

<b>Title:</b> Impact Assessment on the proposed transfer of Public Lending Right functions from the existing body and its subsequent abolition  <b>IA No:</b> DCMS057  <b>Lead department or agency:</b> Department for Culture, Media & Sport  <b>Other departments or agencies:</b>	<b>Impact Assessment (IA)</b>		
	<b>Date:</b> 18/02/2013		
	<b>Stage:</b> Final		
	<b>Source of intervention:</b> Domestic		
	<b>Type of measure:</b> Secondary legislation		
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**Summary: Intervention and Options** **RPC Opinion: RPC Opinion Status**

Cost of Preferred (or more likely) Option			
Total Net Present Value	Business Net Present Value	Net cost to business per year (EANCB on 2009 prices)	In scope of One-In, Measure qualifies as One-Out?
£0.78m	£1.05m	£0.00m	No
			NA

**What is the problem under consideration? Why is government intervention necessary?**  
 The Registrar of the Public Lending Right (PLR) is a small executive NDPB (8.74 FTE staff, one publicly appointed Chief Executive and an administrative budget capped at £756,000 p.a.) which, in accordance with legislation, makes payments to authors in respect of their work loaned from public libraries in the UK, amounting to £6,513,278 in 2011/12. It is proposed to transfer the body's functions and funding into another, larger organisation to achieve efficiency savings in order to maximise the proportion of grant-in-aid distributed to authors as PLR payments. As a statutory body, any changes to PLR require legislation.

**What are the policy objectives and the intended effects?**  
 The transfer of functions and funding to another existing body will release greater efficiency savings than are achievable by the current body which already employs the minimum number of staff in a relatively low-cost location (Stockton-on-Tees). This will achieve the objectives of reducing the number of government arm's length bodies and reducing administration costs, thereby maximising the proportion of funds distributed to authors. Over the ten-year appraisal period, the NPV saving in the administration of the scheme (taking into account the transition costs incurred) will be in the range of £0.75 million to £0.81 million.

**What policy options have been considered, including any alternatives to regulation? Please justify preferred option (further details in Evidence Base)**  
 The Government's preferred option is to transfer the PLR functions and funding to the British Library, a large DCMS-sponsored NDPB, as this would achieve greater efficiency savings than are achievable by the existing body, and would contribute to the simplification of the public bodies landscape. Other than 'do nothing', options considered include: transfer to ALCS - this has been rejected as it would not achieve the policy objective of reducing public bodies (it would be necessary for ALCS to be transformed from a private company into an NDPB in order to perform the statutory function); transfer to Arts Council England - this has been rejected as the PLR functions are inconsistent with the Arts Council's current objectives; and absorption of PLR functions in DCMS - this has been rejected as it is unlikely to reduce overall administration costs to the same extent as other options and would be unlikely to maximise the grant-in-aid available to authors.

**Will the policy be reviewed? It will not be reviewed. If applicable, set review date: Month/Year**

Does implementation go beyond minimum EU requirements?			No		
Are any of these organisations in scope? If Micros not exempted set out reason in Evidence Base.	<b>Micro</b> Yes	<b>&lt; 20</b> Yes	<b>Small</b> Yes	<b>Medium</b> No	<b>Large</b> No
What is the CO <sub>2</sub> equivalent change in greenhouse gas emissions? (Million tonnes CO <sub>2</sub> equivalent)			<b>Traded:</b> N/A		<b>Non-traded:</b> N/A

*I have read the Impact Assessment and I am satisfied that (a) it represents a fair and reasonable view of the expected costs, benefits and impact of the policy, and (b) that the benefits justify the costs.*

Signed by the responsible Minister:  Date: 25/2/2013

# Summary: Analysis & Evidence

# Policy Option 1

**Description:** Transfer of PLR Statutory Functions to British Library (The Preferred Option), compared to 'Do Nothing'

## FULL ECONOMIC ASSESSMENT

Price Base Year 2013	PV Base Year 2013	Time Period Years 10	Net Benefit (Present Value (PV)) (£m)		
			Low: 0.75	High: 0.81	Best Estimate: 0.78

