

Cynulliad Cenedlaethol Cymru / National Assembly for Wales  
Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu / The Culture, Welsh Language and Communications Committee  
Ymchwiliad byr i oblygiadau ymadael â'r Undeb Ewropeaidd / Short inquiry into the implications of Brexit  
CWLC(5) BREXIT14  
Ymateb gan Llyfrgell Genedlaethol Cymru / Evidence from National Library Wales

## **The Potential Impact of Brexit on the National Library of Wales**

The National Library of Wales has a long standing commitment to work internationally and has established several important partnerships with other research libraries, including those in the European Union. Brexit has the potential to impact negatively on these relationships, depending on the agreement reached with the EU. There are several core elements of service delivery which will be affected and the current position is outlined below. The Board of the National Library will be considering a situation report on the potential impact of Brexit at its next meeting in November 2018.

### **Loss of Funding Sources**

The Library successfully developed a number of proposals to WEFO for funding, including those with Welsh and EU partners. The Library was awarded £1.86M from the ERDF Convergence Programme in 2011 for its 'Digitisation For Business' project, which amongst other outputs, paid for additional mass digitisation of historic newspapers, the Library's most used digital resource.

### **Sector-specific Impact**

#### ***Impact on Acquisitions***

The National Library of Wales acquires published materials from locations in the EU to add to the national collections. Currently, 54% of NLW print subscriptions are from European suppliers (76 out of 139). The Library's spend on print subscriptions is around £10K per annum. NLW also purchases monographs from Europe up to around 10,000 euros per year. New customs duties, costs or import barriers could potentially affect the ability to collect relevant content.

#### ***Electronic Subscriptions***

Although existing contracts are with UK subsidiaries, most suppliers of electronic subscriptions are headquartered outside the UK. Brexit could introduce tariff and other costs into the companies' supply chain, increasing costs. The Library's 2018-19 budget for electronic subscriptions is £140,000. NLW also manages the procurement of electronic subscriptions for Wales' local public library sector, through the Welsh Libraries/Llyfrgelloedd Cymru service. The contract value of which for 2018-19 was £175,000.

#### ***Impact on Managing Copyright***

There are risks to the Library's services from changes to copyright law. The guidance entitled '*Copyright if there's no Brexit deal Guidance*' issued on 24 September 2018, by the UK government plans to remove altogether the orphan works copyright exception from UK legislation in the event of a deal not being agreed with the EU. This is likely to impose new restrictions on digitisation and access

to the Library's collections which would impact on the ability of users to access digital content in the future.

### ***Impact on Strategic International Relationships***

The Library is part of an active international heritage and cultural community and has well established relationships with other national research institutions globally. In the context of European relationships, the Library has loaned material e.g. early photographic albums owned by Mary Dillwyn and Dillwyn Llywelyn were exhibited in the Musee de l'Orangerie, Paris in 2015 and in 2000, a letter written by Owain Glyndwr to the French king in 1404 at Pennal was loaned from the Archives Nationales, Paris. If there were no agreement on the loan of cultural items, this would limit the Library's ability to borrow and loan items internationally.

There would also be risks to the physical security of high value unique items if delays were introduced at border control leading to significantly higher costs because of higher duties or additional agents' fees for arranging licencing and meeting new regulatory requirements.

## **Opportunity impact on the Library**

### ***Participation in International Collaborative Projects***

The National Library of Wales has benefited from collaboration with many UK and international partners via European Projects. Among the most notable examples were a series of Europeana projects: Europeana Travel (2009-2011), Europeana Libraries (2011-2012), Europeana Cloud (2013-2016) and the Rise of Literacy (2017-2019). Europeana is Europe's digital cultural platform, and NLW is the only institution in Wales contributing to the platform. Through the Library's contribution, the history and culture of Wales is presented side-by-side with millions of other items from all over Europe. NLW is a member of the Europeana Impact Taskforce, forming a methodology for planning and measuring the effect of culture and heritage sector activities on all aspects of society and economy.

NLW also participated in an ESF funded network called NeDiMAH: Network of Digital Methods in the Arts and Humanities.

