



department for
**culture, media
and sport**

Collated responses to a consultation on the Public Lending Right rate per loan 2012

January 2012

Our aim is to improve the quality of life for all through cultural and sporting activities, support the pursuit of excellence, and champion the tourism, creative and leisure industries.

INTRODUCTION

The consultation ran from 1 November to 23 December 2011. A letter was sent to major groups representing the interests of authors and a copy of the consultation letter was made available on the DCMS website with a link to it appearing on the PLR websites as well. The consultation was also referred to in the PLR Registrar's news update which was emailed to approximately 19,000 registered authors.

21 responses were received and are reproduced below. Comments about the closure of libraries; the decision not to extend PLR to e-books and the proposal to transfer the functions and funding of PLR to another organisation, effectively abolishing PLR as a separate body are outside the scope of the existing consultation and have been removed.

RESPONSES TO THE CONSULTATION

1. Response from an individual author:

I believe any change should preserve the principle of rewarding as many authors as possible. Reducing the maximum or increasing the minimum it seems does not maintain this principle, a reduction in the rate does.

2. Response from the Department of Culture, Arts & Leisure, Northern Ireland:

I understand that all areas of public expenditure are under pressure at present and accordingly that the funds are not available to maintain the Public Lending Right rate per loan at previous levels. Accordingly I am content with the Registrar's recommendation.

3. Response from an individual author

I am an author who receives the maximum PLR payment and I would like to highlight the fact that many, if not the majority, of the authors who fall into this category cannot earn an adequate living from their writing. In fact my annual PLR payment vastly exceeds the advance I receive from my publisher and is the major part of my income. Writers popular in libraries are not necessarily those who benefit from the vast marketing campaigns necessary these days to achieve 'best seller' status. In addition the PLR maximum payment has not increased with inflation and is, therefore, proportionately lower than when the scheme was introduced.

I consider that the best way forward in the current climate is a reduction in the rate per loan as recommended by the PLR Registrar, rather than a reduction in the maximum payment.

4. Response from a member of the PLR Management Board

I support the Registrars recommendation to reduce the rate per loan to £6.05 as being the most equitable solution to reduced funding levels.

5. Response from an individual author

I am a children's author on a very low income and have just seen the proposal to cut PLR rates and include a minimum payment of £45. This will affect people like me directly and although it may not seem like a lot, on a tight budget the odd extra £30 here and there can make a real difference.

6. Response from an individual author

I have long been a grateful recipient of PLR and consider it an important institution for authors. I am thus very concerned about your proposals for 2012.

I do not want to see the loan rate reduced, as this would result in a substantial cut in income.

However, if costs must be cut, I would prefer to see:

Either a slight reduction in the maximum level to £6,400, generating around £46,000 a year to be redistributed Or a rise in the minimum level from £1 to perhaps £10, but not as high as £45. The minimum once stood at £5 and I see no reason why it should not return there or a bit higher, as the costs of administering £1 payments must be high in proportion to the money awarded

A combination of both, with a slight reduction in the loan rate to fill the gap, might be the best approach in these dire circumstances.

7. Response from an individual author

If the PLR budget has to be cut, then these proposals seem a fair way of doing it. Increasing the minimum to £45 is the most sensible step. Would surely save on bureaucracy, too?

8. Response from an individual author

I have read the proposed reductions in PLR with surprise and dismay. I have been a freelance non-fiction writer for many years but constantly on a low income; many of books are in schools and libraries and my PLR payments which are about £1200 a year - they vary - are a very important source of income for me. The proposed unit cuts will obviously have a detrimental impact on my income.

However if cuts are inevitable, I guess I have to bow to that and to a reduction in payments from 6.25 pence to 6.05 pence. I don't like it and it will have an adverse impact on my income but maybe that's just how it is.

However, I strenuously disagree with two of the proposals:

1) reducing the maximum from £6,500 to £5,900. This is far too big a reduction; if a cut must be made, I would suggest from £6,500 to £6,250.

2) increasing the minimum payment to £45: this is punitive. While I can appreciate that having a minimum of £1.00 may not be viable in terms of admin costs, I would urge the minimum payment to be £5 or £10 at the most.