COSTS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Cost (Present Value)
Low	0.29	10		<b>0.29</b>
High	0.21			<b>0.21</b>
Best Estimate	0.27			<b>0.27</b>

### Description and scale of key monetised costs by 'main affected groups'

The Registrar of Public Lending Right (PLR) and the British Library are non-departmental public bodies, the former a Corporation Sole appointed by the Secretary of State for Culture, Media and Sport. The transfer of the Registrar's function to the British Library will incur transition costs (as set out in the Evidence Base) which would be funded by the Department, and not from the fund for author payments.

### Other key non-monetised costs by 'main affected groups'

No non-monetised costs have been identified.

BENEFITS (£m)	Total Transition (Constant Price)	Years	Average Annual (excl. Transition) (Constant Price)	Total Benefit (Present Value)
Low		10	0.126	<b>1.04</b>
High			0.120	<b>1.02</b>
Best Estimate	0		0.124	<b>1.05</b>

### Description and scale of key monetised benefits by 'main affected groups'

Over the 10 year appraisal period, the transfer of the PLR function to the British Library will have generated net cost savings which will maximise the proportion of funding available for PLR payments to authors. By 2022/23, the NPV saving in the administration of the scheme (taking into account the transition costs incurred) will be in the range of £0.75m to £0.81m, with a best estimate of £0.78m.

### Other key non-monetised benefits by 'main affected groups'

As the British Library would retain the PLR operation in Stockton-on-Tees, a low risk option to ensure a smooth transition, there would be no impact on the service provided to authors. Nor would there be any additional burden on authors (for example, to re-register for PLR) as a result of the transfer. In addition, we consider that a transfer to a larger NDPB offers to maximise the proportion of available grant-in-aid to be distributed as author payments.

Key assumptions/sensitivities/risks	Discount rate (%)	3.5
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The analysis takes the running costs of the Do Nothing option as the baseline so that the savings shown here are additional to the planned savings under the Do Nothing option; No assumptions are made about future CSR settlements; The range of costs and benefits reflects the uncertainty of the year in which the IT costs would be incurred; The British Library's proposal to retain the PLR operation in Stockton-on-Tees is a low risk option and addresses concerns raised in the consultation.

## BUSINESS ASSESSMENT (Option 1)

<b>Direct impact on business (Equivalent Annual) £m:</b>			<b>In scope of OIOO?</b>	<b>Measure qualifies as</b>
Costs: £0.00	Benefits: £0.00	Net: £0.00	No	NA

## **Evidence Base**

### **Problem under consideration**

The Public Lending Right (PLR) is the right of authors to receive compensatory payment for the loans of their printed books from public libraries in the UK. The Public Lending Right Act 1979 established this right, and the rules of operation (the PLR Scheme) were set out in secondary legislation in 1982.

The Registrar of Public Lending Right (PLR) is a Corporation Sole, appointed by the Secretary of State for Culture, Media and Sport (DCMS) to maintain a register of eligible authors and books, and to supervise the administration of the non-departmental public body (NDPB). The NDPB receives grant-in-aid from DCMS to fund both the administration costs and the payments to authors. Given the scale of cuts in expenditure necessary to tackle the country's financial deficit, the decision was taken in October 2010 to reduce the resource grant-in-aid budget for PLR by 15% in real terms over the spending period (from April 2011 to April 2015), and the proportion of grant-in-aid used to administer the scheme was capped at £756k p.a.. With the Registrar currently operating at near maximum efficiency, and given the limitations in efficiency savings a body of its size could make, this necessitates some radical thinking in order for the PLR scheme to operate within its new budget while minimising the effect of the funding cut on authors.

Transferring the PLR functions into a larger body presents further opportunities for efficiencies than are achievable by a small body operating at near maximum efficiency, and consequently offers to maximise the proportion of available grant-in-aid to be distributed as PLR payments to authors. A transfer would also reduce the overall number of public bodies, contributing to simplification of the public bodies landscape. Therefore, the Government proposes to transfer the PLR functions, along with its funding, to the British Library and to abolish the existing body.

