welsh Authorities” was issued in 2011 in support of the new strategy, and referred to Chapter 1 of the Children and Families (Wales) Measure 2010, “...which provided the framework in which public bodies will be expected to demonstrate their commitment to tackling child poverty in Wales, through the publication of Child Poverty Strategies.”

2.16 The guidance mentioned the WGSBs covered by this expectation, which included the Arts Council for Wales (but not the WBC) and to say that reference would be made to the need for Child Poverty Strategies in the annual remit letters to WGSBs.

Welsh National Literacy Programme

2.17 The WG’s Department for Education and Skills is responsible for this Programme, and funds WBC to undertake certain activities related to it.

Current WG Budget Documents

2.18 The WG Draft Budget 2015-16, says in the chapter on Economy, Science and Transport (where responsibility for policy on publishing sits currently) that, “We are committed to the culture and heritage of Wales, and the important role our culture plays in improving health and wellbeing....the portfolio plays a vital role in investing in and preserving our cultural heritage for future generations and supports our tourist industry in providing growth of sustainable jobs in our rural communities.”

2.19 In late 2014, the ambit of each area of the 2015-16 budget will be set out in the annual budget motion. The “Culture and Sport” ambit which included publishing from Wales in 2014-15, described the purposes for which the Assembly approved this expenditure in the following terms, “For use by Welsh Ministers to spend on Culture and Sport including promoting and improving culture and economic, social or environmental wellbeing...providing funding....for agencies and other bodies to promote, facilitate and deliver a range of schemes and services in connection with culture and sport....[and] carry out investigations, research and evaluations...”

3. Why is Government financial intervention needed?

3.1 The main justification, in principle, for financial intervention by the Welsh Government is the failure of the market to provide desired outputs and outcomes, such as those described in Section 2 of this report.

Books and publishing in the UK

3.2 In terms of numbers of books and magazines published and sold, publishers based outside Wales, especially in the UK's 3 biggest publishing centres (London, Edinburgh and Oxford) dominated. Comprehensive quantitative information about books (especially those in English) from Wales and books sold in Wales is not, for the most part, readily available. The following tables give some idea of UK scale:

Table 1: Total book sales in the UK

	books sold (million)
2005	207.8
2006	220.9
2007	232.3
2008	218.8
2009	235.7
2010	229.9
2011	206.2
2012	205.5
2013	184.1

Note: average retail price per book c £7.50 for all years, £7.63 in 2013, £7.42 in 2012
Source: LISU website, Loughborough University, quoting The Bookseller

Table 2: UK Publishers Sales (£m at net invoiced prices to wholesalers etc)

	Total	Printed	Digital
2001	2,511		
2002	2,527		
2003	2,591		
2004	2,660		
2005	2,768		
2006	2,884		
2007	3,047		
2008	3,151	3,052	100
2009	3,198	3,072	126
2010	3,343	3,172	171
2011	3,288	3,030	258
2012	3,466	3,039	427
2013	3,389	2,880	509

Notes: 1. Over 50% in every year were UK home sales.

1. UK Spend on books (at retail values) £2.2bn in 2003 and 2013, peaking at £2.5bn in 2007

Source: LISU website

Table 3: Source of purchase of books in UK (%)

	2009	2010	2011	2012	2013
Internet only retailer	21	25	30	44	48
Bookshop	46	43	40	33	31
Supermarket	14	14	12	12	10
Other shop	11	11	11	7	6
Direct Seller	8	6	6	4	3

Source: The Bookseller website

Table 4: Ebook purchases as a percentage of all purchases

	January 2012	March 2013
Adult Fiction	13	21
Adult Non Fiction	6	9
Children's	3	5
All	8	12

Source: Bowkers Books and Consumers website – from a slide for the BIC seminar 2013

Table 5: Titles published, and new publishers (UK 2012)

Hardback	26,732
Paperback	74,829
Ebooks	57,999

There were 3,657 new publishers

Source: The Bookseller website quoting some Nielsen BookData information

Publishing in Wales

3.3 Wales contains approximately 5% of the UK population, so one point of reference as to where a fully flourishing publishing industry in Wales might be (very roughly) 5% of UK figures relating to publishing.

3.4 In terms of the figures above that would imply of the order of 1,000+ hardback, 3,000+ paperback and 2,500+ ebook titles being published in Wales in 2012, with a total of 150+ new publishers in Wales. Actual Welsh figures are not known with precision, but are a fraction of these indicators of what 5% of UK figures looks like.

Interventions necessary to achieve desired outcomes for Wales

3.5 The WG funded WBC interventions to support authors, publishing, editing, designing, marketing and selling result in books being published and sold (and therefore read) which would not have happened if the market had been left to itself. Examples include:

- Welsh publishers only able to secure popular authors of Welsh themes by using the funding provided by WBC upfront to pay advances to authors. Without such funding, in the examples given to me, the Welsh publishers in question would not have had the funds available to pay the advances. The result would then have been that non Welsh publishers would have found the advance, and ultimately published the book in question.

- Some newer publishers in Wales would not have come into existence or survived or grown without some of the production of some of their books being supported financially to some degree, and the services provided free or heavily subsidised by WBC (eg editing, design).
- Existing publishers would not have grown the numbers of titles published, the numbers sold and the number of staff they employ without the various types of WBC support.
- Some publishers and small bookshops would almost certainly not have survived without the service provided by the WBC's Distribution Centre. This is because some small publishers would not have found one of the England based wholesalers willing to take them on.
- Small bookshops, especially in remoter small towns, would not have survived without the policies of the WBC of fulfilling orders from schools via them.

3.6 The above shows that the infrastructure supporting publishing of books from Wales are inter-connected elements in the supply chain, from author to reader via publisher, wholesaler and bookseller.

3.7 Overall, it is reasonable to assume that without some subsidy for books in Welsh, only a very few popular titles would be available for Welsh language readers, restricting the variety of authorial voices.

3.8 Without some subsidy for books in English from Wales, readers in Wales (and beyond with an actual or potential interest in Wales) would overwhelmingly only have access to Anglo- English and American English books. The opportunity to foster a contemporary and distinctive sense of Welsh identity would be much diminished, as would some opportunities to promote Wales and Welsh culture to the rest of the UK, the EU and the World.

Interventions beyond Wales

3.9 Wales is not alone in having decided that desired outcomes associated with the publication of books will only come about with financial interventions by the public sector. For example:

- a. In Scotland, a larger variety of bodies (all with some element of public funding) provide some of the types of support to publishing WBC does in Wales:

1. **Creative Scotland** (the Scottish equivalent of the Arts Council of Wales) provides annual funding to the organisations below, but is itself a major direct public funder of authors and publishers. In July 2014, it awarded contracts for a major review of the "Literature and Publishing Sector" in Scotland. The main contractor is Nordicity (a Canadian consultancy specialising in "Strategy, policy and economic analysis for the global digital, creative and information and communications technology sectors". The report of this review, will be of some interest to Wales, an issue I return to in Section 6 below.

2. **The Scottish Book Trust** describes itself as, "...the leading agency for the promotion of literary reading and writing in Scotland." Its total income in 2013 was about £3.5m, of which almost £0.5m was from Creative Scotland, £250,000 of the latter to run "Book Week Scotland". It held over 1,200 literature events bringing authors to 50,000 readers, bringing (via work with BBC Scotland) "Authors live" events to 700,000, and 375,000 readers of its on line information

3. **Publishing Scotland** A membership body for book and print based, and online and digital, publishers and others (currently 45 publishers and 15 other organisations). It provides book fairs, company development projects, training, trade liaison, Book source, Books for Scotland. It also provides networking opportunities for illustrators, designers, literary agents, editors, printers, universities and authors (the last through the Society of Authors in Scotland). Of the publisher members, 16 have less than 25% of sales in Scotland. Publishing Scotland's total income in 2013-14 was £1.6m of which £1.25m was commercial income and over £350,000 charitable.

4. **Bookspotting** uses GPS technology to provide information about Scottish books and authors linked to places close to the user's location. It was developed by Publishing Scotland and Saraband Books, and funded by the Digital R & D Fund for the Arts in Scotland (a partnership between NESTA, the Arts and Humanities Research Council and Creative Scotland).

5. **The Scots Gaelic Board** provides some support for publication in Scots Gaelic. Creative Scotland gave it £191,000 in 2013-14.

b. In **Canada**, with about 11 times the population of Wales, 115 magazines in French and English receive public funding support:

1. All kinds of leisure and culture magazines are eligible for support from one or more funding source, of which there are 3 main ones: Canada Council for the Arts (for arts and cultural publications only); Provincial Arts Councils; and Canada Magazine Fund (CMF), administered by the Department of Canadian Heritage.

2. Launched in 2000, the CMF helps build industry capacity through support for business development of small magazine publishers, industry development projects and support for arts and literary magazines. The objectives of the CMF are to: foster the creation of Canadian editorial content in Canadian magazines; increase Canadians' access to Canadian magazines; enhance the quality and diversity of Canadian magazines; and strengthen the infrastructure of the Canadian magazine industry. In 2008-09, the CMF spent 15.4m Canadian Dollars.

c. Most advanced economies provide some form of subsidy to the publishing of books, magazines (usually in electronic as well as hard copy form): Canada, Australia, New Zealand, Germany, Ireland etc, with international organisations often supporting literary translations. This year the Russian Government announced that it was considering support for its publishing industry as an investment in business, culture and education.

3.10 However, it is harder to draw clear lessons from other countries beyond a consensus that publishing will be inadequate if left wholly to the commercial market. Even within the UK, Wales has (in terms relative to population) a far smaller and more fragile publishing industry than England, and especially (per head of population) Scotland.

3.11 This massive difference in the scale of publishing over recent centuries is probably a major part of the reason why Scotland and Wales have developed very different structures to their regimes of publicly funded support, as well as Scotland having stronger all Scotland structures led by publishers (eg Publishing Scotland) to which no all Wales equivalent exists.

4. Why has the current delivery model been used?

Historical background

4.1 Early (1960s) public funding support for books in Welsh being provided via the WBC seems to have been to a great degree a response to an impetus coming from the voluntary sector. Annex 3 describes, in broad terms, the development of publicly funded support. Points to note include the importance in the early years of direct support from local authorities.

