

Committee's findings on the Independent Review of Support for Publishing and Literature in Wales

March 2018



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Committee's findings on the Independent Review of Support for Publishing and Literature in Wales

March 2018



About the Committee

The Committee was established on 28 June 2016. Its remit can be found at: www.assembly.wales/SeneddCWLC

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The following Members were also members of the committee during this inquiry:



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Introduction

Over the summer and early autumn of 2017, the Committee received a considerable number of unsolicited comments expressing concern about some of the recommendations made by an independent review panel, chaired by Professor Medwin Hughes, which had looked at support for publishing and literature in Wales at the request of the Welsh Government.

The Committee conducted a short inquiry into the concerns expressed, particularly as they affected Literature Wales. This report sets out our conclusions.

In deciding to carry out this inquiry it was not our intention to carry out an in-depth or forensic examination of the panel's findings. We have not reviewed all of their recommendations nor was that what we set out to do.

We are concerned that the way in which the debate on this review has been conducted has overshadowed important issues within the sector that remain to be addressed. For this reason, we are minded to look at the sector again, in more depth, once the immediate causes of concern have been dealt with.

Our main recommendation is that the panel's proposals to transfer functions from Literature Wales to the Welsh Books Council should not be taken forward without additional critical analysis and consideration.

Summary of Conclusions and Recommendations

CONCLUSIONS

Conclusion 1. The Committee agrees with the view that the panel's analysis of the decline in publishing in Wales is insufficient. This absence of analysis raises more general concerns about the evidence base for the panel's recommendations.

.....Page30

Conclusion 2. We agree with the view that the panel's report was too narrowly focussed on publishing and took insufficient account of changes in the way literature is created and shared particularly in the digital world. Page 30

Conclusion 3. We are not convinced that the practicalities and costs of transferring functions from Literature Wales to the Welsh Books Council have been properly thought through or that the Welsh Books Council is currently best placed to take on these new responsibilities. Page 31

Conclusion 4. Literature Wales faces a number of challenges. However, the view that it might have been unfit to receive public funding or been in danger of collapse is not borne out by the evidence. Given this, it casts further doubt on some of the panel's central recommendations. Page 32

Conclusion 5. While there may have been perceived conflicts of interest for some panel members these were all properly declared and we saw no evidence to suggest that possible conflicts of interest were not properly managed with the highest standards of integrity..... Page 32

Conclusion 6. Literature Wales' overly defensive response to the report does not cast the organisation in a good light and has not contributed to future collaborative working or a mature debate on the future of the sector. While we acknowledge that witnesses made a number of positive comments about the good work that the organisation does, we were not impressed by its senior leadership team over this episode..... Page 33

Conclusion 7. The Welsh Books Council should reflect on whether its response to the report was in the best interests of future collaborative working. Page 33

Conclusion 8. The Welsh Government now needs to address the weaknesses identified in this report to ensure that those involved put aside their differences and address the underlying issues, which for all its flaws, the panel was trying to address..... Page 34

RECOMMENDATIONS

Recommendation 1. We recommend that the Welsh Government should publish all of the documents set out in paragraph 49 of this report and the minutes of the independent panel's meetings..... Page 29

Recommendation 2. We recommend that the Welsh Government adopts in future an open and transparent method for appointing members of advisory panels and similar bodies, where a full public appointment process is not warranted..... Page 32

Recommendation 3. We recommend that the panel's proposals to transfer functions from Literature Wales to the Welsh Books Council should not be taken forward without additional critical analysis and consideration. The Minister should pause and reflect on our views before deciding whether to take the panel's other proposals forward..... Page 34

1. Background

1. In May 2015, Ken Skates AM (then Deputy Minister for Culture, Sport and Tourism, now Cabinet Secretary for Economy and Infrastructure) commissioned a **review**¹ into the Welsh Government's support for publishing and literature, with the following terms of reference:

- The main aims of the Welsh Government in supporting the publishing industry and literature in Wales, in both languages; i.e., what are we seeking to achieve, culturally, socially and economically? Are these aims still fit for purpose in the 21st Century?
- The scale and remit of the support currently given to deliver these aims, including the relationship between the bodies responsible for delivering this support.
- Digital developments within the publishing industry in Wales.
- The administrative arrangements for the Welsh Government support for a Welsh-language daily online news service, as well as Papurau Bro (Welsh language community newspapers).
- The support for publishing and literature in disadvantaged areas across Wales.

2. The panel that conducted the review consisted of:

- Professor Medwin Hughes (Chair): Vice-Chancellor of the University of Wales Trinity Saint David.
- Professor Elin Haf Gruffydd Jones (Vice Chair): Director of Welsh Language and Culture and Professor of Media and Creative Industries, Aberystwyth University.
- John Williams: Writer, novelist and Screen-writer. John Williams currently writes for the Mail on Sunday and the Independent and is co-organiser of the Laugharne Festival.

¹ <http://gov.wales/newsroom/culture-tourism-sport/2017/170613-review-in-to-support-for-publishing-and-literature-in-wales/?lang=en> – accessed on 8 February 2018

- Philippa Davies: Writer and business psychologist, with 12 non-fiction and fiction books published, alongside web content for The Economist and Udemy.
- Martin Rolph: Consultant. Martin undertook an independent review of the Welsh Government's support for books from Wales during 2014.