### **Rationale for intervention**

The proposal ensures the maximum amount of grant-in-aid will be distributed to authors as PLR payments.

### **Policy objective**

The Government's proposal to transfer the statutory functions of distributing the PLR fund to authors from the current NDPB to another existing body, effectively abolishing the Registrar of PLR as a separate organisation, supports the government's policies to:

- have fewer public bodies
- review value for money

It also maximises support for authors – a small but significant creative community – by seeking to minimise the costs of administering PLR so that the maximum proportion of available grant-in-aid is allocated to author payments.

### **Background to PLR**

The position of Registrar was established by the Public Lending Right Act 1979 which gave authors a legal right to receive payment for the free lending of their books by public libraries. The Act established PLR as an intellectual property right, entirely separate from copyright. The Registrar is a Corporation Sole and is appointed by the Secretary of State for Culture, Media and Sport to maintain a register of eligible authors and books, and to supervise the administration of the NDPB. The Registrar's office is based in Stockton-on-Tees and he is assisted by a team of 8.74 full-time equivalent staff. The Registrar is advised by a Management Board appointed by the Registrar to advise him on the operation and future development of the PLR Scheme. The Board consists of an author, a librarian, a publishing specialist and a member with experience of managing a government-funded body.

Under the 1979 Act, funding is provided by central government (in 2011/12 PLR received £7.2m from DCMS as grant-in-aid) and payments are made to eligible authors in accordance with how often their books are lent out from a selected sample of UK public libraries (£6,513,278 was paid to authors in 2011/12). To qualify for payment authors must apply to the Registrar of PLR. Around 23,000 authors

receive a PLR payment each year. The Scheme provides for a minimum and maximum payment per author – currently set at £1 and £6,600 respectively.

The PLR Scheme 1982 sets out rules for the operation of PLR in the UK. The rules cover which authors and books are eligible, how many libraries should be included in the sample providing loans data to the Registrar and how the amount payable each year to authors should be calculated. Amendments to the Scheme are made in Parliament by means of a negative statutory instrument.

PLR is recognised by European Directive 2006/115/EC on rental right and lending right, which repealed and replaced Council Directive 92/100/EEC on rental right and lending right. It is a harmonising measure which requires Member States to implement national legislation to reflect and protect the exclusive lending and rental rights of certain rights holders including an unwaivable right to equitable remuneration. The Directive permits a derogation from the need to obtain consent from rights holders in respect of public lending by libraries (i.e. through a PLR scheme) provided that, at least, authors receive a remuneration for such lending (the value of which is to be fixed by the Member State). In the UK, the rights described by the Directive are conferred by the Copyright, Design and Patents Act 1988 (as amended) (the “1988 Act”) and the derogation is expressed nationally by the pre-existing Public Lending Right Act 1979.

### **Description of options considered**

The consultation stage Impact Assessment set out 5 options that had been considered, which were:

1. Transfer to the Authors’ Licensing and Collecting Society (ALCS). This would not achieve the policy objective of reducing public bodies, as it would be necessary for ALCS to be transformed from a private company into an NDPB in order to perform the statutory function.
2. Transfer to Arts Council England. For the Arts Council to administer PLR it is likely that its Charter would need to be amended in order to widen its territorial scope and significantly alter its charitable objectives.
3. Absorption of PLR in-house in DCMS. This would be unlikely to reduce overall administration costs to the same extent as other options and therefore unlikely to maximise the proportion of grant-in-aid available to authors.
4. Do nothing. This would neither contribute to reducing the number of public bodies nor maximise the proportion of grant-in-aid distributed to authors.
5. Transfer to the British Library, which was set out as the preferred option as it would achieve the objectives of reducing the number of public bodies and realising efficiency savings, thereby maximising the proportion of available grant-in-aid distributed as author payments.

