

## Basic Information

<b>Title</b>	Report of the Epworth Press Interim Reference Group
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<b>Status of Paper</b>	Final
<b>Resolution/s</b>	The Conference receives the report.

## Summary of Content

<b>Subject and Aims</b>	Ongoing work by the Epworth Press Interim Reference Group to establish a suitable business model for the Epworth Press.
<b>Main Points</b>	<ul style="list-style-type: none"><li>• Background</li><li>• Establishing the Epworth Press Interim Reference Group</li><li>• Initial findings of the Interim Reference Group</li><li>• Ongoing work required to Identify an appropriate business model</li></ul>
<b>Background Context and Relevant Documents</b>	Further to consultations with SCM Publishing, Epworth Press Editorial Committee and the following documents: <ul style="list-style-type: none"><li>• SRC Minutes 09.2.8 and SRC/09/59</li><li>• MC/10/16 – Epworth Press</li><li>• MC/10/55 – Report of the Epworth Press Interim Reference Group</li></ul>

<b>Impact</b>	Conference has confirmed its desire to maintain the Epworth Press brand and considers that the Epworth Press has brand value outside of the Methodist Church which needs to be managed appropriately and preserved. However, any future action must be in line with the Methodist Church's obligations under charity law and needs to take into account the current financial situation of the Epworth Press as it continues to record large financial losses.
<b>Risk</b>	The continuing losses recorded by the Epworth Press under current arrangements represent a substantial financial risk to the Church. There is also a reputational risk to the brand of the Epworth Press and the Church as a whole if the Epworth Press is not run in a professional manner.

## Background

1. In July 2008 the Methodist Conference resolved that there should continue to be an Epworth Press Editorial Committee for *“the Epworth Press imprint for books and other publications which contribute to the advance of theological, biblical, historical and related studies or are generally of an educational nature.”* In addition, the *“committee shall report to the Methodist Council and shall be responsible for selecting titles for publication under the Epworth Press imprint, subject to available finance within budgets authorised by the Methodist Council on behalf of the Conference”*. Standing Order SO 243 was amended to reflect this.
2. The status of the Epworth Press is set out in SO 243. Liability for its activities resides with the Methodist Council.
3. Epworth Press operated as a publishing imprint of Methodist Publishing House (MPH) until 31<sup>st</sup> August 2009. Until this time an Editorial Committee acted as the decision-making body for commissioning and the Board of MPH held management control for commercial purposes. The Editorial Committee is now accountable to the Methodist Council.
4. The Editorial Committee has not been responsible for the management or oversight of Epworth Press accounts, which was the responsibility of MPH until it was wound up.
5. Epworth Press has, for a number of years, operated at a significant loss underwritten by Methodist Church funds. Based on the Epworth Press income and expenditure accounts while operating as part of MPH, this amounted to an accumulated loss of £251,000 by 2008.
6. In the context of the winding up of MPH, an Implementation Group, comprising members of the Epworth Press Editorial Committee, the Strategy and Resources Committee (SRC) and the Connexional Team was established to make arrangements for the ongoing management and oversight of the Epworth Press. It met on 24<sup>th</sup> June 2009. Its purpose was to assist with the disaggregation of Epworth Press from MPH and to create a new governance model separate from Methodist Publishing and the Connexional Team but accountable to the Methodist Council.
7. In August 2009 the Implementation Group presented a proposal to SRC to establish an Epworth Press Reference Group. This would have responsibility to provide financial, production and marketing management for Epworth Press and to authorise funding for the publication of titles. The Epworth Press Editorial Committee would continue, with responsibility for creating a publishing plan and making commissioning recommendations. The SRC then welcomed the proposal to establish a Reference Group and the arrangements for the continuation of the Editorial Committee.
8. Since October 2009, the Christian Communication, Evangelism & Advocacy Cluster budget has borne a cost of over £18,000 for the commissioning and publication of new titles, revised editions or reprints, as agreed by the Editorial Committee. The Group also estimates that, at the time of writing, a further £17,000 of costs will be incurred for four additional titles which the Epworth Press has been committed to publish.

## Establishing the Epworth Press Interim Reference Group

9. At its October 2009 meeting, the SRC requested a status report on the production, management and finances of Epworth Press. This was considered at the December 2009 SRC meeting, which requested the formation of an interim Reference Group to consider and advise the Council as to the suitability of Epworth utilising a temporary Print on Demand method of production and to make a recommendation to the Conference on an appropriate business model for Epworth Press.
10. The Epworth Press Interim Reference Group was established following the meeting of the

February Methodist Council. It met for the first time in March 2010. The Group has had to adjust following the absence of one of the proposed members, the Revd Michael Townsend who was taken ill just before the first meeting. Another member of the Epworth Press Editorial Committee, the Revd Dr Martin Wellings, was contacted and agreed to act as a substitute for any subsequent meetings, as appropriate.

