



department for
**culture, media
and sport**

An Independent Review of E-Lending in Public Libraries in England

Written by William Sieghart

March 2013

Our aim is to improve the quality of life for all through cultural and sporting activities, support the pursuit of excellence, and champion the tourism, creative and leisure industries.

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Section 1: Introduction

HEAR IT AGAIN

'For out of olde felde, as men seyth,
Cometh al this newe come yer by yere,
And out of olde bokes, in good feyth,
Cometh al this newe science that men lere.'
Chaucer: *The Parlement of Foules*

Fourteen centuries have learned,
From charred remains, that what took place
When Alexandria's library burned
Brain-damaged the human race.

*Whatever escaped
Was hidden by bookish monks in their
damp cells
Hunted by Alfred dug for by Charlemagne
Got through the Dark Ages little enough but
enough
For Dante and Chaucer sitting up all night
looking for light.*

A Serbian Prof's insanity,
Commanding guns, to split the heart,
His and his people's, tore apart
The Sarajevo library.

*Tyrants know where to aim
As Hitler poured his petrol and tossed
matches
Stalin collected the bards...
In other words the mobile and only
libraries...
of all those enslaved peoples from the
Black to
the Bering Sea
And made a bonfire
Of the mainsprings of national identities to
melt
the folk into one puddle
And the three seconds of the present
moment
By massacring those wordy fellows whose
memories were
bigger than armies.*

Where any nation starts awake
Books are the memory. And it's plain
Decay of libraries is like
Alzheimer's in the nation's brain.

*And in my own day in my own land
I have heard the fiery whisper: 'We are
here
To destroy the Book
To destroy the rooted stock of the Book
and
The Book's perennial vintage, destroy it
Not with a hammer or a sickle
And not exactly according to Mao who also
Drained the skull of adult and adolescent
To build a shining new society
With the empties...'*

For this one's dreams and that one's acts,
For all who've failed or aged beyond
The reach of teachers, here are found
The inspiration and the facts.

*As we all know and have heard all our lives
Just as we've heard that here.*

Even the most misfitting child
Who's chanced upon the library's worth,
Sits with the genius of the Earth
And turns the key to the whole world.

Hear it again.

Ted Hughes, July 1997

*Published for the first time with thanks to
Carol Hughes and the estate of Ted
Hughes.*

The UK publishing industry is undergoing a digital revolution and the conclusion of this process is still a long way off. The full impact of this revolution will transform the structure of publishing, bookselling and book borrowing, whether we like it or not. What this means for each participant, whether they are a writer, agent, publisher, wholesaler, retailer, librarian or reader, is as yet unclear.

What is certain is that the industry is changing very quickly and each one of these stakeholders has a right to feel anxious. My advisory panel- Janene Cox, Roly Keating, Caroline Michel, Stephen Page, Jane Streeter, Joanna Trollope and I- have received evidence, both written and verbal, from all of these constituencies. Their evidence is to be found in the appendix of this review. The overriding sense gathered from hearing these facts and case histories, was of the challenges posed by digital developments, rather than of the opportunities offered, combined with these concerns are the current economic uncertainties that challenge the funding of the library system, and the financial viability of the writers on whom the industry depends, of booksellers and of the publishing industry.

Given the transformative impact of digitisation on the music and film industries, it's not entirely surprising that many publishers, booksellers and writers fear for their financial future. But this review's role is not to try to predict the future for the industry as a whole. It is more narrowly focussed on the issue of the lending of digital versions of books by public libraries: how should this work and what would its impact be?

Section 2: What is the problem?

The arrival of the digital book has already profoundly changed the world of publishing. In some genres and some markets, digital books can outsell their printed versions. The increasingly popular method of reading a book on a small handheld device looks likely to become the norm for future generations' reading habits. Not surprisingly there is a rapidly growing demand from the book-borrowing public to borrow digital books from the local public library. We have also heard of the less obvious benefits to E-Lending: that it is revolutionising the reading experience of the partially sighted reader who can increase font size or change lighting levels appropriately, and that innovative library services are loading up e-readers for the elderly or housebound, who as a demographic are some of the most regular library users but who can increasingly face challenges in accessing traditional lending models.

