

FUNDING AGREEMENT BETWEEN THE DEPARTMENT FOR CULTURE, MEDIA AND SPORT AND THE PUBLIC LENDING RIGHT 2005-08

1. Introduction

This agreement is:

- between the Department for Culture, Media and Sport and the Public Lending Right (PLR);
- signed by the Minister for Culture for DCMS and by the Registrar of PLR; and
- valid for the period 1 April 2005 – 31 March 2008.

It takes account of the statutory requirements placed upon the Registrar of PLR by the Public Lending Right Act 1979 and the Public Lending Right Scheme 1982 (with subsequent variations) and other legislation, such as Freedom of Information, Disability Discrimination, and Data Protection.

2. Purpose

This agreement:

- summarises PLR's mission, strategic priorities, rationale, programme, planned output and delivery partners as set out in the Delivery Plan Summary at Annex A;
- sets out the contribution that PLR will make towards the delivery of key DCMS objectives, efficiency savings, and public value, in the context of its overall mission;
- confirms the commitment of DCMS to PLR in terms of funding and other support;
- shows how delivery will be measured and monitored by reference to a set of key targets and performance indicators agreed with PLR and by such other quantitative and qualitative measures that PLR wishes to use to assess performance and the achievement of public value.
- provides an assessment of the risks faced by PLR and how they will be managed.

3. PLR's Mission, Strategic Priorities and Rationale

The mission of the Registrar and his team is to administer the PLR Scheme efficiently, cost-effectively and fairly, meeting the legal requirements of the PLR legislation and providing authors with an accurate, helpful and responsive service. With the PLR Advisory Committee we aim to encourage authors' participation in the Scheme and improve their opportunities for payment by a

continuing process of review, modernisation and improvement of our systems. Through the Scheme we aim to support and publicise the vital contribution that authors and public libraries make to the UK's creative economy, and to promote the spread of the PLR principle internationally through the provision of British best practice in this field.

The PLR Act (1979) provides authors with a legal right to receive payment from government for the free use of their books in public libraries. The PLR Scheme, administered by the Registrar of PLR and his team, gives effect to the legislation. The Registrar's first and continuing strategic priority for the period of the Funding Agreement must be to administer the Scheme to meet the legal requirements of the PLR legislation. Other key, related, priorities are to manage the Scheme efficiently and cost-effectively (meeting the running cost targets set by our efficiency targets) and fairly and responsively (meeting the targets agreed with DCMS for user satisfaction).

We are also committed to our modernisation programme and e-business delivery plans. Key targets here are the need to convert all of PLR's systems to cope with the book trade's adoption of 13-digit ISBNs; and the in-house development and introduction of comprehensive electronic document management systems (EDRMS) across the PLR office.

PLR's efficiency savings focus on running cost savings achievable (a) by efficiencies through exploitation of new technology, and (b) by extending the range of services available to authors and libraries and absorbing the continued growth of the Scheme with no increase in staffing. Through the development of our in-house skills resource we aim to take forward our modernisation agenda which, over the period of the plan, will produce savings in expenditure on back-office services thus freeing up funds for distribution to authors.

The rationale underpinning our management of the Scheme and identification of strategic priorities is primarily the requirements of the PLR legislation and the support that we aim to provide for the Department's in meeting its wider PSA targets.

4. PLR's contribution to the delivery of Government Objectives

Contribution to DCMS Objectives

The PLR legislation provides a closely circumscribed statutory framework within which the Registrar and his team have to operate. But within these constraints, the Scheme's importance for authors and the range of modernising initiatives undertaken by the PLR team provide a natural fit with several DCMS priorities and targets relating to improving efficiency and maximising the contribution of the creative industries to the UK economy. Extensive surveying by PLR over the 25 years of the Scheme's existence has clearly demonstrated the importance of PLR in sustaining the creativity and livelihood of the country's writers on which the book trade and public library system depend. The international PLR advocacy work undertaken by the Registrar and his team has made the PLR office the internationally-recognised centre of excellence in this field and is contributing to the establishment of reciprocal arrangements with emerging European PLR systems from which UK authors are already deriving significant financial benefits.

