

## **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 Committees call for information about the Welsh Government's draft budget proposals for 2019-20.

### **1. What, in your opinion, has been the impact of the Welsh Government’s 2018-19 budget?**

As Welsh Government kept the WBC’s budget static, this has maintained a sector which generates growth in the economy. The Max Munday (Cardiff University) review has shown that any investment in the sector creates 0.6 additional jobs in the economy and generates jobs in geographical areas that has few private sector opportunities. He notes in his recent report: "The publishing sector alone is estimated to directly support £32.7m of Gross Value Added "GVA", but indirect activity supported is considered, 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 grant is therefore essential to maintain economic activity.

WBC have used the current funding to provide publishers with financial training, so that understand their financial situation and seek to prepare a long-term resilience strategy to face any potential challenges.

With budgets remaining the same, and pressures to award pay increases in line with inflation, this has led charities to look at reducing the services available and the prioritising of essential services only. Whilst it is important that staff receive salary increases, if it is funded from static budgets, this will lead to a reduction in jobs and services long-term.

The Future Generations Act emphasize the need to invest in the long-term service delivery. We welcome receiving a 2-year financial award rather than an annual award as it gave short-term certainty. Having a three-year outlook of indicative budgets would allow bodies to prepare for any future challenges.

### **2. What expectations do you have of the 2019-20 draft budget proposals? How financially prepared is your organisation for the 2019-20 financial year, and how robust is your ability to plan for future years?**

WBC is focussing on long-term investment that will reduce future costs. This is crucial in being able to deal with any reduction in the revenue grant in the future.

As WBC staff terms are tied up with Local Government terms, we are already aware that staff pay increases will cost £50,000 which will lead to the loss of 2 jobs if the budget is provided

equally. WBC has been looking at costs in detail, and making cuts where possible, but key savings will be made from long term investment.

Budget reduction will affect publishers by reducing content, authors - by commissioning less work and shops, through the support provided and services coordinating services. It is inevitable that cuts will lead to job losses and a reduction in the sector - which then leads to less investment. If the sector does not invest in the future, it will not be viable for being able to face the challenges of the future, 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*

There are several factors that can prevent health problems, and WBC is a key partner in the Read Well project, where doctors refer patients to suitable self-help books, rather than giving them a prescription.

Reading is also one of the skills that are essential in the workplace to sustain the economy, and projects such as Quick Readers (which help non-readers) and the Amdani series (which help Welsh learners) are ways in which WBC helps to contribute to improving literacy skills.

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

WBC uses external services where possible to share expertise, such as the payroll preparation and human resources from Ceredigion County Council. This means that there is no need to buy external expertise and a reduced workload for staff.

It is not possible to centralise all services, but all government funded bodies should aim to reduce the number of administrative staff – and focus funding on those who provide services to the public in order to get the maximum use from the budget.

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

Previous effort to generate economic growth from attracting large companies has proved unsustainable. The publishing and printing sectors are successful in maintaining jobs in areas of economic poverty and rural areas, and most are SMEs and have the potential to expand with investment and have skills which are transferable to other sectors. Publishing gives significant opportunities to work self-employed through editing, design, proof-reading, translation and research skills.

WBC provide services to retailers, a sector that faces a significant competition on online sales, increasing non-domestic rates, as well as running an affordable business while paying the living wage. Any reduction to WBC's funding will lead to an inability to support independent shops, which as a result creates a significant challenge to 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 does not have specific comments on this, but it is important that the printing and publishing industry remain competitive with companies in other parts of the United Kingdom 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 for organizations that are successful in meeting targets, and who can show who benefits from budget spending.

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

Whilst the word innovation is predominately linked to science, but it must be remembered that the most recent innovation has been a cultural one using social media and the change to online shop. It is a challenge for the publishing sector to respond to demands for e-books, when the market is low and undermines traditional retail models. It is important that the Welsh sector can compete with the service of large online companies, and there is currently insufficient investment to deliver this.

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

WBC believes that the Future Generation of Future Act is of paramount importance to all policies, but the way in which the sector is funded makes it difficult to make long-term decisions. To be able to provide services that are expected in this century, a significant investment must be made. With a reduction in staff numbers, there is pressure to prioritize what is necessary, and what will be important for the next generation, but it must be acknowledged that no additional resources are offered to administer the requirements of the Act. We support the recommendation of the Future Generator of the Commissioner that decisions should be scrutinized to consider their impact on budgets that will be available for future generations and their impact on their quality of life.

## **Discussion**

WBC would be pleased to discuss these points, or anything else about this response, with Committees, Cabinet Secretaries or Ministers if desired.