9. Response from an individual author

My preferred option would be to be the raising of the minimum payment.

£1 is a ridiculously low amount to pay and obviously costs more than that to actually process. By raising the minimum to something like £45 would remove a lot of the admin.

10. Response from an individual author

While the amount I receive annually from you is fairly small it does nonetheless constitute a part of my income. Like other authors I'm not by any means coining money in and the field I'm in (mainly languages learning publications) has been hit hard because local authority budgets are being slashed and there is no current consensus on the way ahead for the sector.

I'd also point out that there are many public library closures in the UK and so the potential for exposure is reducing. While people will still be able, theoretically, to continue to borrow, the closures I believe will impact on borrowing numbers.

The current government expects everyone to say, "ah well, we're living in hard times" and appears to have embedded this mantra in most people's heads. If their commitment to "we're all in this together" could be a bit more transparent and genuine across the board then they'd achieve greater support.

If the general feeling is that the fee has to reduce if PLR is to continue to have support and to be realistic then I'd reluctantly fall in with this. I would, however, ask that the points I make be taken into consideration.

11. Edited response from an individual author

The first point the respondent makes is outside the scope of this consultation and has been removed.

2. Your consultation document seems to be extraordinarily limited in its range of proposals. Obviously, none of us want to see the rate per loan cut and, given the very small sums of money involved, it is hard to see why this along with the staff cuts in Stockton-on-Tees has ever been considered necessary, even accepting the government's own analysis of the state of the country's economy. So my second point is a plea to rethink the cuts in funding to PLR in order to at least return it to last year's rate of 6.25 pence per loan, or something like it.

3. However, given that the government seems determined to cut back on the income of an already largely impoverished group of people, there does seem to be some merit in the proposal to raise the limit at which payments are made. The suggestion that this should be 45 pounds is, of course, ludicrous.

For many authors, even 20 pounds (especially in winter, and just after

Christmas) is a sum worth having but raising it to, say 5 pounds might surely be worth considering. As you suggest, a cut of seven hundred pounds in the upper limit would be draconian. You rightly point out that authors currently in receipt of 6600 pounds or thereabouts from PLR are not necessarily rich: many depend on this for a large part of a meagre income.

12. Response from a member of the PLR Management Board

Having discussed this also with Dr Parker, I agree that the rate he recommends of £6.05 is the best alternative.

13. Response from the Society of Authors:

We remain disappointed at the proposed 3.2% cut this year on top of last year's 3% cut and note that there will be further cuts up to 2015. The Public Lending Right scheme provides authors with a modest payment each time one of their books is borrowed from a public library. PLR is designed to balance the social need for free public access to books against an author's right to be remunerated for the use of their work. Individual PLR payments are capped in order to benefit those most in need; many elderly writers whose books are no longer in print rely on their annual PLR payments, which they see as a form of pension. PLR is particularly important to authors whose books are sold mainly to libraries and to those whose books are no longer in print but are still being used. Press coverage tends to focus on a few successful authors, yet most struggle to make ends meet. PLR provides a significant and much-valued part of authors' incomes.

Although PLR is a legal right rather than a grant or subsidy, its funding has already been subject to significant cuts and we would hope that consideration will be given to funding being reinstated. We also urge the Government to protect the library service which is under serious threat due to local council cost-cutting.

You have asked us to comment on the proposed reduction in the rate per loan and the alternative options you outline. Last week the Society's Management Committee discussed the various options:

Rate per loan

Given that the calculation of the rate per loan is essentially a mathematical exercise, dependent on the number of loans and the money available, we have few comments to make other than those set out above on a reduction in the rate per loan to 6.05p. We broadly agree that this is the most equitable way to distribute the PLR fund to authors.

Reduce the maximum from £6,600 to £5,900.

We agree that it would be wrong to reduce the maximum, which is already set at a very low rate. Indeed we campaigned for some years to have the maximum raised to its current level and in an ideal world; the maximum should increase each year with inflation. We agree that the 230 authors who received a maximum payment in 2011 include many who are not the most successful in terms of commercial sales and consequently view the payment as a significant source of income.