The current landscape of Welsh Government support for publishing and literature

3. The context for the review was set out in the panel's report and is summarised below.

Welsh Books Council (WBC)

4. The Welsh Government supports the publishing industry in Wales through the WBC, which is a non-statutory body (and registered charity). It provides a number of specialist services (in the fields of editing, design, marketing and distribution) with a view to improving standards of book production and publication in both Welsh and English. It also distributes grants to publishers. The Books Council promotes reading and literacy in Wales.

5. The WBC received £3.6m from the Welsh Government during the 2016-17 financial year, split as follows:²

Main categories of WBC's expenditure in 2016-17

Specialist staff supporting publishers and others	£748,000
Publishing Grants	£2,299,000
Grant Administration	£184,000
Capital	£60,000
Core Running Costs	£295,000
Total	£3,586,000

6. WBC Publishing Grant supports both English and Welsh language publications, with £1,632,550 allocated to Welsh language publications and £666,450 to English language publications.

² Figures taken from the Independent Review

7. The WBC supports the publishing industry in Wales by offering subsidised specialist services for a small fee to the publishers in the fields of editing, design, sales and marketing and also by grant-aiding around 300 titles annually (200 in Welsh and 100 in English), with funding channelled through publishers. In addition, its distribution centre stocks titles of Welsh interest in both languages, distributing these to over 800 outlets.

Arts Council of Wales (ACW)

8. The Arts Council operates with a combination of Welsh Government grant aid and lottery funding. During 2016-17, it received £30.6m from the Welsh Government and £16m in lottery funding. The Arts Council has annually-funded national organisations, of which Literature Wales is currently one.

9. Wales Arts International is the branch of the Arts Council, which initiates and supports international engagement and international partnerships. WAI seeks to give Welsh art forms an international stage and to raise the profile of Wales internationally. In the field of international literature and publishing, ACW also supports Wales Literature Exchange.

Literature Wales

10. The Arts Council has designated Literature Wales as the National Company for the development of literature in Wales. It was established in 2011 following the merger of Academi, the National Literature Promotion Agency and administrator of The Welsh Academy (the National Society of Writers in Wales) and the Tŷ Newydd Writers' Centre. Literature Wales' activities include:

- Services for Writers (including Bursaries and Mentoring);
- Wales Book of the Year;
- The National Poet of Wales;
- Bardd Plant Cymru and Young People's Laureate Wales;
- Creative writing courses at Tŷ Newydd Writing Centre;
- Major events, such as the centenaries of Roald Dahl and Dylan Thomas, and
- Literary Tourism initiatives.

11. In 2016-17, the Arts Council provided Literature Wales with £717,000 of core revenue funding from ACW's grant-in-aid. ACW also allotted £151,000 in project funding to LW from its National Lottery budget.

Wales Literature Exchange

12. Wales Literature Exchange, based at the Mercator Institute at Aberystwyth University, is funded by the Arts Council and connects writers, translators, publishers and other agencies involved in facilitating literary exchange between Wales and the world. Its Translation Grants Fund (£20,000 per annum) is available to publishers to support the translation costs of publishing both Welsh and English literature (from Wales).

Welsh Government

13. Primarily, the Welsh Government's support for publishing and literature is channelled through the Arts Council to the organisations described above. However, funding provided through the Department for Education and Public Services to promote literacy, and funding of literary major events (e.g. the Dylan Thomas and Roald Dahl centenaries) could be considered as support for literature.

14. Also, in 2016 the Welsh Government announced its intention to establish "Creative Wales", an arms-length body aimed at developing the creative industries and supporting their economic growth. However, there is currently a lack of clarity – both within the arts sector and the Welsh Government – as to precisely what the role of this body will be.

The Review's recommendations

15. The review's main recommendations made to the Welsh Government were as follows:

General

- The Welsh Government should continue to provide financial support to the industry in both the Welsh and English languages.
- Support should continue to be provided for both print and digital materials, but digital provision and strategy needs to be significantly improved.

- The importance of appropriate funding from the Welsh Government should be reaffirmed, to promote and encourage innovative opportunities for both literary development and publishing in Wales.
- These are key areas of investment which align fully with the Welsh Government's commitment to the Well-being of Future Generations (Wales) Act 2015 and directly support the strategic priorities set out in its Programme for Government *Taking Wales Forward 2016-2021*.

Changes to the way support is administered

- The Welsh Government should seek agreement from the Welsh Books Council (WBC) that it will take on some of Literature Wales' current functions, including:
 - Book of the Year (with the aim of increasing its commercial impact, including consideration of the marketing approach required);
 - Bursaries;
 - Literary Events / Writers on Tour;
 - Provision for children and young people.
- This would require additional funding from the Welsh Government, which should be offset by a corresponding reduction in the funding provided to the Arts Council of Wales for these purposes (which it currently passes on to Literature Wales).
- Where the above functions rely on third party funding (e.g.; National Lottery funding currently awarded for the delivery of bursaries), agreement should be sought with the Arts Council of Wales, Literature Wales and the Welsh Books Council that ACW and Literature Wales will not reapply for this funding at the end of the current award, and will instead support an application from the WBC for the funding needed for delivery of this function in future.
- If the Welsh Books Council's purposes are expanded on this basis, the following would then need to be considered (by the WBC):
 - A change of title to reflect additional responsibilities;

- Appropriate presence at a regional level across Wales;
 - A clear and focused digital strategy;
 - A clear strategy to promote inclusion across Wales, building on its existing child poverty strategy;
 - A talent development strategy.
- Once agreed, the Welsh Government would need to reflect the above changes in a revised grant award letter to WBC and a correspondingly revised remit letter to ACW (removing the duties and funding being transferred to WBC).
 - With these structural changes, the following would remain with the Arts Council / Literature Wales:
 - Tŷ Newydd Writing Centre;
 - Other cultural events and festivals delivered by the Arts Council.