Public Values

We wholeheartedly endorse the Department's aims in the area of public value outcomes and aspire to these values in our dealings with our two principal constituencies: the country's authors and the public library community. (See Annex B for more details.) We have built a reputation with individual authors and libraries, as well as with the organisations that represent them, for efficiency, value for money and helpfulness, as well as for our willingness to listen to people's concerns. This is well documented in the regular questionnaire surveys that we undertake. We want to maintain and build on this perception by ensuring that our modernisation programme does not compromise our reputation for providing the 'personal touch' which is valued so much by authors and libraries.

Diversity

Equally important is the need to ensure that authors from all ethnic communities are registering for PLR. We are currently assessing the level of take-up by authors from black and minority ethnic backgrounds. We shall use the results of this research to target our publicity and communications more effectively over the course of the Funding Agreement period.

Efficiency Savings

PLR's plans for efficiency savings include both cash and productivity targets. We aim to make cash savings by including in our team and personal objectives efficiency initiatives, a review of back-office procedures, and implementing a more rigorous budgeting system. We will aim to make productivity savings by the continued growth in business transactions and data collection without any corresponding increase in staff resources. Because of our investment in staff training, these greater productivity levels are to be achieved without any reduction in our high standards of accuracy and service level. Much of our overall productivity savings are as a result of our modernisation and improvement objectives.

Although we feel we have made excellent progress in achieving these planned savings, we see 2007-08 as presenting a particular challenge in meeting our targets as a result of increases in fixed operating costs over which we have little or no control. These costs include: increased accruing superannuation liability charges (ASLCs), a growing proportion of which will not be reimbursed by DCMS; increased charges by local authorities for collection of loans data; costs associated with implementing the ISBN13 changes; and increased accommodation service charges. We will aim to cover these costs by reducing expenditure in other areas of the PLR operation

Sustainable Development

PLR's Green Strategy promotes energy saving throughout the office in order to improve energy efficiency. This is achieved by a range of measures, including energy efficient lighting and double-glazing; office equipment with energy saving features; electrical equipment switched off at night; staff awareness training. Our IS Strategy requires all IT and telecommunications equipment to be purchased in accordance with the *Restriction of the use of Certain Hazardous Substances in Electrical & Electronic Equipment Regulations 2005*. Our investment in IT has improved our overall performance, reduced our environmental impact (eg our move away from paper-based communications with the introduction of EDRMS)

and demonstrates to our stakeholders that we are managing our environmental risks responsibly as well as making cost savings.

Local and Regional

PLR maintains close links with local authority library services. Partnerships with public libraries are essential for the efficient and timely collection of the loans data required for calculating the payments made to authors under the PLR Scheme; and increasingly we are supporting the Department's Framework for the Future agenda for libraries through the development of a new loans data service (LEWIS) which will ultimately enable libraries to access PLR's unique database of information on book borrowing trends. In this we are working closely with partners such as The Reading Agency and MLAC who have strong local and regional links.

International Prestige

Through the Registrar's work as Co-ordinator of the International PLR Network we provide a showcase for British best practice in the PLR field and are assisting with expertise and advice in the development and implementation of new PLR systems across the European Union. This enables us to seek opportunities to build reciprocal arrangements with new PLR countries (eg Ireland and France) to enable UK authors to benefit from payments for loans of their books through these schemes.

