



Highlands and Islands Enterprise  
Iomairt na Gàidhealtachd 's nan Eilean

**CURRENT HIE ISSUES – FRIDAY 4 June 2021**

**[REDACTED – Out of Scope]**

**Sandstone press**

- We are dealing with ongoing correspondence relating to Sandstone Press. SG Sponsor Team has been kept up to date.

**[REDACTED – Out of Scope]**



Highlands and Islands Enterprise  
Iomairt na Gàidhealtachd 's nan Eilean

## **CURRENT HIE ISSUES – FRIDAY 14 May 2021**

**[REDACTED – Out of Scope]**

### **Sandstone press**

We continue to receive complaint correspondence relating to our support and decision making relating to Sandstone Press. We have a briefing meeting with our Sponsor Team on Monday (17<sup>th</sup> May) .

**[REDACTED – Out of Scope]**

From: Dr [REDACTED]  
CHE: Creative Industries, Screen and Media  
Policy  
29 January 2020

First Minister

## **FIRST MINISTER PUBLISHING ROUNDTABLE, 25 AUGUST 2019 – ACTIONS AND PROGRESS**

### **Purpose**

1. To provide you with an update on actions taken since your Scottish book trade breakfast (publishing roundtable) on 25 August 2019 and suggested next steps.

### **Priority**

2. **Routine.**

### **Background**

3. On 25 August 2019 you held a publishing roundtable with members of the Scottish book trades to consider opportunities and challenges in the Scottish publishing industry and to suggest ways forward. The attendees (listed at Annex **A**) were chosen to reflect the breadth of the publishing sector in Scotland.

4. This event stemmed from previous correspondence with members of the industry. In particular, you received a letter from Jean Findlay, Scotland Street Press, on 21 February 2019 regarding a suggestion to set up a Scottish Net Book Agreement of authors, agents and publishers. In your response to her of 6 March you asked your officials to look at convening a round table with representatives of the book trade and start a discussion on Scottish publishing.

5. You spoke at the Scottish Book Trade Conference on 26 February 2019, the joint Publishing Scotland and Booksellers annual Scottish book trade conference. In the following month Meryll Halls, Managing Director, Booksellers Association, wrote to you regarding issues in the book trades, particularly non-domestic rates. Hugh Andrew, Managing Director, Birlinn Ltd, also wrote to you in April about the need to exploit the cultural importance of books and the worldwide reputation of Scottish books.

6. Since the roundtable took place there has also been some correspondence from Keith Charters, Strident Publishing, who has now instigated an action in the Competitions Appeal Tribunal against Creative Scotland for anticompetitive behaviour. The next hearing, which will consider jurisdiction, will be on 2 March. Hugh Andrew has continued his lobbying about the cultural offer at Scottish cultural premises (notably Historic Environment Scotland and Visit Scotland). On 1 December 2019 the *Sunday Times Scotland* published a column from Hugh Andrew in which he argues that there was a lack of cultural ambition in Scotland. His key argument was that the Scottish Government was not doing enough to mark the 700<sup>th</sup> anniversary of the Declaration of Arbroath in stark contrast to the huge celebrations in 1920 to mark the 600<sup>th</sup> anniversary.

7. On 8 December 2019 The Times carried a news review “Is Scotland neglecting its cultural past? Our nation’s writers join the debate”.<sup>1</sup> It followed up on the question asked by him – “Is Scotland a nation proud of the cultural and intellectual depth of its past, or one merely content to frolic in the shadows of worn clichés and gift-shop tat?”.

## **Follow-up after the Scottish book trade breakfast (publishing roundtable)**

### ***Letter to attendees***

8. In October 2019, following the book trade breakfast discussion, you wrote to the participants summarising the key issues raised and indicating areas where you considered to be of value to take forward by either the Scottish Government and its partners or the sector itself. You suggested that you would like a further discussion in 6 months time. You suggested that this would allow us to take stock of any progress and to consider further developments.

9. In your letter you identified 10 areas that had been discussed. These are discussed in further detail at **Annex B**, but the main headlines are:

1. Access to finance and business
2. Diversity and opportunities
3. Publishing offer at visitor attractions
4. Role of the media in awareness raising
5. Books in schools (especially Scots books)
6. Co-ordinated Alliance
7. Reduction in Non-Domestic Rates
8. Net Book Agreement
9. Open Access Academic publishing
10. Concerns about the impact of Brexit.

10. Of the ten subjects, you noted that you would not take action on (8) developing a Net Book Agreement. You indicated that (7) was being dealt with by the Small Business Bonus Scheme. On (10) this was being dealt with through the Prepare for Brexit Campaign.

11. This leaves seven action points to take forward (1-6, and 9). Of these, the Scottish Government and its agencies have the greatest locus to assist in (1) access to finance and business; (3) Publishing offer at visitor attractions; (5) books in schools (especially Scots books). Creative Scotland and Publishing Scotland have responsibility for (6) Co-ordinated Alliance, an initiative that is being led and developed by them. Of the remaining action points, (2 and 4) was to be largely taken forward by the sector itself. The remaining one (9) open access academic publishing is a sector focused one that is driven by higher/further education institutions and libraries, and has a role in how the HE/FE curriculum is delivered.

---

<sup>1</sup> <https://www.thetimes.co.uk/edition/scotland/is-scotland-neglecting-its-cultural-past-our-nation-s-writers-join-the-debate-sgnbfsphr>

## **Actions taken and progress**

12. Following the meeting we have undertaken a number of actions for the seven workstreams that we are progressing. These are set out in detail in **Annex C**.

## **Discussion**

13. We have built up good relationships with our key stakeholders. We are making good progress with Publishing Scotland and Creative Scotland who are leading on a number of the workstreams.

