

Digital, Culture, Media and Sport Committee

Oral evidence: Sustainability of local journalism, HC 153

28 June 2022, Cardiff.

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Members present: Julian Knight (Chair); Kevin Brennan; Steve Brine; Julie Elliott; Damian Green; Dr Rupa Huq; Simon Jupp.

Questions 124 - 224

Witnesses

[I](#): Professor Natalie Fenton, Founder, Media Reform Coalition; David Higgerson, Chief Audience Officer, Reach PLC; and Paul Hutchinson, co-founder, *Bedford Independent*.

[II](#): Rhodri Talfan Davies, Director of Nations, BBC; Tom Morrison-Bell, Government Affairs and Public Policy Manager, Google; and John Severinson, Head of News Partner Development, Europe, Meta.

Written evidence from witnesses:



Examination of witnesses

Witnesses: Professor Natalie Fenton, David Higgerson and Paul Hutchinson.

Q124 **Chair:** This is the Digital, Culture, Media and Sport Select Committee and this is our latest session into the sustainability of local journalism. We come to you today from the School of Journalism at Cardiff University. We want to put on record our thanks to the School of Journalism and Cardiff University for hosting us today. They have pushed the boat out and given us a fantastic venue, so thank you for that.

We are joined in our first panel by David Higgerson, the chief audience officer at Reach PLC, Professor Natalie Fenton, founder of the Media Reform Coalition, and Paul Hutchinson, co-founder of the *Bedford Independent*. David, Natalie and Paul, thank you very much for joining us today.

Before we go to our first questions, which will come from Kevin Brennan, I want to ask the Committee if any members wish to declare any interests.

Simon Jupp: I declare that I am a former ITV and BBC journalist.

Chair: I also declare that I am a former journalist at the BBC and also at *The Independent* and the *Evening Standard*, and I was father of the chapel at *The Independent* newspaper.

Damian Green: I used to work for the BBC, ITN and *The Times*.

Chair: Thank you. I move now to our first question, which will be from Kevin Brennan.

Q125 **Kevin Brennan:** A declaration of interest: I have received hospitality from the BBC in the past.

Welcome, everybody. Bore da. Good morning. Can I start with you please, Mr Higgerson? Thank you very much for engaging with our inquiry. Why has Reach decided not to engage with the Public Interest Journalism Working Group, which has been established by the Welsh Government for the industry?

David Higgerson: The short answer is that I don't know but I will find out.

Q126 **Kevin Brennan:** That would be useful. You may not be aware, but members of the NUJ have written to Members of Parliament from Wales, and also to Members of the Senedd, about their concerns about local journalism and Reach's management of titles within Wales. That is one of the points they made in their letter to MPs and Members of the Senedd, so it would be very useful if you were able to find out and possibly write to the Committee about that.

David Higgerson: Yes. I have seen the letter that came out last week.

Q127 **Kevin Brennan:** It was the penultimate paragraph of the letter. Did you



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not think to check why that wasn't the case before you appeared before the Select Committee this morning?

David Higginson: I did not pick up on that point in the document. We were working on preparing a response to issues further up, among the multitude of points put across in that letter that we were working through. That particular point had not resonated with me but I will get the answer to you.

Kevin Brennan: I would be very grateful if you could. Among the other points in the letter that you say you have had a look at, a number were raised by the journalists about Reach's management of titles in Wales, including reductions in space for Welsh news; cuts in pagination to core news items rather than generic gardening features and so on; redundancy for story editors; increases to cover prices providing less value for money; stories of a more trivial nature; stories of no direct relevance to Wales appearing on the website with increasing frequency because of the tendency to attract more page views; and a general threat to Welsh coverage and Welsh democracy, which I think is the way that they put it in the letter. The letter goes on to say they do not have any quarrel with local management but with the way the group overall is managing the titles and the impact that is having on public interest journalism. What is your reaction to the points made?

David Higginson: I can split the answer into the print side and the online side. Pagination and cover prices are directly correlated to the rocketing cost of newsprint that large and small publishers have been dealing with.

I do not recognise the overall assertion that we are walking away from public interest news or news that is particularly relevant to Wales, in favour of more generic features or, indeed, the trivialisation of news, which is a point that we have heard before. The WalesOnline team regularly wins awards for its public interest journalism by some distance. The team continues to produce the best-read newspapers in Wales by some distance and the best-read website in Wales. That website sets out to ensure that power is held to account. It conducts public interest journalism day in and day out, but it also tries to have a meaningful impact on people's lives every day. What is sometimes passed off as trivial in the sort of correspondence you are talking about is quite important to a lot of our readers.

As we have come out of the pandemic, we have invested in the Media Wales newsroom with additional hires. We have expanded with new brands within WalesOnline. The idea that we are somehow inching away from our responsibility to public interest news and our commitment to providing local Welsh content is wrong.

Q128 **Kevin Brennan:** Let me move on to some more general questions for the panel. Professor Fenton, do you think that local newspapers benefit from being bought up by multi-title publishers? Is it possible for local independent news organisations to survive in this market?



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Professor Fenton: It is really tough for local independent news organisations to survive. A lot of content gets to readers via social media. We know that. A report came out just a couple of days ago from the Charitable Journalism Project. They did an in-depth look at the provision of local news in seven areas of the UK. They found that readers considered local government to be poorly scrutinised by journalists, and this is in the news that exists—not the independent media, but the newspapers owned largely by mega corporations. National institutions and local public services, including the NHS, police, education and the environment, were thought to be under-reported and misrepresented. Local news providers were seen as repeating institutional lines by publishing press releases uncritically instead of reporting independently. It was said that there is a significant lack of knowledge by people themselves about local politics and current affairs. In two communities there was virtually no awareness of imminent local government reorganisation. The report concluded that that unfamiliarity was driving a sense of distrust in government.

Q129 **Kevin Brennan:** Is there any evidence that independent news titles, where they survive, do a better job than those that are subject to buy-outs?

Professor Fenton: Yes, there is evidence for that. It is because they have a different engagement with their local communities often, and they are seeking to do a community service rather than just make a profit. Take *The Bristol Cable*, for example. It is very embedded in its community and has regular large-scale community meetings with its subscribers—it is a subscriber-led newspaper—and the subscribers decide its editorial direction and ethical advertising policy. There is much more of an investment in the local community. It is also training up journalists from disenfranchised communities. It is providing a different sort of service because it is invested in public interest journalism rather than just increasing shareholder returns.

Q130 **Kevin Brennan:** We have already taken evidence from *The Bristol Cable* as part of the inquiry. Mr Hutchinson, do you have anything to say on this question?

Paul Hutchinson: I agree that independents offer a different value to their communities than do multi-title publishers, purely because we do know our areas a lot better. Many titles owned by the larger publishers are usually based out of the patch that they serve, are edited outside that patch and do not necessarily have local knowledge. Their journalists and editors don't drink in the same pubs as their readers. Their children don't go to the same schools. They don't live in the same communities. We understand our patch a lot better.

It is an indictment of the way that the local media business model has been run over the past 10 years, where big offices with journalists based outside the patch have been created to reduce overheads. We struggle to make sure that we can pay the bills and keep the lights on, but we provide local news above and beyond what our local competitors provide,



not just in the number of stories but in the types of stories. We are part of the LDRS and make sure that local council meetings are covered.

Q131 **Kevin Brennan:** For the record, what is LDRS?

Paul Hutchinson: The Local Democracy Reporting System set up and funded through the BBC. It allows for a reporter to provide meeting notes and articles from local council meetings, the police and so forth, which we can then put on our website and share with our communities. Even though some other local competitors are also part of that scheme, they do not always use the information. We are a database of what is happening in our local area on an ongoing basis.