The consultation stage Impact Assessment stated that transfer to ALCS, Arts Council England and DCMS were unrealistic options, for the reasons provided above, and the outcomes of the public consultation have not changed the Government’s view of these options. Following the consultation, further consideration has been given to the remaining two options: do nothing; and transfer to the British Library, which is set out in detail in this Impact Assessment.

### **Consultation responses**

From 8 May to 30 July 2012, DCMS carried out a public consultation on our proposal to transfer PLR.

There were 1,015 respondents to the public consultation, comprising: 740 rights holders (authors, illustrators, translators, editors, and literary executors); 238 other individuals (the majority of whom do not specify their role/interest or whether they are rights holders, though a small number identify themselves as aspiring and unpublished authors, readers and library users); and professional bodies and other organisations and interested parties.

The large response to the consultation reflects the importance of PLR to authors and other rights holders, and the esteem in which the current PLR office is held by its customers; and the responses highlighted a number of areas for consideration by the Department. Of the 1,015 respondents, 948 were of the view that the PLR functions should not be transferred to another body. The responses demonstrate that rights holders have a high degree of confidence in the administration of PLR, and in the staff who are regarded as knowledgeable, experienced and helpful.

The aims of the proposed transfer are to reduce the number of public bodies, and to increase efficiency and minimise the administration costs of running the scheme; and the Government has considered how to meet these aims taking account of the responses to the consultation and the issues raised. The main concerns raised by rights holders through the consultation were:

- That the current service is effective as it is, and that the operation should remain as it is, for fear of the service being diminished by a transfer. Of those opposed to a transfer, 85% commented on the service the Registrar and PLR office provides to authors, which is widely held to be “excellent”, “effective” and “efficient”.
- That the transition costs would be significant, or that the costs would outweigh the savings. Almost half of those who were opposed to a transfer expressed this view.
- Other concerns were around loss of knowledge and experience, i.e. if there were to be changes to staffing; and concerns related to the loss of jobs from the North East. A number of respondents commented on the importance of the independence and/or impartiality of the existing NDPB.

Through the consultation we sought views about the impact a transfer might have on PLR rights holders, and about a third of respondents provided comments. The majority of comments related to concerns about the potential for: a reduction in efficiency; an increase in bureaucracy if a larger organisation takes on the function; or a disruption to the service, such as mistakes or delayed payments, i.e. if there were to be a change to staffing. In addition to the consultation responses, a small number of queries relating to the proposal were received by the Department, about whether authors would need to register their books differently or take any other action if a transfer took place. There were some comments about authors’ interests being represented effectively by the Registrar and comments about whether representation would be as effective under new management, or in a public body with other responsibilities.

The consultation also sought views about any anticipated problems or conflicts of interest in transferring the PLR function to the British Library. About 19% of respondents answered this question directly or indirectly, the majority of the concerns related to how PLR would fit within the British Library, including around a larger organisation taking on the role of a dedicated body; the compatibility of the functions of both organisations; and queries about how the British Library would see this function fitting within its overall business and aims.

We consider that the issues raised in the consultation – both in relation to the transfer as a whole and those related to the British Library specifically – are addressed by the British Library’s proposal for how it would manage the administration of PLR. This is set out further below in the Preferred Option.

The Government response to the consultation, setting out in greater detail the issues raised during the consultation and our response to them, will be published alongside this Impact Assessment.

## **Costs and benefits**

### **The ‘Do Nothing’ option: Continue with the administration of PLR in its current form**

The Registrar has successfully kept operating costs below the cap (£756k) set by Ministers for this Spending Review period and has identified a number of savings which could be made to bring the running costs to £687k from 2014/15 onwards, representing a 9% saving from the £756k cap. Under this ‘Do Nothing’, or ‘Do the Minimum’, option, a transfer would not take place and the Registrar would not be abolished, and the Department would work with the Registrar to reduce administrative spend in order to minimise potential future reductions in the rate per loan paid to authors. A number of savings to the

running costs have been identified in: rent; from income generation; and also from efficiencies relating to improvements to be made to the library sample. The rules governing the administration of the PLR library sample and loans data collection are set out in the 1982 Scheme, and changes could be made to the PLR legislation to help streamline the administration. It is proposed to revise the Scheme's provisions to allow more discretion in the day-to-day management of the loans data collection and in the selection and retention of library authorities participating in the sample. The aim of this would be not only to simplify administration and reduce costs, but to facilitate the retention of a sizable sample with a more even geographical spread.