5. Funding

PLR's resource and capital budgets during the SR2004 period will be as follows:

£000s	2005-06	2006-07	2007-08
Resource	7,463	7,681	7,681
Capital	0	20	0
Totals	7,463	7,701	7,681

The non-cash element of the resource budget is:

£000s	2005-06	2006-07	2007-08
Resource Non-cash	44	51	51

The grant-in-aid allocation for the three years 2005-06 to 2007-08 is:

£000s	2005-06	2006-07	2007-08
Resource grant-in-aid baseline	7,419	7,419	7,630
Additional Resource grant-in-aid	0	211	0
Resource grant-in-aid sub-total	7,419	7,630	7,630
Capital grant-in-aid baseline	0	0	0
Additional capital grant-in-aid	0	20	0
Capital grant-in-aid sub-total	0	20	0
Total grant-in-aid	7,419	7,650	7,630

The grant in aid allocation is dependent on PLR demonstrating satisfactory performance against the targets and deliverables set out in this Funding Agreement. Targets should be agreed in accordance with the levels of funding available. Any ring-fenced amounts are as set out in the allocation letter or in any subsequent ring-fenced allocations.

Success in achieving the targets in this Funding Agreement will inform the way in which the Secretary of State is able to approach the next funding round with Treasury. PLR's ability to show measurable improvements in service delivery; the achievement of the Funding Agreement targets and its contribution to the delivery of Government policies will be factors in the Secretary of State's decisions over future allocations.

6. Risks

We are confident that awareness of risk management is now fully embedded in the PLR organisation among managers and staff. As part of our approach to risk management we have identified the key risks to the successful achievement of our corporate plan. These are monitored and reviewed regularly by the PLR Audit Committee. The most significant risk to our management of the Scheme that we face in the coming year is the impact of the book trade's conversion to 13-digit ISBNs. This will affect all our book registration, loans data collection and processing, and payment operations. It requires significant changes to PLR IT programs and applications. This work is being managed as a formal project under the prince2 project guidelines and we are confident of its success.

Other risks relate to the relative smallness of the PLR operation and our reliance on external suppliers of services. These include the risks to the effective management of the Scheme posed by trying to cope with central government and other initiatives ('initiative overload'); and the risk of failing to meet business targets as a result of inadequate planning. We aim to manage these risks by use of best-practice project management procedures which will give advance warning of overload problems; by a constant emphasis on efficiency and use of new technologies to enable us to achieve more with existing resources; and by promoting and maintaining good relations with partner bodies on whom we rely for services. PLR is acutely aware of the consequences of not managing these risks effectively and the adverse effect it could have on our authors.

7. Performance Monitoring

This Funding Agreement will be monitored by:

- a) Assessment of the achievement of the agreed Funding Agreement targets in the table below
- b) Performance against the PLR's Delivery Plans and related measures; and
- c) Performance against the efficiency targets.

Key Funding Agreement Targets: 2005-06 – 2007-08

Strategic Targets	2005-06	2006-07	2007-08
<u>Core Priorities</u>			
1. Efficiency Savings Deliver efficiency targets	2.5%	5%	7.5%
2. Author Satisfaction Maintain high stakeholder satisfaction rate	95%	95%	95%
3. Library Satisfaction Maintain high stakeholder satisfaction rate	95%	95%	95%
4. Speed and Accuracy Achieve high stakeholder satisfaction rates	95%	95%	95%
<u>Modernisation and Improvement Priorities</u>			
5. Increase the percentage of registration transactions undertaken via the on-line registration service to meet the following targets (taking the 2004-05 figure of 40% as the baseline).	45%	50%	55%

Using as a basis the targets above, PLR will produce an annual performance review no later than 31 July for the prior year and a report on the previous 6 months in time for the combined annual and 6-monthly Performance Review Meeting in the autumn. This will review last year's achievements, monitor the current financial year and look forward to the following year(s). It should also include a brief report on progress against the efficiency targets and any update of the risk register.

The performance report should:

- Set out actual outturn against the targets above and the efficiency targets;
- Provide an explanation, where outturn diverges from the expected; and
- Explain what action is being taken or is planned to address the shortfalls.

Performance review meetings will generally be held at official level but additional meetings may be arranged with Ministers, where appropriate.

Any planned/forecast changes from target outturn should be notified to the Department as soon as practicable.