Publishers, however, have been collectively nervous of applying the same model for selling digital books as for their printed counterparts, when it comes to selling to libraries. This is because of their concerns about remote downloading, where a library member downloads a book on to a digital device via the internet, avoiding the need for a visit to the library at all. This lack of "friction" - a word often used in evidence to us- where there is no need to visit the library, means that the publishers and booksellers fear that it would be too easy to borrow a book for free. So easy in fact, that the borrower might never need to buy another book.

Early experiments of digital lending had led to further mistrust when ground rules had not been effectively established and publishers feared for the security of their digital assets. Concerns about file-sharing, and libraries' ability to delete books after a borrowing period was over, added to these difficulties. Publishers want libraries to be successful in digital lending but not so successful that they significantly inhibit the purchase of the publishers' titles.

As a result, the atmosphere between the publishing and library communities has become strained and, combined with the other, bigger uncertainties that the digital revolution poses, makes it hard for both parties to establish agreed norms for digital lending.

Section 3: What needs to happen?

This review therefore attempts to establish some ground rules on which publishers and libraries can agree to move forward in expanding digital lending offers. Some can be agreed today but many of these rules will have to evolve as the market and the technology develop. While publishers are sensitive to the plight of libraries, some fear their own future and will need to experiment further before making their lists freely available for libraries to acquire for digital lending.

What is not contentious is the universal support for libraries from all sectors of the publishing industry. However, much of the evidence we received was predicated on the question of the future role of libraries. What services would they offer? Similarly there was a concern that digital lending could lead to the future closure of many libraries with fewer and fewer real visits to a physical building, making libraries a target for financial cuts.

Whatever analysis you make about the impact of remote digital borrowing on the physical footfall in libraries, it is plain that an inability to offer digital lending will make libraries increasingly irrelevant in a relatively short time. Library services therefore do not have the luxury of waiting any longer to expand, or in many cases start, their provision of digital lending and to link it to a broader digital strategy that meets the increasingly advanced technological expectations of many library members.

Section 4: How should the industry move forward?

Given all these uncertainties and with many technological and market issues still to be resolved, my recommendations are as follows:

As far as is possible, the digital loan of a book should emulate its printed counterpart. So the first conclusion of this review is that the lending of digital books by libraries to their members should be a service that is provided free of charge and that the lending of digital books to their members at no cost should be an essential offering of the library service.

The second recommendation is that library members should be able to borrow digital books from their libraries remotely. In other words, members of libraries should be able to download digital books from the library's website without having to visit the library in question. Although some constituencies from the writing and publishing communities in their written evidence to the advisory panel expressed concerns about remote downloading; worrying that the technology would lack the necessary "friction" that a library visit provides when borrowing a printed book, it would be counter-intuitive not to recognise the technological ease of remote downloading and the likely consumer demand for it.

The third recommendation of this review is that each copy of a digital book should only be loaned to one reader at a time, just as with a physical book. This would eradicate concerns that many publishers have about the impact on their revenues from successful digital lending. If a digital copy of a book can only be loaned to one reader at a time and for a limited period only, then there are a limited number of loans that that copy can have in a particular period of time.

For similar reasons the fourth recommendation of this review is that digital copies of books should be deemed to deteriorate, ensuring their repurchase after a certain number of loans. Their printed counterparts naturally deteriorate, forcing popular books to be repurchased. This principal therefore should be applied to digital books; otherwise publishers would be unfairly discriminated against.

The fifth conclusion addresses the needs of the writers by recommending the extension of the Public Lending Right (PLR) to cover digital, audio and e-audio books. PLR is the right of authors and other rights holders to receive compensatory payment for the loans of their printed books from public libraries in the UK. The borrowing of their books digitally should be similarly rewarded. In addition the anomaly where rights holders are still not recompensed for the loans of the audio and e-audio books should be addressed. There should be an upward

rebasing of the PLR total to take this into account so that writers and other rights holders are equably compensated. The provisions in the Digital Economy Act 2010 that extend PLR to on-site e-loans of e-books should then be enacted. To extend PLR to the remote downloading of digital books will require primary legislation, but is critical to allow libraries to progress with their digital strategies. This review therefore recommends that the government find the necessary legislative space in its programme at the earliest opportunity to allow these changes.