Specific stakeholder comments and responses

Welsh Government

16. The Cabinet Secretary for Economy has **said**:³

“Given the significant weight and compelling nature of the evidence received, I am minded to accept the main recommendations and the Welsh Government will now work with the relevant organisations to implement them.”

17. Ministers have yet to respond more fully to the report. On 14 July 2017 **the Cabinet Secretary wrote**⁴ to the Arts Council, Literature Wales and the Welsh Books Council after they had all provided him with responses to the Independent Review. These responses were shared with the review panel for their consideration. The Cabinet Secretary stated:

³ <http://gov.wales/newsroom/culture-tourism-sport/2017/170613-review-in-to-support-for-publishing-and-literature-in-wales/?lang=en> – accessed on 8 February 2018

⁴ www.assembly.wales/deposited%20papers/dp-1641-16-21/dp-1641-16-21.pdf – accessed on 8 February 2018

“This process will largely focus on matters of accuracy, scope, impartiality and strategic effectiveness, as these are the areas you have primarily focused on in your submissions. This will take some time, especially given the academic commitments of both the Chair and Vice-Chair of the panel over the next few weeks. I expect to receive the panel’s written response towards the end of the summer break.”

18. The Cabinet Secretary noted that the letter’s recipients were working out the practicalities of implementing the review’s recommendations. However:

“I am absolutely clear that your participation in this work on the practicalities of implementation does not imply support for, or acceptance of, specific recommendations. Neither should you assume that this work implies I have already made any final decisions.”

19. However, in answering questions as part of the Committee’s scrutiny of the draft Assembly budget, the new Minister for Culture, Tourism and Sport, the Lord Elis-Thomas PC AM, told the Committee:⁵

“The only decision I made, before going to the book of the year award ceremony, was to decide that the current body, Literature Wales, which has been running that award will continue to do so for the next year. That’s the only decision I’ve made.

...

Also, the function of the Welsh Books Council, as an organisation that intervenes in the market and plans for the market, so that there is published provision available in both English and Welsh, is a function that has been implemented effectively, in my view, over a period of time. But the function of the Arts Council is not the same in promoting literature through Literature Wales as the function of the Welsh Books Council in terms of effective intervention in the market in order to ensure that there are Welsh and English titles available in the books market in Wales.”

He later added that:

⁵ Committee Transcript – 16 November 2017

“You don't need the wisdom of Solomon to understand that the next decision that could be made will be similar to the one made this week.”

Literature Wales (LW)

20. The review is highly critical of Literature Wales – the organisation has responded with a trenchant defence, impugning the quality of the report, which it calls “significantly flawed” and “misleading”, and raising questions of conflicts of interest among the review panel. It should be noted that ACW – the main funder of Literature Wales – **states**⁶ that it is “deeply disappointed by the quality of this report”, which it calls “partial in its analysis and inconsistent in its judgement”. Literature Wales also told the Committee that the highly-critical report has already had a damaging effect on its fundraising activities and its relationship with partner organisations.

Governance

21. The review concluded that Literature Wales “did not contain the right composition of skills and experience to run a body spending public money”. It also noted the panel’s disappointment that “the Literature Wales Chair was not minded to meet to discuss the activities of Literature Wales”. The review states that:

“According to ACW, LW is under no illusion regarding accountability, as demonstrated by the fact that ACW has identified LW as an organisation at red risk.”

22. Literature Wales counters that:⁷

“...its [Literature Wales) independently audited accounts are presented annually to Companies House, Charity Commission and Arts Council of Wales. Since its inception in 2011, no concerns have been raised by these organisations regarding LW’s transparency or rigour.”

23. The Arts Council has said:⁸

⁶ www.arts.wales/126525 – accessed 8 February 2018

⁷ www.literaturewales.org/lw-news/literature-wales-statement-11-july/ – accessed 8 February 2018

⁸ www.arts.wales/126525 – accessed 8 February 2018

“The report chooses to present Literature Wales as an organisation teetering on the brink of crisis, unfit to receive public funding. We categorically disagree with this opinion.”

24. However, in an earlier (2015) assessment⁹ of risk ratings for revenue funded organisations (RFOs) the Arts Council had said that some RFOs, including Literature Wales, were “considered to be performing beneath their optimum levels..” and that if there was “no significant improvement in performance ... it is likely that revenue funding will be withdrawn in the following year”.

25. Literature Wales also claims that the report presents an “inaccurate report” of the attempts by the panel to arrange a meeting with Literature Wales’ chair.