Q132 **Kevin Brennan:** Mr Higginson, the large multi-title groups are enjoying pretty high profits at the moment and paying pretty high salaries to their executives. I am sure you noted that the letter from the National Union of Journalists makes references to Reach's chief executive officer, Jim Mullen. According to these journalists, who have written to me—so I hope that this is reliable information—he received a remuneration package worth more than £4 million in 2021. How are you able to do that sort of thing in an industry that is supposed to be struggling for sustainability?

David Higginson: Our CEO's pay and other elements of the remuneration were agreed with the board and are not excessive for private sector organisations of a similar size to ours. The challenges facing our industry are much more about making sure that the revenue that is generated from our content goes back to content creators, big and small, rather than sitting as it does at the moment largely with the people who are distributing the content and not adding much in the process.

Q133 **Kevin Brennan:** Your profits went up 9.2% in 2021, to £146.1 million. Yet we are hearing in the letter from the NUJ and elsewhere that there is a constant need to cut back on the numbers of journalists being employed and so on. Are these sorts of profits sustainable, and are journalistic compromises being made to achieve these profits?

David Higginson: To answer your second question, no, I do not think journalistic compromises are being made. At Reach, we have more journalists now than we did at the start of the pandemic. We did have a good year last year. The profits are sustainable if we have a system in place that properly rewards the effort put into content and the 1,500 local news journalists that Reach employs. We get fair reward for the content we are creating. The challenges for the industry have been well documented for over a decade. I believe the safest place for local journalism to flourish is with a successful commercial model behind it, and that is what we are striving to build.

Professor Fenton: I challenge that strongly. These are models for getting short-term profitability that happened a long time ago. Consolidation began in the 1990s. This is not something that happened just when the advertising model for newspapers collapsed. It has been a long-term commercial model. Yes, it is the one that gives the most



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profitability but it is not the one that gives the most local benefit and best serves democracy.

David Higginson will correct me if I am wrong here but when you have 15 large offices serving 110 titles, what you get is a lot of recirculated press releases, cut-and-paste journalism and journalists who are not embedded in local communities, as Paul was saying. It is becoming a very different type of journalism.

Back in 2010, I led a research project called “Meeting the news needs of local communities”, and back then we were talking to people, particularly people who I think of as being maybe disenfranchised—maybe older parts of the population who are not used to scrolling through social media to get their news content. That population has suffered a negative democratic impact from everything moving online. Consolidation has meant that none of that news is relevant to them anymore. The model is for profit. It is not for increasing the democratic health of the local community.

Kevin Brennan: Thank you. I will leave it there.

Q134 **Dr Rupa Huq:** I want to follow up on the points about cost-cutting and about quality and staffing too. You said that there are more people than ever, numerically, but we have heard that those people don’t know the patch. Locally, we used to have the *Ealing Gazette*; in fact, we used to have multiple titles, but that was the big one. It has turned free now, rather like the *Evening Standard*. In London, we have the sub-regional *Evening Standard*, and then there used to be the local papers as well. Our current one is called the *Gazette* and it covers everywhere, not just Ealing.

Even in my first year as an MP, in 2015—and I have not been around that long—there was a named person who I could phone and they would put stuff in. I would send over photographs. Now the *Gazette* covers Fulham, Uxbridge and Westminster. It is an amalgam. There is very little Ealing stuff in it. It is called the *Gazette*. The most recent person who interviewed me for the *Gazette* was doing it as a stepping-stone to getting a job in the national press—as it so happens, with *The Spectator*.

Do you find that public interest journalism has turned into a bit of a pain? That question is for David Higginson more than anyone, but everyone can chip in. Is it a cost rather than an asset? Is the newshound—the hungry person on the patch who knows stuff—a thing of the past now?

David Higginson: No, I don’t think so. I recognise some of what Professor Fenton was talking about, particularly from the early part of the 2010s. Fundamentally, our model of journalism, which underpins the sustainability of the business, only works if people want to keep returning to our websites, which is where our focus is, and want to spend more time with us.

I am familiar with the part of London you are talking about. I have worked with those titles over a number of years. The London local



newspaper market suffered a very extreme version of what the rest of the local newspaper industry was going through with the collapse of the classified markets, which hit titles such as the ones you are talking about particularly hard. That was one reason why we launched *MyLondon* rather than just covering one part of London, plus Croydon, and now have more than 60 journalists, with a commitment to having somebody who is getting to know—and it is getting to know, because we feel we started from scratch in some cases—each and every borough in London. Public interest journalism has to sit at the heart of what we do or, as Paul was saying, we are not relevant locally.

Q135 Dr Rupa Huq: Are other people feeling the vacuum? We have a thing called Neighbournet Ltd. It is an online thing. It is a load of titles in west London. There is Ealing Today, ActonW3.com, ChiswickW4.com. That is a kind of citizen journalism. Are you being challenged by those kinds of people? Neighbournet does have an office and some kind of skeleton paid staff, but some of these sites can be Facebook groups or whatever, where people swap information. Are those kinds of sites filling the void where you have given up?

David Higerson: I don't think we have given up. I think the worst thing we can do with local journalism is look back to a sepia-tinted time when everything was perfect. Invariably when we do go back to one of those sepia-tinted times, it is not sepia-tinted and it was not as the person presenting it says it was. We are trying to find a model of local journalism that local readers respond to and engage with.

Where independent publishers are setting up and operating professional journalistic operations, that is great. That can only be good for journalism. However, to your latter point, I think there is a real risk that we end up in a world where people see Facebook groups as a suitable alternative to independently verified news. I think that came out in the research about news deserts recently. There are a lot of cases now where a misleading Facebook post will be treated as fact by communities before a journalist has had any time to investigate it properly.

To me, that is probably the biggest threat facing journalism locally. It is not necessarily about the structure—is it big, is it small?—of organisations providing the best journalism, but more about the fact that we have the ability for anybody to post anything in a very authoritative setting and for it to be seen as news straightaway. That is potentially an existential threat for local journalism.

Dr Rupa Huq: Professor Fenton?

Professor Fenton: Building on some of what David said, Facebook controls three of the top five social media sites that are used to access online news, but 48% of Facebook users' news sources are traditional news organisations. A lot of the news coming through Facebook is coming from traditional news sources, so it is not entirely true to say that users are only going for Facebook.



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The problem with that is that the type of engagement that is being measured is clicks. That becomes a problem because we know that clicks can be generated by a lot of sensationalist news and that often it is controversy that travels fastest online, which we also know can lead to hugely divisive issues within communities. There is a temptation there, if you are only following clickbait, that you are generating division and sowing the seeds for broader conflict rather than building democratic processes.

Therefore, there is an issue with your model being about travel in the online universe. Of course, that is not an easy one to get round. We know that there are news organisations—Reach may be one of them—that are encouraging their journalists to produce content via engagement with clicks. It is, “How many clicks have you got? This is part of your development programme. We will reward you accordingly.” That is a major problem for the generation of news. If that is what we see as engagement with audiences, we have a problem.

Q136 Dr Rupa Huq: It is impossible to read them, as well, because there are pop-ups within pop-ups. It is not even a linear fashion of being able to sensibly read the story.

I have a couple of other little points, because I know there are some specific clickbait questions coming up. Did you say that the classified ad market used to sustain you? There used to also be *Loot*. I don't know if that exists anymore. Now you have Facebook Marketplace, Gumtree—all these other things. Is that where it has bottomed out? Paul Hutchinson, you have not said anything yet.

Paul Hutchinson: David, do you want to answer that question first?

David Higerson: Yes. The principal revenue streams for local newspapers until probably 2005-06 came from recruitment, property, motors and, to a certain extent, the *Loot*-related style of advertising as well. Cover price was another one, but it was the collapse of those primary three in a print sense that was particularly traumatic for the industry in the late 2000s. It was particularly acutely felt in the London market.