The uncertainty regarding the future relationship between the UK and the EU will inevitably result in a potential loss for NLW of the benefits of participating in such projects, in particular the:

- sharing of expertise especially in specialist fields such as curation, metadata and digital content technology
- access to funding (since 2012, NLW has received over £330,000 from EU cultural programmes)
- enhanced profile for Welsh national collections and projection of 'soft power' highlighting Wales' unique heritage and culture

### ***Participation by Staff***

Many of these collaborative projects were facilitated by regular participation of NLW staff in events hosted in EU countries. Increased barriers (cost or administrative) to such travel poses a risk to the Library's ability to continue participation in such collaborative work. This is true for wider international collaboration and knowledge sharing which is facilitated through events held in the EU.

### ***Overseas tourism***

The Library benefits from a steady stream of overseas visitors, especially in the summer months, as well as academic tourism where visiting groups and scholars visit to use the collections. Visitor numbers may decrease as a result of Brexit, if travel to the UK is made, or perceived to be, more difficult.

### **Staffing**

The Library currently employs two EU citizens who have worked at the Library in skilled ICT roles for 6 and 10 years. It is the Library's understanding that the current position for staff members is that they will be required to apply for settled status in order for them to continue living and working in the UK after December 2020. The EU Settlement Scheme will be fully open by March 2019 and each employee will have to apply for the status by 30 June 2021. The Library is awaiting further guidance from the Welsh Government on this issue.

#### ***Potential Risks:***

- A risk to the welfare and wellbeing of EU national staff due to uncertainty and stress.
- A potential loss of skilled staff members who are EU nationals if they chose to return to their home country.
- Future recruitment and retention difficulties in key areas such as IT, where skills are in high demand. According the Department of Exiting the EU's ICT Sectoral Analysis of December 2017, of the 1.5 million UK digital sector jobs, 6.7% were EU nationals and a further 6.5% were non-EU nationals. There is a risk that the pool of skilled workers could shrink, driving up demand in the sector and increasing the difficulty the Library is already facing in recruiting and retaining sufficient skilled ICT staff to deliver its digital strategy.

### **Financial Impact**

There are several key potential Brexit impacts relating to financial issues which raise both short and long term risks for management and service delivery.

#### ***Short term***

- Any decrease in Welsh Government funding from the UK government has the potential to

affect existing levels of annual grant funding for delivering the Library's core services. Any weakening in the value of the pound Sterling after Brexit will increase costs for the Library at a time when the public finances are depressed.

- The Library procures items and services across the EU and beyond. Changes in UK trade terms with both the EU and the rest of the World are likely to introduce costs, either direct tariffs or increased supply-chain costs. The Library has number of services (ICT cloud services, support and maintenance) contracted directly with non-UK suppliers or UK subsidiaries of non-UK suppliers.
- Tariffs on services would introduce new costs, either directly borne by the Library or likely passed on in part or whole by subsidiary companies. Sterling changes will also affect service contracts.

### ***Potential Impact on Existing Costs***

	£'000
Staff costs	9,471
Depreciation	1,316
Other direct costs	2,848
Total	13,635

### **Staff Costs**

- There is a risk of long term sensitivity in relation to employers NIC if the UK government is required to increase taxation to balance the public finances.
- There is a risk of a potential negative impact on 31<sup>st</sup> March 2019 of an actuarial valuation of the Library's pension scheme and a subsequent impact on the employer contribution rate and deficit funding.

### **Depreciation**

- There is a limited risk or sensitivity in relation to depreciation costs.

### **Other Direct Costs**

- Major items of expenditure within other direct costs include utilities (gas, electricity and water), estate costs (cost of building and grounds maintenance), ICT supplies and services (including subscriptions and service contracts). Further analysis will be undertaken to assess the sensitivity of these different cost areas to changes in the cost of Sterling and increased import costs.

### ***Longer term***

- An increase in the rate of inflation and or interest rates could depress equity values which would impact on financial position of the Library's pension fund and charitable funds.
- if Britain leaves the EEA with tariffs applied on imports, sectors with strongly controlled distribution channels, such as enterprise ICT hardware and software suppliers, mechanical plant suppliers, this may raise prices in the smaller UK market knowing that customers cannot efficiently (and possibly legally) source the product from the larger EEA market.