4.2 The creation in 1961 of the WBC and the next 40 years of its development meant that, by the time more strategic policies and strategies were being developed by WG, the WBC was a highly developed, stable and well respected delivery mechanism.

4.3 Evidence of the esteem in which WBC is and has been held by the Welsh Office and then WG are the decisions not only to increase its funding over the years up to the 2008 recession, but also to transfer functions to it from public bodies and to fund it to carry out new functions. For example, in 1990, the Centre for Children's Literature, previously part of the College of Librarianship at Aberystwyth, became part of WBC's new Children's Books Department.

4.4 In the mid 1990s, although the funds for publishing grant schemes which WBC administers were channelled by the Welsh Language Board (WLB), it was decided that the rest of WBC's funding should continue to come to direct to WBC from the Welsh Office (after devolution, WG).

4.5 Following a recommendation made by the 2001-02 Culture Minister's Task and Finish Group on Publishing, the funding for the publishing grants was conveyed direct to WBC by the Welsh Government, so that all WBC's government funding now came direct from the Welsh Government.

WBC is funded to expand its role to books from Wales in English

4.6 In 2004 the Welsh Government (in its response to the Welsh Assembly's Culture, Welsh Language and Sport Committee) accepted the recommendation that the publishing grant it gave the WBC should be increased in order to support Welsh writing in English in various specified ways.

4.7 The WG announced in its response that it was giving the WBC an additional £250,000 in 2004-05 for the WBC to start supporting the publication of books from Wales in English. Welsh Government support for that purpose has grown since.

Other WG Departments use WBC as a delivery mechanism

4.8 In addition, other parts of WG have decided that WBC is the best mechanism to deliver some of their requirements over recent years. At present (in 2014-15) one other WG department, the Department for Education and Skills (DfES), is providing a total of £200,000 to WBC to carry out 3 specific activities in support of reading to promote the literacy skills of children and young people. The tasks, and the respective amounts to be used for both are specified in the DfES grant award letter to WBC as:

Quick Reads	- £90,000
World Book day in Wales	- £38,000
Summer Reading Challenge in Wales	- £72,000

4.9 Other Departments have provided funds to WBC in the recent past, notably the economic department, which funded WBC to mount a stand at the Frankfurt Book Fair as part of export trade support. The reason that this funding was withdrawn is that the orders gained by publishers from Wales fell well short of the 20 times the size of the grant. This is the threshold which was applied when the funding for all such trade promotion overseas was reviewed in recent years.

WBC's approach to the definition of "Welsh" output

4.10 The WBC considers the definition of "Welsh" in relation to the output it subsidises to be a complex and highly contested area – a view with which I agree. Instead of trying to define it, WBC asks programme publishers to make a case in their reports about how they believe their programme contributes to the culture of Wales.

4.11 For all grant schemes **except** Individual Literary Book Grant (ILBG), publishers must be based in Wales. For ILBG, publishers from outside Wales can apply, but have to show that funding is not available to them from elsewhere, and they must demonstrate a Welsh connection in terms of author or subject matter.

The current shape of WBC activities

4.12 The Arts and Media Policy Division funding **for this grant scheme** (ie the focus of this review - all awarded to WBC) reached a peak of over £4.1m in 2010-11. As part of the WG response to restraints on expenditure after the 2008 economic recession, WBC has been awarded successively smaller grant totals, so that that the 2014-15 the total was £3.7m, with the draft budget (published in September 2014) proposing a further fall to £3.6m in 2015-16.

Directly Funded WBC activities

4.13 WBC thus carries out the following activities wholly, or in some cases almost wholly, **funded by WG** (figures are all initial budgets for 2014-15 as a broad guide, as my perusal of earlier years' expenditure showed me that WBC generally spends broadly in line with its budgets):

Table 6: WBC grants to support Welsh language publications:

Programme Publishers (for programmes of at least 10 titles)	£400,500
Individual literary Publishing Grants (ILBG)	£85,000
Performance Payments etc	£26,600
Supported Posts and Training	£190,500
Payments for Authors and Illustrators	£358,000
Marketing	£59,000
Booksellers	£50,000
Electronic Publishing	£20,000
Games	£2,000
Magazines	£353,400
Support for Press (Golwg 360 online news service)	£195,000
Market Research	£0
Total grants for publishing in Welsh	£1,740,000

Table 7: Grants for publishing in English (plus WBC grant totals for both languages)

Revenue Magazines Grants	£173,889
Revenue Publishers Grants	£239,594
Individual Publishing Grants	£60,000
Small Grants and Training	£10,000
Author Advances Grants	£54,000
Supported Posts Grant	£64,240
Marketing Grant	£51,277
Library of Wales (Reprints of Classics from Wales)	£52,000
Total (English)	£705,000
Total (Welsh – from table 6 – and English)	£2,445,000
All Grants administration	£178,000
Total of all WBC expenditure on publishing grants	£2,623,000

Table 8: WBC Services to publishers, booksellers or others (net of income)

Editorial assistance	£86,818
Design assistance	£72,120
Sales and Marketing	£265,372
Children's books and reading promotion	£91,395
Scheme promoting books in schools	£143,547
Information Services (inc gwales)	£85,443
Total	£744,695

4.14 WBC, in its operational plan and other documents containing budget and expenditure figures, describes the items in the table above as “running costs”. In section 6, I discuss two drawbacks, primarily for WG, (and perhaps for WBC, although that is of secondary importance in the case of this review) of the current way WBC defines the **salary costs of WBC staff and WBC non staff support costs** in both the WBC bid for WG grant, and in the WG grant award letter.

4.15 WBC’s “running costs” should, in my view, consist only of that part of WBC staff and associated expenditure **not directly** concerned with helping the publishing, distribution and sale of books. So of the order of just under £360,000 (or 10% of the total WG grant), in terms of the budget in the WBC’s 2014-15 budget, consisting of:

Salaries (includes Chief Executive, HR, Finance)	£237,685
General Operating Costs (inc maintenance, utilities, travel expenses etc)	£120,620
Total	£338,305

Indirectly supported WBC activity – the Distribution Centre

4.16 In addition, the WBC operates a self financing Distribution Centre, the largest wholesaler of books, by far, in Wales. It distributes about 95% of the books in Welsh (with 5% distributed directly by the publishers) published with WBC grant support, as one of the conditions of such funding is that publishers use the Centre to distribute their books in Wales.

4.17 Such work constitutes approximately 60% of the Centre’s business. The other 40% comes from handling unsubsidised books for distribution to booksellers in Wales, from publishers some of whose other titles are subsidised, and from publishers who receive no support from WBC.

4.18 The grants to publishers described earlier in this section support the Centre **indirectly**. Without the grants, fewer books (both those subsidised by WBC and those published without subsidy by the same publishers) would be available from publishers in Wales, and WBC could not require any publisher to use the Centre, severely threatening its stability, and probably its continued existence.

4.19 The Centre’s costs (2013 when they almost matched income) give a sense of its scale. None of these costs are supported directly by WG expenditure:

- Books purchased	£2,350,745
- Salaries	£335,259
- Post and packaging	£118,097
- Other costs	£120,044
- Total	£2,924,145

Other WBC activity

4.20 Beyond activities described above, WBC is active in other ways which are not dependent on WG funding, directly or indirectly. For example, it uses the interest from certain bequests and gifts to fund prizes.

4.21 It also hosts the Friends of the Books Council, a self financing group of over 300 people across Wales with an interest in books. The Friends are represented on the Council, and they fund the annual Tir Na n-Og prize.

The Reputation and Status of the WBC

4.22 One result of the growth and increase in number of tasks, funded by Welsh Government, such as those above, was that for some time WBC has been regarded by those in the Welsh Government and in other organisations as broadly comparable to a Welsh Government Sponsored Body (WGSB, eg such as the Arts Council of Wales).

4.23 As a result, until about a year ago, Welsh Government had operated its funding in the way it does for a WGSB – ie the Minister issued a Remit Letter to WBC; WBC then set out how it would deliver the Remit in its Operational Plan; this plan was then agreed by the Minister.

4.24 However, WBC is not and never has been an actual WGSB. The Welsh Government does not make appointments to its Council, have a role in the appointment of its Chief Executive or have the power to abolish the WBC. The Welsh Government has not issued WBC with a Management Statement and Financial Memorandum. So Welsh Government does not have the sort of corporate sponsorship role it exercises with WGSBs.

4.25 The last Remit Letter to WBC was sent by the then Minister for Culture and Sport in March 2013. The division responsible for its funding is now treating its funding arrangement with it as a grant. This means that that division has to comply with the “Minimum Standards for Grant Funding” published by the Grants Centre of Excellence in July 2013. Sections 6, 7 and 8 consider some of the implications of this change.

4.26 With considerable Welsh Government support, WBC has become a highly respected unincorporated association and registered charity. Its current purposes are:

- To stimulate interest in books in Welsh and Welsh Books in English, together with other related material.
- To promote the publishing industry in Wales and to coordinate the interests of authors, publishers, booksellers and libraries.
- To assist and support authors by providing services and by awarding grants/commissions which are channelled through publishers.
- To distribute grants to help publish quality material in both Welsh and English and to ensure that the output is widely available.

4.27 Were the WBC’s purposes drafted by the Welsh Government, they might have perhaps stressed **explicitly** that the grants and other direct support are given to support activity (including the writing and publishing of books and other material) which will **only** occur if such support is made, as the commercial market will not provide the desired activity in question.

4.28 In order to stress the importance of the fast changing newer electronic media, relevant to literature and reading, a more explicit mention of them might also have been

of appeal to the Welsh Government. That said, the overall alignment of the WBC's purposes fits extremely well with the WG's aims for its funding.

4.29 Reflecting on issues such as described above, there are a range of good reasons why the WBC has become the main means by which the Welsh Government funds the publishing of books from Wales:

- It is a well respected, stable organisation, having assembled, and continued to develop, formidable commitment, relevant skills and experience, and corporate memory provided by its staff, Council and various panel members;
- It has a track record of delivery (see section 5 for more detail)
- what it sees as its purposes align very well with the reasons WG funds interventions in this field.

