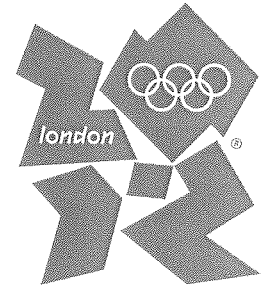


CMS 160407/mk

Lord Wills
House of Lords
London
SW1A 0PW



host government
department

30 November 2010

Dear Lord Wills,

I am writing in response to your queries raised in the 9 November second reading debate on the Public Bodies Bill. The queries relate to two DCMS public bodies, namely the Public Lending Right Registrar and the UK Film Council. The Minister responsible for the Bill in the House of Lords, Lord Taylor of Holbeach, has asked me to respond to you to address your points in full.

Before I respond to the issues raised I would like to reiterate that the Government fully agrees with your observation regarding the vast cultural contribution made by the UK film industry and the Public Lending Right author fund and we are committed to continuing our support for these sectors.

Public Lending Right (PLR)

With regards to the PLR I am pleased to confirm that the Government recognises the importance of the PLR to authors and can confirm that their right to receive payment when their books are borrowed from public libraries is protected in European law and will continue.

The question of which body takes over the PLR role is subject to ongoing discussions. It will be for that body to decide how best to manage their new responsibilities.

PLR payments will still be administered by a body operating at arm's length from Government with the same independence and impartiality currently awarded to the PLR Registrar. Furthermore, as a condition of the transfer, the body will be required to ring fence the fund for making payments to authors and a cap has been imposed on administrative spend. The PLR author fund will not be used to pay for the transfer of functions.

As set out in the PLR Spending Review allocation letter (http://www.culture.gov.uk/images/publications/Parker_PLR.pdf), the resource Grant in Aid budget for PLR will fall by 15% in real terms over the next spending period. In the current circumstances this represents a fair Spending Review settlement for PLR. Given

the scale of cuts in expenditure elsewhere necessary to tackle the deficit, this shows a real commitment to the importance and value of this scheme. My officials will work with the Registrar to reduce admin spend so that the impact of the reduction on authors is minimised

UK Film Council (UKFC)

You raised several issues regarding the future of the support for film in view of the announced abolition of the UKFC.

Firstly, you asked whether the sums available for public funding of film will be ring-fenced. I can confirm that this is absolutely the case. We have been very clear that the Government is wholly committed to supporting the UK film industry, especially in these tough economic times. The two key mechanisms that currently support the British film industry – the film tax relief and the dedicated pot of Lottery funding - are here to stay. In fact, due to the changes we are making to the National Lottery, funding for film will increase by 40% by 2014. These pots of money, as well as the GIA that we have secured in the spending review, are ring fenced for film. We want to reduce the percentage of money that used to be utilized to pay for admin costs and redirect more money, in proportion, to front line support to the film industry.

Secondly, you asked whether UKFC's commercial and industrial remit will be retained. I agree with you that it is critical that key supports to the film industry are maintained. That is why we are committed, for example, to the tax relief and the work in support of certification for the cultural test or to a strong inward investment strategy to promote the UK as the best place to invest. I also strongly believe that our policy objectives should be to build a sustainable British industry, where audiences are at the core of the thinking. We need in particular to restore a greater connection between films created with public support and the audience who pays for this support. We will set out our plans to address these issues very shortly.

Thirdly, you queried the possible transfer of current staff in charge of Lottery distribution at the UKFC to the new distributor. I would like to reassure you that where activities are being transferred, one of the very first tasks the UKFC and the new distributor will have to undertake will be to determine whether TUPE rules apply. Where they apply, staff will be offered to move across to the new organisation. These considerations will form a core part of the due diligences that the UKFC and the newly appointed entity will have to perform to ensure a smooth transfer of activities.

Lastly, you asked about the accountability mechanisms which will be put in place. It is our intention to ensure the appropriate levels of control are set up. We are currently liaising with Cabinet Office and HMT to explore various models, one of which mirrors that suggested by the Honourable Lord, however there are other options currently being considered. We will announce details shortly.

The reform of our public bodies is not without its challenges but I am keen to ensure that we use this opportunity to reaffirm our support for these sectors whilst enabling important reforms.

I am copying this letter to Lord Taylor of Holbeach, and will place a copy in the House Library.

Yours ever

Jeremy

The Rt Hon Jeremy Hunt MP
Secretary of State for Culture, Olympics, Media and Sport