Increase the £1 minimum payment to £45.

PLR is a right and even quite small payments are much appreciated by their recipients. We note that if the minimum payment were increased to £45 the number of recipients of PLR would reduce from 23,584 to 8,493. This would be unacceptable.

In summary therefore, we accept your proposals for the distribution of PLR funds this year...

14. Edited response from an individual author

I don't know if you're aware of how important PLR is to most writers, especially in children's non-fiction. It is possible to work for several weeks writing one of these books and then be paid a flat fee of just a few hundred pounds at the end. No royalties are paid, so the only way these authors can benefit from the success of their books is via PLR IF the books attract a lot of library loans. PLR represents about 25% of my income. PLR funding was already being cut, year after year, before the current recession.

If I'm reading your consultation document on www.culture.gov.uk/consultations/8571.aspx ("Public Lending Right (PLR) Rate per Loan 2012 Consultation") correctly, you appear to be proposing to EITHER cut the rate per loan by 0.2p, from 6.25p to 6.05p, OR to alter the minimum and/or maximum payment thresholds.

Cutting the maximum payment by as much as £700, especially in the current climate when work is very difficult to find at all, would be hard to cope with. The department's preferred reduction in the payment per loan would be easier to cope with, because it represents a cut of only 3.2%, whereas cutting the maximum payment by £700 from £6,600 to £5,900 represents a cut of 10.6%. I believe that the current minimum payment is somewhere in the region of £1, which probably costs more than that to administer, so a rise in the minimum payment to something like £20 might make more sense.

If there has to be a cut, I would reluctantly go along with the department's preferred option of reducing the payment per loan to 6.05 pence as the least worst option. But considering the tiny amount being saved by cutting the total PLR funding (a saving of less than £1 million over four years – from £7.22 million in 2011-12 to £6.96 million in 2014-15), I don't understand why the government is bothering to cut the funding at all, especially as PLR is such an important part of most writers' income. Most writers live on the edge as it is, so any cut threatens to drive full-time writers out of the business altogether. Library closures and school budget constraints have already devastated the school/library book business – full-time children's non-fiction authors will tell you that school/library non-fiction is all but dead, slashing writers' income. And then on top of this, the government is cutting PLR.

15. Edited response from an individual author

... a completely unnecessary and, no doubt, costly administrative upheaval is to be further deployed to reduce these authors' potential income at a time when ravenous inflation is already depleting the value of all our incomes at a rate of knots. It's a small-change, small-minded attack on these creative people who, in their infinitely diverse ways, help to keep our civilisation ticking over, in particular by contributing to the out-of-school and free-at-the-point-of-use aspect of our education as a nation, young and old.

Of course, a very few authors are wealthy, but these proposals in general will work far more as Operation-Snatch-The Widows'-Mite.

However, the Department does the arithmetic, this scheme will be silly, pathetic and unworthy.

If the total distributed were increased in line with inflation, as it should be in equity, the nation would be down... what? Something like a thousandth of what the nation just lost on selling Northern Rock to Virgin Money? And for that tiny sum, in government terms, would be purchased the inestimable value of the British people reading all those books and acquiring all that information, enlightenment and entertainment.

16. Response from the Writers' Guild

Thank you for your letter of 1 November 2011 in which you seek the views of the Writers' Guild of Great Britain on the proposed rate per loan of 6.05 pence for the February 2012 payments. I have consulted the Guild's Books Committee and we would like to address the various points in your letter.

We are not at all happy that the rate per loan is proposed to be cut from 6.25p to 6.05p. Although the PLR payments are exceedingly modest, surveys have revealed that many writers regard them as an essential part of their income. The linkage of PLR in the media with the names of incredibly successful and wealthy authors masks the truth that the vast majority of writers earn shamefully little from their creativity. That these meagre payments are to be further reduced is not something that Britain can be proud of.

However we are aware of the general economic climate and we are glad, at any rate, that the rate per loan will remain above 6p. As I remember writing several years ago, for the rate to fall below 6p would be a matter of great concern.