Paul Hutchinson: Adding to what has already been said, from our experience as an independent publisher, we started off by saying straightaway that we would not use clickbait. There would be no churnalism, which is where press releases are simply copied and pasted into the publication, and we would not have pop-up ads on our website. We wanted to have a reader-first approach. The advertisers—of which there are very few—enjoy that fact because they feel that they are safely placed within a story or on our website in a way that is not intrusive to a reader's enjoyment of the news that they are seeing.

When we set up, it was just after Reach had closed the last news desk based in our patch. Within the three months between Reach closing and us starting, Facebook groups were swamped with the sort of questions that journalists and newspapers would have answered very quickly but,



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as David has pointed out, a lot of the answers were not necessarily true—they were rumour. Now we are able to tell people what is happening—if a road is closed or police are seen in a park, or what a councillor might be up to on a given day.

We also find that when a Facebook group has a question, we will sometimes get an email asking us, “Have you seen this? Do you know what is happening? What is the truth? Somebody is saying this; another person is saying that,” and we can respond quite quickly.

We are a small team. We have no full-time members of staff and yet we manage to publish more stories than our competitors who have journalists just working on stories. We are also running a business, looking after HR, working with advertisers and marketing our product. A lot of our clicks are through social media. When we started, about 80% of our clicks came through social media. We have now got that down to about 40%. The rest come to us organically or via our direct email, which we send out every morning and which covers all the stories we publish that day.

We work very hard to make sure that what we are writing is balanced so that our readers can make informed decisions. I do not agree that journalism at its core has changed. The skill of a journalist is still the same. It is how we get to the reader and engage with the reader that has changed. I think that sometimes has been confused by some of the larger publishers in their models to increase readership and profits while diminishing the power that a journalist working for them would have.

Q137 Dr Rupa Huq: This is the last question from me: as an independent, are you able to sufficiently remunerate the people who write for you if they are part time? I used to teach this sort of thing—a bit like you, but I never made it to a proper level—and I think that 10 years ago Samira Ahmed, who was then with Channel 4 News, came and did a talk for me at Kingston University. She said that blogging is devaluing journalism, as people know that people do it for free and that, although it has been democratising, it has devalued the trade of the journalist. Do you three have any comment about that?

I think this is coming up in the later panel, but the local democracy scheme has been mentioned. I know that Neighbournet, which I mentioned earlier, is annoyed that the regular income has gone to your papers—gone to the Reach people. Neighbournet thinks it could have done a better job with it but because it is online it thinks it does not count in the BBC’s eyes as a proper—

Paul Hutchinson: Can I answer the remuneration question? The correct answer is, no, we do struggle to remunerate our staff, and that includes me and my two co-founders, Erica and Julia. We do not work full time. We have to have other jobs to sustain what we are doing, but we do have freelancers that work with us, if we decide we need a day off, and we make sure that they are paid as well. That is not necessarily a problem from our model. I think the problem is that independents are not seen as



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valuable assets to journalism, and unfortunately it is not a level playing field.

I think it has been brought up in previous sessions that independents missed out massively on the support that we were able to gain during coronavirus by helping with the Government's messages. Talking from a local perspective, the only publication that had coronavirus public health messages was our print title in the area, which reaches 22,000 households. Yet we were reaching 160,000 readers at that time. Bedford has had a significant problem with coronavirus rates and also a lack of vaccination take-up. I think that was because people were not getting the messages that the Government were trying to put out.

In spite of ICNN, PINF and IMPRESS pushing for independent titles to be considered for that, we were ignored because I don't think there is a level playing field. Take public notices for example. We are a digital, regulated media but we cannot have public notices, because we are not a print title. The definition needs to be changed. It could happen overnight. Then we would be able to publish public notices to the larger population of Bedford. At the moment, they are not being seen, and yet the taxpayer and local businesses are paying through the nose for expensive print public notices.

Q138 **Dr Rupa Huq:** Yes, the same point has been made about planning notices—all those things.

Paul Hutchinson: Yes.

Dr Rupa Huq: Several boroughs now publish in the *Gazette*, and the very same point is made by Neighbournet, so I hope someone somewhere is taking notice.

Professor Fenton: Building on the point about employment conditions, a recent study undertaken by Dr Errol Salamon at the University of Huddersfield pulled together research on these concerns and describes three markers of precarity, which he says has increased dramatically. Those are a decrease in the total number of jobs in the sector; a relative increase in non-permanent, non-full-time work, so there is a freelancing norm; and relatively low income. Dr Salamon says those factors are interrelated.

I am not entirely sure whether I would say the big driver of that is the blogosphere, or whether it is a model that is pushing for high productivity and low salaries, but I think that is more likely to be the case. Thinking of what Michelle Stanistreet of the NUJ always says, if you have a precarious contract, you are more likely to be a compliant journalist. In other words, you will not object to having to file 17 stories a day—you just have to churn it out. You just have to do it because your contract depends on it. You are never likely to stand up and say, "Hang on, I might disagree with that particular direction or that particular story." That, again, is a problem for journalists.



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That editorial control and the dictates that we see within newsrooms mean that journalists who want to do the job that Paul is talking about are forced into these even more precarious situations of working on very low incomes, but at least they can do the sort of journalism that they feel is worth while. I do not think that is sustainable.

David Higginson: There is no doubt that the ability to publish whatever you want, wherever you want, has created a different sort of competition for us, and we have seen that a lot.

On remuneration, I don't recognise what Professor Fenton is saying. In the last few weeks, we have increased the minimum salaries for all levels of journalists in our newsrooms, and that is a result of the very competitive market we are in. Four or five years ago, there was a surplus of journalists applying for roles. That is not the case now.

On the LDRS scheme, it is not an income stream for us. As a company, Reach spends more on delivering the LDRS scheme than it receives from the BBC to fund it. The reason we do that is because we take our duty to public interest journalism very seriously. We pay generally above what the BBC expects us to pay, and we have hired additional roles into the scheme to ensure that we can deliver it efficiently. Where other publishers do feel they are not getting a good service from us, we openly engage with them because we do want to provide the best possible service.

Professor Fenton: If they do not need it, it would be great if that money could go to organisations that do need it. In the last year of the local democracy reporters scheme, 85% of the funds went to the big three publishers.

David Higginson: I did not say we did not need it; I said we invested more in it than we receive from the BBC to make it a success because we see it as a partnership.

Professor Fenton: If we are talking about sustainability, we have already seen that Reach is doing great. Reach has a great, sustainable model, but the likes of the *Bedford Independent* are really struggling. Therefore, it seems to me that it would be really sensible if that scheme, that kind of subsidy, was rolled out to those organisations rather than to the likes of Reach, which returned £22.6 million to its shareholders in the last year.

Paul Hutchinson: We have a fantastic relationship with our LDRS reporters in our patch. They are managed by National World. We have a two-way relationship. The LDRS reporters will go to stories within their remit that we ask them to do, and they will work with us if necessary. We and the National World titles cover pretty much 90% of the articles they put in. I did a bit of research over the last couple of weeks, and the Reach title on our patch did not use any.



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It seems that, certainly in Bedford, the LDRS is not seen as an asset to every single person using that network. I am not sure what is happening locally, of course, but what our readers like is the fact that they can see what is happening in a council meeting that they perhaps do not want to sit in on themselves or are unable to sit in on, and that there is somebody doing that for them.

Q139 **Chair:** I can certainly appreciate the idea of not wanting to sit in on a council meeting.

Mr Higginson, it just feels as if you are a bit in the stocks here, so I want to try to redress matters just a touch, first, to understand some of the economics of your business and exactly how that interrelates, for example, with social media and social media platforms. If there was fair remuneration for businesses such as yours from social media for the use of your content, which you pay journalists for, what sort of difference would that make for your business?

