

PA RESPONSE TO FCO BRITISH COUNCIL TRIENNIAL REVIEW: PUBLIC CONSULTATION

Introduction

The Publishers Association ('The PA) is the representative body for book, journal, audio and electronic publishers in the UK. Our 110 members span the academic, trade and education sectors and contribute £5bn per annum to the UK economy, £4bn from the sale of books and £1bn from scholarly journals. Over 40% of our sectors' revenues are derived from exports.

The PA welcomes the opportunity to respond to Stage One of the Review of the British Council's functions as a public body. The publishing industry is one of the largest of the UK's creative industries, and certainly the biggest when measured by export strength. The PA, like the British Council, is a member of the Creative Industries Council, looking at how the role of the creative industries can be supported and strengthened.

The Publishers Association represents over 80% of the education publishing market in the UK and it is where The British Council's activities more directly affect this sector that we focus our response. In particular we have concerns about the way in which some of the British Council's activities compete with publishers, possibly using public money to do so, and the blurring of the lines between the British Council's charitable and profit-making functions, in seeming contravention of its Royal Charter.

Publishers and The British Council

Given the publishing industry's own mission to promote education and literacy, we are naturally supportive of the British Council's Literature programmes in which it sometimes works with our members. We also work closely with the British Council on activities around The London Book Fair, especially the Market Focus programme and are grateful for its extensive network and openness in this network to support us and our members' activities where appropriate. However, it is in the area of education publishing where our members' activities most align – and sometimes compete – with the work of the British Council.

Education publishing

Education publishers are in the business of producing high quality learning resources, assessment materials and other education products and services tailored both to the home and export markets, including a significant interest in ELT. UK educational publishers have long produced materials specifically designed to support students and teachers following international qualifications and local curricula, and our members work closely with qualification awarding bodies, Ministries of Education, examiners and teachers to ensure resources are of the highest quality and meet the needs of students. Publishers' expertise in digital asset management and new publishing technologies also enables them to repurpose and customise materials for learners anywhere in the world.

With the continuing growth of English as a global language, it is estimated that around one billion people are currently studying English as a foreign language, and more and more of these are at school level. The UK has most of the largest English Language Teaching publishers in the world, producing a wide range of innovative titles that support teachers and motivate students as they develop the language skills

needed to communicate successfully in English. Publishers work closely with teachers and students in all the major countries where English is taught to ensure that the teaching approaches work for the pupils and their teachers. They continually update their expertise by working with researchers and teachers as new and more effective ways of teaching English are developed, to make learning quicker, more effective and more fun.

Figures from The Publisher Association Statistics Yearbook demonstrate the scale of commercial activity our members are engaged in, to the benefit of UK Plc. In 2012, total physical and digital sales of school books increased by 4% to £290m. Total digital sales of school books increased 51% and both the home and export markets grew 6% and 3% respectively. Over 41% of publishing sector revenues are derived from exports, reflected in the fact that UK publisher turnover from book publishing is the fifth largest in the world.

Areas of concern

Many of the activities of The British Council mirror or at least cut across those provided by commercial and not-for-profit publishers.

These include:

- supporting English language teaching and learning in public education systems through provision of materials in different media for self-access learning;
- overseeing administration and marketing of English language examinations and other UK qualifications across the world;
- English language teaching to Ministries of Education;
- support and professional development for teachers of English.

We would suggest that the challenge for the British Council, whilst it remains a public body and in receipt of public funds, is in making sure that it is not duplicating the work of commercial providers, undermining UK businesses by competing for their services and at the same time using public money to do so, in particular where publishing markets are viable and/or potentially so. Some of our members have expressed concerns that this is in fact already happening. These concerns can be summarised as follows:

1. British Council as gatekeeper

By virtue of its reputation, brand, experience and extensive network of high level contacts, The British Council is often the 'go to' place for access to the UK market and expertise. Opportunities, commercial or otherwise, are identified and promoted through the British Council. This has the effect of making the British Council, perhaps unwittingly, a gatekeeper for commercial opportunities.