14. While we have been progressing each of the workstreams, we have been very conscious about the presentational issues of workstream 3, the book offer at visitor attractions. As noted, Hugh Andrew wrote to you in April 2019 and then brought the subject up at the round table and has continued to give it a high profile since that time. He has also discussed it with Publishing Scotland, though he is not a member of that trade organisation, and has been critical in the *Sunday Times Scotland*. We found Historic Environment Scotland and Visit Scotland very helpful and open in their discussions. Both organisations had clear marketing plans and policies for purchasing and selling books and plans for ensuring that it remained competitive in doing so.

## **Next steps**

### ***Progress with workstreams***

15. We will continue to work with our partners to take forward our actions and come forward with papers and initiatives to share with the publishers at the next round table discussion.

### ***Follow-up round-table discussion***

16. In your letter of October 2019 you proposed a follow-up discussion in six months time. This would allow everyone to take stock of progress and to consider any further developments.

17. We discussed with Publishing Scotland and Creative Scotland potential to have the follow up round table discussion at the time of the next Scottish Book Trade conference which is being held on Tuesday 21 April 2020. We suggest that it is held on the afternoon of the following day – Wednesday 22 April. We have put a hold in your diary of Wednesday 22 April 2:00-3:30pm, subject to your agreement, to host a follow-up round table.

## **Recommendation**

18. To:

- **note that we are taking forward the action points for the Scottish Book Trade Breakfast on 25 August 2019 listed in Annex C;**
- **agree that a follow-up round table will take place on the afternoon of Wednesday 22 April, following the Scottish Book Trade Conference.**

Dr [REDACTED]

CHE: Creative Industries, Screen and Media Policy  
x49754

29 January 2020

Copy List:	For Action	For Comments	For Information		
			Portfolio Interest	Constit Interest	General Awareness
Deputy First Minister Cabinet Secretary for Culture, Tourism and External Affairs					X X

DG Economy  
DG Education  
DG Organisational Development  
[REDACTED]  
Jonathan Pryce  
[REDACTED]  
Katy Bowman  
Communications FM  
Communications Culture  
Communications DFM

**FIRST MINISTER PUBLISHING ROUNDTABLE, 25 AUGUST 2019 – ACTIONS AND PROGRESS**

**Attendees at Scottish book trade breakfast (publishing roundtable)**

Hugh Andrew, Managing Director, Birlinn Ltd  
Jean Findlay, Managing Director, Scotland Street Press  
Katy Lockwood Holmes, Publisher, Floris Books  
Campbell Brown, Managing Director, Black and White Publishing  
Keith Charters, Managing Director, Strident Publishing  
Sam McDowell, Managing Director, Charco Press  
Laura Jones, Founding Partner, 404 Ink  
Gavin McDougall, Managing Director, Luath Press  
Robert Davidson, Managing Director, Sandstone Press  
Ron Grosset, Managing Director, Waverley Books  
Laura Waddle, publisher, Tramp Publishing

Christine Wilson, Publishing Officer, Historic Environment Scotland  
Ann Crawford, Publisher, National Galleries of Scotland Publishing  
Lesley Taylor, Publisher, National Museum Publishing

Rosamund de la Hey, Director, Booksellers Association  
Marion Sinclair, Chief Executive, Publishing Scotland

## FIRST MINISTER PUBLISHING ROUNDTABLE, 25 AUGUST 2019 – ACTIONS AND PROGRESS

### *Workstreams at a glance*

#### **1. Access to finance and business support**

Explore with Creative Scotland, Scottish Enterprise, and other enterprise agencies how the current business support system is working and what more can be done to provide greater clarity and more effective support

#### **2. Diversity and opportunities**

Explore with private and public sector partners how to enable diversity at entry level in the sector

#### **3. Book offer at visitor attractions**

Potential to make more of the book offer at visitor attractions and tourist outlets. Explore with Visit Scotland, Historic Environment Scotland and national museums and galleries clarity around procurement processes and increase engagement and opportunities for publishers

#### **4. Role of media in awareness raising**

Potential for the media and publishers to work more closely

#### **5. Books in schools**

Potential to promote more Scots books in schools  
Provide clarity in how schools provide books for schools

#### **6. Co-ordinated Alliance**

Create a Co-ordinated Alliance to act as an account-manager and co-ordinator of print and sales for a number of publishers

#### **7. Reduction in non-domestic rates**

Significant challenge to non-domestic rates, though bookshops provide a role for community activities.

#### **8. Net Book Agreement**

Proposal to establish a Scottish net Book Agreement

#### **9. Open access academic publishing**

Explore challenges around open access in academic publishing

#### **10. Impact of Brexit**

Concern at the impact of Brexit on the sector.

## FIRST MINISTER PUBLISHING ROUNDTABLE, 25 AUGUST 2019 – ACTIONS AND PROGRESS

### Scottish book trade breakfast (publishing roundtable)

Actions on workstreams which are being taken forward by the Scottish Government.

Workstream 4, the role of media in awareness raising, is considered to be one to be taken forward by the publishing industry. Workstream 8 (Net Book Agreement) is not being taken forward. Workstream 10 (Concerns about the impact of Brexit) is being taken forward through the multi-agency Prepare for Brexit campaign.

## WORKSTREAM 1 – ACCESS TO FINANCE AND BUSINESS SUPPORT

### Background to issue

1.1 Publishing businesses have asked what more can be done to provide greater clarity and more effective business support.

### What is happening

1.2 We are gathering a range of information about business support for publishing businesses. This comprises a number of strands of activities:

1.3 **The collection of information from Scottish Enterprise and Highlands and Enterprise on support for publishing.** This includes information that is provided on their website and the range of support that can be accessed from their officers. We are also interested to see the level of uptake of that support. We are working with Scottish Enterprise and Highlands and Islands Enterprise to secure this information.