David Higginson: I think to a large extent it would set the local part of our business fair for the future. I think Professor Fenton made the point. Did you quote that 45% of the news that is seen on Facebook comes from traditional news sources or outlets? We see very little financial remuneration for that. Facebook will talk about the number of clicks they send to us, and of course they do send a lot of traffic to us, as does Google, but there is no getting away from the fact that the money spent on advertising that historically would appear alongside that content in print or online on our sites now sits with Facebook or Google. It would have a transformative effect on local news. I can speak for the largest regional publisher in the UK, but I imagine it would be the same for all publishers.

Q140 **Chair:** We have seen further delays to any sort of rebalancing of that situation through legislation. In other jurisdictions globally, we have seen some of the very big media organisations come to agreements with the likes of Facebook—Meta—and so on. How frustrating is it for you, as a major business supplying news up and down this country that, effectively, we are probably not going to see any sort of resolution to this problem for a long time to come?

David Higginson: It is very frustrating. We do have a good working relationship with Google and Facebook and to a lesser extent with other platforms. They are very much in a position where they can come to us and say, "This is what we are prepared to offer. This is what we are prepared to do," and it is very much take it or leave it. We do not have the sort of backstop position that we have seen in Australia and Canada, and are increasingly seeing in some countries in mainland Europe, to be able to say, "This just does not work." It also goes beyond the remuneration for the work.

Facebook has regularly described itself as wanting to be a town square for local life, but that town square has to facilitate easy access to reliable and accurate local news as a core competence. That is not guaranteed



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with any platform, be it TikTok, Twitter, Facebook, Apple News or anybody else. It is incredibly frustrating. The DMU feels tantalisingly close at times but then feels quite a long way away as well.

Chair: I can see everyone nodding. We have agreement there.

Professor Fenton: We agree.

Paul Hutchinson: We do not have a working relationship with any of the big digital companies directly, although ICNN, PINF and IMPRESS have worked tirelessly to get a seat at the table for independents. I don't think those companies see us as big enough, shall we say, certainly as individuals.

On a local level, that does cause frustration. I don't know how Facebook's algorithms work—I don't think even Facebook knows how they work sometimes—but it does mean that we can publish a story that does very well one day and another story of a similar nature the next day that does not do very well. Therefore, we cannot rely on Facebook as a consistent source to reach our readers, which is why we have to look at various different streams to get our news out there.

It would be great if Facebook really did put its money where its mouth is and used this town square analogy. News is part of the vital ecosystem of a community. If you remove it from a community, the community will fail. Facebook groups, in Mark Zuckerberg's office, might appear to fill that void but they are not checked, regulated or fact-checked. Therefore, you believe what you read, effectively, and it is not working.

Professor Fenton: You may well have this figure already, but Matt Elliott, Professor of Economics at Cambridge, shows that UK news content generates around £1 billion for Google and Facebook's advertising duopoly every year. That is a fairly phenomenal amount that is being taken out of the sector. They are the largest oligopolies we have ever seen, and we are just learning how to manage that. I don't think Australia got it right. I think there are major problems with Australia's model that we are now seeing as it rolls out. Canada seems to be following that model, so I don't know whether Canada has it right either. France and Spain followed the copyright model and have come up against problems because Google turns round and says, "We just won't circulate that content."

Nobody has yet found the answer, but we are learning from those models. We know now that if we are going to have something in the UK—and let's hope we do—it has to be transparent. How it is being run has to be very clear. It cannot be left to Google and Facebook to do backroom deals with the large media organisations, because that is not doing the job it is supposed to do. The way it is delivered has to have public interest journalism criteria written in. It cannot just go for more of the same. That is not increasing plurality. That is not dealing with our problems. That is just shoring up the large corporations that currently exist.



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I am not saying they should not get any; I am just saying there should be public interest criteria to it. We have to have the small, independent news organisations at the table and able to benefit. At the moment, the figures from Australia show that that is not the case; they are not getting their fair share.

Q141 **Chair:** Mr Higginson, you mentioned the issue of fake news and Facebook. I could sense your frustration that perhaps Facebook is not listening when it comes to you trying to ensure that not just your brand is protected but journalism itself is protected via its platform.

I must declare an interest here. I have a site in my constituency, a Facebook page, called Solihull Live. Now, Reach has the “Live” branding—BirminghamLive, which is fantastic. The brand is well trusted in the local community. Yet we have this site, which is run by a collection of political activists, and Facebook seems to give it exactly the same prominence as BirminghamLive. I am just using that as an example of what the social media companies say to an organisation of your scale, when you say to them, “Hang on a minute. These people are trading off our name and, frankly, are potentially bringing journalism into disrepute.”

David Higginson: I know the case you are talking about. Graham, the editor in Birmingham, and I have talked about it on several occasions. We have raised it with Facebook. There has been no action forthcoming from Facebook. It is a broader challenge than just Facebook. I would love to be able to trademark the word “Live” but unfortunately we cannot.

It has happened in some other cases. There are other brands in the market called “Live”. We work around that. The example you are talking about is not a brand or a journalistic outfit, as far as I can tell. I have looked at it. It is as you describe it, and it is very frustrating. I think it picks up a little bit on the blogosphere point from before: it puts professional, well-researched journalism on the same footing as anything else that is pushed out on the internet.

We have a broader problem with the way journalism and journalists are treated on social media. The social media companies seem to set a very high bar before they will take any action against some of the regular abuse that our journalists see. That is why we hired an online safety editor last year. Dr Rebecca Whittington joined us last year to try to come up with ways to work with social media companies. She is making progress with that and also working with our staff, but I think it is unacceptable that we have a situation where stories carefully written by people, such as Jane Haynes on BirminghamLive, can be represented by another brand with a very different angle.

I also think it is unacceptable that, as publishers, there is very little that we can do when our journalists face threats to their lives almost daily on social media. One journalist I spoke to, who was having problems on social media, told me that day had been one of the better days because there had just been low-level misogynism. That is just not acceptable, but there is very little that we can do about it. If we turn around and say,



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“We will not put our stuff on that platform,” that would have a direct impact on our ability to sustain journalism. It is a very difficult place to be, both for the brands and for our duty of care to our journalists.

Q142 **Chair:** Do you think Meta gives a damn about any of this?

David Higginson: Some individuals at Meta do. On the point Paul made before, I think there is a perception at some levels in some organisations that you can just drop news and have people talking to each other instead, and people just talking to each other would probably create a lot less fuss than media organisations do in terms of getting the support that we feel we deserve. I guess I always go into conversations trying to work on the basis that everyone will enter into them with the best of intentions, so I would hope that Meta gives a damn, but time and again we have come away disappointed from conversations that—put it this way—if I was the publisher that somebody was complaining about, I would be taking action about.

Paul Hutchinson: It is worth applauding Reach from this perspective. The fact is that Reach has taken seriously, at a very basic level, the mental wellbeing of journalists who are facing attacks on social media. It seems to be a free-for-all. Anyone can say whatever they like, and there are no consequences. I think Meta has a very different view on freedom of speech from what we perhaps do in our culture, because that is very much fundamental to its political point of view.

We have tried to complain through the reporting process, but it seems that nothing goes against Facebook’s community standards, and that is quite ridiculous. I am hoping that Reach’s plan to work with social media on this will have a drip-down effect to all journalists and all news organisations, because it is a massive problem.

Professor Fenton: There is a lot of research about that. A study within my own department at Goldsmiths done by Becky Gardiner, who used to work at *The Guardian*, on the trolling of *Guardian* journalists, looked back over the millions of postings on *The Guardian*’s online comments section. They showed—unsurprisingly, but nonetheless horrifically—that the journalists who were trolled the most were the black journalists and the women journalists, and that was consistent over time.