For this to be avoided, in 2013 if not 2012, we feel it will be essential to review both the maximum and minimum payments. At a time when writers, along with many other workers, are losing work and accepting pay cuts, we consider that a reduction in the maximum payment will need to be considered and we think a shift from £6,600 to £6,000 would be acceptable – hopefully as a temporary measure. At the other end of the scale, there can be little value in distributing tiny annual payments, and while we approve the £1 minimum in

principle, and would not endorse a figure as high as £45, we do think a minimum payment of £20 would be sensible and practical.

We strongly hope that these issues will be fully explored and implemented in whole or in part in order to maintain a rate per loan above 6p.

17. Edited response from an individual author:

Obviously I don't want to see a reduction in the loan rate, but the issue I feel strongest about is the minimum payment. £1 is too low and not worthwhile, but £45 is too high. A compromise of £10 seems sensible and reasonable.

18. Edited response from the Authors Licensing & Collecting Society:

... it is disappointing, if unsurprising, that the Registrar is now compelled to propose a reduced rate per loan for 2012.

Independent research on writers' earnings commissioned by ALCSI suggests that the level of rewards available in this sector already present a real threat to the sustainability of quality content creation in this core area of the Creative Industries:

- *Typical income for a professional writer is one third below the national average wage*
- *The earnings of a typical writer are deteriorating in real terms*
- *60% of people who saw themselves as 'professional writers' required a second source of income*
- *Typical earnings of professional writers from the 25-34 age-group are just £5k p.a.*
- *Less than 15% of authors surveyed have received payments for online uses of their works.*

Other funding sources open to writers are also diminishing in response to the spending cuts; a mere 1.6% of Arts Council funding is allocated to literature. In the current economic climate the additional revenue writers earn through ALCS and the PLR scheme is more important than ever; we know from our member's testimonies the role this plays in supporting and sustaining the creation of new works.

While we are disappointed at the proposed rate reduction we understand that the Registrar has little option at this time and support his recommendation, in preference to the options involving changing the maximum or minimum thresholds.

The link between access to books through public libraries and improved literacy is clear and proven. Writers should be rewarded properly for permitting this access. This view is supported by a recent judgment of the European Court of Justice which asserted that PLR remuneration must, "be capable of allowing authors to receive an adequate income. Its amount cannot therefore be purely symbolic." We urge the DCMS to take note of this principle in determining any future policy on PLR.

19. Response from an individual author

As a fulltime author with a number of books in the scheme I prefer the option of capping the maximum payout, as I strongly suspect the majority of those who receive the maximum payment are indeed bestselling authors. If this is not possible I would very much prefer to see the rate cut than to see 2/3rds of authors removed from the scheme by increasing the minimum payment by £45.

I'm sure the vast majority of writers rely on these payments to some degree and it seems entirely wrong to remove such a large number of us from a scheme which whilst by no means generous forms a significant part of our annual income.

20. Response from CyMAL: Museums, Libraries & Archives Wales

As a policy division of the Welsh Government CyMAL: Museums Archives and Libraries Wales advises the Minister for Housing, Regeneration and Heritage on a range of library issues in Wales.

We do not have any comments to make on this matter. The Minister for Housing, Regeneration and Heritage has been informed of your letter.

21. Response from an individual author

I'm a writer of nine published novels, some of which have been significantly more successful than others. There has been more than one year in my writing career which I have been forced to live partly on my savings, and during those years PLR has been factored in as a source of much-needed income. I have never claimed benefits and I pay the top rate of tax

As I understood it, PLR was introduced not as a 'benefit' to writers, but as compensation for the fact that libraries encourage people to borrow books that might otherwise have been bought, thereby denying potential income for the writer. I am a great supporter of libraries - but I am equally a supporter of paying people what they are due.

For this reason I hope very much that the DCMS will not cut PLR further. Just because writing is seen as something of a luxury activity, doesn't mean that it is of no value.

I do however support the proposal to up the minimum level to £45.

Below that point and I cannot see how distributing it is much more than a waste of time and resources.



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