Section 5: Next steps

What is apparent in all the evidence submitted to this review is that there is still very little research on digital lending/ borrowing in the UK on which to draw on. This lack of evidence is at the heart of many of the concerns expressed by various constituencies in the digital lending debate. So my final recommendation is that publishers, libraries and booksellers engage in a research exercise to work together on digital lending to allow the necessary data to be collected.

I am delighted to say that in the consultative process of this review the leading publishers and representatives of the smaller publishers have agreed to take part in such an experiment with the libraries. Using the publishing initiatives already agreed between publishers and libraries for 2013- such as World Book Night, the Books on Prescription and Mood Boosting Books Scheme, and the Crime Writers Fiction Promotion, the publishers will work with libraries with the help of the Society of Chief Librarians (SCL), Arts Council England, and The Reading Agency to trial a digital model or models with the aim of setting up a methodology to answer many of the unknown questions, so as to move forward in 2014 with an agreed national approach for digital lending.

This research should focus on resolving the outstanding concerns that publishers, libraries and booksellers have over digital lending. Where possible, opportunities for the digital purchase of books from a range of sources should be encouraged to assess the potential demand from the book- borrowing public. Publishers analyse their business models differently. So this piece of work will have to allow for publishers to "window" some titles, holding them back from the library market some time after publication. Similarly, there are at present a number of differing price and license models, which the experiment will have to take into account. We are pleased that The British Library Trust has agreed to fund this research. SCL will undertake this, supported by Arts Council England in the design brief. Together with publishing partners and The Reading Agency, terms will be agreed on how this can be most valuably conducted."

All over the world, other countries are investing in their own models for digital loans from libraries. While the UK system has its own particular characteristics, it can learn from these other models. The UK experiment will therefore need to pay careful attention to developments abroad. It is important that there is a process that comes out of the review that keeps the momentum going. A shared panel of SCL and Publishers Association members is therefore recommended.

We have looked at a range of models for research based around these initiatives, each bespoke and tailored by individual circumstances, funding arrangements and sponsorships. As well as using the existing publishing initiatives, this cross-

sector panel should consider doing a trial of a wider catalogue along with buying options. There are many encouraging signs from studies that borrowers of digital books go on to buy copies of the book they have read or other titles by the author or published by the publisher. There is therefore a potential opportunity for digital loans to lead to a relationship between publishers and borrowers and between booksellers and borrowers. A “buy now” option after a digital loan could allow the purchase of titles from a variety of sources including local retailers.

Section 6: The Opportunity

While the majority of the constituencies giving evidence to this review expressed deep concerns about the way ahead, some more forward-looking contributors could see advantages and opportunities coming from the digital revolution. For libraries, embracing a digital strategy could give them a better way of communication with their members, helping them to bring a larger footfall into their buildings for events and services. For publishers, digital lending could bring them closer to the book-borrowing and book-buying public. And for writers, the extension of PLR to the digital and audio world would allow for much more accurate financial recognition for the borrowing of their books. If a digital sales platform is developed, as part of a library catalogue, through which local booksellers can be promoted, this may support the development and the sustainability of these retail outlets as part of the local high street.

Section 7: A summary of the review's recommendations

- The provisions in the Digital Economy Act 2010 that extend PLR to audio books and loans of on-site e-books should be enacted.
- Further legislative changes should be made to allow PLR to take account of remote e-loans.
- The overall PLR pot should be increased to recognise the increase in rights holders.
- A number of pilots in 2013 using established literary events should be set up to test business models and user behaviours, and provide a transparent evidence base: all major publishers and aggregators should participate in these pilots.
- Public libraries should offer both on-site and remote E-Lending service to their users, free at point of use.
- The interests of publishers and booksellers must be protected by building in frictions that set 21st-century versions of the limits to supply which are inherent in the physical loans market (and where possible, opportunities for purchase should be encouraged). These frictions include the lending of each digital copy to one reader at a time, that digital books could be securely removed after lending and that digital books would deteriorate after a number of loans. The exact nature of these frictions should evolve over time to accommodate changes in technology and the market.

