

## Consultation questions

The role of the Welsh Books Council “WBC” is to stimulate interest in books and promote the publishing industry in Wales, thereby supporting authors, publishers, booksellers and libraries.

We welcome the opportunity to respond to the Committee’s call for information about the Welsh Government’s draft budget proposals for 2020-21.

### 1. What, in your opinion, has been the impact of the Welsh Government’s 2019-20 budget?

This is the third year that the Welsh Government has kept the WBC budget at the same level, but we have succeeded in helping a sector that has produced much more for the economy. The Max Munday review (Cardiff University) has shown that any investment in the sector creates an additional 0.6 jobs in the economy and supports jobs in geographic areas that are weak in terms of private sector employment. He recently stated: “The publishing sector alone is estimated to directly support £32.7m of Gross Value Added “GVA”, but once account is taken of indirect activity supported this total grows to £49.1m. Then every full-time equivalent employee in Welsh publishing directly and indirectly supports £27,540 of Welsh GVA”. The WBC’s grant is therefore essential to sustaining economic activity.

We have used current funding to provide financial training to the publishers, in order to raise their awareness of the financial situation, and we are trying to prepare a long-term resilience strategy to meet any potential challenges.

Static budgets and pressure to increase pay in line with inflation have led to calls for charities to cut services and prioritise essential services only. It is important that staff receive pay rises, but funding those rises from static budgets will lead to cuts in jobs and services in the long term.

2019-2020 was challenging because the capital grant of £30,000 was insufficient to fund the cost of maintaining buildings and an IT structure that meets cyber security requirements. The Welsh Government wants everyone to increase investment in digital systems, but maintaining a digital structure is extremely expensive in the long term.

The Future Generations Act stresses the need for investment for service provision in the long term. It would be beneficial to have an outline of funding for the next three years so that we can prepare for any potential changes.

**2. What expectations do you have of the 2020-21 draft budget proposals? How financially prepared is your organisation for the 2020-21 financial year, and how robust is your ability to plan for future years?**

WBC continues to focus on long-term investment that will reduce future costs. This is central to our ability to deal with any future cut to the revenue grant.

As staff terms are bound to the Local Government employment discussions, the rates for 2020-21 have yet to be negotiated, but we have faced staff pay increases of £50,000 this year, which resulted in the loss of two jobs (to avoid overspend). The threat of rising staff pension provision costs can also be challenging. WBC has examined costs closely, making cuts where possible, but there is a need for investment in ways that will save money in the long run.

We have tried to prepare publishers for the possibility of further cuts. Some quite strong feedback came from the magazines as a result of in-year cuts, as some of them are on one-year contracts, rather than four-year contracts like the rest of the magazines.

Cuts can affect publishers in the form of reduced content, authors by having less work commissioned, and shops in the form of support provided and the co-ordination of services. It is therefore inevitable that cuts will lead to job losses and shrinkage of the sector - which in turn leads to reduced investment. If the sector does not invest in the future, it will be unviable in meeting future challenges, so a short-term cut will lead to long-term problems in the sector.

**3. The Committee would like to focus on a number of specific areas in the scrutiny of the budget, do you have any specific comments on any of the areas identified below?**

*- Approach to preventative spending and how is this represented in resource allocation (Preventative spending = spending which focuses on preventing problems and eases future demand on services by intervening early), particularly in relation to the financing of local health boards and health and social care services*

The Welsh Government needs to ensure that investment in health is made with companies in Wales and to reduce the focus on national programmes. The Books Council is a core part of the Better Reading project, in which doctors help patients by directing them to suitable books, rather than issuing prescriptions. The funding is sent to the Reading Agency (a London-based organisation) which in turn commissions the Books Council to undertake the work. Part of the administration funding has therefore left Wales because of a particular focus on UK-wide programmes.

Reading is an essential skill in the workplace to support the economy, and projects such as Quick Reads (which help those who are not regular readers) and the Amdani series (which helps Welsh learners) are among the ways in which the Books Council contributes to improving long-term literacy skills.

*- Sustainability of public services, innovation and service transformation*

The Books Council uses external services where possible to share expertise, such as Ceredigion County Council's salary preparation and human resources services. This avoids the need to purchase external expertise, and it successfully reduces the workload for staff. However, not all services can be centralised, but all funded bodies need to work to reduce the number of staff serving the sector - focusing on staff who provide services to the public.

*- Welsh Government policies to promote economic growth, reduce poverty, gender inequality and mitigate welfare reform*

Attempts to achieve economic growth by attracting large companies have proved unsustainable; as SME businesses, the publishing and printing sector has been successful in sustaining jobs in areas of economic poverty and in rural areas, and has thereby been able to expand through investment and has skills that can be transferred to other areas. Publishing offers significant opportunities for self-employment through editing, design, proofreading, translation and research skills.

The WBC provides services to retailers, in a sector that faces stiff competition from online sales and increases in non-domestic rates, while having to run an affordable business and pay a living wage. Any cut to the WBC's funding will result in an inability to provide support to independent shops, which in turn will create a significant challenge for the high street.

*- How the Welsh Government should use taxation and borrowing powers, particularly in relation to the Welsh Rate of Income Tax*

The Welsh Books Council has nothing particular to say about this, but it is important that the printing and publishing industry remains competitive with companies in other parts of the UK and Europe.

*- How evidence is driving Welsh Government priority setting and budget allocations*

It is important that the budget is allocated in a public and transparent way, with priority given to organisations that achieve targets, and can demonstrate who benefits from the expenditure within the budget. The Health and Education portfolio funds many bodies - either directly or indirectly (through the County Councils) - and so it is much more difficult to get a clear view of what funding is being spent in order to ensure there is no duplication.

*- The Welsh Government policies to strengthen the economy and promote innovation*

Publishing is a sector that supports rural Wales and sustains a number of self-employed jobs where innovation is needed. The publishing sector has responded to the demand for e-books, and although the market for this product is small and undermines the traditional retail model, they are trying to do more in this area. However, the economy is undermined by a number of publishing bodies using the services of large companies at the expense of Welsh-based companies.

*- How the Future Generations Act is influencing policy making*

The Books Council believes that the Well-being of Future Generations Act is vital to all policies, but the way the sector is funded makes long-term decisions difficult. To be able to provide services that

are expected in this century, significant investment is required. It must be acknowledged that no additional resources have been proposed to administer the requirements of the Act. We support the recommendation of the Future Generations Commissioner that decisions should be scrutinised to consider their impact on budgets available to future generations and the impact on their quality of life, and the Welsh language is an integral and important part of future generations provision.

*In declaring a “climate emergency”, is it clear how the Welsh Government intends to respond and resource that challenge*

We have assessed the types of projects that would help sustainability and the environment, but the ability to do these kinds of projects depends on capital expenditure. As a charity, the Books Council is unable to apply for external grants because we are considered a statutory body, but we will endeavour to make more applications over the next year.

We are also arranging a lecture on sustainable policies to be delivered at the Publisher’s Business Conference on 2 October. We all have a role to play in ensuring that the bodies we fund ensure that they have regard to sustainable policies, as this can have an impact by reducing travel, the chain of worldwide suppliers and the use of plastic.

#### **Discussion**

I would be happy to discuss these points, or anything else concerning this response, with Committees, Cabinet Secretaries or Ministers if desired.