

CULTURE, TOURISM, EUROPE AND EXTERNAL AFFAIRS COMMITTEE

CALL FOR VIEWS ON THE IMPACT OF COVID-19 ON SCOTLAND'S CULTURE AND TOURISM SECTORS

SUBMISSION FROM PUBLISHING SCOTLAND (FOILLSEACHADH ALBA)

We welcome this opportunity to give feedback during these times.

Introduction

Publishing Scotland is the trade, network and development body for the book publishing sector in Scotland. Set up in 1974, it is also a membership body and a charity. Currently it has 70 publisher members and 30 network members – companies and individuals who are connected to the sector, such as the Society of **Authors** in Scotland, the **Booksellers** Association of Great Britain and Ireland, and the **library** sector body, the Scottish Library and Information Council, as well as freelancers, printers, and publishing services companies. Members range from the very large companies such as D C Thomson in Dundee and Harper Collins in Glasgow to sole traders. Publishing Scotland is also the majority shareholder of Booksource, based in Cambuslang, a company which warehouses and distributes books all over the world for over 104 publishers.

The importance of our collective publishing output is wide-ranging in terms of culture (fiction in English, Gaelic and Scots, and in translation, art and visual arts, poetry, ideas, politics, nature writing...), education (school books, digital language resources and learning, academic and professional books, literacy materials) religious titles, children's books, and entertainment (sports, cookery, biographies, memoirs) and has **a reach across all demographics and communities through libraries, schools, and open learning, both at home in the UK, and internationally. Writers represent Scottish culture and creativity across the globe, with their published output being the conduit.**

This response is based on consultation and a survey of members.

The impact has been severe and immediate. The sector, already under pressure with high discounting of books, has been hit very hard with the immediate bookshop and library closures, and book festival and event cancellations. Sales through heritage and visitor sites are severely depleted, if not entirely gone for the 2020 season, resulting in a catastrophic drop in income over the past few months and extending into the summer. This has affected the entire publishing ecology of publishers, writers, illustrators, freelancers, bookshops, and other parts of the supply chain and infrastructure.

Publishing is a sector which guarantees a positive return. The past three decades have produced much creative, commercial and cultural achievement upon which to build with award-winning books, writers and publishers - visible both at home in the UK and internationally. The industry is now in danger of being severely damaged by the crisis, if not at risk of collapse, and its publishers, mainly working in small independent companies, and writers and illustrators, who depend on publishers, book sales and events for income, are at significant risk. A significant portion of the publishers operate in the commercial arena but are essentially not-for-profit.

The publishing workforce – both in salaried employment and freelance – can work from home safely in most instances but book sales, particularly for the independent publisher, depend on exposure, visibility, events, launches, showcases, and author visits to schools, and this is having a drastic impact on income.

Online sales can and have been made with publishers reporting an uplift in some cases both in print titles and e-books, but these are individual sales made one by one and the publishing model depends to a large extent on volume – made possible by extensive networks of bookshops and other retailers. Publishers need to be able to sell a sufficient quantity of each title in order to justify the costs of production, distribution and marketing, as well as covering the high discounts asked for in the market. This could be possible with more investment in digital capability across the sector.

The UK publishing arena is one of the most competitive in the world with a higher per capita output of new books than almost any other country, hence there is massive pressure for space on the shelves of bookshops and libraries, and for review coverage in newspapers and the media. Size matters in the publishing industry but the smaller companies can be more risk-taking, taking chances on debut authors, and more diverse in terms of their output, as well contributing to local communities through book events, signings, and a cultural presence in cities, towns and villages.

We surveyed our publishers to ask them about the impacts on their businesses and whether the existing government measures have worked for them.

Our survey found that –

- 42% of publishers have experienced a drop of between 70-90% in sales from lockdown onwards
- A further 33% have experienced a drop of between 50-70% in sales
- 5% have experienced an almost complete loss of sales of between 90-100%
- 75% of publishers are forecasting a drop in sales of, on average, 50% in the next 12 months

Other impacts

- The most obvious impact will be on the writing community - writers and illustrators rely on publishers for sales and income through royalty payments and advances for new books, as well as attendances at festivals, events, library events, and school visits. At present, none of this is possible and social distancing measures will make such events very difficult in future.
- Publishers work months and years in advance so forward programmes and books to aid recovery in the future are in danger as staff are furloughed, printers are shut, and sales income dries up.
- Heritage and tourist outlets are very important to some Scottish publishers, often accounting for around a quarter of their annual sales. The season of 2020 across the UK is looking increasingly non-viable.
- Our educational publishers have reported, and are forecasting, a rise in piracy as more digital content goes online. (English-language materials are very sought after in this regard.)
- Freelance workers are finding work drying up as publishers cut their programmes, postpone publication until 2021 or later, and take on fewer new titles in order to survive.
- We remain very concerned about the impact on bookshops, both chain and independent. Bad debt in the case of businesses going under and returns of stock post-lockdown to the publishers of books currently sitting in closed bookshops are a major worry for cashflow and, without intervention, are almost certain to lead to insolvency.
- Libraries are closed, impacting upon the heavy users of their services - vulnerable sections of society, including families with young children, people on lower incomes, and the elderly. Literacy levels may be impacted due to schools being closed.
- Schools have been shut for some time and exams cancelled, leaving the educational publishers with a much-reduced need for their textbooks and revision guides.
- 15% of publishers reported they would have to leave their business premises if sales continued in this trajectory.
- 35% reported they would have to think of redundancies and cut back on overheads.