Tŷ Newydd

26. Tŷ Newydd is the National Writing Centre of Wales, and is run by Literature Wales. The report states that the centre “is clearly underperforming but LW is still receiving a grant of over £110,000 per annum in order to make Tŷ Newydd’s operations in its current role financially sustainable”. It goes on to question the centre’s remit, stating:

“Tŷ Newydd seems to be mainly aimed at ‘retired hobbyists’ but it was unclear who Tŷ Newydd caters for and why it is receiving public subsidy.”

27. Literature Wales contends that “many course participants have gone on to become successful published writers.

Wales Book of the Year

28. Despite endorsing the award as a “good concept”, the review concluded that there are:

“Significant deficiencies with how it is promoted and a significant question mark as to whether LW is the appropriate organisation to be co-ordinating. There is a sense that it is increasingly underfunded and a palpable lack of enthusiasm for it from LW itself.”

⁹ Paper for Committee – 4 October 2017

29. Literature Wales states that the audience reach statistics for the award contradict the report's claim that "recent awards have received very little press coverage".

Support for writers

30. Literature Wales provides bursaries to writers to enable them to work on projects. The Welsh Books Council gives grants to publishers, which are then paid to writers. The report states that there seems to be "no obvious reason" for the separation of these funding streams, something it describes as "one of the clearest examples of the chronic lack of collaboration between WBC and LW". The review goes on to say:

- LW does not seem to have a clear enough focus on developing writers.
- The world of creative writing is changing rapidly and there is no evidence of LW adapting to this.
- It does not appear that LW encourages writing or writers to become commercial.

31. Literature Wales states that the comparisons drawn between the funding provided to writers by itself and WBC do not "consider the remit, purpose and reach of these schemes". Literature Wales' evidence to the committee goes on to highlight what it sees as the strategic differences between itself and the WBC. Whereas it sees the focus of the WBC as "to support publishing as a commercial industry", Literature Wales has:¹⁰

"...pioneered in the field of writer development, creative engagement and literary participation, encouraging experimentation and supporting the diversification of literature as an artform."

Live literary events

32. The review observes that "LW has moved its focus from supporting outside promoters to becoming a literary promoter itself, most notably with the Dinefwr festival". It concluded that:

¹⁰ Paper for Committee – 20 September 2017

“LW’s new incarnation as a festival promoter seems to be ineffective, expensive and distorts the market place which operates in some parts without significant public sector subsidy.”

Financial

33. The report expresses surprise that “75% of LW’s budget was spent on its own staffs’ salary costs”, as well as disappointment at “LW’s overall record in attracting ... funding from other sources”.

34. Literature Wales states that this staffing cost figure is “untrue”, and that “the correct figure is between 44-47%”. It also states that:¹¹

“Since 2011/12, the income LW raises from other sources has increased significantly. In 2011/12 the ACW revenue grant represented 74% of LW’s income. By 2015/16, this had reduced to 61%. In this period, the additional funding and income LW receives beyond its core grant has increased 122%.”

General

35. With regard to Literature Wales, the report concludes:

“Overall the Panel felt that the missions and goals of the organisation were unclear – and to ‘serve people, to serve everyone’ is unrealistic and vague. LW is very much an inward looking organization and does not have a strong enough focus on outcomes. LW can no longer be considered a young organisation but the Panel considered that in its evidence it demonstrated a lack of maturity and strategic planning in a number of key areas.”

36. Literature Wales has told us that the panel has considered a restricted and outdated definition of literature, which disregards significant literary forms (e.g. spoken word and graphic novels) and has a limited, commercially driven understanding of a “writer”. Consequently, because of the way it has defined literature, the Panel repeatedly criticises Literature Wales’ vision and strategy. It quotes the Arts Council as saying “there is now a clear focus on what [LW] aim to achieve”.

¹¹ Paper for Committee – 20 September 2017

37. Literature Wales' evidence to the committee highlights its work broadening participation in literature, including with vulnerable young adults and dementia sufferers. It calls the discussion of this area of work "one of the most manifestly deficient areas of the Hughes Report". It states that the Independent Report "offers no analysis of the social impact or its success in delivering Welsh Government targets identified through Fusion (*the WG's project to tackle poverty through culture*) and the Well-Being of Future Generations Act".

38. Literature Wales' written evidence to the Committee concluded:

"The Hughes Report simply and crudely suggests a "dump" of activities, with no thought given to the practicality, timescales, manifest risks and financial implications of such a transfer. As stated above, LW believes that a more dynamically connected sector, in which current expertise is preserved and enhanced, would better serve the people of Wales."

Welsh Books Council (WBC)

General

39. The report acknowledged a number of weaknesses in the Welsh Books Council's performance, a point which the Cabinet Secretary also acknowledged in oral evidence,¹² but concluded that "the WBC displayed a high-level of maturity with regard to its core functions", and that consequently "the time was right to consider additional responsibilities for the WBC".

Funding and governance

40. The report states that the WBC "actively seeks best value-for-money from book publishers and magazines", and has a "strong grip on administration and running costs". It goes on that although "there was a good micro-management of funds and grants", "it could be argued that the WBC needed more industry professionals in some aspects of its work".

41. In terms of governance, the report states that the organisation was regarded as "transparent ... ensuring stability, fairness [and] respect across the sector".

¹² Committee Transcript, para 509 – 12 October 2017

Welsh language publishing

42. The report states that the WBC “played a key significant role in Welsh Language Publishing”. However, it stated that “WBC historically comes from Welsh language publishing background and its culture may not always be adept at supporting entrepreneurial publishers”.