11. The on-going role and composition of a permanent Reference Group (or a suitable alternative management structure in accordance with the nomenclature agreed in the recent Review of Committees, Advisory Groups and Reference Groups) may be determined and composed in the light of the Conference decision.

#### **Initial Findings of the Interim Reference Group**

12. In April, the Council approved the recommendation from the Reference Group that the Epworth Press should move to a Print on Demand method of production
13. Given the low level of sales currently reported on most Epworth Press titles, Print on Demand is the most cost effective way of printing titles under the Epworth Press imprint. While there is little difference in the production costs, this move will significantly reduce the need to store unsold stock and reduce the up-front cash outlay – as it is not justifiable to continue to undertake and pay for large print runs when the demand for such books is so uncertain or low. It will also offer the possibility of making available for purchase titles from the Epworth Press backlist. This method is widely used by academic publishers for making available titles which only sell in small numbers.
14. Print on Demand will not by itself resolve the financial problems currently being experienced by the Epworth Press. A move to this method acknowledges that in the current situation it is not possible to run the Epworth Press as a profit making entity. Indeed recent sales figures suggest that currently even the best-selling Epworth Press titles will struggle to meet much more than half their production costs. Although Print on Demand will be the most efficient and effective method of delivering Epworth Press titles, some level of subsidy will still be required while the Group continues its work on developing an appropriate future business model for the Epworth Press.
15. Accordingly, this recommendation was accompanied by a proposal not to commission any further new works for publication by the Epworth Press beyond those titles which are already nearing publication. This will require the publication of a number of books to pause.
16. The Group believes this pause in production will offer all potential future publications the best chance to benefit from a more appropriate and effective set-up of the business functions of the Epworth Press. Indeed a book with value to the brand and any potential market could see a better readership and demonstrate greater value for money in such a situation than in the current environment. The Group feels this is both fair and reasonable – both for the authors and for the Church – as we seek to maintain the valuable and respected brand recognition of the Epworth Press.

#### **Identifying an appropriate business model**

17. In undertaking work to identify an appropriate business model for the Epworth Press, the interim Group was conscious of having to work to a very tight timetable to address a substantial issue (one which is a consequence of the winding up of MPH) without the detailed level of historic financial and marketing information which would normally be expected. In light of this, the Group has worked hard to establish as accurate a financial record as is available; seeks to be as accurate as it can about any financial statements which it makes; and also recognises the need, in any potential future business model, for there to be clear and accurate procedures for financial forecasting and accounting.

18. The Group has considered a number of factors in its work. The first is that there will be a continuing need for some level of subsidy if the Epworth Press is to continue in any form. According to the trend in Epworth sales figures, it appears unlikely that any future Epworth Press publication will be able to break even, even at the production level. This does not mean that there is not a case to publish any titles but it does signify that there needs to be a clearer statement of the purpose of the Epworth Press which justifies any subsidy in terms of the aims and objectives of the Methodist Church. This will also enable a clear and rigorous editorial policy to be established.
19. The second factor is that there needs to be a much clearer and more comprehensive system of accountability, both to justify the level of subsidy and to account for how that works out in terms of sales and distribution. The Epworth Press may not be able to make a profit, but it cannot be anything less than businesslike and must be compliant with Methodist Church obligations under charity law.
20. The Group has also worked to determine how the various functions of the publishing process (editing, production, sales, marketing, etc) can be best integrated within a future business model for the Epworth Press. At the moment there are no structures to support such a set-up. This, together with better management of the Epworth Press's backlist, may require a number of resources that do not currently exist, and therefore specific investment in these areas may need to be made.
21. The Group recognised that to propose a fully reasoned, evidence-based and workable model remains a large task within the timetable proposed, especially in light of the current conditions for publishing and the market for religious publications in particular. It has been committed to do the work as best it can but there is a substantial amount of work to be done. It recognises the value which the Methodist Church has attached to the work of the Epworth Press and undertook to do its best to ensure that such work continues.
22. Further information will be supplied in the Order Papers for the Conference.

### **\*\*\*Resolution**

#### **58/1. The Conference received the Report as supplemented by the following material:**

1. Further to the initial work of the Epworth Press Interim Reference Group, as detailed in report Number 58 in Volume II of the Conference Agenda, this Group has continued to explore the future needs and possibilities for work in this area.