5. What are the outputs and outcomes?

5.1 The WBC's main **outputs** funded by WG funds are books and related material (eg magazines, ebooks, games etc) created. Most of the 29 (for 2014-15) key targets agreed by WBC with WG, are output targets. Examples from the grant award letter include numbers of books published with WBC support in the year; manuscripts assisted by the WBC Editorial Department; book reviews put on the Gwales site, etc.

5.2 Paragraph 4.9 described activities funded by parts of WG **other** than its main funding Department. Important in their own right (to both WG funders and WBC), these are small compared with the funding which is the focus of this review.

WBC's main recent outputs

5.3 WBC monitors the output of each grant recipient, producing a mass of detail. The biggest single output is the production of new book titles:

Table 9: New book titles published in Welsh with WBC grant

	07-08	08-09	09-10	10-11	11-12	12-13
Children's	97	98	104	101	110	112
Adult	109	104	100	98	98	109

Table 10: New book titles published in English with WBC grant

	07-08	08-09	09-10	10-11	11-12	12-13
Total	110	108	81	111	105	79

5.4 WBC spends most of its grant funding on publishers of hard copy books, either for a programme of titles or for a single title, it has grant schemes which support publishing (of hard copy books) in other ways, or products other than hard copy books, including the on-line news service in Welsh, magazines, e-books, games, support for posts and training in publishing,, etc. Examples of some of the outputs of non-book publishing in Welsh include (2012-13 figures – source WBC):

Children's magazines in Welsh	– 2 titles, a total of 22 issues
Group A (General) in Welsh	– 9 titles, a total of 146 issues
E-magazine in Welsh	- 1 title (Y Selar)
Group B (“highbrow”)* magazines in Welsh	- 7 titles, a total of 28 issues
Editorial posts in publishers of Welsh	- 30 posts in 9 publishers
e-books in Welsh	- 52 titles from 4 publishers
Editors mentored	- 9 editors, total of 23 days

*my (admittedly ugly) description of a heterogeneous group of magazines

5.5 Examples in English include:

Magazines	- 4 titles, a total of 15 issues (grant £8k - £70k)
Small Magazines	- 3 titles, a total of 5 issues (grant £500-£1800)
Small digital magazine	- 1 title (grant £1,500)

(Source: Review of English language Magazines in Wales, 2013)

Outcomes to which WBC has made/is making major contributions

5.6 The most important **outcomes** achieved as a result of the WG grant to WBC are those related to the policy context described in section 2 above. In broad terms, the use of the funding helps achieve the situation where:

- a. There is higher readership of books in Welsh and books from Wales in English than would be the case without such intervention.
- b. There is a bigger and stronger publishing industry in Wales, with the creation or maintenance of roughly 1,000 (mainly skilled) jobs, many of them in rural areas.
- c. WBC has now become itself an extremely important part of the infrastructure supporting the creation, publication and readership of books and other materials in Welsh and English, and which is helping create the bigger, stronger publishing industry described above.
- d. WBC's Distribution Centre in Aberystwyth has developed and continued operation as Wales' biggest books wholesaler, handling some books from Wales which other wholesalers would not have sold.

5.7 In quantitative terms, the best available indicator of outcomes to which WBC contributes to readership is numbers of sales. Section 3 referred to the paucity of good overall information on reading habits in Wales, especially of books in English. The following tables present a variety of information on readership based on the operations of WBC's Distribution Centre.

Table 11: Books in Welsh sold from the WBC Distribution Centre

	2009/10	2010/11	2011/12	2012/13	2013/14
Childrens' books	1,215	985	1,110	1,165	1,279
Adults' books	830	797	757	713	702
Other items	174	157	154	159	145
Total	2,219	1,940	2,021	2,038	2,126

values of sales in £000s; incl magazines(under £35,000 in all years); all sums rounded

Table 12: Books in English sold from the WBC Distribution Centre

	2009/10	2010/11	2011/12	2012/13	2013/14
Childrens' books	143	98	103	97	156
Adults' books	963	859	796	767	767
Other items	64	43	44	47	57
Total	1,106	957	900	864	923

values of sales in £000s ; incl magazines(under £10,000 in all years); all sums rounded

5.8 Another indicator of trends which could have been used here is numbers sold, rather than sales values. However, the average sales prices have remained of roughly the same order of magnitude in the period. This is a broad bush indicator of trends in sales because major qualifications need to be applied to the use of these figures to judge outcomes in terms of readership, described in the next 2 paragraphs.

5.9 The 2 tables above include sales of books which are published without WBC subsidy, especially much of the English sales, but also some of the Welsh sales too.

5.10 In addition, while nearly all sales of WBC books in Welsh published with WBC subsidy are distributed by the Distribution Centre, many of the books in English published with WBC subsidy are not, in particular because other wholesalers are mainly used for sales to customers beyond Wales.

5.11 The following 3 tables relate to sales of books all of which were published with WBC subsidies, whether distributed by the WBC or by other means (ie other wholesalers or direct publisher sales).

Table 13: Sales* of books in Welsh published with WBC subsidy 2005-13

	07-08	08-09	09-10	10-11	11-12	12-13
Children's books sold**	97	103	94	88	108	90
Sales per children's book	1,000	1,051	900	868	980	918
Adults' books sold**	88	85	70	72	72	67
Sales per Adult book	805	822	696	735	732	661

*First 18 months sales of books published that year ** '000s, Rounded to nearest 1,000

Table 14: Sales* of books in English published with WBC subsidy 2007-13

	07-08	08-09	09-10	10-11	11-12	12-13
Children's books sold**	17	14	16	11	11	13
Sales per children's book	1,050	1,011	989	829	762	1,093
Adults books sold**	94	94	65	100	95	116
Sales per adult book	1,128	1,106	868	1,121	1,156	1,355

*First 18 months sales of books published that year ** 000s, Rounded to nearest 1,000

**Table 15: Sales* of e-books published with WBC subsidy 2010-13
(5 publishers, 53-55 titles published each year)**

	10-11	11-12	12-13
e-books sold	7,351	6,467	50,475**
Total sales (inc e-books)	49,835	57,866	79,832

*First 18 months sales of books published that year

**Nearly 49,000 relating to 2 publishers who had a few titles as Amazon "daily deals"

5.12 These figures do not provide full picture of the overall outcomes in Wales to which the WBC's work contributes, for example in terms of the total extent of reading and who is doing the reading, because of a lack of:

- a. reliable sources of data on trends in overall reading by adults in Wales, ie of books and other media published and distributed without any type of WBC involvement. The education system produces more data on the reading attainment (but not reading habits) in English and Welsh of school age children , but the inputs there come from many sources, nearly all of which are funded by the Department of Education and Skills.
- b. information on the reach of various types of publications, for example by disaggregation of readers by age, gender, socio-economic group etc., except in a few of the WBC commissioned reviews which have looked at the readership of subsidised magazines in particular.

6. Assurances of value for money which are or can be sought from the current delivery model

6.1 WG seeks assurance about the value for money achieved by using WBC as the delivery model for seeking desired outputs and outcomes with the whole of its publishing budget. This is in line with requirements set out in the WG's Centre of Grant Excellence Standards.

6.2 It achieves this in a number of ways, for example:

- a. Officials of the Arts and Media Policy Division are in regular contact with the WBC Chief Executive and other senior staff. Such discussions precede the detailed WBC bid for annual grant in draft and then in final form.
- b. WG then issues its grant award letter with the sums its Ministers decided to grant to WBC, and a detailed list of activities and targets (29 in 2014-13) for which it is provided. For 2014-15, WG awarded c£3.75million, split in 3 parts as follows:

Running Costs	£1,103,000
Publishing Grants	£2,623,000
Capital Expenditure	£25,000

How WG treats parts of this funding is considered at paragraph 6.34 to 6.41.

- c. Four WG/WBC meetings between officials, for which WBC provide material on their performance. In addition, one with the Culture Minister, and one with both the Culture Minister and an Education Minister .
- d. Much of the funding for the publishing grant schemes (the £2,623,000 referred to at point b. above) is spent after competitive tendering exercises. This offers considerable reassurance that after decisions on what to commission, value for money is achieved by the way the grants are then awarded.
- e. WBC also takes a range of other approaches to ensure, as far as possible, it only funds which would not be published (or published at reasonable prices, to reasonable quality etc), and that it offers the minimum subsidy necessary. Some of these are described at paragraphs 6.3.
- f. There have been a number of different reviews and evaluations of various WBC activities, with WBC itself the driving force behind many of them. These are described in more detail at paragraph 6.4. The willingness of WBC to regularly have features of its activities examined (often in a process carried out by, or involving, external people) is welcome assurance that it is not complacent, but flexible and open to change.

WBC approaches to ensure good use of publishing grants

6.3 Approaches to assure efficient and effective use of funding include:

- a. For individually funded titles, applications are assessed for quality, market/readership and costs. The Grants Department considers the costs put forward by the publisher and re-costs using guidelines based on a range of companies throughout the UK. The guidelines are reviewed regularly, most recently in 2013.
- b. Claims only paid when evidence of expenditure is submitted.
- c. Publishers are only accepted for support for a programme of books if they have published successfully with support under the individual book grant scheme. WBC undertakes random spot checks of invoices of programme publishers.
- d. WBC undertakes other enquiries to supplement its initial application processes, for example, independent readers' assessments, and realism of sales forecasts by looking at similar titles published by various publishers, or whether there is a gap for the proposed work(s). Identifying gaps can be reinforced by feedback on demand from the WBC's Distribution Centre, links with booksellers across Wales, and wider information from the UK publishing industry.
- e. WBC turn down applications which, when costed, show that no loss is forecast to arise.