English language publishing

43. The report notes the differing market conditions for Welsh and English language publishing, and that “the market does far more for quality in the English language”.

44. The report says that the Welsh Government should consider helping publishers set up in Wales, regardless of the existence of any Welsh links in the material they publish, rather than exclusively publishing writing from Wales.

45. It concludes:

“The Panel felt that the danger for grant funded Welsh publishing is that it becomes a cosy and complacent small-scale industry which has a minimal influence on the culture of Wales as a whole. However, it needs to be said that - given the current level of funding - and given the wider context of publishing in the UK - that is probably all one can reasonably expect.

One example of the contribution that can be made is the Library of Wales initiative, edited by Dai Smith and published by Parthian. This has been a popular and valuable rediscovery of the largely forgotten Anglo Welsh literature of the past century. This series of books seem to be grant funding at its best - stepping in where the market wouldn't and giving Welsh people today a much needed reminder that there is more to our history than Dylan Thomas.”

Excessively risk-averse in some areas

46. The report states that there is:

“‘some evidence’ that WBC grant support, ‘on the one hand enables some books to be published for which there are low levels of demand ... and on the other hand does not encourage risk-taking and testing of the market’.”

Marketing

47. The report acknowledges that this is an area where the WBC has “had to implement efficiency savings”, but stated that “more attention to marketing was needed”. It stated that “As the WBC has completed its business transactions once a book is produced, it does not need to focus on marketing”.

2. Evidence provided to the Committee

Written Evidence

48. The Committee has considered the panel report alongside further written submissions from the protagonists involved, Literature Wales, the Welsh Books Council, the Arts Council of Wales and the Chair of the independent panel.

49. A wide range of other written responses has also been received and has been published where appropriate on the Committee's web pages. The Committee also asked for and received from the Welsh Government a number of other documents that were relevant to its consideration or were brought up in evidence. These included:

- A report by ARAD Research for Wales Arts International and Literature Wales into international working in the literature sector in Wales;
- The Arts Council of Wales investment review of Literature Wales;
- Correspondence between ACW and the review panel on the "red risk" issue, in particular details of all outstanding red risks relating to Literature Wales at the time of the review;
- The minutes of the Panel's meetings at which it took evidence from Literature Wales;
- The minutes of the Panel's meetings at which it took evidence from the Welsh Books Council; and
- The Welsh Arts Council's full response to the panel report addressed to the Welsh Government.

50. Due to data protection concerns and because minutes of independent review panel meetings are not usually published or shared with third parties, the Welsh Government was only prepared to agree to share these documents with the Committee on an "in confidence" basis.

Oral Evidence

51. The Committee took oral evidence on 20 September 2017 from Literature Wales and the Welsh Books Council, on 4 October 2017 from the Arts Council of Wales and the Chair and representatives of the independent review panel and on

12 October from Ken Skates AM the Cabinet Secretary for Economy and Infrastructure and Welsh Government officials who had supported the Independent Review. The issue was also covered during the Committee's scrutiny of the draft budget with the new Minister for Culture, Tourism and Sport, Lord Elis-Thomas PC AM.¹³

Issues arising from oral evidence

52. The transcripts of these meetings can be found on the Assembly's website at <http://record.assembly.wales/search>. Some of the key issues arising from the oral evidence are set out below.

Literature Wales

53. Literature Wales Chief Executive Lleucu Siencyn told the Committee that the atmosphere at the organisation's meeting with the panel was "if not hostile, then quite aggressive at times". The Literature Wales Chair raised this by letter with the review panel Chair.

54. Literature Wales Chair Professor Damian Walford Davies told the Committee that:

"...during the meeting with the Welsh Books Council, for example, the panel had asked them before they had met with Literature Wales whether they were interested in taking on more responsibilities. I would like to know why they didn't ask us the same question."

55. Ms Siencyn noted that, prior to the report's publication "We didn't have any opportunity to respond as one of the main stakeholders". She noted "a lack of diversity within the panel itself" and also expanded on previously noted concerns about conflicts of interest within the panel:

"The specifics of the conflict of interest relate to the chair of an organisation called Welsh Literature Exchange, which is an organisation that Literature Wales used to fund."

She noted that the relationship between the two organisations:

"wasn't an easy relationship."

¹³ 16 November 2017

56. Professor Davies stated that:

“Literature Wales was, and this is a very interesting point, put down on the red risk register [held by the Arts Council] simply because of this report, that this report was due, as it were—not because of the results of the report, but because the conclusions of the report might manifestly change the way we work.”

57. However, Ms Siencyn noted that there had been previous “red risks”, “with concern to Tŷ Newydd and other matters that have since been resolved”.

58. Professor Davies stated that no previous auditors, the Charity Commission or Companies House had raised any substantial concerns about the operation of Literature Wales.

59. Ms Siencyn noted that the review panel referred to “the atmosphere of board meetings without ever being present at one”.

60. Referring to the Wales Book of the Year Award, Ms Siencyn stated:

“I would like to know how the panel, who, as far as I remember, have not been present at any recent book of the year ceremony or the internal planning meetings, could use the words ‘palpable lack of enthusiasm’ and describe themselves as a transparent and open panel.”