1.4 **The collection of baseline information on business support being accessed by publishing businesses.** We are working with Creative Scotland and Publishing Scotland to generate baseline information about what support publishing businesses are accessing. They will shortly issue a questionnaire to members and non-members and businesses that attended the FM's round table on 25 August 2019. The survey will be anonymous.

1.5 **Support for publishing businesses to export.** Creative Scotland and Publishing Scotland are working together to provide information on the most up to date picture of exporting practice across Scottish publishing. It forms part of Publishing Scotland's internationalisation work, which also includes its International Fellowship, the Go-See Fund, the book fairs, and Translation Fund.

1.6 They have issued a survey to Publishing Scotland members which asks about exporting activities, including its importance, places of export, assistance from

government agencies, resources to assist in export activity, percentage of turnover through export, trademarks, impacts from leaving the EU, and participation in Creative Scotland's export project.

1.7 Publishing Scotland and Creative Scotland are also holding export training days that are run by Scottish Enterprise in late January and early February. Publishing businesses will have the opportunity to have an "export surgery" in March.

### **Potential for further action**

1.8 The survey information will provide a baseline for information for understanding how the current business support system is working for the publishing sector. The export work will allow Creative Scotland and Publishing Scotland to provide support as part of their wider work to develop their international work and extend the overseas profile and activity of Scottish publishers.

## **WORKSTREAM 2 - DIVERSITY AND OPPORTUNITIES**

### **Background to issue**

2.1 Members of the panel raised the issue of diversities and opportunities and how to enable diversity at entry level in the sector.

### **What is happening**

2.2 **Publishers seeking funding from Creative Scotland need to show that their projects provide a public benefit rationale.** Creative Scotland is including a question on the public benefit rationale in the business survey which will shortly be jointly issued by it and Publishing Scotland.

2.3 **Publishing Scotland launched its Schools Initiative – "Books Uncovered – Unwrapping the Book Business" – in November 2019.** It provides information about what it is like to work in publishing and where to find out more about publishing as a career. Targeting schools in deprived areas, it has signed up 8 publishing ambassadors.

2.4 **Harper Collins, a major publisher based in Bishopbriggs, Glasgow, is interested in partnering with Publishing Scotland on diversity issues.** It has been undertaking reading schemes in some of the deprived areas of Glasgow including Pollock, Springburn, and Castlemilk. Discussions are underway.

2.5 **Publishing Scotland is developing a Code of Conduct which will include dealing with complaints.** This will also include their position on unpaid internships, that they will not advertise these. Publishing Scotland is aware of the issue of exploitation of labour in the creative industries..

### **Potential for further action**

2.7 These ongoing activities will help to provide the foundation for a broader talent pipeline into the publishing industry and to ensure that there is not exploitation from unpaid work.

2.8 There is potential Ministers, including the First Minister, to engage with Harper Collings, with its interest in diversity as well as environmental issues

## **WORKSTREAM 3 – BOOKS AT VISITOR ATTRACTIONS**

### **Background to issue**

3.1 There has been criticism from Birlinn Ltd that it considers that HES and VS shops and other cultural venues is not as strong as it could be. It is possible that some of the criticism stems from the fact that Birlinn had been unsuccessful in securing the contract for the book offer at both Historic Environment Scotland and Visit Scotland which have a joint contract that runs for three years from December 2018. The contract, which runs through a rigorous EU tender process in compliance with Scottish Government guidelines, was awarded to Lomond Books and Bookspeed, who previously held the contract. We understand that all the unsuccessful tenders, including Birlinn, were provided with feedback.

3.2 Some of the criticism also stems from the fact that Birlinn Ltd considers that HES and VS shops should be traditional booksellers. Both HES and VS clearly pointed out that while they both purchase books (as well as maps and postcards) under the same contract, neither of them is a bookshop in their own right: they sell books as part of their wider commercial activities; in addition VS is a provider of information with retail being secondary in its shops. Each sells a large number of books.

3.3 HES and Visit Scotland are also different commercial businesses with their own book needs and customers: Visit Scotland's book focus is on local guides and information books (the ICentres are in essence information points), of which 70% of its book stock is under £10 per item. HES does not offer a wide selection of maps or guidebooks, but focuses on children's books. HES recently refreshed its retail strategy on the back of its new Corporate Plan.

### **What is happening**

3.4 Under the book procurement contract both HES and VS have some flexibility in the way that they can acquire books for their shops.

3.5 The publishing offer of each organisation is tailored and made relevant to each ICentre and HES premises. VS undertakes a large annual review of stock in February each year, while also using the EPOS system (Electronic Point of Sale) which records sales and is an intelligent system that provides a sales history and tells VS what its book requirements are.

3.6 Both Visit Scotland and HES each have a number of avenues available to encourage contact and business with authors and publishers. These include:

- Authors and booksellers can directly approach them to suggest titles that should be included in their shops;
- Local authors and local publishers with only a small capacity can approach them through the Shop Local Initiative to promote and sell local products (which will promote local communities and local authors);
- Lomond and Bookspeed are happy to receive suggestions for the book offers which will be considered by HES and VS;
- Publishers can meet and discuss with HES and VS to suggest appropriate titles that are relevant to each location;
- HES and VS each work with Publishing Scotland to arrange a publishing buyers events to allow publishers to meet and discuss requirements (these have been ongoing for a number of years). VS considers that this is a helpful way to show transparency in the procurement system and to enable the publishers to come to them with new ideas;
- Both HES and VS are keen to undertake book related activities and promotional work – they want publishers to be active in suggesting opportunities;
- HES works with Publishing Scotland to identify books (it has also undertaken this with Birlinn);
- HES undertakes “Book of the Month” events. Staff are able to give signage to books and to explore opportunities;
- HES has a three-year partnership in place with Floris Books to produce children’s books under the HES brand, a key seller, in its locations.