Section 8: Annexes

a) Terms of Reference

Independent Review of E-Lending in Public Libraries – Terms of Reference

Ed Vaizey has asked William Sieghart, founder of Forward Publishing and the Forward Prize for Poetry, to lead a review of E-Lending to help ensure that libraries and their users, authors and publishers can all benefit as this fledgling service grows.

The review will consider issues including:

- the benefits of E-Lending;
- the current nature and level of E-Lending and projection of future demand;
- the barriers to supply of e-books to libraries; and
- the possible consequences of E-Lending, including the long term impact on library premises, the effect on publishers and the impact on those who cannot keep up with changes in technology.

The principal objective of this review is to provide advice on how best to achieve an E-Lending model in public libraries in England which will provide a strong modern offer to the public, whilst providing fair remuneration to publishers and authors and appropriate protections against copyright infringement.

The following will be considered as part of this review

1. The benefits of E-Lending.
2. The current level and nature of demand for E-Lending in English libraries, along with a projection of future demand. For example, will E-Lending be in addition to traditional borrowing of print books, or is it likely to transform the way in which library users access services? What is the demand for downloading e-books remotely, that is, away from library premises? To what extent do owners of e-readers value public E-Lending above what is freely or commercially available elsewhere?
3. Current supply models, barriers to the supply of e-books to libraries, and likely future trends.
4. Systems for remunerating authors / publishers for E-Lending.
5. The impact of E-Lending on publishers and their business models.
6. Any unforeseen consequences of E-Lending. For example, the impact on those who cannot keep up with technology, the likely long-term impact on the model of highly localised physical library premises, skills requirements for librarians, etc.

The following assumptions and points underpin this review:

- The review is intended to cover E-Lending in public libraries in England. However, given that the Public Lending Right and Digital Economy Act 2010 are UK-wide, it may be necessary for the purposes of this review to

consider the systems in place in the devolved administrations and how these inter-relate.

- The Digital Economy Act provisions (which have not yet been brought into force) extend PLR to e-books and audio books; e-books are the growing trend, but audio books should be included.
- These Digital Economy Act provisions allow the lending of e-books (and audio-books) to be included within the public lending right scheme, but only where the e-book is downloaded within library premises. Any changes to this system to allow readers to download e-books online (for example, from home) would therefore require a legislative amendment.
- DCMS ministers will consider the proposals resulting from the Review alongside any recommendations which may emerge from Arts Council England's 'Envisioning the Libraries of the Future' Project, and potential recommendations from the Culture, Media and Sport Parliamentary Committee Inquiry on Library Closures.

Likely Indicative timescale

- October – call for evidence
- November - December – consideration by the Chair and Panel and drafting of report
- January - publication of the Review

Governance

The Chair of the Review is William Sieghart. He is supported by Panel members

- Janene Cox (President of the Society of Chief Librarians (SCL) & Commissioner for Tourism & the Cultural County, Staffordshire County Council;
- Roly Keating, Chief Executive The British Library;
- Caroline Michel, Chief Executive Peters Fraser & Dunlop
- Stephen Page, Chief Executive Faber & Faber; and
- Joanna Trollope OBE, Author

Findings and recommendations of the Panel will be independent of Government.

Remuneration

The roles of Chair and Panel Members are unremunerated, but travel and subsistence expenses will be paid.

Support

DCMS will provide Secretariat support.

b) Biographies

William Sieghart, Chair

Philanthropist, entrepreneur, publisher and the founder of the Forward Prizes for Poetry.