**Impact of taking no action:** The Registrar of PLR has had his grant-in-aid funding reduced by 15% over the current Spending Review period. It is, therefore, important to maximise the efficiency of the Scheme in order to minimise the impact on the grant-in-aid available for payments to authors. A number of efficiency savings are planned, and are set out in the table below. However, it is considered that the scope for further future savings under present arrangements is limited.

If the Public Lending Right functions remain with the Registrar and are not transferred to another, larger body, the administrative savings that this would release (set out under the Preferred Option) will not be realised and accordingly will not contribute to the maximisation of the proportion of grant-in-aid to be distributed as author payments. We cannot predict whether the rate per loan paid to authors will increase or decrease in future years, and no assumptions are made about future Spending Review settlements, however the Government's preferred option of a transfer offers the greatest efficiency savings and therefore the best chance of protecting the rate per loan paid to authors.

**Impact on NDPB numbers:** Continuing with the administration of PLR in its current form would not achieve a reduction in the number of public bodies to improve the efficiency, effectiveness, and economy of the exercise of public functions.

**Stakeholders:** The consultation highlighted that PLR rights holders are strongly supportive of the operation remaining at Stockton-on-Tees, having built up relationships with and confidence in the workforce there. This is discussed further in the information about the preferred option, below.

**Legal:** Secondary legislation would be required to make changes to the loans sample.

**DO NOTHING  
(NPV £million in 2013 prices 2014-23)**

<b>Administration of PLR</b>	6.57
<b>Less:</b>	
<b>Rent Reduction</b>	0.21
<b>Library Sample Changes</b>	0.07
<b>Income Generation</b>	0.32
<b>TOTAL REAL COSTS</b>	5.97

## **The Preferred Option: Transfer PLR statutory functions to British Library**

Under the Government's preferred option, the PLR Registrar's function would be transferred to the British Library Board, and the post of Registrar would be abolished. The British Library has modelled its costs on retaining the operation at Stockton-on-Tees for the next 10 years. This represents a low-risk option which we consider addresses the concerns raised during the consultation, and would ensure a smooth transition with no impact on PLR rights holders.

All PLR staff would transfer to the British Library at the transfer date via TUPE and, the postholder of the current Registrar appointment would be contracted from the transfer/abolition date for an appropriate period of time to ensure a smooth transition, successful implementation of the changes to the library sample, and successful knowledge transfer. After this transition period, a Head of PLR based in the Boston Spa office would assume responsibility for the management of PLR (which would remain in Stockton-on-Tees). Economies of scale and the advantages of shared back-office services are expected to provide further savings in administration costs.

The existing PLR major IT applications would be retained under the operation going forwards, but would be linked up to British Library IT infrastructure including disaster recovery and back up provision. The pipework infrastructure at Stockton-on-Tees would be developed in order to ensure effective intranet and network linkage. All PLR staff would be provided with new Desktop units in line with BL client upgrade plans and would be able to log on to required BL services as any other BL site would. Documentation of PLR IT systems and processes requires further work in order to mitigate risk and in order to be able to do this the modelled costs include provision of a short term IT contractor.