3.7 From our engagement with HES and Visit Scotland, we consider that they provide a flexible approach to the sourcing of books and opportunities especially for local publishers that would find it otherwise difficult to reach a wide audience in their local areas. They also provides opportunities for established publishers to make contact with and discuss their publishing lists and opportunities available.

### **Potential for further action**

3.8 Both HES and VisitScotland are well aware of the criticisms that they have received from Hugh Andrew, your interest in the book offer at visitor attractions, and the need to ensure transparency in their relations with publishers.

3.9 HES noted to us that it is aware that it needs to undertake better promotion and signage. It hopes that a new buyer, appointed last summer, will help to provide new opportunities.

3.10 Work is ongoing in this area: it is important that the publishers continue to be proactive with both HES and VisitScotland and to identify opportunities and discuss them.

3.11 The Year of Storytelling in 2022 may provide further opportunities. We are facilitating Publishing Scotland’s early involvement around this promotional year. Both HES and VisitScotland are aware of this commemorative year and the potential that it can bring. This could be a valuable way to strengthen the book offer in 2022, while recognising the way that the businesses are run.

## WORKSTREAM 5 - BOOKS IN SCHOOLS

### Background to issue

5.1 Two key issues have been highlighted. These are (1) the need to provide clarity on how schools procure books; (2) the promotion of books in Scots.

### What is happening

5.2 On the **procurement of books for schools**, the Scottish Education system is set up to allow decision making to be devolved to the most appropriate level, enabling local education authorities to make choices that meet their local circumstances and needs. Decisions about spending on schools is determined by local authorities. Councils have a legal responsibility for providing an adequate and efficient education, suitable to the needs of every child.

5.3 Decision making for the procurement of books is therefore made at a local level. The arrangements for decision making will vary between local authorities. In the first instance, the office of the Director of Education should be able to help identify the relevant decision makers.

5.4 In taking decisions about the books to be used in schools, decision makers at local authority or school level will (among other things, including cost) be considering: their local context and the needs of their learners, in order to ensure their relevance to learning; the benchmarks and experiences and outcomes published by Education Scotland; the priorities of the Scottish Attainment Challenge and Pupil Equity Funding.

5.5 On the **support for Scots**, the Scottish Government provides around £400,000 of funding to the following organisations and other Scots projects, such as the Scots Language Centre (one of the main online sources of information about Scots), Scots Hoose, the Association of Scottish Language Studies, Scots Radio, the Doric Board, Scottish Book Trust and Scottish Language Dictionaries.

5.6 Specifically on **books in Scots**, in 2018 the Scots publication grant was launched, funded by the Scottish Government and delivered by the Scottish Book Trust, to support Scots publishers and encourage Scots writers.

5.7 The First Minister's Reading Challenge, managed by the Scottish Book Trust for the Scottish Government, promotes reading for pleasure, for all primary and secondary schools in Scotland as well as to libraries and community groups. There is no suggested list of books. As part of the First Minister's reading challenge, the Bookzilla reading app is aimed at S1-S3 pupils and includes lists of books.

5.8 The Bookbug programme provides free bags of books and other learning materials to children from birth to Primary 1 for a number of years. Through the Read, Write, Count campaign all Primary 2 and 3 children receive a free bag with books, counting games and writing materials which are also available in Gaelic.

## **Potential for further action**

5.9 On the procurement of books for schools we can share information with the publishers at the next roundtable, including that they should contact the offices of the Directors of Education regarding the procurement of books for schools.

5.10 On Bookbug / Read, Write, Count an invitation to submit suggested texts for inclusion in the gift bag is issued annually, which is submitted to all relevant publishers. We can draw the attention of publishers at the next roundtable to the annual invitation to submit books.

## **WORKSTREAM 6 – CO-ORDINATED ALLIANCE**

### **Background to issue**

6.1 There was a request at the roundtable to have a co-ordinated alliance to act as an account-manager and a co-ordinator of print and sales.

### **What is happening**

6.2 Publishing Scotland and Creative Scotland are working together to develop a pilot of a developmental sales post. This will be advertised very shortly with recruitment to take place in February and the successful candidate starting work in April. The contract will run for between 6 and 18 months. The successful candidate will be located in the central belt of Scotland or in London.

### **Potential for further action**

6.3 We expect that the post will be evaluated to see whether there is a potential for a longer-term sales post.

## **WORKSTREAM 9 – OPEN ACCESS ACADEMIC PUBLISHING**

### **Background to issue**

9.1 Open Access means making research publications freely available so anyone can benefit from reading and using research. Open access is part of a wider 'open' movement to encourage free exchange of knowledge and resources in order to widen access and encourage creativity.

9.2 If research publications are made available free of charge through open access this has implications and challenges for publishers, in terms production of paper books but also electronic publishing.

### **What is happening**

9.3 We are identifying key players involved in open access academic publishing as they cover publishers and the academic drivers of open access academic publishing, which is a growing area for academic institutions. We will identify the

issues for each of these stakeholders and how we can provide assistance to academic publishing.

**Potential for further action**

9.4 This is an issue that has been ongoing for a number of years and will continue with the move to have open access academic publishing.

9.5 The Scottish Government Library is keen to be involved in this work and to explore its approach to academic publishing.

**[REDACTED – Part of Subject Access Request]**

**Supporting Document 1 – also see attachment 1**

PS / Cabinet Secretary for Finance and the Economy

For Ms Forbes notice, Highlands & Islands Enterprise (HIE) and South of Scotland Enterprise (SOSE) provide a weekly end-of-week flash brief on key issues currently of note to each agency. Scottish Enterprise provides more substantial updates at regularly scheduled meetings between the Cabinet Secretary and the SE CEO.