The establishment of the Education UK unit at UKTI is welcomed in this regard. Closer working between the British Council and UKTI is always welcome, and particularly so as to bring together the complementary strands of this important strategy and the UKTI GREAT campaign, which The Publishers Association is grateful to be part of. We hope that, through the establishment of this dedicated Education UK unit, both the British Council and publishers will be notified of opportunities on an equal basis.

However, it remains the case that Government Ministries often employ the British Council to undertake a review of what is needed in their education system – and this is sometimes followed up with the British Council providing the commercial service after, given it is written to their specifications. For example in Columbia the British Council has acted as a consultant for advice on the improvement of ELT, and subsequently secured contracts for delivery. Both the Italian and Greek Ministries of Education refer to the British Embassy and in turn the British Council for advice on assessments, when there are commercial and not for profit publishers already active in the assessment space. This also means that some services that other commercial partners could provide that the British Council cannot – or do in a different way - can be overlooked due to the local customer not being aware of all of their options.

We would strongly urge the FCO to consider how this process works during the course of their Review, and we would be happy to meet with the Review team to provide further details. Specifically, we would ask the FCO to consider appropriate safeguards to ensure opportunities that reach the British Council, either independently or through their links with UKTI and others, are put out to tender on an equal and fair basis, on all occasions.

2. British Council as competitor

In line with the above, our members tell us that they are increasingly finding themselves to be in competition with The British Council because of the services it is providing. This raises questions about the appropriate use of public funding channelled through the British Council to compete with commercial providers; and undermines the British Council's mission to further UK (commercial) interests. In particular, we would question the appropriateness of such competition, which inevitably involves the use of some public money (see comments on accounting procedures below) in areas where markets are in fact commercially viable, such as the UK, Europe and North America.

Recent examples of this competition include in Malaysia, and we would be happy to discuss this in detail with the Review team.

Royal Charter

Whilst its Royal Charter states that the British Council's objectives must be pursued in a manner which is exclusively charitable, specifically regarding the advancement of education, its current publishing activities surely fall beyond the scope of both "charitable" and the intended scope set out in the Charter. This must be reviewed.

Further, we are concerned that the issues outlined above are likely to become more acute as the British Council focuses its efforts on income generation. It is notable that although some British Council activities are free access (e.g. online or broadcast), English language teaching and management of examinations generate a surplus for the British Council, and are of course two areas of work which cut across and compete with that of publishers (and which, arguably, should in any case be charitable and not profit-making, in line with the Royal Charter). If the British Council is to continue to be a competitor for commercial services provided by UK businesses, this would at the very least raise significant questions about the continuation of funding through Grant-in-Aid. Whilst Grant-in-Aid money is governed by strict rules around usage and directed toward the Council's charitable activities, it is difficult to determine exactly which funds are being directed where. At the very least, additional line items in the Budget may help to determine this, as current accounting procedures do not demonstrate a clear separation of public and private funds (much

like the blurring of the British Council's charitable and profit-making activities with respect to education and publishing).

As the British Council transitions to increasing the share of its earned income in relation to its Grant in Aid, the above problems are likely to become even more pressing and must be dealt with now.

Proposed way forward

The above is not to suggest that The British Council should not continue with its activities in many areas. However, we would question whether the current operating model remains the most appropriate. Specifically, we would look to understand:

- i. How the British Council is made aware of commercial opportunities, particularly in the education space;
- ii. How the British Council decides where to put its resources in response to commercial opportunities and what efforts it makes to publicise these to commercial operators;
- iii. How the British Council identifies gaps in overseas markets and how it determines whether to develop its own resources or seek input and advice from British business;
- iv. How the British Council accounts, in budgetary terms, for the distinction between its charitable and profit-making activities;
- v. What checks and balances the British Council has in place to ensure it abides by its Royal Charter, in particular as its profit making activities increase.

We would strongly urge the FCO to consider these points in any further consultation and review of the Council's modus operandi, and would welcome the opportunity to meet with the review team to discuss this in further detail.

Richard Mollet
Chief Executive
The Publishers Association