Welsh Books Council

61. Professor M Wynn Thomas, Chair of the Welsh Books Council, referring to possible conflicts of interest within the panel, said:

“I’d be lying if I said that my eyebrows didn’t rise a little when I saw the panel members. That’s no reflection on their capacities, but I could see here or there one or two possible conflicts of interest. I have to tell you, though, that the way the review was conducted satisfied me on that score.”

62. However, Ms Helgard Krause, Chief Executive of the Welsh Books Council, said “I was surprised not to see an actual publisher on that panel”. She also noted that she found some of the criticism of the WBC in the report unfair:

“I’ll give you one that made me laugh, that Welsh bookshops don’t see reps—you saw from the paperwork that they visited 2,300 or had 2,300 contact times; or that schools don’t see schools officers—well, as you’ve

seen from the paperwork that's blatantly not true; or that the books council is an organisation that is only concentrating on the Welsh language, which is blatantly not true. So, there are some observations that are personal opinion that I would disagree with."

63. When asked about their enthusiastic welcome for the report, which included trenchant criticisms of partner organisations, Ms Krause told the Committee:

"Well, our role is to represent our organisation, and—I think I've said that before—I have every confidence that we can deliver that, and it's pleasing to be given new and added responsibility. The Welsh Books Council for a while now has done very well what it is meant to be doing, and it's a mature organisation, and any organisation would welcome additional responsibilities, and I suppose that it reflects that; it reflects that we are ready—we feel that we are ready to take on new responsibilities—and because what was suggested here makes sense. Now, if, for example, a suggestion had been made that we were to start running large literary festivals, the response would have been very different."

Arts Council of Wales

64. The Arts Council contended, as per Literature Wales, that the panel's report did not cover the full breadth of literary activity in Wales, including Literature Wales' community activity.

65. In its view the report did not convey the Arts Council of Wales' current view of Literature Wales' activities. The panel's view, ACW contended, was based on the Arts Council's 2015 views. Literature Wales has made significant improvements since then, something which the Arts Council said they had conveyed to the panel.

66. The Arts Council corroborated Literature Wales' contention that the only outstanding "red risk" that Literature Wales had (a risk level attributed to Literature Wales by the ACW, which is the organisation's main funder) at the time of the review related to the ongoing nature of the panel's report.

67. The Arts Council expressed surprise at the ARAD report being used extensively by the panel to justify the conclusions the panel reached in its own report. The ARAD report was, ACW said, a narrow report looking just at international working in the literature sector in Wales.

The Review Panel

68. When the panel met ACW in October 2016 they did not discuss in detail the nature of any outstanding governance concerns that ACW had with Literature Wales. Professor Medwin Hughes said that he understood the existing conditions to be a “generic statement of red-risk” (Despite the 2015 assessment of risk referred to earlier, Nick Capaldi of ACW told the Committee that the only outstanding statement of red-risk related to the ongoing nature of the panel’s report).

The Welsh Government

69. During his evidence to the Committee, the Cabinet Secretary told the Committee:

“...I think it’s also imperative that we recognise there were more than 50 recommendations, but the criticism, the anger, the upset, is focused on a small number. It’s therefore important that we recognise that there are areas where there is agreement, and those areas could and probably should be taken forward.

...

What I would also hope for, though, is an ability to be able to recognise that changes must be made, and whilst I’ve made no decision on the recommendations that have been forwarded to me, I certainly think that the status quo is no longer acceptable.”

70. Committee Members made the point during questions that, based on criticisms of Literature Wales, the panel was recommending moving functions to the Welsh Books Council. However, the panel itself conceded that the Welsh Books Council would itself need to make significant changes to be in a position to carry out these new functions. In response the Cabinet Secretary told the Committee:

“I think the Member makes a fair point. That’s why I said in the Chamber that I was only ‘minded’ to accept the recommendations. I’ve been considering them further and I will await this committee’s report before reaching the final decision on those recommendations.”

71. When asked whether there were any lessons to learn from the review process the Cabinet Secretary told the Committee:

“... One thing that I would accept is that, in the future, a similar review ... should be preceded by a level of engagement with the organisations that are going to be reviewed to gain their confidence that individual panel members cover a wide range of subject areas. ... what I'd like to do is make sure that all organisations, all the representative bodies, are confident that all of the skillsets are represented on the panel.”

72. In relation to the issue of Literature Wales being an organisation that the Arts Council classified as being at “red risk”, the Committee received evidence from the Minister’s officials, one of whom cast doubt on the report’s findings on this point. He told the Committee:

[Mr P. Owen:] “They have that red-risk rating, but I think it’s important to understand that red risk in the Arts Council’s view does not necessarily represent that an organisation is (a) either unfit to receive public funds, or (b) in imminent danger of collapse. It means that the organisation is facing a number of challenges and, as you’ve already pointed out, it may also just reflect the fact that there are external factors, like this review, that potentially have the ability to threaten the organisation in some way. ... we certainly weren’t hearing anything as officials from the Arts Council that it felt that Literature Wales was in danger as an organisation and potentially not able to carry out its work.”

73. However, an official who was directly involved in supporting the review panel told the Committee:

[Mr Kindred:] “It isn’t just about the risk of the review, because there were red risks attached to Literature Wales prior to the constitution of the review. That is the evidence that the panel received from the arts council.”