Reviews and Evaluations 2001-2014

6.4 As indicated above, there have been many reviews and evaluations. The main ones since 2001 were:

1. **Task and Finish Group on Publishing 2001-02** (commissioned by the then Minister for Culture, Sport and the Welsh Language, with over 20 members from a range of bodies and led by the then Deputy Minister). This made a series of recommendations which led to a growth in the range and size of WBC functions, itself a considerable indication in WBC as an effective organisation to deliver publicly funded activities. It also recommended that in addition to subsidising the publication of individual titles, the publication of programmes of books by selected publishers should be subsidised. This programme approach now represents a larger portion of publishing grants than individual book grants.
2. **Joint Marketing Strategy 2003**. It picked up on the recognition in the 2001-02 task and finish group that there was a need for an industry wide joint marketing strategy. Produced by a working group of publishing industry representatives, WBC (with the then chair of the WBC Marketing Panel in the chair) and others (and staffed by the WBC). Its report contained a number of objectives to tackle what it described as "...what has long been recognised as one of the weakest links in the publishing chain in Wales.....associated with insufficient resources and a system of

public support which has concentrated to a large extent on production.” This WBC led collaborative consideration clearly influenced the activities of WBC and other actors in Welsh publishing for some years afterwards.

3. **Welsh Writing in English (2004).** Report by the National Assembly’s Culture, Welsh language and Sport Committee and the Welsh Government’s response (by way of Cabinet Written Statement). This led to the WG funding to the WBC being increased to be used in a number of ways to address weaknesses in the infrastructure of publishing house in Wales.

4. **Review of the WBC’s Trade Representation Service (2005).** With input from many booksellers and publishers across Wales, this review identified issues and made detailed recommendations in 3 areas: the contractual sales and distribution relationship between WBC and publishers (including returns and discount policies); the management and organisation of WBC’s Trade Representation Service; operational issues at the Distribution Centre.

5. **Report of the Charity Commission** of their inspection visit (31 October 2005). This report looked at WBC under 6 headings: focus on impact and results; fit for purpose; sound management; realising maximum potential; accountable and transparent; and flexible. The Commission report, while making some observations and recommendations for WBC’s consideration was largely very positive. It found great merit in the focus on impact and results, particularly the high standards with which the assessment panels operated;

6. **The Welsh Language Publishing Grant 2003-2007** (November 2007). This reviewed achievements with additional resources provided 2003-2007. Findings included a range of positive developments, including the success of the main publishers supported receiving an annual budget for a programme of publishing, rather than individual titles; the creation of creative editors’ posts at 7 publishers; payments for the authors of commissioned works increased to a maximum of £10,000; better marketing (launches, promotional tours etc); support for small independent bookshops; support for audio books, magazines for young people and market research; and finally, significant increases in supported Welsh language titles and sales in the period 2000-2006, eg:

- Ave no. of novels published p.a. – up 50% to 18
- Average sales per book p.a. - up 30% to 1,010
- Total sales of novels - up 132% to 52,545

7. **Evaluation of the National year of Reading in Wales 2008.** (Arad Consulting, April 2009). The WBC led Year targeted children up to 14 years old and parents of young children, particularly fathers; had a particular emphasis on promoting reading to boys; and sought the drawing together of partners at the local level to promote reading. The evaluation found that WBC met all the targets set for it in terms of numbers involved. 106,000 individuals took part in reading events, although the number of those who benefited in some way was said to be much bigger. The programme received funding of £458,000. Additional benefits cited by Arad included: the testing of new ways of working, developing and disseminating

good practice, eg running Reading Communities in two parts of Wales; developed new partnerships, notably with TUC Wales, Looked After Children coordinators etc..

8. **Review of the development of the online news service Golwg 360** (September 2010 - Wavehill Consulting). This looked at the profile of readers, in terms of age, how often they used the internet, how often they read Golwg 360, main reasons for reading it, their views on its quality, its language, strengths, weaknesses, etc.. It also considered the comments of individuals who had not used Golwg 360 to inform its conclusions on potential readers.

9. Sales and readership of Welsh-language books: **Omnibus survey of Welsh speakers 2012** (Beaufort Research 2012). The latest of these surveys, undertaken previously in 2003 and 2006, so providing some trend data. Based on a sample of c1000 Welsh speakers, this produced a range of data, some in the tables below. Table 16 suggests strongly that, over time, WBC has made an impact on reading in Welsh.

Table 16: How many finished reading a hardback or paperback in Welsh (%)

	2003	2006	2012
At least once a month	13	13	19
Less than monthly, more than once a year	13	18	24
Less often	11	11	12
Never	60	58	44
Don't know	2	0	0

Note: not all columns sum to 100% due to rounding

Table 17: Sources of information on books in Welsh (%)

Book Shops	28	Western Mail	7
Friends/Family/Recommendation	25	Catalogues	6
School/College/University	23	Daily Post	6
S4C	21	Magazines (other than Golwg)	6
Library	18	Other newspapers	4
Papur Bro	16	Y Cymro	4
Internet	15	Gwales website	4
Local Newspaper	14	Other websites	4
Radio Cymru	12	Mailshot	3
Leaflets/Posters	11	TV channels (other than S4C)	1
Golwg	8	Radio stations (other than Radio Cymru)	1

Note: 5% said no information was available; 17% said they didn't obtain information

Table 18: Where books in Welsh were purchased (%)

Welsh language book shops	71	Borrowed from college/school	18
Borrowed from a library	30	Large shop/chain	10
Received as a gift	21	Supermarket	8
Online	21	English language book shop	7
Borrowed from friends/family	18	Through a book club	5
In the Eisteddfod	18	Charity shop/car boot sale	4

In addition to the above, another finding was that online purchasing of books in Welsh rose from 1% of all Welsh speakers (ie including those Welsh speakers who bought no books in Welsh by any means) in 2003, 3% in 2006 and 18% in 2012.

10. **Review of English Language Magazines in Wales (2013).** An expert review panel was commissioned to inform WBC's reform of its grants in this field in a digital age and a challenging economic climate for both publishing and public funding. They were informed by a (January 2013) report of market research of readers of English-language magazines published in Wales.

The review surveyed the scene concerning English Language Magazines from Wales and WBC's interventions in it. It asked 7 key questions, including why should some magazines be subsidised, did they provide: value for money; reader satisfaction; effective outlets for Welsh writers in English; appropriate support to publishing in Wales; support for innovation; and how the funding system operated by WBC should respond to the digital revolution.

It considered reports; performance indicators etc for all titles supported since 2006 and had discussions with 74 stakeholders, especially writers, publishers, magazine editors and funding bodies **outside** Wales. It made 9 recommendations to WBC. This is the only review or evaluation I have read relating to WBC which devoted a significant proportion of its attention to considering practices beyond Wales and the lessons they might have for Wales.

11. **Publishing Children's Books in Welsh** (June 2014) This report, to the WBC's Welsh Language Publishing Grants Panel conducted interviews to gain publishers', booksellers', authors', teachers' and librarians' comments to inform WBC's work in relation to children's books in Welsh, before analysing them and making 18 recommendations to WBC.

12. **Reading Promotion Programme – 2013-14 Progress Report** (2014). This report, by WBC, to the Department of Education and Skills, WG (which funded WBC to deliver the programme), summarised the aims of the programme and described progress with all 4 strands: Quick Reads; Reading Communities; World Book Day in Wales; and Summer Reading Challenge. These are actions which support the Welsh National Literacy Programme.

Value for Money (VFM) advantages of using WBC

6.5 WBC's organisational model has a number of advantages for economy and effectiveness which other delivery models probably lack to some degree, or totally:

- a. WBC, as a registered charity for a large part of its activities, has tax benefits not available to public, private or third sector bodies not so registered. This status is worth approximately £250,000pa to the WBC, money which would be partly or wholly lost to the support of books in Wales if a non charity was delivering the same activities, or if the activities were delivered by more than one organisation.
- b. As an all Wales charity and organisation with a long history and a high reputation with many in its fields of activity, WBC mobilises a lot of valuable

expertise from across Wales at minimal cost, as those involved give their time without payment. For example:

1. WBC Council members are unpaid, as are those who sit on WBC's various decision making and advisory panels, in total representing the commitment of thousands of hours each year by about 75 men and women from across Wales. The total travel and subsistence claims associated with their work are very low (under £4,000 in 2013, for example)
 2. The WBC has developed a "Friends" organisation, which has over 300 members. This organisation more than covers its own costs, generating funds to pay for book prizes.
- c. As a highly reputable charitable organisation, WBC has been, and has the potential to again be, in receipt of funds which would not, or would be unlikely to, be received by part of the WG or even a WGSB. For example:
1. It has made successful applications for National Lottery funding (eg for IT investment), and is in the process of preparing another bid/more bids.
 2. Waterstones donates the net proceeds of the plastic bag charge levied in its Welsh branches to WBC.
 3. WBC receives various gifts and bequests.
- d. WBC has formed useful partnerships which provide far more benefit than any associated minimal costs. For example, it has links with universities which have resulted in Masters and PhD students being attached to publishers, to the benefit of all concerned. In addition, in recent years WBC has supported 3 postgraduate students directly at modest cost. Two recipients of EU funded Knowledge Economy Skills Scholarships (KESS) , one of whom is currently writing up a thesis on the reading habits of young people aged 15-25; and one Access to Masters (ATM) student who is starting work on the subject of the use of social media to promote Welsh language magazines.
- e. I became aware of no evidence of major inefficiencies or extravagance during the review. WBC salaries are relatively modest in relation to the nature of the posts (most of which require a considerable level of skill) and comparable roles in public sector bodies. Half the staff (of 48) is on payscales with maxima of under £22,000, all but 2 on scales under £36,000. I believe these are lower than if the equivalent roles were carried out by a WGSB or WG itself. The Aberystwyth base of the staff probably results in lower salaries than if WBC were located in or near one of Wales' larger towns or cities.

Risk management

6.6 WG is also able to draw considerable assurance from the WBC's regular and structured identification and consideration of the risks it faces. Those in the key governance structures (the Chief Officers and Executive Committee, as well as the senior staff of WBC) are in the process each year of identifying, assessing and agreeing the management of the risks facing WBC, in 4 categories: Governance and management, Operational, Financial and Environmental/External. WBC shares its risk register with WG.

6.7 The grant award conditions to which WBC commits itself contain a number of ways in which WG can eliminate or minimise its exposure to potential losses of public funds should WBC get into serious financial difficulties or depart in significant and unacceptable ways from the conditions it accepts each year as a condition of grant.

6.8 WBC currently seems to have a reasonable amount of cash (but not excessive, which might have raised questions that it had been overfunded and/or underactive). It has a relatively low level of debts. It owns assets (mainly its own premises) free of mortgages and valued in its accounts at over £250,000.