That study has now been rolled out to various other news organisations Europe-wide, and the same things pertain. It is a huge problem, and it is a problem because of the model that the platforms operate. The big platforms are essentially huge carriers of advertising. That is what they do. They are just selling advertising, and outrage is profitable. So, to a certain extent, the platforms do not want to limit outrage, because that gives clicks and gets the material circulating.

There was a big scandal when the likes of ProPublica and BuzzFeed news, in trying to place adverts for their products, identified that the algorithm was telling them to include racist search terms because that would give them further reach. Facebook and Google said they had dealt with that,



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had adjusted it, but the problem is that the algorithms are endlessly changing and they operate off the data that goes into them. Therefore, if you have racism and sexism in a society, that is what they will generate. They will generate directions to those themes if that becomes the norm within those spaces. It is a major problem, and I think the platforms have not yet begun to tackle it in any meaningful way. I am sure that, as much as individuals acknowledge that, it is a huge problem; their model depends on it.

Q143 **Steve Brine:** A lot of this has been covered, but there are some slightly different angles on it, so indulge me. Mr Higerson, you mentioned salaries going up recently because of the competitive market you are in. What is the average reporter salary at Reach?

David Higerson: The base senior reporter salary is £25,000 now.

Q144 **Steve Brine:** What about a junior reporter?

David Higerson: A junior reporter, I think, is £21,000, but I will double check that.

Q145 **Steve Brine:** Not a big leap for that promotion, is it? What is the average salary at *Bedford Independent*? I appreciate you do not have full time, so what would be the equivalent, pro rata?

Paul Hutchinson: The three of us are directors of the business so we pay ourselves slightly differently. Commercially, I would rather not talk about what our average salary is, because we do not have an average salary. Our freelancers, for example, are paid £10 an hour, but they are trainee journalists usually because we are giving them a platform to cut their teeth and work out from that.

Steve Brine: It is better paid at Reach.

Paul Hutchinson: I believe that, yes, perhaps it is, but they will be fully trained by the time they are employed, I would imagine. However, there is an element there of needing to remunerate them based on their skills.

Q146 **Steve Brine:** You do not just employ people who are fully trained, Mr Higerson, do you? Presumably, you take people in as apprentices and trainees.

David Higerson: Apprentices, trainees. If someone comes in as a trainee, they will work with a reporter to get their senior qualifications, normally within about 18 months. We will fund that training as well.

Q147 **Steve Brine:** Mr Hutchinson, if you were a cub reporter starting out where would you go?

Paul Hutchinson: We do not offer full-time positions for journalists at the moment because we manage all the journalism ourselves. That is the point of what we are saying: if we had a level playing field, we would absolutely love the opportunity to hire a young, passionate journalist to work with us full time to cut their teeth and go on. Some of our trainee journalists have gone on to work for the likes of Reach and other



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organisations, and there are some in national media as well, because they have learned some of the trade with us.

We always make sure they are paid; we do not just do work experience. One of our current freelancers is studying with the NCTJ and so, hopefully, will go on to bigger and better things. If we could afford to pay her we would snap her up in an instant.

Q148 Steve Brine: Yes, I am sure. Can I ask then about page view targets and numbers? I think it was back in 2015 that some of the Trinity Mirror regional newsrooms, which are now Reach people, vowed to take strike action over the introduction of individual web targets. In March this year, Reach announced the accelerated personal development scheme. It sounds fantastic. We have minimum benchmarks between 80,000 and 850,000 page views per month, depending on which title they work for and what their role is. What is the thinking behind this, Mr Higginson? We have all told you what we think the dark side of it is. What is your view?

David Higginson: It is not a target in the way that you recognise targets in lots of other industries. It is designed to be the basis of honest conversations between editors and journalists about what is required for their role to contribute to the overall newsroom. You often hear people talking about click targets, as we have talked about today—this big number hanging over somebody's head. It is about looking at an organisation like ours, with 1,500 journalists in it all doing lots of different things, but often very similar things, and saying, "What do we need to be able to sustain this role?" and then working with that journalist to be able to stay in that role.

Page views are one part of it, and also understanding the impact that the stories have locally, which by its nature is harder to quantify, and then working with the journalist to find out how we can get stories in front of more people, because we need our journalism to be read. That is our starting point. It is not: what is the quickest way to get as many page views as possible? There are much quicker ways to get to the highest page view number possible than through the way that we do it. It is about how we get local journalism to as many people as possible so it can do its civic duty, be relevant to people and can become sustainable. That is the thinking and logic behind it.

Q149 Steve Brine: If you were a reporter that was working on the accelerated personal development scheme and you did not include racist words, misogynistic words or terms to shock—which you would not—what would you do then?

David Higginson: The premise of your statement is that the only way to attract an audience online is for us to shock people and—

Steve Brine: That is exactly my premise.

David Higginson: That is absolutely not what we do in local journalism at Reach, because there is no point in doing that. To the point that Paul was making before, there is a picture being painted here that we have 15



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monolithic factories where we are churning out content hundreds of miles away from where people live. The vast majority of our journalists live on the patches that they cover. They do drink in the pubs. They do have kids at the schools that they are writing about. Candidly, if we did go down the shock journalism route, we would be out of business within a year—people would stop reading us because we would not be locally relevant anymore.

Q150 **Steve Brine:** However, you do accept the premise that if I said something ridiculous and controversial now this session would get far better coverage than it probably will.

David Higginson: Yes, but that is because you, as the news subject, would have said something controversial, which would make it more newsworthy, rather than you not saying something interesting at all and me putting a sinister spin on it.

Q151 **Steve Brine:** I never say anything interesting or controversial. It is a long-held skill I learned as former health Minister.

The other thing you said is about impact in the local community. You said, quite rightly, that it is harder to quantify. I am sure it is, but how would you even begin to quantify the impact on community? Comments on a story or what?

David Higginson: Local audience reach is an important one because *The Manchester Evening News*—if I could use that as an example—reaches 18 million people a month in the UK. In terms of its monthly UK reach, it is up there with national publications. It is also read by 60% of people in each Greater Manchester borough every week, which is the greatest reach the *Manchester Evening News* has had for north of 30 years. We know we do something right with the local community there.

It is also about us understanding the reaction that we do get to stories. It goes back to the point about why we do not just do shock horror journalism, because people would tell us. We want the phones to be ringing with people wanting us to help solve their problems. A great example of that was in Birmingham last week. BirminghamLive and the *Birmingham Mail* have launched the Food SOS campaign, which asks two simple things of people: if they can afford to donate to food banks, to do it, and if they can afford to give some time to support food banks, to do it. That is underpinned by some of the most harrowing journalism I have read for a long time about what is going on in a very affluent city.

It is a measure that is very hard to put a metric against, and nor should we seek to put a metric against it. Every one of our editors knows that they have to look at their city, town or community and say, "Are we making a difference here?" That is what we are striving to do there.

Q152 **Steve Brine:** Paul, did you say earlier that there were 15 offices and 100 titles within Reach?

Paul Hutchinson: No, I think it was Professor Fenton.



Steve Brine: Professor Fenton, you said that?

Professor Fenton: That is right, isn't it? Fifteen main offices serving 110 titles. That is not to say that there is not good journalism taking place, but when you look at it overall—again pointing to some research, done at Canterbury Christchurch University by Ágnes Gulyás—the average reach of local newspapers is 23% of the local adult population. The most deprived communities have the most restricted access. That is not serving those communities well. When we did our research in 2017 on closures of local newspapers, 45% of local authority districts, in which almost 58% of the population live, had no local daily newspaper.

This is a major problem. There are examples you can always pull out of the hat to say, "This is doing well," but overall this model isn't. We are in a situation where we do have news deserts and we are moving to a large, corporate business model, away from those journalists who are genuinely there serving communities. I am sure there are again cases—I would love to see the figures of journalists living in communities and doing that work—but that is not the picture the overall model seems to paint.