The Scottish and UK government and other measures so far

Creative Hardship and PERF funding

Reports on the Creative Hardship fund are mixed from the sector – some have received funds but at a relatively low scale, some publishers have been turned down, some were ineligible through accessing rates relief previously, others missed the

very short window in which the fund operated, and some at the time of writing have yet to hear from the application process.

Booksource, the Scottish book distributor, has seen its income drop by 65% and was in danger. Its role as the route to market for so many publishers meant it was vital to ensure its survival through the crisis and the recovery when it comes. It applied for, and received money from, the Pivotal Enterprise Resilience Fund and as the charitable body whose trading arm it is, we record here officially our thanks for that crucial cash injection.

The Coronavirus Job Retention Scheme (furloughing)

Some publishers have used this measure, albeit slightly reluctantly in some cases as staff are needed to work on future titles which will aid the recovery, but there is no doubt it has been a very useful measure. The use of part-time furloughing suits the industry much better than the full version. Many publishers are already on skeleton levels of staffing, some work from home, and most if not all, use freelancers for editorial, production, design, marketing, rights selling and sales representation. We anticipate there will be a period of adjustment before things start to recover so we it is important that the furloughing measure is tapered off gradually as opposed to an abrupt ending.

The Self Employed Income Support Scheme has been helpful to many self-employed people but it excludes many small Limited Companies, in which the director pays themselves in dividends.

The Bounce Back Loan scheme

15% of publishers reported they had accessed this measure. Very useful in the short term but it will need to be paid back in an uncertain future time with low buyer confidence and Brexit on the horizon.

Rates relief

20% of the publishers surveyed have been able to access rates relief.

Creative Scotland funding

The role of the body is extremely important for the writing and publishing sector in Scotland, not only through its funding for our own support body, but also the funding it provides to literature organisations and festivals, whether regularly funded or not, that make up the landscape of promotion, marketing, events, and opportunities that give writers platforms, training, funds and mentorships. Some publishers will be applying for the updated version of the Open Fund - the 'Sustaining Creative

Development Fund’ – but it is too early to say what the outcomes will be. Ongoing organizational running costs are excluded from the fund. (The Bridging Funds have had a lower application rate among the writing community than for example, music and visual arts. We are not sure why this might be.)

The future

We will be living with the coronavirus for some time to come and it seems to us vital that we have a publishing sector at the end of this. As it stands, this sector, which punches far above its weight on the UK and international stage, is under threat. It can take years to build a publishing company to the point where it is able to get cut through with an audience for its writers. Yet over the past decade Scottish publishing has offered a model of creative growth, vibrancy and success, even within difficult financial circumstances. Every country in the world needs a record of itself through the written word, and the diversity of voices, imagination and thought embodied in its writers needs to find an audience.

We think it is essential to find consensus (and agency coordination) on how best to support not just publishing but the culture ecology in Scotland in general, and we welcome and support the submissions from Culture Counts and other bodies on this matter on a coordinated infrastructure fund that takes into account content, development, delivery, skills and reaching audiences in different ways.

A more specific suggestion is for a digital development fund that will help publishers reach their core and new audiences. In this, we expect to share in the overall sector development, whether of literature and publishing, or the other creative industries in Scotland that seek to reach audiences this way.

The lockdown has inspired people to host events online in completely new ways – using tools such as Zoom – and this trend is set to continue if social distancing means it will be difficult to host events in (typically) small venues such as independent bookshops. The sector should work together to ensure that all parts are kept in the model – online, physical sales, libraries, festivals - but the added value of the digital streaming could open up new audiences to previously limited events in terms of capacity. Publishers based in more geographically distanced areas could both host and attend training, launches and author talks but the know-how, the kit, and platforms, and the marketing are not so readily available.

We would welcome a safeguarding and rebuilding fund that would consider the needs of the sector and a recognition that books carry messages and imagination into the world in unique, relatively inexpensive, and accessible formats. The fund would build on the strengths of the sector – a strong literary tradition with high visibility. The very ubiquity of books should not conceal the fact that for many writers, the simple fact of earning an income from their books is difficult. For publishers not to

exist would substantially close down audiences for them. If publishers are to survive beyond this immediate period, they will need support that will sustain them and their authors while they are incurring the very necessary upfront costs to get new books ready for the recovery.

The Publishers Association of the UK published its key asks to the UK government on 24 April 2020. In order not to duplicate efforts, we have included them here in bullet point form only, although the situation is different in Scotland in some of the asks –

- Business rates relief
- Extended interest-free period of the business interruption loans on offer
- Part-time furloughing
- Supply chain clarity – the status of supply chain workers to be clarified
- Funding for education resources

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