Please find attached flash briefing providing an update on the current issues from Highlands and Islands Enterprise covering the following:

- Cairngorm
- Space
- Insights and intelligence
- Sandstone press
- Media

Kind regards

**[REDACTED]**

**[REDACTED]**

Enterprise Sponsorship & West Team Policy Officer  
Regional Economic Development | Directorate for Economic Development  
Scottish Government  
5 Atlantic Quay | 150 Broomielaw | Glasgow | G2 8LU |  
0141 [REDACTED] (Ext: [REDACTED]) | Mobile: [REDACTED]





<CommunicationsICC@gov.scot>; Communications DFM & Education

<CommunicationsDFM&Education@gov.scot>

**Subject:** First Minister Publishing Round Table, 25 August 2019 - actions and progress

First Minister

Routine.

Please find attached a 4 page submission and annexes which provides you with an update on actions since your Scottish book trade breakfast (publishing roundtable) on 25 August 2019. It asks you to:

- note that we are taking forward the action points for the Scottish Book Trade Breakfast on 25 August 2019 listed in **Annex C**;
- agree that a follow-up round table will take place on the afternoon of Wednesday 22 April, following the Scottish Book Trade Conference.

**[REDACTED]**

**[REDACTED]**

Creative Industries, Screen and Media Policy

X**[REDACTED]**

## **Supporting Document 4**

**From:** Herriot L (Leighton)  
**Sent:** 22 April 2021 09:16  
**To:** [REDACTED] <[REDACTED]@gov.scot>  
**Subject:** RE: Sandstone Press

Thanks for sharing [REDACTED]. That's great. I've added a line to the end of the 2<sup>nd</sup> paragraph. Let me know if you've any more feedback. I think you wanted to share wider for clearance?

Leighton

---

Leighton Herriot | Enterprise Sponsorship Manager (HIE) | Enterprise Sponsorship Team | Rural Economic Development Division

The Scottish Government | Tel: 0131 [REDACTED] | Mobile: [REDACTED]



**Scottish Government**  
**Riaghaltas na h-Alba**  
**gov.scot**

**From:** [REDACTED] <[REDACTED]@gov.scot>  
**Sent:** 22 April 2021 08:28  
**To:** Herriot L (Leighton) <Leighton.Herriot@gov.scot>  
**Subject:** FW: Sandstone Press

Hi Leighton

This is the latest correspondence from Strident to / from HIE. I wonder if it is worth putting in our response that we note that the chief exec of HIE has offered to set up a meeting to address his concerns.

Regards

[REDACTED]

**From:** [REDACTED] <[REDACTED]@hient.co.uk>  
**Sent:** 20 April 2021 11:42  
**To:** [REDACTED] <Andrew.Carton@gov.scot>; Laurie J (Jessie) <Jessie.Laurie@gov.scot>  
**Cc:** HIE Corporate Relations <corporate.relations@hient.co.uk>; [REDACTED] <[REDACTED]>; [REDACTED]@hient.co.uk; [REDACTED] <[REDACTED]@hient.co.uk>  
**Subject:** Sandstone Press

[REDACTED]/Jessie

I attach further correspondence relating to Sandstone Press. You will be aware that HIE has been dealing with a complaint relating to our support of Sandstone press and we had previously provided updates.

The most recent correspondence continues to make reference to the activity of Sandstone to publish the First Ministers speeches and of concerns relating to State aid compliance. We are reviewing the latest correspondence and will consider any new matters. We are also liaising with SE on a response. I also attach our previous complaint response for information.

Let me know if it would be helpful to discuss

[REDACTED]

[REDACTED]

Director of Business Improvement and Internal Audit

DD: +[REDACTED]  
245245

| Mob: +[REDACTED]

| Reception: +44 (0)1463



Highlands and Islands Enterprise | Iomairt na Gàidhealtachd 's nan Eilean  
An Lòchran, 10 Inverness Campus, Inverness, IV2 5NA



This document is confidential and

intended solely for the use of the addressee(s). If you are not the intended recipient, please inform the sender immediately. Any unauthorised use of this document is strictly prohibited. HIE uses filter software to protect its staff and will automatically delete any email that contains offensive or profane content. Tha an teachdaireachd seo dìomhair agus 's ann dhan neach-ainmichte a-mhàin a tha i. Ma 's e is gun d' fhuair sibh le mearachd i, feuchaibh is leigibh fios sa spot dhan neach bhon tàinig i. Tha cleachdadh neo-cheadaichte na teachdaireachd seo fìor-thoirmisgte. Tha HIE a' cleachdadh bathar-bog gus luchd-obrach na buidhne a dhìon is cuiridh i às do phost-dealain sam bith sa bheil càil oilbheumach no truailleach.

## Supporting Document 5

**From:** [REDACTED] <[REDACTED]@gov.scot>  
**Sent:** 09 April 2021 08:40  
**To:** Herriot L (Leighton) <Leighton.Herriot@gov.scot>  
**Subject:** FW: Sandstone Press Limited/HIE

Hi Leighton

Previous email refers

Regards

[REDACTED]

**From:** Simon Forrest <Simon.Forrest@scotent.co.uk>  
**Sent:** 31 March 2021 09:52  
**To:** [REDACTED] <[REDACTED]@gov.scot>  
**Cc:** Laurie J (Jessie) <Jessie.Laurie@gov.scot>  
**Subject:** FW: Sandstone Press Limited/HIE

[REDACTED] – email from Mr Charters as discussed.

S

**Simon Forrest**

Head of Corporate Affairs | Scottish Enterprise

Email: Simon.Forres[REDACTED]@scotent.co.uk | Tel: 0141 468 6012 | Mob: 07342 058 739

**From:** keith@stridentpublishing.co.uk <keith@stridentpublishing.co.uk>  
**Sent:** 30 March 2021 17:54  
**To:** Simon Forrest <Simon.Forrest@scotent.co.uk>  
**Subject:** RE: Sandstone Press Limited/HIE

**CAUTION:** This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Hello Simon,

Significant develop re the original PERF award, with potential unintended legal consequences for SE (see end of this email) as, although HIE made the PERF decision, the PERF award was made in SE's name, so my understanding is that SE's CEO is the Accountable Officer.