6.9 The grant award letter contains the standard requirements about notifiable events which could lead to repayment of grant (with interest for late repayment) or stoppage of grant payments. Notifiable events are in general a failure by WBC to comply with any of the conditions of its acceptance of the grant award, for example a petition being presented in relation to WBC for a bankruptcy, winding up or administration order; or repayment of any part of its funds required under EU law (eg the State Aid Rules)

WBC's independence of WG and Value for Money

6.10 Unlike WGSBs, the WBC, as an independent organisation, decides its own constitutional issues without WG having powers to direct any of their features. However, WBC's long term existence as an active and meaningful supporter of publishing in Wales depends on its WG funding, since by definition it is given WG funds to help fund outputs which the commercial market would not.

6.11 So the sort of organisational culture WBC has (including the way it relates to WG as well as other stakeholders) provides WG with some further indications of the value for money which may be obtained from the way WBC uses WG funding as it seeks to carry out all the tasks specified in the grant award letter.

6.12 One way WG can seek to draw assurance about WBC's culture, and about the ways it does business as an organisation, is by having an understanding of the main features of WBC governance. The voluntary contribution of time, commitment and expertise from those in WBC's governance, decision-making and advice activities is critically important. In addition, paragraph 6.5 indicated that the value for money benefits the WBC registered charity status brings.

6.13 The last major review and amendment of the WBC Constitution was undertaken in 2005 as part of the Charity Commission review, since when only minor changes have been made.

6.14 The Purposes of the WBC were last reviewed and amended 10 years ago, after the assumption of the role to support publishing of books in English from Wales, together with the grant funding role transferred from the Arts Council of Wales.

6.15 The main features of WBC's governance structures are:

- a. The WBC Council (of up to 44 members) is formed from three constituent parties – representatives of every unitary authority, of named organisations (e.g. Estyn/Chief Librarians/WJEC) and third, those nominated by the WBC. All Council positions are unremunerated.
- b. There is no formal limit to the number of 3 year terms each Council member may serve, but in practice regular turnover appears to be the pattern, with councillors - due to changes relating to responsibilities for book-related portfolios (usually education, leisure or libraries): and those working for named organisations - due to staff changes.

Characteristics of Council, Executive and Panel members

6.16 The quality and diversity of Council and Executive members, considering WBC has no say in who represents local authorities and some other nominating organisations, includes a good gender balance. Clearly, given the local authority membership, it also has a good geographical spread from which members come.

6.17 The Executive also contains people with current and former senior level experience in relevant roles in Wales **and beyond**, including of management, legal and finance skills and experience as well as of specific publishing sector roles.

6.18 In relation to other characteristics, I was told that the broad picture as far as age of the Council is concerned is that most local authority representatives (Councillors) are 45 – 65, with those representing named organisations 35 – 60 (often Heads of Department or middle/senior management). WBC's own appointments are in 50+ bracket. The average age of the various panel members is lower than that for the Executive/Council.

6.19 There does not appear to be a significant element of Council and Panel membership from minority ethnic backgrounds. There is clearly a high proportion of the membership who are fluent in Welsh and English.

Induction of new members

6.20 On appointment, new members of the Council are presented with relevant documents regarding the working of the WBC including Annual Report, Operational plan, Financial reports and estimates. New members are usually invited to a meeting prior to their first executive meeting.

6.21 The honorary officers (eg Treasurer) receive in-house development training, including on equality issues and Council Member and Chief Executive appointments procedures.

Decision Making and Advisory Panels

6.22 Three Panel Chairs are members of the Executive, appointed by the Nominations Panel. There is no limit set to their length of service, subject to their successful reappointment to the Council every 3 years. There are 3 main panels:

- a. the English-language Publishing Grants Panel;
- b. the Welsh-language Publishing Grants Panel; and
- c. the Children's Books and Reading Promotion Panel

6.23 The Grants Panels make the decisions on grant awards to publishers, following competitive tendering exercises, formal application processes and information from WBC officers.

6.24 The Children's Books and Reading Promotion Panel directs the work of WBC staff with schools and libraries, and the reader development programmes funded by the WG's Education Department.

6.25 There are two other panels which meet annually or as necessary in an advisory capacity:

- a. Design (currently 5 members)
- b. Information Systems (currently 2 members)

6.26 The WBC constitution prescribes the list of representatives on the Council and Executive and provides for the appointment the Chief (ie honorary) Officers, and the appointment and dismissal of staff .

6.27 The Executive and Council meet twice a year on the same day (usually in Aberystwyth). The Chief Officers regularly meet prior to the Executive meeting, and as and when necessary. The Welsh-language Grants Panel meets 3 times per year, the English-language Panel twice, panel meetings each taking place over two days. Minutes of these meetings are presented by the relevant chairs to the Executive.

6.28 So the Executive Committee acts as the "board" of WBC, with the Council as mainly a wider advisory group. It does not have anything of the nature of strategic "awaydays" in addition to its 4 formal meetings per year, which is where all strategic discussions are undertaken. The Chief Officers Panel acts as the corporate governance committee. The Honorary Treasurer has an annual meeting with the external auditors.

6.29 In addition to their work on Panels, Panel members are regularly asked to be members of working groups and sub-panels, as they often have expertise and knowledge of specific fields.

6.30 WBC has not undertaken a single comprehensive survey of what its more important stakeholders think of its activities and performance. This is an area which it might like to discuss with WG.

6.31 However, WG can (and from discussions I learnt that it does) draw information in this area in a number of ways:

- a. WBC has a close relationship with trade partners, publishers and booksellers. It has annual appraisal meetings with key publishers of both languages in receipt of funding, to discuss performance and strategy. Welsh-language publishers have an association – Cwlwm Cyhoeddwyr. WBC attends their quarterly meetings. No similar Wales level association exists for publishers who do not publish in Welsh.
- b. WBC consults booksellers regularly on developments within the trade – eg e-commerce and digital developments. WBC’s 3 trade representatives visit bookshops across Wales. WBC holds an annual meeting with Welsh-language booksellers, which is the main all Wales networking opportunity they have with each other, as well as a dialogue between WBC and the bookshops.
- c. WBC’s 3 School Officers provide links with many schools which provides teachers with opportunities to feedback on any book or WBC related matter.
- d. WBC has a close relationship with the (all Wales) Senior Chief Librarians (SCL) Committee and attends some of their meetings.
- e. WBC has commissioned reviews of specific aspects of its work (see paragraph 6.4 above for recent examples)

6.32 Sections 7 and 8 of this report identify and consider a range of potential options (including, broadly speaking, the status quo) for first (at section 7), the short and medium term; and second (at section 8), the longer term. Before considering those larger issues, the following paragraphs make a few significant but smaller suggestions of potential changes to the current grant scheme arrangements.

Grant Award Process - content of the annual bid

6.33 At present, the WBC’s bid for grant is its operational plan, whose development is discussed with WG before a final version is submitted seeking grant. Since this is the formal document to which WG responds with its decision on funding, there is scope for WG, to a greater degree than to date, to specify some of the features it would like to see explicitly covered in the plan. Two areas (where WBC already takes action, but for which there is currently no focus in its plan/bid) I suggest as examples would be:

- a. A “risk” section, setting out how WBC plans to identify, assess and manage various risks.
- b. An “evaluation” heading which brings together the plans WBC has to evaluate the impact of its activities.

Specification of Grant Schemes and their Individual Budgets

6.34 WBC sets out in its draft operational plan how much budget it wants for each of the grant schemes (see section 4 for details of the current WBC grant schemes). However in the grant award letter, WG specifies only one global sum for all grant schemes (for 2014-15 over £2.6m) which reflects the practice with WGSBs - but WBC is not a WGSB.

6.35 As an example of different practice already in operation involving WBC and a different part of WG, DfES funds WBC to deliver the Reading Promotion Programme 2014-15. This is a programme of work aimed at promoting development of the literacy skills of children and young people in Wales. DfES, in its grant award letter, specifies 3 areas of activity as below:

	Value (£)
Quick Reads	90,000
World Book Day in Wales	38,000
Summer Reading Challenge in Wales	72,000
TOTAL	200,000

6.36 WG provides 100% of the £2.6m funding for WBC publishers' and other grant schemes. I suggest that the grant award letter should specify the amount to be spent on each of the schemes in categories to be agreed between WG and WBC.

6.37 With significant cuts in recent years' overall WBC budgets, it is noticeable that WBC has cut all its main grant and running cost budgets, albeit not by the same percentage in all cases.

6.38 WG needs to be sure that if cuts have to be applied, that WBC considers a wide range of options. Such options could include complete cessation of: some grant schemes; or some services provided by WBC staff to publishers, possibly combined with maintaining or even enhancing budgets in other areas.

6.39 If all grant schemes had to be specified in the grant award letter, there would be a sharper focus to the discussions between WBC and WG (and so within WBC too) about its content.

6.40 This would not only help ensure the best use of resources after any cuts is not just about responding to cuts, but also (with or without cuts) to changes in the external environment of publishing and sales, and even the possibility that WG might wish to fund WBC to undertake activities additional to those it does currently.

6.41 The 2014-15 letter specifies the budget for WBC's running costs as the (at first sight) very high £1.1m. I suggest that future grant award letters should specify future years' equivalents of this sum in at least two parts:

a. "genuine" running costs (see section 4 for more detail) which will always be necessary, but must be kept within limit. Currently, at c£350,000, c10% of total grant.

b. services (eg editorial or design services) WBC staff provide to publishers and booksellers direct. This is, at c£750,000 in 2014-15, nearly 70% of what are currently called "running costs", about 20% of total WBC grant. Individual direct services provided currently by WBC staff need to be subject (without prejudice) to the same periodic scrutiny as the grant schemes in terms of the options of maintaining, increasing, outsourcing or reducing (even to zero).

In year movements between grant scheme (and other) budgets

6.42 In year, WBC adjusts the exact amount it spends on each grant, in effect using actual or projected underspends on some grants to fund expenditure above original budgets on others. In principle, this is good management to help gain maximum added value.