74. Again on the issue of whether it was reasonable to conclude, as the panel had, that Literature Wales “did not contain the right composition of skills and experience to run a body spending public money” officials’ evidence challenged whether this was a fair judgement by the panel:

[Mr P. Owen:] “...I’ve not had any reason ... to believe that arts council considered Literature Wales in that way.

...

... I think personally that is probably not a fair judgment to reach.”[628]

75. While an official who worked closely with the review panel made the point that:

“The panel was saying that, at that point in time, it had identified, following evidence that it had received from Literature Wales, from others, from stakeholders, and that it concluded that there were skills and experience gaps that needed to be filled.”

76. In relation to the appointment and independence of the panel and how conflicts of interest were dealt with, the Cabinet Secretary told the Committee that panel members had not been appointed through an open competition:

“They were appointed on a task-and-finish basis. So, a list of names was drawn up by officials and presented to the then Minister and me, as Deputy Minister, from which the current panel was drawn. It was carried out on a task-and-finish basis. It was the normal process that’s used in these sorts of circumstances and, again, I don’t think that the integrity of those individuals can be questioned.”

77. On conflicts of interest the Cabinet Secretary said:

“I should just say, I received a very, very detailed explanation on this from the panel just last week, and I’m confident that the registration of interests was comprehensive and there were no conflicts of interests that were not identified or dealt with in an appropriate way.”

3. Our Conclusions and Recommendations

General Comments

78. The Committee's Inquiry was in response to the disquiet expressed about the recommendations of the independent review by Literature Wales, which were supported by a number of members of the public and by the Arts Council of Wales. In deciding to carry out this inquiry it was not our intention to carry out an in-depth or forensic examination of the review panel's findings nor to impugn their integrity. We have not reviewed all of the recommendations in detail nor was that what we set out to do.

79. We should also say at the outset that we have no reason to doubt the personal integrity or abilities of any of the panel members. It is possible to disagree with their conclusions in whole or in part without doubting that they carried out their work conscientiously and that their main motivation was public service. It is regrettable that some of the criticisms of the report seem to have been of an ad hominem nature which does little to encourage others of ability and integrity to offer their time for such public service.

80. Having said that we are not convinced that the report and the way the panel approached its task has served Ministers well in a number of key areas. In arriving at our conclusions, which are set out in more detail below, we have drawn on documents supplied to us by the Welsh Government "in confidence".

81. The Committee believes that publishing these documents openly would lead to more informed public consideration of the issues the panel considered. While we note the Government's concerns about data protection, and the principle that minutes of independent panel meetings should not be published. In our view, the public interest in publishing these documents outweighs the Welsh Government's reasons for not doing so, and there appears to be little in them that could not be published with appropriate redactions. It would also help dispel any lingering concerns about how perceived conflicts of interest were dealt with.

Recommendation 1. We recommend that the Welsh Government should publish all of the documents set out in paragraph 49 of this report and the minutes of the independent panel's meetings.

The Panel's analysis

Insufficient Consideration of Key Issues

82. In its response to the report addressed to the Welsh Government, the Arts Council of Wales, supported a number of the panel's key findings, particularly around Government investment in Publishing and Literature and the need for stronger strategic connections between different parts of the Publishing and Literature sectors.

83. However, they also make a number of important criticisms such as that key issues are not examined in sufficient detail, which means that there's a risk that the actions proposed will not deliver the improvements that are being sought. They point to reports of a decline of 65% in the value generated by publishing in Wales from £103m to £35.7m¹⁴ and make the point that there is no real analysis of the reason for this decline in the report nor are key strategic questions satisfactorily answered.

Conclusion 1. The Committee agrees with the view that the panel's analysis of the decline in publishing in Wales is insufficient. This absence of analysis raises more general concerns about the evidence base for the panel's recommendations.

Insufficient weight given to literature

84. The Review concerns itself primarily with Publishing. Both the ACW and Literature Wales have criticised the panel's definition of literature as being narrow and failing to recognise that the way literature is created and shared and engaged with by audiences has changed, particularly in a digital world.

Conclusion 2. We agree with the view that the panel's report was too narrowly focussed on publishing and took insufficient account of changes in the way literature is created and shared particularly in the digital world.

Welsh Books Council

85. The panel has recommended a significant shift of functions from Literature Wales to the Welsh Books Council. The WBC's relatively new Chief Executive recognised that the Books Council itself faces a range of challenges and needs in

¹⁴ Western Mail report on the Creative Industries (7 June 2017)

particular to improve its digital engagement, marketing and international engagement.

86. We are not convinced that the WBC's Chair is equally committed to this area or that his knowledge of the importance of, in particular, the digital agenda and other new issues was as comprehensive as we would have hoped.

87. Given the range of challenges it faces we are not convinced that the WBC is currently best placed to take forward the additional functions recommended in the review. Nor are we convinced that the practicalities of the inevitably lengthy process of transferring functions to them from Literature Wales was properly thought through by the panel. It is possible that the proposed transfer would be highly disruptive and could incur significant loss of jobs or costs in transferring jobs from one organisation to another.

Conclusion 3. We are not convinced that the practicalities and costs of transferring functions from Literature Wales to the Welsh Books Council have been properly thought through or that the Welsh Books Council is currently best placed to take on these new responsibilities.