Before coming to that, some better news. I can confirm that the additional £50k awarded to Sandstone in Sep20 was in HIE's name, not SE's. So, that one is for HIE to explain.

**PERF**

Below is part of an email from me to Audit Scotland today that explains the scenario.

On 25 March we received confirmation from HIE that it disregarded the PERF criteria in assessing Sandstone Press's application. HIE substituted set criteria with invented criteria, resulting in a score not justified by Sandstone's application. Only by applying the invented criteria was HIE able to fund Sandstone with £70k.

The 2 charts below show how the set criteria were bypassed: a criterion that produced the 'wrong' score was ignored, while one that produced the 'right' score was double-counted...then 1 was added to it. An attempt was then made to justify the score by claiming – wrongly – that it was what the application would have scored had the company not relocated a year prior to its application.

Correct PERF criteria (1-5pts each)	Points for Sandstone's IV2 location*
Local Economic Importance, Place & Inclusive Growth	3
Leverage on wider business community & impact on economic recovery	3
Geographic Location	1
Financial Assessment	2
<b>Total</b>	<b>9</b>
* some disputed	
Criteria applied by HIE	Points HIE awarded despite Sandstone's IV2 location*
Local Economic Importance, Place & Inclusive Growth #1	3
Geographical Location	1
Local Economic Importance, Place & Inclusive Growth #2	4
Leverage on wider business community & impact on economic recovery	3
Financial Assessment	2
<b>Total</b>	<b>12</b>
* some disputed	

...That the substitution was signed off by members of HIE's investment committee, including members of its executive team, and by a director and area manager, suggests that this was not the work of an individual but a deliberate attempt by a vertical management chain within HIE to circumvent criteria HIE had set. It indicates a total absence of effective governance, but possibly worse. If criteria were invented to ensure Sandstone was funded, how many other companies were unjustifiably funded in the same manner?

...The PERF payment was in the name of Scottish Enterprise, whose CEO is the Accountable Officer for PERF, so I am alerting him to the issue...

We have no desire to pursue judicial review; but currently see no alternative given the severe impact the endless propping up of Sandstone has had on us and on Scotland's publishing market as a whole. I was asked yesterday, 'Why isn't Audit Scotland all over this?' I was unable to answer – thus this email. HIE has been caught red-handed. This feels like the moment for us to come together.

As I think you're aware (been in *Scotsman*, *Times*, etc) Sandstone is using funds derived from HIE to publish a book of speeches by the First Minister 4 days post-election. Sandstone owes HIE at least £0.1m that it has no ability to repay since it is lossmaking. EU Commission has been notified that that 3-year loan was Rescue Aid dressed up as Growth Aid (to a shrinking company).

### **What this means**

Given the above, SE cannot be confident in HIE's PERF decisions. HIE's attempt to justify its actions on the basis that the resulting score was what it *would have been* had the facts been different beggars belief. It indicates that it sees nothing wrong with the approach it has taken. It is why we are contemplating an application for judicial review; it seems that someone (Audit Scotland, SE or ourselves) is going to have to force HIE to retake its decision. SE would probably need to be the defender in any court situation given that the award was made in its name, even if it was not really its decision. (One of the many unfortunate consequence of HIE's governance failures.)

HIE has stated to us that the PERF guidelines allowed it to apply judgement. Our position is that it was entitled to apply judgement to a correctly scored assessment but that it could not deliberately mis-score an assessment in order to be able to apply judgement. Nothing that I have seen supports HIE's position. Are their published guidelines that we can check? A handbook? It is certainly at odds with HIE's statement, on its website, that it applied 'consistent' criteria.

### **Suggestion**

I've not attached Charlotte Wright's most correspondence at this point, though I feel entitled to do so given that SE's CEO is accountable for PERF. My suggestion would be that Linda Hanna contacts Charlotte Wright, telling her that she has been alerted that SE could potentially be in the dock for HIE's actions should it fail to retake its decision voluntarily. Sandstone is an unviable company that should have been allowed to fail years ago. Now is the time. It can be done under the cover of COVID if HIE wants, but it needs to be done.

Kind regards,

Keith

Keith Charters

Publisher  
Strident Publishing Limited  
[www.stridentpublishing.co.uk](http://www.stridentpublishing.co.uk)  
Tel: 01355 220588

**From:** Simon Forrest <Simon.Forrest@scotent.co.uk>  
**Sent:** 19 February 2021 12:52  
**To:** keith@stridentpublishing.co.uk  
**Subject:** RE: Sandstone Press Limited/HIE - COVID legacy project

Thanks Keith. It can't be a PERF award in the sense of the original fund as that closed some time ago. So it looks like it's something else HIE are doing and I'm afraid you would need to enquire with them about that.

In terms of the original PERF fund, that was a partnership approach across the three enterprise agencies on behalf of, and in agreement with, the Scottish Government. So I don't think it's absolutely accurate to describe it as being SEs responsibility though we did take a leadership role in the delivery.

Hope this is helpful.

Thanks  
Simon

**Simon Forrest**  
Head of Corporate Affairs | Scottish Enterprise  
Email: Simon.Forrest@scotent.co.uk | Tel: 0141 468 6012 | Mob: 07342 058 739

**From:** keith@stridentpublishing.co.uk <keith@stridentpublishing.co.uk>  
**Sent:** 19 February 2021 12:45  
**To:** Simon Forrest <Simon.Forrest@scotent.co.uk>  
**Subject:** RE: Sandstone Press Limited/HIE - COVID legacy project

**CAUTION:** This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

See below. PERF being included in the subject title is what prompted the question.