In 1986 William co-founded Forward Publishing, publishing magazines, children's books and poetry books. He is the author of a best-selling book on golf, *The Swing Factory*. William also founded Big Arts Week and Street Smart, the initiative whereby diners give a percentage of their restaurant bill to the homeless. He was a member of Arts Council England 2000-2006, and was chair of its Lottery Panel. William is a Trustee of the Esmée Fairbairn Foundation, Free Word Centre and Reprieve.

Janene Cox

President of the Society of Chief Librarians (SCL) & Commissioner for Tourism & the Cultural County, Staffordshire County Council.

Janene Cox began professional life as a librarian in the Central Library in Birmingham and has managed libraries in Northamptonshire and Staffordshire, where she became Head of Libraries in 2005. Janene is also a Trustee of the Reading Agency.

Roly Keating

Chief Executive, The British Library.

Before joining the British Library, Roly worked at the BBC, most recently as the Director of Archive Content with editorial leadership for the BBC's online services, including BBC iPlayer. He is also responsible for the development and implementation of the BBC's strategy to increase digital access to its archives, including the new Arts Council England partnership *The Space*. Roly's former positions at the BBC include Controller of BBC Two and BBC Four. Roly Keating is a member of the Barbican Centre Board, and a Trustee of Turner Contemporary.

Caroline Michel

Chief Executive Peters Fraser & Dunlop

Caroline Michel has been the CEO of PFD since 2007 and before that she headed up the William Morris Agency in London for three years. She has over 25

years of experience in the media industry and ran Vintage at Random House and Harper Press at Harper Collins. Until very recently she was a governor at the BFI and now sits on its development board.

Stephen Page

Chief Executive Faber & Faber

Stephen Page began his career in bookselling before moving into publishing. In 1994 he joined Fourth Estate, becoming Managing Director in 2000. In 2001 he joined Faber as CEO and in 2006 Faber was named Publisher of the Year. He has been President of the Publishers' Association. He frequently writes and speaks on industry issues, especially the effects of fast-moving technological developments on authors and publishing.

Jane Streeter

Bookseller

Jane Streeter opened The Bookcase in Lowdham, Nottingham, in 1996, now running annual book and film festivals, supporting around 40 local schools, running a publishing arm, (Bookcase Editions Ltd), and sponsoring the Brilliant Book Award for local schools. Jane is a trustee of the East Midlands Book Award, has completed a two year term as President of the Booksellers Association, and is Chair of Writing East Midlands.

Joanna Trollope OBE

Author

Novelist Joanna Trollope worked for the Foreign Office (1965-7) and held various teaching posts (1967-79), before becoming a full-time writer. She is the author of 30 bestselling contemporary novels, and was awarded the Romantic Novelists Lifetime Achievement Award in 2010.

c) Register of Meetings

The following kindly gave their time to speak with the Chair and Panel through the course of the review:

- Vicky Barnsley, HarperCollins UK & International
- Antonia Byatt, Arts Council England
- Stephanie Duncan, Bloomsbury Publishing
- Lorraine Estelle, JISC Collections
- Anthony Forbes Watson, Pan Macmillan
- Stuart Hamilton, International Federation of Library Associations and Institutions
- Tim Hely-Hutchinson, Hachette UK
- Ian Hudson, Random House
- Dan Jarvis MP
- Simon Johnson, HarperCollins UK & International
- Richard Kitson, Hachette UK
- Helen Leech, Surrey County Council
- Ursula Mackenzie, Little, Brown Book Group
- Miranda McKearney, The Reading Agency
- Richard Mollet, Publishers Association
- Nicky Morgan, Arts Council England
- Dominic Myers, Anobii
- David Naggar, Amazon
- Steve Potash, Overdrive
- Cllr Flick Rea, Local Government Association
- Gail Rebuck, Random House
- David Roth-Ey, HarperCollins UK
- Nicola Solomon, Society of Authors
- Nick Stopforth, Metropolitan Borough of Doncaster
- Joanna Surman, HarperCollins UK
- Justin Tomlinson MP
- Tom Wheldon, Penguin Books
- Ben Wright, Random House

d) Call for Evidence

“We, as a panel under the chairmanship of William Sieghart, have been commissioned by the Minister for Culture, Communications and the Creative Industries, Ed Vaizey MP, to conduct an independent review of E-Lending, to help ensure that libraries and their users, authors and publishers can all benefit as this fledgling service grows. As set out by the Terms of Reference (available to view here) we will be considering the following within our review:

1. The benefits of E-Lending
2. The current level and nature of demand for E-Lending in English libraries, along with a projection of future demand. For example, will E-Lending be in addition to traditional borrowing of print books, or is it likely to transform the way in which library users access services? What is the demand for downloading e-books remotely, that is, away from library premises? To what extent do owners of e-readers value public E-Lending above what is freely or commercially available elsewhere?
3. Current supply models, barriers to the supply of e-books to libraries, and likely future trends.
4. Systems for remunerating authors / publishers for E-Lending.
5. The impact of E-Lending on publishers and their business models.
6. Any unforeseen consequences of E-Lending. For example, the impact on those who cannot keep up with technology, the likely long-term impact on the model of highly localised physical library premises, skills requirements for librarians, etc.

With these points in mind, we would like to invite you to submit written evidence supporting any of these aspects of review. Evidence can be submitted to the Panel via E-Lending@culture.gov.uk until close Tuesday 6th November 2012.

Thank you in advance for your consideration of this exciting area of literary lending.

Sent on behalf of the E-Lending Review Panel:

William Sieghart, Chair of the E-Lending Review, founder of Forward Publishing and the Forward Prize for Poetry;

Janene Cox, President, Society of Chief Librarians and Commissioner for Tourism & Culture, Staffordshire County Council;

Roly Keating, Chief Executive of the British Library and formerly Director of Archive and Content for the BBC;

Caroline Michel, CEO Peters Fraser & Dunlop;

Stephen Page, Chief Executive of Faber & Faber;

Joanna Trollope OBE, author;

Jane Streeter, Bookseller, past President at the Booksellers Association and soon to be Chair of Writing East Midlands”

e) Respondents to the Call for Evidence

Arts Council England
Askews and Holts Library Services
Authors and Performers' Lending Agency
Authors' Licensing & Collecting Society Ltd
Bailey Hill Bookshop
British Association of Picture Libraries and Agencies
Bertram Books
Booksellers Association of the UK & Ireland Ltd
Brent Council
British Copyright Council
British Educational Suppliers Association
British Equity Collecting Society Ltd
Burnley Central Library
Bury Library Service
Camden Lock Books
Central Buying Consortium
CILIP
Cornwall Council
Coventry Libraries and Information Services
Derbyshire County Council
Devon Libraries
Dudley Libraries
East Riding of Yorkshire
EPSRC
Equity
Gloucestershire County Council
Golden Guides Press
Gulliver's Bookshop
Hampshire Libraries
IES Ltd
Ken Chad Consulting Ltd
Kent County Council
Libraries NI
Little Brown
Mr & Mrs Doak's Bumper Bookshop for Boys and Girls

National Acquisitions Group
National Centre for Language and Literacy
National Public Library e-books Group, Society of Chief Librarians
Neath Port Talbot Libraries
Norfolk County Council Library and Information Service
Open Rights Group
OverDrive Inc.
Oxfordshire County Library Service
Public Libraries News
Registrar of PLR
RNIB
Shropshire Libraries
Society of Authors
South Ayrshire
South Tyneside Libraries and Information
Southend Christian Bookshop
Stockton Borough Council
Surrey County Council Library Services
The Bookseller Online
The Itinerant Poetry Library
The Library Campaign
The Mint House Book Shop
The Publishers Association Ltd
The Random House Group Ltd
The Reading Agency
Triborough Libraries Service
Voices for the Library
Welsh Government (via CyMAL: Museums Archives and Libraries Wales division)
WFHowes
Wikimedia UK

S Baxter
D Clarke
T Coates
CD
N Fairweather
A Flood
A Griffith

S Hardman
A Harris
S Kerensky
H McNabb
KJ Moss
G Osler
P Pedley
D Smith
C Staincliffe
B Tennison
C Wade
J Wood
A Woodhall



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