6.43 In practice, the "movements" of funding between grant scheme budgets is of limited scale, and WBC informs WG of such changes, albeit normally after the event. There is no reason to think that WBC has used this flexibility in anything but ways beneficial to the aims of the WG in funding WBC, in terms of maximising the effectiveness and efficiency with which funding is used.

6.44 However, this seems an excessive formal freedom for WBC to have in the use of WG funds. I therefore think that if the suggestion in paragraph 6.34 is implemented, I also suggest that WBC should, in the grant award letter, be required to seek the **prior** agreement of WG to transfers between grant schemes, subject to "de minimis" levels below which such changes could be notified after the event, but in advance of the next appropriate quarterly monitoring meeting.

6.45 There could be two thresholds – a lower one (10%/£20,000, whichever is the higher, of original budget of either the "losing" or "gaining" budget?) above which WG officials' prior approval is not needed, and a higher one (25%/£50,000, whichever is the higher?) where Ministerial prior approval would be needed. The intention would be to ensure that sensible adjustments were made without unnecessary bureaucracy or delay applying to reallocation of small amounts or percentages of a grant scheme, but wholesale shifts of activity made subject to prior appropriate agreement with WG, as funder.

Risk Appetites

6.46 WBC considers its corporate risks carefully, but it may wish to consider its approach in one significant way when it next reviews its risk register, if it decided that would be beneficial, and then (if the use of any WG funds were involved) if WG agreed.

6.47 Some I listened to suggested that perhaps WBC is a bit too risk averse, even if they did not use those precise words. WBC has many considerations to balance in its varied activities and their associated risks (including not only its contractual obligations to WG, but also the personal legal responsibilities of its trustees, as it is a charity).

6.48 So this is not an area where I am able come to a definitive conclusion about how WBC prioritises the use of funds and staff time. However, it may wish to consider whether it needs to be more proactive and/or innovative in some areas than it is already. For example, in the ways it seeks to support the driving up of sales and reach of publications whose creation it supports, including reach to the harder to reach parts of the population.

6.49 This is not easy, but one approach WBC might wish to consider at corporate governance level is to apply, to a **limited** degree, different levels of risk appetite to different activities, as currently I infer that the same (understandably low) level of risk appetite seems to be applied across all activities. Excessive risk aversion is itself a risk as it may reduce the chances of some targets (especially any outcome targets) being achieved.

6.50 So perhaps WBC might wish to consider setting differential levels of risk, with the acceptance of a higher appetite for some risks, as appropriate and on a limited scale, for some more innovative activities (and obtain WG agreement where WG funds would be at greater potential risk). Perhaps in the fields of marketing and promotion, rather than the main publishing grants?

Outcome information

6.51 Major elements of the policy context within which WG funds WBC was described at section 2. The essence of all these strategies is they exist to try to achieve certain beneficial outcomes for Wales. WBC understandably focuses considerably on inputs and outputs. Information is so much more readily available than for outcomes.

6.52 Some outcome related data, for example of sales of books supported with grants, or books handled by its Distribution Centre (c40% published without subsidy). But these do not give the full picture and do not say anything about the reach of books (subsidised and otherwise) to the various parts of the population of Wales.

6.53 Outcome measurement in relation to publishing is not easy, or there would be better outcome measures in existence already. Targeted reviews or evaluations (eg the review of readership of English language magazines commissioned by WBC and referred to above) make it possible, using samples, to gain more insight in who is reading specific types of publication and who potentially might do so in the future.

6.54 Realistically, this sort of specific activity would be too expensive for WBC to commission on a significantly greater scale than it does already. It is interesting to note that in Scotland, it is Creative Scotland (CS - broadly the Scottish Government's equivalent of the Arts Council of Wales) which has commissioned and is paying Canadian and Scottish consultants for a major review. But the role of CS is, like ACW, more focused on outcomes than WBC's. CS, unlike ACW, has a role in book publishing and promotion issues of all sorts in Scotland, not just the literary end of the spectrum.

WBC, partnerships and networks

6.55 WG can gain assurance from the considerable efforts WBC makes to develop and maintain partnerships and formal and informal networking. One important area is the relationship between the WBC and the team within DfES in the WG which spends an annual budget of £2.5m on Welsh medium and bilingual materials (including books and digital) produced by publishers successful in the tendering exercises run. Some publishers who are successful in obtaining such DfES contracts are also among those which have received or are receiving support of various sorts from WBC.

6.56 There may also be occasional opportunities to collaborate on material which DfES might want in Welsh and WBC in English. Clearly in such a case it is likely to be cheaper in total to have the same publisher produce both simultaneously where possible. I understand that in recent weeks DfES and WBC had senior level discussions following a period of little contact. I suggest that given the nature of what both organisations commission each year, they continue more frequent contacts, so that they have time to plan to consider collaborating on tender specifications where/if that is appropriate.

7. What short and medium term options are there?

Overall Considerations

7.1 This review was not commissioned because of any major concerns within the Welsh Government about the WBC as the mechanism to deliver public funding support for books from Wales.

7.2 It was commissioned for two main reasons:

- a. as a general matter of good practice, that a considered view be taken of all areas of WG funding from time to time; and more specifically,
- b. as part of the adjustment needed following the relatively recent move from WG treating WBC as a WGSB to treating it as a grant recipient.

Options for use as the delivery model in the short and medium term

7.3 Alternative means to deliver some or all of the outputs and outcomes the Welsh Government currently supports the WBC to deliver **in the short and medium term** need to take into account the ability to be, immediately, a credible and stable all Wales organisation (or number of organisations) which achieves more than WBC does with the same level of funding. That means considering only existing organisations.

7.4 Section 8 considers the most likely long term options should WG decide, after the next review of the funding it currently provides to WBC to support the publication of books from Wales, to which to move the funding. If it was decided that the funding had to move sooner, these are also the options most worthy of consideration in the shorter term.

7.5 There are no reasons, at present, to believe that any of the bodies considered as potential options in section 8 could do a better job with the funds WBC receives, in the shorter term. None of the bodies concerned is known to currently have the capacity, or even the desire, to take on the roles for which WBC is currently funded.

7.6 All such change produces, in the short term at least, loss of forward momentum and usually additional transitional costs. I therefore conclude that the best short and medium term option for this activity is the continued funding of WBC.

Grant or Procurement Process?

7.7 The terms of reference for the review (annex 1) include a requirement that the relevant Minimum Standards for Grant Funding (2, 3, 4 and 7) of the Grants Centre of Excellence are complied with. Standard 2 requires the most appropriate method of funding is adopted – ie whether the grant funding or procurement route should be followed.

7.8 For the procurement route to be appropriate for the WG allocates this overall budget, I suggest the following conditions would need to apply:

- a. more than one credible potential bidder, both now and for future procurement exercises; **and**
- b. guarantees of a minimum number of years' funding , without which no serious bidder could sensibly commit resources to both the tender exercise and assembling the necessary staff resources in the event of success.

7.9 Earlier parts of this report describe a number of features which relate to how WBC might fare if it had to bid for its funds in potential competition with others: its high reputation and status which attract high levels of voluntary input, the economical way WBC conducts its business, its charitable status etc..

7.10 There are no credible potential bidders who could take on this activity at this level of funding. No other private or third sector body in Wales has the reputation, status and organisational culture to match WBC's range of activities as effectively and economically as WBC. So WG should continue to use the grant route this funding.

7.11 Procurement is, of course, the way in which publishing grants are allocated by WBC. In that case, there is a choice which can be made between credible competitors.

WBC and multi-year planning

7.12 The formal relationship between WG and WBC is very much based on WBC's one year Operational Plan (the final version of which serves as its bid) and the WG response in the form of its grant award letter. WGSBs generally have formal 3 or 5 year strategies which form an important part of the context within which they form their annual operational plans, and which are easily accessible on their websites. Non WGSBs which are in some ways analogous to Ffilm Cymru Wales has a 3 year business plan, as does Literature Wales.

7.13 The only formal multiyear WBC strategy of which I became aware is the WBC Child Poverty Strategy. WBC has also produced a 6 page paper, "Building on Firm Foundations" (which does not appear on its website), which relates to its broader view of its future for 2012-15. Much of that paper is a description of context and maintaining and developing the good management of its existing activities, rather than a vision of how Wales will be a better place in the medium and longer term as a result of the inputs, outputs and outcomes to which WBC might hope to contribute.

7.14 I sensed, in discussions with WBC and from reading its documentation, that its commitment to contributing to extending access to opportunities and resources for families, children and young people living in low income households was real and already reflected in its culture and the what it seeks to do. However, the WBC Child Poverty Strategy was produced in response to a request to the WBC in recent years in the annual Ministerial remit letter (which paragraph 4.23 above explains it used to receive, but no longer does)

7.15 If WBC were to decide to develop such a 3 to 5 year strategy, with appropriate WG support, it could have a number of benefits, including:

- a. In addition to the activities it provides delivering supporting to whole supply chain from author to reader, WBC is already (as a result of the operational expertise and experience it has) a unique and valued source of advice to the Welsh Government and other organisations (including in the book trade) on publishing in Wales and priorities for interventions to strengthen it.
- b. Increased focus on medium and longer term would increase the WBC's value as a source of advice to policy makers, as well as providing a direction of travel within which to construct its annual operational plan and carry it out.
- c. Looking back at the evaluations of the last 13 years, there is no overall sense that most of them are part of an overall long term programme. I suggest that planning for evaluations or reviews commissioned by the WBC (alone or jointly with others) might usefully be planned (at least in outline) a longer timescale, as part of a 3-5 year strategy.
- d. It would also be easier for both WBC and WG to see the benefit of investing more in evaluation and review of publishing issues related to WBC if WBC devoted more time in its governance processes and structures to longer term planning.

7.16 The suggestion of a 3-5 year plan could not happen without some resources, which currently would imply the diversion of existing resources, and hence WG agreement.