Q153 **Steve Brine:** Fifteen offices to 100; I am not brilliant at maths, but it is impossible for that to be the case everywhere, isn't it?

David Higginson: No, it is not, because—

Steve Brine: Not 15 offices and 100 titles. You must have a lot of people in the 15 offices who do a lot of miles, or you do not have people in those local communities writing for those local titles. It cannot be both.

David Higginson: It can be both, because what we saw during the pandemic was that, by dint of the fact that all of our journalists were suddenly having to work from home and not in offices, for many of our journalists that was a preferable way of working—not entirely, but there is a whole wider debate around that.

It is important that we draw a distinction between the need to have a physical office in every town that we cover and having journalists who are living and working in those communities. There was definitely a period when newspaper offices closed—and I was working in a newspaper when one did—and we ended up driving an extra 20 miles to work a day but a 20-mile commute, thanks to technology and thanks to new ways of working, does not need to exist now, because the reporter can live and work on patch. We feel that has been to the benefit of our journalism.

There is a lot of data and research that gets put out about local journalism that is based on the premise of, "Let's try to recreate what local journalism was 20, 30 years ago," and, candidly, that is not right for the here and now. Having a local daily newspaper as a metric for whether an area is being well served by local news is not fit for purpose in the 21st century. We run LancsLive, which has over 20 journalists. It had no journalists three years ago. We provide a daily news service for every borough of Lancashire, yet based on the metrics there you would have five of those boroughs that would have no coverage at all. I would put



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money on it that if you spoke to each of the MPs in those boroughs they would feel that they are very well scrutinised by our local title there.

Q154 **Steve Brine:** Paul, can we just finish this section with you? How is news gathering at the moment? There is a famous story—probably myth—that is often repeated about a local journalist who went walking round their patch, popped into a post office and asked, “What’s going on? What are you hearing?” A couple of local things were mentioned, and then the member of staff said, “Yes, there is this problem that one of my colleagues is being investigated for a shortage in their tills,” which turned into the Horizon scandal. That is how that story got unearthed. How good are young, up-and-coming journalists at going and finding stories these days, as opposed to recycling what they find and not picking up the phone?

Paul Hutchinson: I said earlier that I do not think the skills of journalists have changed. It is the way that they do things that is the problem. To David’s point, we need to step away from the idea that a daily printed newspaper falling on your doormat is an indication of whether there is good news in the area or not.

Our print in our area only reaches 22,000 households. We do not know how many people read that paper. Even if that is double, that is still only 44,000 people in a population of around 190,000 people. Yes, online is definitely the way forward.

With technology it is a lot easier to sit in an office just answering emails or having phone calls come to you, but we still encourage our freelance journalists and push ourselves to go out—walk the beat, as it were—and talk to people. That is to the point of independent publications and the fact that we have that time or that relationship with local people to be able to do that. I am not suggesting that every journalist—a multi-title publisher— does not have that same opportunity, but we have a sense of pride about the fact that people do value us and we have a two-way conversation.

To your point earlier about how we know whether what we are doing is right, to begin with, our readership figures are a good indicator. We also have charities that tell us that they have reached their targets for their campaigns purely because of the fact that we ran the story and helped push their campaign out there. Or we have people tell us that they have been chasing a passport because they are going to a competition in Europe, and that the Home Office has suddenly found their passport application and got it pushed through because we made a phone call.

We are doing what journalists should be doing, while at the same time managing and running a business.

Q155 **Julie Elliott:** David, I want to take you back to some of the things you have said, because I am very interested in the welfare of your journalists. You said that, in terms of the targets that have been described, you would not have described them as targets. I would describe them as



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targets, so I am going to call them targets, whatever you view them as.

We have heard evidence from the NUJ's Reach national co-ordinator, who said, "As a union, we are particularly concerned about the effect constant and relentless scrutiny of members' performance around page views will have on their wellbeing". Is this something that you are aware of or conscious of?

David Higgerson: If it was just a relentless focus on page views, I would absolutely see where the NUJ are coming from. We are aware that there has been feedback that the programme that we are looking at has made some people nervous, and we take that responsibility very seriously. Equally, very clearly from our journalists, comes a desire to understand the impact that their work has on sustaining the newsrooms that they work in. That is the premise of what we are doing. It is just about having a far more transparent, open conversation than we ever had before about what we need to do to sustain local journalism.

Where people do raise concerns we work with them on it. Hopefully, the union would acknowledge that we have worked with people where they have had specific concerns, but it is very much meant to be a conversation from the starting point that we want every piece of journalism that we produce to be read by as many people as possible, in the knowledge that not all pieces of journalism have the same potential to be read by as many people. The starting point is that we want every story that we write, every local news story, to be read by as many people as possible so we can make a difference.

Q156 **Julie Elliott:** You mentioned the salaries that journalists are on—the £21,000 and £25,000. Do they get bonuses or any other—

David Higgerson: No.

Julie Elliott: That is literally what they get paid?

David Higgerson: That is what they get paid. We have had conversations with the unions over many years, and they have been very strong in saying that they do not support the idea of bonuses for journalists, for many of the reasons that have been discussed here today. Does it lead down the route of prioritising the wrong sorts of stories as an individual so you hit your bonus? Also, in many ways, journalism is a team sport, and a lot of journalism is down to good luck on the part of the individual and down to collaboration. So we do not do targets. We do have schemes where we celebrate excellent articles and this sort of stuff, and colleagues are encouraged to nominate each other's work. But there is not a bonus scheme.

Q157 **Julie Elliott:** What is your turnover like for local democracy reporters?

David Higgerson: It varies.

Julie Elliott: In the north-east, say, what is your turnover like?

David Higgerson: The north-east, not that high. We have had—



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Julie Elliott: What is “not that high”?

David Higginson: I am just trying to think of the north-east in particular, because we have the Teesside contract there and we also have Northumberland and Tyneside. I will get the exact figure for you. I know that one reporter moved off the LDR scheme into an established post, and there have been a couple of other movements. In the north-east there is nothing I have seen that would make me think it is anything above the natural churn you would see in journalism, but I will get the exact figure for you.

Q158 **Julie Elliott:** What is the “natural churn”? What is the national turnover of these kinds of jobs?

David Higginson: In local news we can—again it depends newsroom to newsroom—be looking to about 5%.

Julie Elliott: A year?

David Higginson: Yes.

Julie Elliott: That seems very low, anecdotally, on my experience of your reporters. But that is just anecdote, so I look forward to the figures.

David Higginson: We might be looking at churn in different ways, but I am thinking about churn in terms of exiting the business. We do make a point of giving people, because journalists have asked for it, the opportunity to move between different roles, so that could explain why you are speaking to different people.

Q159 **Julie Elliott:** Have you done any analysis on what impact these targets have on the accuracy of local reporting?

David Higginson: It is an absolute given that it cannot have a detrimental impact on—

Julie Elliott: Have you done analysis on that?

David Higginson: Not any specific analysis but, equally, our editors would be the first to flag it if they felt that they were seeing a dilution in accuracy or a spike in complaints.

Q160 **Julie Elliott:** You do not do any checking of whether your local democracy reporters, or any other reporters for that matter, pick up stories from social media and print them as fact without checking quotes or anything else that is going on?

David Higginson: We absolutely do that. There are several things there. First, to be clear, the APD scheme, which Mr Brine mentioned, does not involve the local democracy reporters, because that scheme is operated under very close scrutiny from the BBC. Although, interestingly, the BBC is always very keen to stress the importance of us getting the stories the LDRs write to as many people as possible so they can demonstrate a public value from it.



