

HOUSE OF COMMONS SELECT COMMITTEE ON SCIENCE AND TECHNOLOGY INQUIRY INTO DIGITAL SKILLS

SUBMISSION FROM THE PUBLISHERS ASSOCIATION

The Publishers Association

1. The Publishers Association (“The PA”) is the leading representative voice for books, journal, audio and electronic publishers in the UK. Representing the interests of over 100 companies, our members include global publishers such as Elsevier, Wiley, Pearson, Penguin Random House, HarperCollins, Hachette and the University presses, as well as many independent publishing houses. Collectively our members earn £4.7bn in annual revenue, over £1bn of which is derived from learned journal publishing. With digital revenues growing to 35% and export sales accounting for 44% of revenue, UK publishing continues to demonstrate its strength, diversity and innovation.
2. The future success of the UK economy depends upon its workforce being equipped with digital skills and publishing is one of the creative sectors which can foster and develop these talents. There is much the Government can do to assist businesses in ensuring the UK workforce is fit for the future. We are, therefore, grateful for the Science and Technology Select Committee’s inquiry into the digital skills gap and for the opportunity to contribute to it.
3. Our comments below focus mainly on the first issue raised by the Committee: ***The extent to which there is a digital skills gap and whether the Government’s initiatives are appropriate and sufficient to fill the gap.*** We provide some thoughts on:
 - How the Government can use fiscal levers to encourage the creation of digitally skilled jobs;
 - Whether current Government policy regarding the development of apprentices will help or hinder this creation; and
 - Information on the work The PA is doing to ensure our sector plays a full role in developing digital talent.

Introduction of new fiscal levers

4. As has been seen with the introduction of a series of tax breaks for the film, television and video games sectors, fiscal levers are an effective tool in terms of retaining and attracting investment in the creative industries and thereby helping to sustain and create employment opportunities.
5. Targeted tax breaks, applied to companies working in clearly defined sectors, when engaged in specific activities, can have the effect of incentivising economic activity, and not be unduly onerous on either the companies or the tax collecting authorities.
6. We believe that by using similar fiscal levers, the next generation of digital workers can be developed with publishing being one of the creative industry sectors able to foster and develop these talents. As noted, a third of the industry’s revenues are derived from direct sales and licensing of digital products and services. Many companies have programmes in place to attract this new skills audience into the sector but such measures are out of reach to many companies, especially small and medium size enterprises (SMEs).

7. The UK Government holds a legitimate role in helping the sector's SME base to attract and nurture digital talent. It can do this through developing existing skills programmes and linking incentives to develop publishing skills through the taxation system.
8. Prior to the 2015 General Election, and following extensive consultation with our member companies, The PA set out a Manifesto for Publishing. On the subject of skills we proposed that the Government should:
 - Introduce a digital skills tax incentive, focused on SMEs engaged in developing copyright works, which would see a reduced employers' National Insurance contribution when they take on a specified number of young people into digital-skills-focused roles.
 - Support new SMEs by providing subsidies or funding for SMEs actively seeking to provide digital skills training, workshops and seminars for their employees, both old and new to the company.
 - Develop a Government facilitated partnership scheme whereby larger organisations can assist SMEs to develop their digital skills base by sharing resources or sponsorship.
9. In part these policies could be taken forward through the Government's proposed Apprenticeship Levy programme. However, as we discuss in detail below, to be truly effective and beneficial this would require a great deal more flexibility in the design of the scheme.

Impact of the Apprenticeship Levy

10. The Government's proposals for the Apprenticeship Levy, first outlined in the consultation paper of August 2015 "English Apprenticeships: Our 2020 Vision", set out an ambitious plan for three million new apprenticeships by 2020. Whilst we are supportive of the overall aim and welcoming of the Government's clear commitment to this programme, we do have a number of concerns with the design and development of the policy. Although the Department for Business stresses that employers will be "in the driving seat" of the system, the programme it sets out actually threatens to remove flexibility and control from the employers. The system being proposed will, in many respects, be deeply unsuitable for some companies. This tension can only be resolved through a far greater level of flexibility in how the programme may be implemented.
11. In particular, we believe the following principles should apply:
 - Contributions to the levy from creative industries employers should be invested for the benefit of creative industry companies to ensure that levy revenues raised from creative companies stay within the sector;
 - Levy funding should initially at least be diverted to develop the new standards required for apprenticeship delivery (for publishing, like many sectors, these standards will have to be developed from scratch), and to create a quality assurance process, and to maintain a strong evidence base of labour market information to inform activity;
 - Consideration should be given to the creation of "degree apprenticeships" for those companies and sectors looking to develop under-graduates in their workforces.
 - Given the challenging costs and timescales for developing the new Apprenticeship Standards, it is a concern that the necessary infrastructure will not be ready in place by April 2017. Consideration needs to be given to having flexible transition arrangements in place, such as a "rolling start" to the programme to allow less well developed sectors time to catch up. This should be covered in a three year pilot period, running until 2020.

12. The PA will continue to work with Creative Skillset in developing an appropriate model for our and other sectors and we hope to continue the dialogue with the Government to ensure that the system is designed in a flexible way. We acknowledge the need for simplicity in what promises to be a large system.

Publishing initiatives to promote digital skills

13. The publishing industry has strong outreach with the higher education sector in recruiting people into publishing and every year accepts thousands of people into the workforce in digital and innovative jobs. We have recently launched a new initiative to encourage people to consider publishing as a career by showcasing the wide range of job opportunities, including those of a digital-nature, on offer. Most recently, this saw us participate in the Skills Show in Birmingham where visitors were offered the opportunity to create an enhanced ebook, as well as hear from speakers about working in publishing
14. The PA also ran a week-long campaign on Twitter dedicated to #workinpublishing. This saw senior figures across all aspects of publishing provide top tips of how to get into the industry, new recruits provide their insights into what working in publishing is actually about in the 21st Century, and the diverse range of jobs available to people from a diverse range of backgrounds.

Endnote

15. If the Committee requires additional written evidence or would appreciate the opportunity to talk directly to publishers on these matters please do not hesitate to get in touch. We would also be available to provide oral evidence if so required.

Susie Winter

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