#### Developing a Future Business Model

2. The Interim Reference Group has been given a large task in identifying a workable business model for the Epworth Press. Such a model needs to be financially sound, add value for the Methodist Church and may have the capacity to make a contribution to Christian publishing at large. Our work comes after a number of years of financial and managerial instability and difficulty, as highlighted in discussions at meetings of the Methodist Council in February and April 2010.
3. We recognise that the key questions in developing a proposal for the future of the Epworth Press, fit to deliver theological, biblical, historical and education resources in the 21st century, are two-fold:
  - i. What does the Methodist Church want and need from the Epworth Press?
  - ii. How can the Methodist Church most effectively demonstrate good

stewardship of its resources in making decisions about the Epworth Press, in the context of the changing nature of publishing and book buying, and a challenging economic climate for the wider publishing industry?

4. A number of ongoing and emerging initiatives have the capacity to impact this. These include Local Preacher training and development, the 'Fruitful Field Project: Nurturing the Learning Church' and ongoing work to engage with contemporary culture, public issues and fresh expressions of church. The group is also exploring the World Church dimension and the potential for Epworth Press titles to have a market beyond the UK. However, without undertaking additional work we cannot judge whether the Epworth Press could make a significant and financially prudent contribution to this market. Further time is needed not only to respond to the outcome of ongoing consultations and other projects but also to engage appropriately with stakeholders both at home and overseas.
5. In the four months since the establishment of the Interim Reference Group we have recognised that we cannot fully and responsibly answer these questions without further work. Therefore, the Group proposes the phased approach as detailed below.

#### Stage 1: Management and consolidation (ongoing work)

6. To date the Interim Reference Group with the approval of the Methodist Council has taken a number of measures to manage the current state of affairs of the Epworth Press. These have included:
  - i. Pausing the further publication and commissioning of titles pending decision-making about the Epworth Press.
  - ii. Moving the backlist to Print on Demand.
  - iii. Working to further establish the financial status of the Epworth Press.
7. Further to this work, the Interim Reference Group now proposes a strategic re-marketing of elements of the Epworth Press's backlist throughout the next 12 months, both within the UK and, where appropriate, overseas (particularly where we have Partner Churches).
8. The current contract held by the Methodist Council with Hymns Ancient & Modern for the Epworth Press may no longer be fit for purpose as the remit of the Epworth Press develops. We would therefore like to enter into negotiations to arrive at a new arrangement suitable for these aims. Any decision-making in this regard will be brought to the appropriate Connexional bodies for approval.

#### Stage 2: Developing Options (2010/2011 Connexional Year)

9. The Interim Reference Group would like to request an extension to its term for a further 12 months to allow it to continue its work to develop a reasoned and evidence based proposal for the future of the Epworth Press. An extension of our work will ensure that a future business model is based on developments and identifiable needs within the Methodist Church and allow the Group to develop and propose an appropriate management structure to support this.
10. Some funding has been allocated to work relating to the Epworth Press within the CCEA Cluster element of the draft 2010-11 Connexional Central Services Budget. This has been done on the basis that this will in due course be reimbursed from future income generated by the Epworth Press. In addition we are aware of a small amount of income now due to the Epworth Press from Hymns Ancient & Modern. This will help to reimburse some of the Connexional Team costs incurred during 2010. However, work is still ongoing to clarify the details of the full costs and any income due of this work and precise figures will not be presented until these have been verified.

11. The Methodist Council originally agreed in September 2009 that a Reference Group would be established to be responsible for the ongoing management functions of the Epworth Press. The Interim Reference Group, as a result of its work to date, now believes that a Reference Group is not the most appropriate type of body to provide the kind of robust management structure that will be required for the Press in the future. Any future structure to be put in place should be fit for purpose for the task required, as determined by future work to determine a suitable business plan and framework for the Epworth Press.

Stage 3: Implementing a solution (Post Methodist Conference 2011)

12. The Interim Reference Group proposes to report to the Methodist Conference in 2011 as to whether there is a workable business model for the Epworth Press going forward and, as appropriate, with more specific suggestions for governance and management arrangements. If the Conference endorses these proposals, work could then subsequently be undertaken to implement and maintain a suitably robust business model and supporting management structure for the Epworth Press according to an agreed timescale.
- 58/2. The Conference authorised the Epworth Press Interim Reference Group to continue its work for a further 12 months and bring a report to the Conference in 2011 on whether there is a workable business model for the Epworth Press.**