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It is definitely not a case of, “Reporter Joe, the expectation for your job is 800,000 page views” and he would now go and get them and can publish anything. Everything is done within a framework of: a reporter writes a story, it is scrutinised by a news desk, who decide whether it is fit for publication or not—that is the way it has always been—and then it is published. To the point that Paul was making before, in many ways a lot of—

Q161 **Julie Elliott:** Perhaps I can go back to what I actually asked, and then I want to bring Natalie in. Do you check? Historically, journalists would get the story. They would go to the individual for a quote. They would double check. They would check and re-check, in effect. In my experience, that is not what is happening these days. They will lift things that might not be accurate from other sources and then print it. You think, “I have never spoken to them. That is not what I said. Where has that come from?” I am not just talking about your publications, but it seems to be very frequently happening nowadays. I am not saying that it never happened, but it rarely happened. Are you checking those kinds of things?

David Higerson: Yes. What you are describing should not be happening. Where it is happening, we would want to know about it and to find out why it is happening to make sure it does not happen. Probably, the big change versus 10 years ago is that it is increasingly common for people in the public eye or in organisations to make statements and share information on social media in a formal capacity through their formal page, and for that to be used by journalists in the same way as a press release might be used. Certainly, you should not be in a position where you are looking at any of our titles and saying, “Well I never said that.”

Julie Elliott: I look forward to talking to you about that when it happens again. Natalie, you have been trying to come in.

Professor Fenton: The notion that paying £25,000 for a senior reporter is a decent salary seems bizarre to me. At any rate, you cannot even begin to start paying back your student loan if you had gone to university, for example.

When that is set up as the standard, it causes me anxiety. Of course, those journalists on the local democracy reporter scheme are paid less than the average. There is one position in Northamptonshire that has been open for more than a year now; they cannot recruit for that because it is so low paid. That is not a model that points towards sustainable journalism.

Anecdotally, we train journalists at Goldsmiths, and of course we go through all of the classic journalism training about verifying everything. Their experience—again we have not charted this, maybe we should—is they come back to us and go, “I’m so depressed. I’m leaving. I’m so fed up. What you have taught us is not how it works on the ground.” Maybe we should change our teaching. There is a mismatch, and I think you are right.



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David Higginson: Just on the salary point, to be clear. On the LDR scheme it is impossible for you to pay less than what you are paying your existing seniors. There is a minimum floor that the BBC has put in place, so to say that LDRs are paid less than the average, certainly in my experience at Reach, is wrong.

Professor Fenton: That was research by the Charitable Journalism Project just published that said that.

David Higginson: Perhaps you should have spoken to the people employed.

Professor Fenton: We do, all the time.

Q162 **Damian Green:** Hovering over this discussion is the idea that profit is bad and making profits out of news is somehow wrong. I would like to both challenge and explore that. In my experience, industries that are profitable end up producing better products and satisfying their customers more than unprofitable industries. Presumably, Mr Higginson, you would say that running a profitable company is the only way to have a successful journalistic enterprise.

David Higginson: Yes, for several reasons. One of the biggest challenges local journalism faces is people wanting to engage with local journalism. It is all well and good for lots of organisations to tell us what we are getting wrong—as they do on a regular basis here—but at the same time we are also reaching record numbers of people. There is a commercial imperative to do that, but there is also a sustainability imperative that makes sure we go about it in the right way.

A publisher such as ours also offers a degree of protection for journalism. When you have somebody who has deep pockets who wants to sue you for a story that they do not want to see in print, it is much easier for us to fend that off than it is for other organisations. The same is true when we come under undue attack from time to time from local councils. The issue we have with the Mayor of Bristol at the moment is a good example of that. We are in a much better position to support our journalists around that. I would not, for a second, suggest that the model we have is perfect, but I do think the commercial sector is in the best place to sustain local journalism, as evidenced by the work we do day in and day out.

Q163 **Damian Green:** I mean to reduce it to some extent to a binary option. Perhaps this question is for Professor Fenton. Is the stark choice that you either have consolidation, where you do not like these big groups, or you just have title closures?

Professor Fenton: I think it is a choice to consolidate. I am not against profitability; you need profitable journalism. I am not against money. What I would like to see is a lot of that profit reinvested in public interest journalism, to the extent that it is feeding those communities. We are seeing examples beginning to emerge of forms of local journalism that are operating on entirely different models.



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In Wales they have the Bureau Local. I do not know if you have heard from the Bureau Local but you should, if you have not already, because it is doing a fascinating form of journalism where it is working with local communities, embedded within them, engaging with them, doing workshops and talking to them and seeking to understand the issues that are involved. It is doing an entirely different sort of engagement that is not measured just by views online and eyeballs; it is measured much more in terms of what is going on in that community and how that community is functioning cohesively and democratically. That is an interesting model. It does not work on these large-scale functions and it will be low-profit, if it is profitable at all, but it is a good model if you are looking at the democratic intent of news.

Q164 **Damian Green:** According to the *Press Gazette*, 265 local newspapers closed between 2005 and 2020. If we did not have organisations like the ones we do—we have three big ones: Newsquest, Reach and National World—and somebody had not decided that this was a business model that worked, would that figure be worse? Would we have worse news deserts than we have now?

Professor Fenton: Possibly, but what we have to look to is a different form of funding that it is not just entirely advertising driven. If we do get a new digital marketing code that we can work with for public interest journalism, that could change that landscape in a very real way.

These organisations also get a lot of public subsidy. There is the local democracy scheme. There are also tax incentives. There is £500 million that comes through other public subsidies to news organisations. It is not like this is all about profitability from a business model. There are many public subsidies going already.

My argument is simply that that needs to be shared out more fairly. We need to think about the plurality of our news landscape—what it is doing in our communities, how it is feeding them and how it is serving them well—and then seek to spread that fairly.

I do not think that growing mega corporations is necessarily the answer. You can have perfectly profitable smaller organisations—only with much less profit maybe—but embedded in a different way in those communities. We need that plurality. At the moment, we are getting channelled down to a single model that I think is unhealthy.

Q165 **Damian Green:** Paul, do you get a public subsidy?

Paul Hutchinson: No, we have tried, but we do not. During coronavirus we did get a grant from the European Journalism Centre fund that was specifically to support small news desks, because advertising dropped off overnight during lockdown.

The issue is that we are sometimes not looking at both sides of the coin for local news. You have the multi-title publishers and you have independents. They can co-exist. They have a slightly different business model. The problem at the moment is that strength is on one side and



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not on the other. If we were profitable to the degree where we could employ more journalists, that is where we would put our profits. We would be able to work full time to focus on our product and increase the quality of that product. We would be able to set up a training programme, not just for journalists but also perhaps for the commercial side of the business as well.

We also work with community groups to help train them on how to make sure that they can market themselves and work with media so it gets what they are doing. We have a slightly different scope. The problem is that we are not on level playing field. We do not get public subsidy. We do not have access to public notices funding from our local authority. We do not get included when the Government have a public information campaign. We just want to have a level playing field and, based on the size of the organisations, a fair share, because then we could do the good work that we are trying to do, as Professor Fenton has pointed out.

We do not need to have a battle between independents and larger publishers. If you look at it from a supermarket versus independent shop perspective, towns thrive more when they have both. If you just have one, it becomes boring—I suppose that is the best way of putting it. Therefore, we need to make sure that independent publishers are given the same sort of thought as the big publishers.

Q166 Damian Green: It is interesting. Those are practical examples—public notices and information campaigns that the Government run, which you do not get but which, presumably, Reach titles will get. That seems a perfectly fair point.

You have made the point that Reach pays more. I agree that £25,000 for a senior journalist is not a lot of money, although I do not think you would be paying your student loan back at that level.

Professor Fenton: No, you cannot. That is what I was saying before.

Q167 Damian Green: If that is the profitable end of it, if you spread the same sort of icing more thinly, then you will get a lot of struggling journalists, and that is no future for the industry at all—the hugely democratically important industry that it is. I am not quite clear that we have solved the problem—without getting more money, in a commercial way, into the industry—of what the long-term future is for independents.