My guess is it's funding to allow Sandstone to pay for another non-exec, as it appointed one 1 Jan 2021. That feels like an HIE project v a ScotEnt one, but PERF itself is ScotEnt's responsibility.

Keith

**From:** [Redacted]@hient.co.uk>

**Sent:** 08 September 2020 17:23

**To:** [Redacted]@sandstonepress.com

**Cc:** [Redacted]@hient.co.uk>;[Redacted]@hient.co.uk>

**Subject:** FW: Sandstone Press COVID19 Perf Legacy Project

**Attachments:** Sandstone Press Ltd HMS9374706.pdf (withheld)  
5. Sandstone Press Ltd HMS9374706 Legal Undertaking Temporary Aid – Applicant only.pdf (withheld)  
HIE Temporary Aid Working Capital Claim Form.docx (withheld)

Dear [Redacted]and [Redacted]

Please see the attached the documents listed which I am sending on behalf of James Gibbs, Area Manager at HIE Inner Moray Firth Area Office in respect of your recent application for support.

I would like to draw your attention to the separate arrangements for returning the original signed documents as noted below:

- Letter of offer which outlines HIE's support
- Legal agreement – to be signed and the original returned to [Redacted] or [Redacted] at An Lochran as soon as possible.
- Claim form – original form and any supporting documentation to be sent separately to the IMF claims teams at Benbecula using the address details noted within the letter from Mr Gibbs.

If you have any questions please contact your account manager, [Redacted] or [Redacted]

**From:** Simon Forrest <Simon.Forrest@scotent.co.uk>

**Sent:** 19 February 2021 12:28

**To:** keith@stridentpublishing.co.uk

**Subject:** RE: Sandstone Press Limited/HIE - COVID legacy project

Hi Keith – as Sandstone are in HIEs geographic area, it will have likely been through them rather than SE. Though they'd obviously need to confirm that as it's not impossible that the funding could have been provided by another source (difficult to tell without any detail).

Thanks  
Simon

**Simon Forrest**

Head of Corporate Affairs | Scottish Enterprise

Email: Simon.Forrest@scotent.co.uk | Tel: 0141 468 6012 | Mob: 07342 058 739

**From:** keith@stridentpublishing.co.uk <keith@stridentpublishing.co.uk>

**Sent:** 19 February 2021 12:06

**To:** Simon Forrest <Simon.Forrest@scotent.co.uk>  
**Subject:** Sandstone Press Limited/HIE - COVID legacy project

**CAUTION:** This email originated from outside of the organisation. Do not click links or open attachments unless you recognise the sender and know the content is safe.

Hello Simon,

Yesterday I copied you on an email to Audit Scotland re HIE's apparent use of alternative facts to ensure a £70k rescue of Sandstone using PERF.

The unviable company appears to have received even more funding even after the PERF bailout. The Sep20 offer the company received was badged 'COVID legacy project'. Is that a ScotEnt fund? Or is it an HIE project with no ScotEnt involvement? (I suspect the latter but want to be sure as we progress matters.)

Kind regards,

Keith

Keith Charters  
Strident Publishing Limited  
[www.stridentpublishing.co.uk](http://www.stridentpublishing.co.uk)  
Tel: 01355 220588

**For the latest advice and guidance for businesses in Scotland affected by Covid-19 visit: [FindBusinessSupport.gov.scot](http://FindBusinessSupport.gov.scot)  
#FindBusinessSupport**

Scottish Enterprise  
<http://www.scottish-enterprise.com>

Privacy - Your personal information is processed by us in accordance with our privacy notice and data protection legislation. You can find more information by visiting our privacy notice at <https://www.scottish-enterprise.com/help/privacy-notice>

Follow us on Twitter at <http://twitter.com/scotent>  
Follow us on Facebook at <http://www.facebook.com/scottishenterprise>

Head office and contact details:

Atrium Court  
50 Waterloo Street  
Glasgow  
G2 6HQ  
Tel: +44(0)300 013 3385

Message is sent in confidence for the addressee only. It may contain legally privileged information. The contents are not to be disclosed to anyone other than the addressee.

Unauthorised recipients are requested to preserve this confidentiality and to advise the sender immediately of any error in transmission.

## **Supporting Document 6**

**From:** [REDACTED] <[REDACTED]@gov.scot>  
**Sent:** 25 February 2021 12:32  
**To:** HIE Corporate Relations <corporate.relations@hient.co.uk>  
**Cc:** Laurie J (Jessie) <Jessie.Laurie@gov.scot>  
**Subject:** FW: Breach of Scottish Ministerial Code and/or breach of Civil Service Code

Hi

Please see below correspondence regarding support given to Sandstone Press Limited. I'd be grateful if you could provide any background information on the support given, and any previous dealings in this matter

Thanks

[REDACTED]

-----  
**From:** keith@stridentpublishing.co.uk[SMTP:KEITH@STRIDENTPUBLISHING.CO.UK]  
**Sent:** 25 February 2021 11:47:33  
**To:** Cabinet Secretariat inbox  
**Subject:** Breach of Scottish Ministerial Code and/or breach of Civil Service Code  
**Auto forwarded by a Rule**

Dear Secretariat,

Can you advise who is responsible for upholding the Scottish Ministerial Code and Civil Service Code when public resources are used for party political purposes?

Sandstone Press Limited is publishing and promoting a book of speeches by First Minister Nicola Sturgeon using funds derived entirely from Highlands and Islands Enterprise (HIE) and Creative Scotland (CS). Promotion of the book will occur during the run-up to the Scottish Parliament election, i.e. during 25 March to 6 May, with official publication scheduled for 4 days after the election.

We consider this a clear breach by HIE of the Civil Service Code. Given Cabinet Secretary Fiona Hyslop's knowledge of the circumstances in which Sandstone has been funded by CS and HIE, we believe this also constitutes a breach of the Scottish Ministerial Code.