### **Impact of transferring the PLR function and abolishing the existing NDPB:**

We cannot predict whether the rate per loan paid to authors will increase or decrease in future years. At consultation stage we were able to confirm that the PLR author fund would not be used to pay for the transfer of functions and any future decrease in the rate per loan will not result from the transfer of the PLR functions. Now, following planning by the Registrar and the British Library, we are able to confirm that a transfer to the British Library would achieve additional NPV savings ranging from £0.75 million to £0.81 million in the running costs of PLR over the 10 year appraisal period – that is, over and above the savings that have been identified under the Do Nothing (or do the minimum) option. The planned savings outlined under Do Nothing (new running costs of £687k per year from 2014/15 onwards, representing a 9% saving on the £756k admin cap) would be achieved under this transfer option as the PLR service would continue to generate income through the Irish PLR contract and the changes to the library sample would be made, and, in addition to this 9%, the transfer to the British Library would bring the running costs to £504k from 2018/19 onwards, a further saving of 24%, or a 33% reduction on the £756k cap. As the savings under the Do Nothing option would be made regardless of whether the transfer proceeds, the NPV savings take as the baseline the new running costs of £687k (NPV £5.97million in 2013 prices 2014 to 2023, as shown in the table below).

It should also be noted that, while the NPV savings are net of the transition costs, those transition costs would be funded by the Department and not from the PLR fund, and therefore the total benefit is greater than can be shown here as the NPV saving. The total benefit (which ranges from £1.02m to £1.05m) is presented in the table below, in addition to the net saving.

In addition to the efficiency savings to be achieved by undertaking the transfer of governance to the British Library, and the continuity of efficient systems and processes that the Library's proposal offers, we consider that the transfer would also develop a more solid infrastructure, which the larger organisation enables.

If the transfer goes ahead, libraries will continue to lend books and authors will continue to get paid for those loans. The difference will be that the governance of PLR would transfer from the Registrar to the British Library Board. The PLR Scheme requires the Registrar to reimburse library authorities for costs incurred while participating in the PLR library sample. There are consequently no financial burdens on authorities of compliance.

**Impact on NDPB numbers:**

The PLR functions and funding would be allocated to the British Library – an existing DCMS NDPB. This would achieve a reduction in the number of public bodies in a way which, in accordance with the Public Bodies Act 2011, improves the exercise of public functions having regard to efficiency, effectiveness, and economy.

**Stakeholders:**

PLR rights holders are strongly supportive of the operation and workforce remaining at Stockton-on-Tees, as expressed in the consultation. Of those respondents opposed to a transfer, 85% commented on the efficiency of the current service – by retaining the operation at Stockton-on-Tees, this service and the staff providing it would be maintained. Authors' concerns about the costs and savings have also been addressed by the NPV savings set out in this Impact Assessment. Concerns around loss of knowledge and experience, i.e. if there were to be changes to staffing; and concerns related to the loss of jobs from the North East/relocation of jobs from the North East, have been addressed. The independence and impartiality of the existing NDPB will be maintained by transfer to another arm's length body, and we consider that the British Library is well placed to represent the rights of authors.

Stakeholder mapping has taken place and a communications plan will be developed. PLR would retain its identity by becoming a sub-brand within the overall British Library brand.

**Legal:**

The Registrar of PLR is listed in Schedule 1 of the Public Bodies Act 2011, and it is proposed to abolish the body and to transfer its function to the British Library by an order made under the 2011 Act.

The British Library Board considers that administering the PLR functions would further the Library's charitable purposes as set out in the British Library Act 1972 (the advancement of education and/or the advancement of the arts, culture, heritage and science) and that the associated means are not disproportionate to the aims. The Library's charitable objectives would not need to be amended in order to absorb the PLR functions.

The Board considers the effective operation of Public Lending Right as fundamental to enabling the functioning of public libraries in the UK. The provision of this support to public libraries would further the Library's charitable objectives as the UK national library and would be consistent with Section 1(b) of the 1972 Act. Moreover, the operation of Public Lending Right would, in the Board's view, facilitate closer relations with authors with potential benefit in a number of areas of the Library's operation, including not least its collection development and public programmes. Under the terms of the funding arrangements in the CSR settlement period 2011-14, there are no significant net expenditure implications for the Library arising from the transfer.