8 What longer term options could be available?

The next Welsh Government commissioned review

8.1 Given the relatively limited size of, and timescale for, this review, it is worth remembering the requirement, in the WG's grants Centre of Excellence's Standard 7, that funding programmes should be formally evaluated at least every 3 – 5 years. That may make the next review the time for a fuller review than this one, given that:

- a. There will be developments in the WG policy and strategy environment within which the aims for the use of the grant are set. For example, the current Welsh Language Strategy covers the period 2012-2017, so there is an implication that something is likely to follow in its place to cover succeeding years.
- b. There may be a case for a wider exercise, such as has never taken place, to gain the views of WBC stakeholders (and perhaps the public more generally) to inform the WG's decisions on the use of its budget in this area. One way this could take place could be as part of the next review under Standard 7.
- c. All important economic and cultural sectors change significantly over a 5 year time span, often in unpredictable ways. This is particularly true of publishing, so a deeper review in 5 years time is likely to be a worthwhile exercise before deciding how to go forward into the 2020s.

8.2 The terms of reference for this review require that it describe and consider realistic potential longer term options. However, this review is not the vehicle which can supply the detailed evidence, analysis and recommendations sufficient for decisions about long term options before the next review. That said (as well as the requirements of the terms of reference), it is wholly appropriate that some consideration is given here to the issue of long term options.

What potential long term options might there be?

8.3 The following options are considered:

- Take all the WG funded work of the WBC into the WG
- Transfer all the WG funded work of the WBC to the ACW
- Transfer all the WG funded work of the WBC to the WJEC
- Transfer WG funded WBC roles to another (new) body
- Transfer some of the activities for which the WBC is funded, while continuing to fund the WBC for the remainder
- Continue to use the WBC in broadly the current way.

Transfer to Welsh Government

8.4 The output of books, magazine, online news services etc published with WBC support contains significant elements of political comment and polemic, innovative, experimental content etc.. It is not right, in these circumstances that WG itself should

directly support individual publications, publishers, authors etc.. DfES within the WG does directly fund books and other materials for schools, but they are produced as tools for use in a public education system whose provision is the statutory responsibility of the WG. It would also be inappropriate for WG to run the Distribution Centre, which receives no direct public funding.

Transfer all of the WG funded WBC roles to Arts Council of Wales

8.5 Some of the former roles of ACW have transferred to WBC in the past, in some cases after considered exercises involving WG Ministers and the Assembly. ACW does not now have the experience of being close to the practicalities of the publishing industry in the way that WBC does.

8.6 ACW is a bit more distanced than its Scottish equivalent from literature in any form, with its main activity in the field being the funding (currently c £850,000 pa) of Literature Wales (like WBC, also not a WGSB), which seeks to help develop writers and promotes “literature” (as opposed to “books”) from Wales (in Welsh and English).

8.7 So ACW would not be a better vehicle, for the foreseeable future, for WG’s funding intervention in the publishing industry in Wales.

Transfer all the WG funded WBC roles to the Welsh Joint Education Committee

8.8 The Welsh Joint Education Committee is a registered charity with trustees drawn from the 22 local education authorities. It is focused on supplying examinations and supporting materials to schools, colleges and teachers. It is no longer a body focused solely on Wales, as it sells its examinations in England too. Why would WG abandon WBC as a delivery vehicle, only to choose another independent charity, in this case with a focus which extends well beyond Wales?

Transfer some of the WBC to another (new) body

8.9 In the case of support for some other arts activities (eg film) new bodies were created when WG decided to abandon its previous delivery vehicles. Ffilm Cymru Wales was created as a Community Interest Company (a limited company existing for the benefit of communities not shareholders, and which has its own regulator) in 2006, and receives core funding from ACW, with project funding from the British Film Institute and WG. It is also a Lottery distributor.

8.10 Unlike the events which led to the creation of Ffilm Cymru Wales, there is no pressure for WBC to be abandoned as a delivery vehicle, nor does its current legal status cause WG any problems at present.

Transfer some of the activities for which the WBC is funded, while continuing to fund WBC for the remainder

8.11 If WG to continue to use WBC as the delivery mechanism for some but not all activities (assuming WBC were prepared to agree, which it might not), WBC itself would become a less good delivery mechanism for its remaining WG funded tasks. As its staff

numbers shrank, it would suffer from inefficiency as its overheads would be certain to rise as a proportion of overall expenditure.

8.12 Its stakeholders (especially most of the bigger publishers and many bookshops) would probably be faced with dealing with at least 2 organisations where they now deal with one.

8.13 If functions relating to one of the two languages were removed, the ability to share skills, capacities, costs and experience of staff across publishing in both languages would be lost, unless additional inter-organisational networks were created.

8.14 The effect on the WBC's Distribution Centre and the trade representation services would almost certainly lead to the curtailment or ending of both, if critical mass was lost and both became uncompetitive. The loss of an effective and efficient Distribution Centre would probably lead to a reduction in titles and sales of "Welsh" books in both languages. This would create a vicious circle which would damage Welsh authors, publishers and bookshops, leading to an impoverished choice and quality being available for readers.

8.15 In addition, another existing or new organisation would take on some roles. This would result in the loss of internal flexibility within WBC, but also require the cost and disruption of a new organisation without the experience, voluntary input and high reputation among many stakeholders of WBC.

8.16 This option would seem to have no potential benefits.

Continue to use WBC in broadly the current way

8.17 As with all, even very good, organisations, there are areas where WBC needs to consider how it should develop (in many cases with the agreement of WG, and often in partnership with others). However, for the foreseeable future, and subject to periodic review, I recommend WG, continue to use WBC as the best **provisional** option for the long term, as well as the shorter term.

Contingency – What if WBC as forced to close or shrink enormously?

8.18 The one qualification I would add to the previous paragraph would be that in the (extremely unlikely) event that WBC ceased to be a viable delivery vehicle (because of financial collapse, a WG decision to cut its current funding for publication of books from Wales to a fraction of its current size, etc), I would currently advocate that, for an interim period at least, the ACW as the most appropriate body to assume responsibility for delivering WBC roles (or the rump of them that was left if large cuts were made).

9 Conclusions and recommendations

9.1 The production and consumption of books and similar materials (viewed from a national perspective) represent a complex “ecosystem” of actors and processes. Its beneficial outcomes for Wales and its people, some mentioned earlier, are various and important. The different elements of support are interlinked, some intimately, so that:

- a. sales of books from Wales whose publication requires no direct subsidy still benefit from interventions such as: WBC subsidies to publishers for other books (through the economies of scale etc); WBC support for bookshops (so that a greater number survive and flourish) and training (so books are edited, designed etc to higher standards, enabling them to attract better reviews, higher sales etc.);
- b. there is an overwhelming case for maintaining the position that WBC supports publishing in English which WG thinks is needed, as well as in Welsh;
- c. relatively small though they are (by UK standards), most of Wales’ leading book publishers publish in both languages; WBC too is more efficient in its use of staff - its activities have greater critical mass, because they provide support for publishing in both languages; and as all Welsh speakers can choose to read in English and Welsh, it is good that many WBC staff have the opportunity regularly to be acquainted with and support the quality of both;
- d. in publishing in Welsh, the text being in Welsh is only one of a number of considerations determining size and range of readership. Others include the quality and/or effectiveness of editing, design, illustration, marketing, distribution, price points and bookshops. These issues are common to books in any language; and
- e. the Distribution Centre, as the biggest wholesaler of books in Wales, is critically important to publishing in Wales. Without direct public funding of WBC’s **other** activities, the loss of its strong links to subsidised books would lead to it becoming unviable as a self funding entity.

9.2 At this grant scheme’s level of funding, WBC is currently the most effective model to undertake WG funded interventions which seek to help the publishing of books from Wales flourish. It represents, as recognised by the additional roles it has acquired in the last 20 years, a unique and notable asset for Wales and its people.

9.3 In the short and medium term (in the current WG policy/strategy and budgetary contexts) there is no better model than the WBC available.

9.4 In the longer term, WBC, provided it continues to embody its current positive culture, including continuing to develop and change in appropriate ways, is likely to remain the most attractive model for WG funding to support the publication of books from Wales. Indeed a number of those I met (outside WBC as well as within) told me that such was WBC’s reputation in Scotland and Northern Ireland that organisations concerned with books in those countries had visited WBC to learn from it.

9.5 If WBC ever lost the confidence of WG that it continued to be the best delivery model, the body likely to be the most appropriate to pick up its functions would be the Arts Council for Wales, albeit that there would be likely to be significant drawbacks to such a move. However, the subject of the most appropriate long term delivery model will no doubt be revisited in more detail in the course of the next review.

Recommendations

9.6 The numbers in brackets refer to the paragraph(s) from which each recommendation emerges:

1. WBC and WG should amend the format of the bid WBC makes annually to include sections with the headings “risk” and “reviews and evaluations” (6.33)
2. The grant award letter should specify the amounts allocated by WG for each grant scheme; for the direct services to publishers provided by WBC staff; and for a narrower definition of running costs. (6.34 – 6.41)
3. To avoid unnecessary bureaucracy arising from Recommendation 1, two minimum thresholds should be set, above which WBC would need prior WG approval to reallocate funds in-year between grant scheme budgets. (6.42 – 6.45)
4. WBC should consider applying differential risk appetites to different areas of its work. (6.46 – 6.50)
5. WBC, with WG and others as appropriate, should consider the scope for developing the information it is able to obtain and present in relation to outcomes achieved in the sales and reach of publications it supports (6.51 – 6.54)
6. WBC, and the DfES team responsible for the procurement of Welsh and bilingual materials for schools and colleges, should explore the scope their recently re-invigorated relationship offers for fruitful collaboration, especially for the joint commissioning of the same book(s) in Welsh and English. (6.55 – 6.56)
7. In the short to medium term, WBC should remain the means used by WG to deliver the activities it seeks in the area of publishing in Wales. (7.6)
8. WG should continue to allocate these funds to WBC by grant award process, not procurement. (7.7 – 7.11)
9. WBC should consider (and discuss with WG) producing and publishing a more formal multi-year plan to support its long term direction of travel. (7.12-7.16)
10. The next regular review of this WG grant scheme will no doubt consider again whether to use WBC long term. Provisionally, with today’s perspective, WBC is currently by far the best long term delivery model option. (8)

Annex 1: Terms of Reference

REVIEW OF SUPPORT FOR BOOKS FROM WALES – TERMS OF REFERENCE

Scope

The Welsh Government Culture & Sport Department is commissioning a review of its support for books from Wales, which is currently delivered by the Welsh Books Council. In broad terms the scope of the review is to assess:

- the rationale for Welsh Government support for books from Wales;
- whether Welsh Books Council continues to be the most appropriate vehicle for delivering that support;
- the evidence for the value for money of the current approach.