## Case in brief

Per [your guidance](#), and per the codes, civil servants and ministers must:

‘Ensure that public resources are not used for party political purposes’.

There would be no issue were Sandstone using retained profits to publish and promote and just happened to have received funds from HIE/CS. However, Sandstone is an unviable company; its balance sheet comprises c£0.5m cumulative trading losses, all of which CS and HIE have funded, via £0.5m+ cash and £0.175m loan (not repaid). None of the value of Sandstone’s balance sheet value derives from its trading activities; 100% derives is from HIE/CS funding. It is therefore using money derived from HIE (in particular) to publish and promote a political book in the run up to the Scottish Parliament elections.

What is especially egregious is the way in which HIE has enabled Sandstone to publish and promote the book with funds derived from it. We have [evidenced, in detail](#), how, ***prima facie*, HIE handed Sandstone a £70k Pivotal Enterprise Resilience Fund (PERF) award by fiddling its assessment of the company’s application.** Specifically, HIE appears to have awarded the company’s application four times the appropriate points for Geographic Location. Where a company’s business is located is a matter of fact. It seems HIE pretended that the company’s IV2 postcode – the postcode of HIE’s own HQ in Inverness - was not in Inverness but on an island or more than 30 minutes’ drive from Inverness. Those points (4 where 1 was the only possible award) were the difference between the company’s application being approved versus being automatically rejected.

In addition, the EU Commission is investigating whether HIE breached State Aid rules by a) badging Rescue Aid to Sandstone (a company making a £0.1m p.a. trading loss) as Growth Aid; and b) exceeding State Aid limits. If HIE’s aid was Rescue Aid, Sandstone was not entitled to be rescued via PERF regardless of a fiddle, since it had not repaid the original Rescue Aid loan. (Sandstone has no ability to repay the loan because it is unable to trade profitably. It is maintained by ScotGov as, in effect, a nationalised lossmaking publisher funded at the expense of viable commercial publishers.)

HIE has thus far not confirmed when it knew that Sandstone would publish Nicola Sturgeon’s speeches. The Chair of its Audit & Risk Committee is sighted on the issue.

## Next steps

Can you could advise how/with whom we should progress action over these breaches of the Codes?

Kind regards,

Keith

Keith Charters

Publisher  
Strident Publishing Limited  
[www.stridentpublishing.co.uk](http://www.stridentpublishing.co.uk)  
Tel: 01355 220588

---

This email has been scanned by the Symantec Email Security.cloud service.  
For more information please visit <http://www.symanteccloud.com>

---

## Supporting Document 7

**From:** [REDACTED] <[REDACTED]@gov.scot>  
**Sent:** 20 April 2021 14:41  
**To:** [REDACTED] <[REDACTED]@hient.co.uk>; Laurie J (Jessie) <Jessie.Laurie@gov.scot>  
**Cc:** HIE Corporate Relations <corporate.relations@hient.co.uk>; [REDACTED] <[REDACTED]@hient.co.uk>; [REDACTED] <[REDACTED]@hient.co.uk>; [REDACTED] <[REDACTED]@hient.co.uk>; Herriot L (Leighton) <Leighton.Herriot@gov.scot>  
**Subject:** RE: Sandstone Press

Hi [REDACTED]

Thanks, I have a couple of items of correspondence from this individual to reply to as well. This latest correspondence does not seem to raise anything new.

I'm also aware that he has been in contact with [REDACTED] at SE

It might be useful to discuss before issuing the responses to ensure we are being consistent.

Regards

[REDACTED]

**From:** [REDACTED] <[REDACTED]@hient.co.uk>  
**Sent:** 20 April 2021 11:42  
**To:** [REDACTED] <[REDACTED]@gov.scot>; Laurie J (Jessie) <Jessie.Laurie@gov.scot>  
**Cc:** HIE Corporate Relations <corporate.relations@hient.co.uk>; [REDACTED] <[REDACTED]@hient.co.uk>; [REDACTED] <[REDACTED]@hient.co.uk>; [REDACTED] <[REDACTED]@hient.co.uk>  
**Subject:** Sandstone Press

[REDACTED]/Jessie

I attach further correspondence relating to Sandstone Press. You will be aware that HIE has been dealing with a compliant relating to our support of Sandstone press and we had previously provided updates.

The most recent correspondence continues to make reference to the activity of Sandstone to publish the First Ministers speeches and of concerns relating to State aid compliance. We are reviewing the latest correspondence and will consider any new matters. We are also liaising with SE on a response. I also attach our previous complaint response for information.

Let me know if it would be helpful to discuss

[REDACTED]

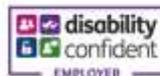
[REDACTED]

Director of Business Improvement and Internal Audit

DD: +44 (0)1463 [REDACTED] | Mob: +44 (0)[REDACTED] | Reception: +44 (0)1463 245245



Highlands and Islands Enterprise | Iomairt na Gàidhealtachd 's nan Eilean  
An Lòchran, 10 Inverness Campus, Inverness, IV2 5NA



This document is confidential and intended solely for the use of the addressee(s). If you are not the intended recipient, please inform the sender immediately. Any unauthorised use of this document is strictly prohibited. HIE uses filter software to protect its staff and will automatically delete any email that contains offensive or profane content. Tha an teachdaireachd seo dìomhair agus 's ann dhan neach-ainmichte a-mhàin a tha i. Ma 's e is gun d' fhuair sibh le mearachd i, feuchaibh is leigibh fios sa spot dhan neach bhon tàinig i. Tha cleachdadh neo-cheadaichte na teachdaireachd seo fìor-thoirmisgte. Tha HIE a' cleachdadh bathar-bog gus luchd-obrach na buidhne a dhìon is cuiridh i às do phost-dealain sam bith sa bheil càil oibheumach no truailleach.

**Supporting Document 8 – also see attachment 4**

[REDACTED]