The responsibility for the delivery of the targets in this Agreement rests with the Registrar and Accounting Officer of PLR.

Signed by :

Minister for Culture, Department for Culture, Media and Sport

Registrar and Accounting Officer of the Public Lending Right

PLR Delivery Plan

PLR Strategic Objective	Primary Activities	Deliverables/Outcomes	Partners
Administration of the Scheme	Administer PLR to meet the legal requirements of the PLR Act and Scheme	In each year of the Funding Agreement period: 1) complete by 31.07.06 registration of all application forms received before 30.06.06 2) introduce required number of new library authorities to sample. For 2005-06, introduce 8 on 1 July 2006, and complete sample data collection by 30.10.06	Authors and their organisations, incl Society of Authors, ALCS Library authorities Public library IT system suppliers
Modernisation	13-digit ISBNs	Ensure internal & external system changes are in place to take account of extended ISBN13 by official implementation date of 01.01.07	Library authorities Library IT system suppliers. Bibliographical data suppliers
e-business delivery	EDRMs	Complete final stage of EDRM project by March 2006 to facilitate electronic storage of PLR records, and the electronic delivery of services to PLR clients and suppliers	Software Suppliers OGC and agencies involved in delivery of e-government agenda

Efficiency Savings	Adoption of new technologies	Implement Open Source Ingres database October 2006 with a view to meeting current industry best-practice and reduce licensing costs	PLR software suppliers
	Expand the Scheme to bring in more authors and extend the library sample while meeting efficiency targets	<ol style="list-style-type: none"> 1) Continue to absorb growing author and book registrations (average of 1,200 new authors per year) 2) Continue to increase size of library sample to improve representativeness of loans data collected over the 3 year Funding Agreement period (increase from 38 to 39 sample authorities from 1 July 2005). 	<p>Author organisations, incl Society of Authors, ALCS</p> <p>Library authorities</p> <p>Library organisations, incl CILIP, Society of Chief Librarians</p>
International Advocacy	Promotion of PLR in the EU. Demonstration of best practice. Developing reciprocal arrangements with other countries.	<ol style="list-style-type: none"> 1) Support preparations for and organisation of 6th International PLR Conference, Berlin, September 05; Registrar to provide keynote speech. 2) Support set-up of PLR system in Ireland (legislation by Jan 2006; scheme implementation by Jan 2007); promote reciprocal arrangements between UK and Ireland and France (by March 2007). 	<p>German host organisation – VG Wort</p> <p>Irish Library Council Irish Copyright Licensing Agency Irish Writers Union</p> <p>SOFIA – authors’ organisation managing the implementation of the French PLR scheme</p>

		<p>3) Co-ordinate activities of PLR International network and lead on continuing development programme for new EU countries, incl organising training seminar, Madrid, Mar 2006, and on-going best practice advice to individual countries.</p>	<p>European Commission</p> <p>European Writers Congress</p> <p>ACE (Spanish Writers Union hosting the Mar 2006 seminar)</p>
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Public Values

As set out in Section 4 of the Funding Agreement, PLR will support DCMS in achieving successful outcomes in its public value commitments, including in particular the following:

Including everyone: we aim to ensure that authors from all walks of life and every ethnic background are made aware of the PLR Scheme and have the opportunity to benefit from it.

Listening to people: we actively seek feedback from authors and librarians on the running of the Scheme and, in partnership with the PLR Advisory Committee and DCMS, are committed to an on-going programme of modernisation and improvement.

International prestige: we will continue to lead internationally in the PLR arena, enhancing the UK's prestige for best-practice advice and assistance in the establishment of new PLR systems.

Economic prosperity: through the PLR Scheme and the payments it makes we shall support authors' livelihoods and contribute to the UK's creative economy.

Value for money: by consistent emphasis on cost-effectiveness and efficiency in our management of the scheme we shall aim to provide value for money and release the maximum amount of the PLR Fund as possible for payment to authors.