## Monetised costs and benefits of the preferred option

The NPV costs and savings are provided in the table below. The range of costs and savings reflects the two potential transfer dates, and the years in which the costs fall under the different options. A range of costs and savings are provided under the October 2013 transfer option, to reflect uncertainty around the years in which the IT costs would fall. We are working towards the earlier transfer date of October 2013, although this is subject to passage through Parliament, and an October 2013 transfer with IT costs spread over 13/14 and 14/15 is given as the best estimate in this assessment. Difference in impact between different delivery dates are very small.

The table below shows the NPV costs and savings over the 10 year appraisal period, from 2013/14 to 2022/23. Over the 10 year period, the NPV saving in the administration of the scheme (taking into account the transition costs incurred) would be in the range of £0.75m to £0.81m.

### PLR COSTS (NPV £ million in 2013 prices 2014- 2023)

	DO NOTHING	OCTOBER 2013 TRANSFER; IT COSTS SPREAD	OCTOBER 2013 TRANSFER; IT COSTS IN 13/14	APRIL 2014 TRANSFER
PLR COSTS net of planned savings under 'Do Nothing'	5.97	5.97	5.97	5.97
Plus:				
Net staff costs		-0.78	-0.78	-0.8
IT		0.08	0.10	0.05
Communications		0.04	0.04	0.02
Legal Costs		0.02	0.02	0.01
Audit		0.23	0.23	0.18
Loss Book Data		0.03	0.03	0.02
Less:				
Audit		0.32	0.32	0.25
Book Data		0.03	0.03	0.02
Marketing		0.06	0.06	0.04
TOTAL PLR COSTS	5.97	5.19	5.21	5.15
Benefit (net of transition costs)	0	0.78	0.75	0.81
Transition costs	0	0.27	0.29	0.21
Total Benefit	0	1.05	1.04	1.02

### Rationale and evidence that justify the level of analysis used in the IA (proportionality approach)

At consultation stage, it was not proportionate to consider all the options in detail, and the Impact Assessment did not include monetised costs and benefits. Now, following planning by the Registrar and the British Library, detailed estimated costings for a transfer have been provided, and we are able to confirm that a transfer to the British Library would achieve savings in the running costs of PLR, over and above the savings that have been identified under the Do Nothing option.

## **Specific Impact Tests**

### Economic and financial

The proposal will not have any impact upon the rights of PLR rights holders to receive payment for loans of their books from UK libraries – they will continue to receive payments, and the proposal will maximise the proportion of grant-in-aid available for distribution to rights holders.

### **One In, Two Out**

The measure is out of scope of One-in, Two-out. The policy proposal does not make any change to the legal right of authors to receive compensation for the loan of works through public libraries. Rather, it makes an administrative change in terms of which public body is responsible for managing the fund, and drives out some efficiency savings. These efficiency savings are intended to be passed onto authors as they will maximise the amount of grant-in-aid available for distribution as PLR payments, but this is a spending decision rather than the result of a regulatory change. Following the One-in, One-out methodology this policy is therefore out of scope (as set out in paragraph 16 vii).

Since consultation stage, following planning by the Registrar and the British Library, the potential spending impact on authors has been quantified, and the savings set out in this assessment are to the benefit of authors, as they would maximise the proportion of available grant-in-aid to be distributed. As noted in this Impact Assessment, no assumptions can be made about future Spending Review settlements, and it is therefore not possible to predict the amount of funding available for payments to authors in future years. These benefits have been reflected in the business NPV, but have not been presented as Equivalent Annual Net Cost to Business because they are out of scope of One-in, Two-out.

### Social

None.

### Environmental

None.

## **Summary and implementation plan**

Transfer to the British Library emerged as the preferred option because it fulfils the Government's aims of maximising the efficiency, economy and effectiveness of the Scheme and reducing the number of public bodies.

We will seek Parliament's approval to abolish the Registrar of Public Lending Right (PLR) and to transfer its function to the British Library using the powers of the Public Bodies Act 2011. The costs and savings in this Impact Assessment are modelled on 2 potential transfer dates in October 2013 and April 2014, and the timing of the transfer is subject to passage through Parliament.