The purpose of the review is to ensure that Grants Centre of Excellence's Standards are complied with in relation to the Culture & Sport Department's grant funding for books from Wales. The relevant Standards for this review are 2, 3, 4, and 7. Under normal circumstances an initial assessment would be undertaken before the first year of grant funding, with a formal evaluation following every 3 to 5 years, and at the end of the funding period. However, the Welsh Government's support for the Welsh Books Council results from the [2001] Task and Finish Group on Publishing in Wales, and pre-dates the July 2013 GCoE Guidance by a decade. The arrangements for support for books from Wales via sponsorship of Welsh Books Council (based on the WGSB sponsorship model) were therefore well established before the transition to the GCoE model. That being so, the sponsor team have concluded that - to secure an independent view on the approach - an external review should be commissioned.

Methodology

The review will be undertaken as follows:

- Desk research – the sponsor team and the Welsh Books Council will provide the reviewer with copies of relevant documentation (see annex) and links to online information.
- Interviews – the reviewer will meet with the sponsor team, key Welsh Government colleagues in other departments, key Welsh Books Council contacts, and relevant key stakeholders.
- Written report – the main output of this review will be a written report which addresses the scope set out above, and makes appropriate recommendations regarding the future arrangements for support for books from Wales. A draft of the report will be shared with the client prior to final sign-off to enable points of accuracy / omissions to be addressed.
- Timing - The review will be undertaken in September and October 2014
- Consultation – the draft Terms of Reference and the final report will be shared with the Welsh Books Council prior to the start of the review, and final sign-off of the report respectively.

The reviewer is Martin Rolph. The client is Marie Knox.

Annex 2: List of those with whom discussions were held

Welsh Books Council

Professor M Wynn Thomas	Chair
Elwyn Jones,	Chief Executive
Phil Davies	Director of Information and Promotion
Arwyn Roderick	Director of Finance and Business
Lucy Thomas	Head, Publishing Grants Department
Ifana Savill	Publishing Grants Department
R Arwel Jones	Publishing Grants Department

Publishers, Bookshops

Janet Thomas, Director	Firefly (English-language publisher for children)
Gwen Davies, Editor	New Welsh Review (English-language literature magazine)
Garmon and Lefi Gruffudd, MD and Editor (respectively)	Y Lolfa
Linda Tunnicliffe,	Rily (new Publisher of Children's books in Welsh)
Richard Davies	(English-language publisher and publisher of Library of Wales series)
Owain Schiavone, CEO and Director	Golwg 360 (Welsh-language online news service)
Robert Rhys, Editor	Barn

Lynette Cherry, Manager	Cyfoes (bookshop, Ammanford)
Sol Cartman, Regional Manager	Waterstones, Cardiff
Eirian James,	Palas Print (bookshop, Bangor/Caernarfon)
Selwyn Evans	Siop y Siswrn (bookshop - Mold)

Tony Bianchi Chair of the independent panel which undertook 2013 review of English-language magazines in Wales. Former Literature Director, ACW at time funding for English-language publishing was channelled through ACW

Public, or publicly funded, all Wales organisations

Bethan Hughes, Librarian	Denbighshire County Council
Nick Capaldi, CEO	Arts Council of Wales (ACW)
Nicky Morgan, Development Officer	ACW
Lleucu Siencyn, CEO	Literature Wales
Sioned Puw Rowlands, Director, Welsh Literature Exchange (promotes Welsh literature abroad)	Welsh Government (WG)
Marie Knox, Deputy Director	WG
Dr Hywel Owen	WG
Sian Evans	WG
Caroline Turner, Deputy Director	Welsh Language Policy Division, WG
Ann Evans	Welsh Language Unit, DfES, WG
Gareth Beynon	DfES, WG
Huw Evans	CyMAL, WG
(sponsors National Library of Wales, policy advice on libraries, grant programmes for museums, archives and libraries)	

3. 50 years of Public sector support for WBC activities

1. The Welsh Books Council (WBC) came into existence in late 1961, having deep roots in the voluntary sector, taking the place of the Union of Welsh Books Societies.
2. There appears to be no clear record in Government of the overall rationale (at the time initial funding was provided) for the initial central government funding of the Welsh Books Council as a means to achieve its objectives in relation to books in Welsh. Ms Gwerfyl Pierce Jones, the (second) WBC Director from 1987 to 2008 (and a long term member of WBC staff before that), has written a very informative unpublished paper on the wider history of the WBC, from which I have taken many of the facts (but not the comments) in this much shorter annex focused on only the public sector support dimension of WBC's history.
3. The UK Government earmarked £1,000 in 1956 which assisted with the publishing of new works in Welsh, a sum which rose slowly over the following few years. The impetus at that time was very much from the voluntary sector, with local authorities providing more financial support than central government. WBC provides, to this day, for all local authorities to be represented among its Council membership. At present nearly all have nominated a councillor to the WBC Council, maintaining links which the WBC regards as very important.

The start of central government support for publication of books in Welsh

4. WBC grew from an organisation with more or less one member of staff in 1965 (the late Mr Alun Creunant Davies who became Director, retiring in 1987) to an organisation with 26 staff and a turnover of about £500,000 per year by 1987. WBC devised a system for funding authors; established arrangements with libraries to purchase 300-500 copies centrally; and established publication panel to administer the process.

Increasing government funding, wider WBC roles, and other bodies' roles

5. In 1979, the Welsh Office provided WBC with an additional £55,000 pa to administer and fund general (ie non school) books for children and periodicals for children and adults. This was the first support for children's books other than that given to support the Welsh Joint Education Committee's (WJEC) funding of books to satisfy the needs of schools. Two years later, the Welsh Office provided all of its support for books in Welsh for adults to the WBC to administer. In 1981-82 this amounted to £285,000.
- f. The pattern developed of: the WJEC administering support for books for schools; the Arts Council of Wales (ACW) giving grants for literary books and periodicals; and WBC giving the support described in the previous paragraph.
- g. As the WBC continued to develop, its contacts with officials and Ministers of the Welsh Office increased (which also benefited from being able to look to the WBC to administer additional projects).

h. In 1983, WBC set up Clwb Sbondonics (a lively magazine for children which promoted interest in books). In 1992, WBC created a team of staff to present and sell books and educational materials to schools in collaboration with book shops.

9. In 1990, the centre for children's literature, which had been established at the College of Librarianship, became part of the WBC's new Children's Books Department, strengthening further the WBC's role in promoting reading among children and young people.

10. As WBC's activities developed and grew, with the benefits that implies, so did the dangers posed by uncertainties around its funding. Its roots had depended very much on local authority support. By the end of the 1980s, some local authorities were still very supportive, others were giving negligible support. By 1996, the width of sources of public sector funding received by WBC had shrunk to 8 local authorities and its main funder, the Welsh Office.

The Welsh Language Board (WLB)

11. In 1993, the Welsh Office created the WLB, and most bodies hitherto in receipt of smaller amounts of funding from the Welsh Office (eg Merched y Wawr) now received such funding via the WLB. In 1996, there was a proposal to transfer responsibility for Welsh Office funding to the largest four recipients of funding supporting bodies focused on the Welsh Language to WLB. A number of these bodies opposed this, including WBC.

12. In WBC's case, the arguments included the fact that WBC was already involved with publishing in English as well as Welsh. Eventually it was decided that the Welsh Office would provide the WBC's core funding (ie its day to day costs), but the budget for publishing grants (relating to Welsh language works only) would be channelled via the WLB.

2001-02 Culture Minister's task and finish group on publishing

13. In 2001, the then Culture Minister established a task and finish group to take a strategic look at how to develop the publishing industry in Wales. The Minister said that it was to "...try to find ways of strengthening the Books Council and give a real boost to the publishing industry in Wales." The group was chaired by the then Deputy Culture Minister, and its members included over 20 members, including from the WBC, ACW, WLB, Welsh Development Agency (WDA), Welsh Local Government Association (WLGA), S4C, 4 publishers, one bookshop and 3 members of the Undeb yr Ysgifenywyr (Union of (Welsh) Writers).

14. The group met 4 times and considered the needs of publishers, authors and libraries; marketing and increasing sales; how the publishing grant was channelled to the WBC; and the role of the ACW. This was the last time a significant external consideration of issues such as these had been initiated by the Welsh Government, before this current exercise.

15. The Group made 13 recommendations, all accepted by the Welsh Government, the first being that it should give attention to the publishing industry as a whole – in the English and Welsh languages; and the second that the Welsh Government should pay the publishing grant directly to the WBC (rather than channel it via the WLB)

Reversion of funding of publishing grant to Welsh Government

16. So, in 2002 (when the grants received by the WBC stood at £623,000), the Welsh Government decided to stop the publishing grant part of WBC's central government budget issuing from the WLB, and issue the whole of the funding itself. Over the next 3 years, the Welsh Government grant grew by 80% (after 6 years of relatively flat provision from the WLB)

Transfer of ACW responsibilities to WBC

17. In 2003, WG decided that all the ACW's responsibilities for supporting the publishing industry should move to WBC. ACW retained responsibility for supporting the development of writers and promoting literature from Wales in both languages. ACW transferred its remaining responsibilities for activities related to literature to Literature Wales.

Publishing of books in English

18. In 2004, a sum of £250,000 was provided to WBC to support English writing in Wales, in particular a new series of books under the title "Library of Wales" – a series of books which had been out of print for years.

The WBC Distribution Centre

19. By far the largest department of the WBC is the distribution centre. It has operated on a commercial basis without public subsidy, from its first year in 1966-67. By 2010, its gross turnover had reached nearly £5million per annum.

Conclusion

20. There never seems, for decades, to have been a wholesale attempt to move to alternatives to the WBC as a means to deliver some or all of its functions. The reverse is emphatically the case, as WBC acquired additional functions (new and transferred from other organisations) and additional public funding support over the years, particularly in the last 20 years.