Criticisms of Literature Wales

88. The panel's report makes a number of scathing and disparaging comments about Literature Wales. Much of this was justified by the Arts Council's identification of Literature Wales as being at "red risk". This terminology is unfortunate as it suggests an organisation at imminent risk of serious failings.

89. However, it is clear to us from the evidence we have seen and heard that, while there are a number of serious issues that Literature Wales is facing, some of the criticism in the panel's report was unfair. In particular, the description of Literature Wales as an organisation that:

"did not contain the right composition of skills and experience to run a body spending public money."

This phrase is one that suggests that Literature Wales was unfit to receive public funds or in danger of imminent collapse. This is not borne out by the evidence from the Arts Council and indeed firmly rejected by it. In fact the Cabinet Secretary's official agreed that this was what he understood to be the Arts Council's view that a "red risk" meant that Literature Wales, while facing a number of challenges was not unfit or in danger of collapse.

90. Unfortunately, the panel's choice of words did not reflect the more nuanced reality. This may have led the panel to a number of conclusions about Literature Wales that were unjustified and on which it based some of the more contentious recommendations in the report.

Conclusion 4. Literature Wales faces a number of challenges. However, the view that it might have been unfit to receive public funding or been in danger of collapse is not borne out by the evidence. Given this, it casts further doubt on some of the panel's central recommendations.

Conflicts of Interest

91. One of the criticisms of the report was a perception that some members of the panel had conflicts of interest. There is certainly some evidence to support that view which is not confined to critics of the report. The issue was mentioned by the Chair of the Welsh Books Council and the panel Chair also recognised it as an issue and took rigorous steps to declare relevant interests and where appropriate absent himself from relevant discussions. This has been confirmed by officials and by the Cabinet Secretary who asked for and received a detailed explanation of the issue.

Conclusion 5. While there may have been perceived conflicts of interest for some panel members these were all properly declared and we saw no evidence to suggest that possible conflicts of interest were not properly managed with the highest standards of integrity.

92. Nevertheless, the way in which the panel was appointed may have contributed to perceptions of conflicts of interest. This is not the fault of the panel but, in our view, a more open and transparent appointment process could have headed off these criticisms from the outset. That is not to say that a full public appointment process needs to be followed in every case, which would be unwieldy, but that openness and transparency is a guiding principle for similar appointments in future.

Recommendation 2. We recommend that the Welsh Government adopts in future an open and transparent method for appointing members of advisory panels and similar bodies, where a full public appointment process is not warranted.

The reaction to the report

93. Some of the personal attitudes we have seen has led us to worry about standards of professionalism in the sector. Perhaps this was best summed up by Dawn Bowden AM, when she made the following comments during our meeting on 4 October:

“This is my first experience of dealing with the sector in an inquiry like this, and I have to say that I’m not mightily impressed. I get the distinct impression that we’ve got a sector here that’s rife with factionalism, rivalries and jealousies that, quite frankly, leaves me wondering why the Welsh Government’s even bothering to finance some of these organisations. That may be very unfair, but that’s an impression I’ve got from my involvement in this inquiry.”

94. We accept that Literature Wales may have had some grounds for concern around the process, around conflicts of interest or that the panel had preconceptions about their role. Nevertheless, the overly defensive way in which they have responded has not helped the situation and has done little to foster working collaboratively with partners in the public interest while putting narrow sectional interests to one side.

Conclusion 6. Literature Wales’ overly defensive response to the report does not cast the organisation in a good light and has not contributed to future collaborative working or a mature debate on the future of the sector. While we acknowledge that witnesses made a number of positive comments about the good work that the organisation does, we were not impressed by its senior leadership team over this episode.

95. We have considerable doubt whether the panel applied the same critical scrutiny to the Welsh Books Council as it did to Literature Wales. Nevertheless, the Council as an organisation emerges relatively well from the panel’s report but not without criticisms. It is clear that the panel itself believes that the Books Council has matters to address and we were glad to see that this was recognised by the Council’s new Chief Executive at least.

96. While it is perhaps to be expected that the Books Council would welcome the report, the perhaps overly enthusiastic tone of their response reinforced our concerns about the scope for productive joint working in the future in the sector.

Conclusion 7. The Welsh Books Council should reflect on whether its response to the report was in the best interests of future collaborative working.

The Way Forward

97. Our experience in carrying out this Inquiry has done little to impress us. Instead of a collaborative and forward looking sector, what we have seen is one where narrow sectional interests and rivalries have been elevated above the public good. This has reinforced our concerns about a broader problem within the sector.

Conclusion 8. The Welsh Government now needs to address the weaknesses identified in this report to ensure that those involved put aside their differences and address the underlying issues, which for all its flaws, the panel was trying to address.

98. Given our conclusions and recommendations above we do not agree that recommendations from the panel to transfer functions from Literature Wales should be taken forward at this time or without considerable additional analysis and thought. However, other recommendations in the report may command wider acceptance. The Minister should pause and reflect on our views before deciding whether to take them forward.

Recommendation 3. We recommend that the panel's proposals to transfer functions from Literature Wales to the Welsh Books Council should not be taken forward without additional critical analysis and consideration. The Minister should pause and reflect on our views before deciding whether to take the panel's other proposals forward.