Paul Hutchinson: It is only anecdotal of course, and I can only talk about what is happening in Bedford borough, but our print title is the only title that gets public notices. They are quite expensive, certainly for local businesses who want to publicise their temporary event notices, and for our local authority, which spends hundreds of thousands of pounds on them each year. That is subsidising other parts of the business. If that is the case, ~~their~~that business model is not working, certainly not on a local level.

The monopoly of public notices, for example, needs to end. It needs to be able to give the purchaser a choice—~~do~~. Do we put it in a digital



publication? Whoever owns that digital publication is irrelevant, but do we put it in a digital publication that is going to reach more people, or do we keep the old-fashioned print title going because they are not making money elsewhere? It is a difficult question, and I do not envy the people who are going to make that decision, but things like that need to change very quickly because it is a very simple quick win to help support larger parts of the sector.

Q168 Damian Green: The final question that occurs to me, as a former journalist myself—we are sitting in a school of journalism—is, why would anyone go into journalism now, hearing what we are hearing this morning?

Professor Fenton: They come with all the best reasons. They want to change the world. They want to inform democracy. They genuinely see it as a noble profession. They come wanting to do good journalism. They still have this idea that that is possible. Many of them are going out and finding ways to do that, but not through traditional routes. They are struggling all the way, and some of them fall off very quickly because they become very disillusioned fast, but applications for journalism schools are not dipping.

Q169 Simon Jupp: Many of my questions have been covered earlier in this discussion, but I want to talk about accessibility—actual technical accessibility. Paul, I went on your website earlier on my phone, and some adverts popped up. Worryingly, when we were talking about the decline of local news, there was an advert for a coffin, which does not really reflect my search history on Google. How do you make sure that your website is accessible, so people are not bombarded with adverts when they try to access your local news? I realise you have to make profit—profit is not evil—but I want to make sure that people can see your news, because you have some good stories on there, some interesting pieces of news for your community. How do you balance that and make sure you can make a profit?

Paul Hutchinson: That was a difficult decision we made at the very start—that we wanted to be reader focused. I have been a journalist for almost 25 years now, and in the days when I was cutting my cloth, my editor constantly said, “We need listeners”—I was a broadcast journalist originally—“We need to make sure that people are listening to our radio station and that we are doing the news that they want”. Back then I had three and a half minutes every bulletin, every hour, to do the news. Now the same radio station covers four counties, and they have about 90 seconds.

Product versus profitability, certainly from a news perspective, is a massively difficult balancing act. We wanted to make sure that, because we were constantly going on to websites to find out what was happening in our local area, and we were having to fill in forms and surveys, or to get rid of adverts, it was difficult. Sometimes you find that people abandon trying to read the story because of it. From the very start, we did say, “It is a difficult decision. We know it is going to be a more



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difficult way to get profit, but we are going to have just very basic, non-invasive advertising.” Then we looked at different revenue streams.

I mentioned training earlier. We work with some private companies to train them on PR and marketing and media relations. My colleague, Erica, worked in the PR industry for many years, so she is an expert from that perspective as well. We also host an award ceremony every year, and sponsors who want to help us celebrate the great and good of Bedford help to make sure that those awards run. That gives us a bit of profitability as well. We earn a bit of money from that.

We do apply for grants every now and again. We are not always successful, because sometimes I do not think we fit the criteria. We are a work in progress. We have been going for three years, and we are doing okay, but we want to do better. That is why I am very pleased to be able to put forward my thoughts here.

Q170 Simon Jupp: I am sorry, David, I am going to target this question at you. You know that one of the main criticisms about your websites is they are impossible to navigate. You will scroll down and if you are using a slightly dated Windows laptop, the computer will crash because of all the adverts that pop up. I am trying to access the stories, to see what is going on and to understand some of the stories that are being reported about my local community, but sometimes the website is completely impossible to navigate. Why is that? Obviously, when people access it on their phone, it is the same. You can have the app and that can be a lot better, but what are you doing to make that easier, because it has been a problem now for several years?

David Higerson: It has been a problem for a long time and frustrates our journalists greatly. At Reach we have a long-held commitment that our news should be free to air. That is probably more relevant now in the cost of living crisis than it ever has been, so we have to find a number of ways to bring the money in. I think it goes back to the point we made about Google and Facebook: if we were seeing a greater share of the revenue that Facebook and Google are generating against our content and other platforms, we would be in a position to have a stronger UX design experience.

We have made a lot of progress this year. We have halved the page load speed of our sites. You do not necessarily see that when you are trying to read the articles. We are doing a lot of work to make sure that the ads load as unobtrusively as possible. We have to balance that with the need for an ad to be obtrusive to a certain extent so that it will work. However, it comes down to trying to have that model that sustains the employment of 1,500 journalists. If we saw a greater balancing of where the revenues are essentially being generated against our content coming back towards us, we would be in a place to offer a better experience.

I know one of the arguments that is often put forward is to ask people to pay for it. That may work for some co-operatives and some smaller outlets, but there is no proof in the UK that local journalism and scale will



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be sustained through the subscriptions model. To a certain extent, that is where we are, but we are constantly trying to improve it.

Q171 **Simon Jupp:** I have no issue with adverts on websites unless they are intrusive, and I think they are on Reach PLC sites. What I object to is having to click on multitudes of questionnaires to read an article. That is maddening.

David Higginson: You should not —

Simon Jupp: I am.

David Higginson: It would be good to have some examples because we do not use those providers anymore. Historically, we had them. There are other publishers who still use them. Things like Google surveys, which ask you, “When was the last time you saw a Mini Metro?” or something, and you have to answer the question to see the article. We have not used those for two or three years. The only time you should be seeing surveys on our titles is when we are asking readers for their opinions on local regeneration or something like that. That is built into the article, but that should not be blocking the experience of the article and any experience you have of otherwise. I am more than happy to—

Simon Jupp: I will do some screenshots.

David Higginson: Yes, please.

Simon Jupp: If I can work out how to do that on my laptop because your website crashes it.

Professor Fenton: Could I add one point because I think it is an even more basic point that we always overlook when we are talking about sustainability of local news? In the Ofcom research this year, 6% of people still do not have internet access at home in the population at large. That is over 4 million people. I wrote down the combined population of cities; that would be York, Brighton, Leeds, Cardiff, Nottingham, Newcastle, Leicester, Bristol, Manchester, Sheffield and Coventry. The combined population of those cities do not have internet access at home.

I take the point that the future is digital, but we also have to recognise that that 6% goes up to 13.6% when you look at the lowest socioeconomic households in the UK. That is a major problem, which is why I am arguing for these other models of journalism that try to embed more in the local community in different ways to be recognised.

Q172 **Simon Jupp:** Your point is well made. In response, I would say that we had local papers covering towns and smaller places for years but the majority of them have closed because they did not make money. That is not a profitable model for many organisations. Equally, we had local radio stations that used to have entire local news teams that do not exist anymore.

Professor Fenton: To go back to Paul’s point about some of the subsidies that are largely being soaked up by the big conglomerates and



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that could go to some of these smaller organisations, if we look forward to the digital marketing—

Simon Jupp: It probably would not be enough to sustain a newspaper that, for example, used to cover 14,000 people in my area. It is a careful balance. I go back to the overall premise that we need to make sure that profit is important when it comes to journalism.

Professor Fenton: They are not at the table at the moment.

Chair: We do need to move on now. We have one final question from Kevin for this panel, and then we will move on to our second panel.

Q173 **Kevin Brennan:** Just going back to the point on pay, David, what is your reaction to the news that the NUJ is going to ballot on strike action because of your final offer of 3%? We mentioned that profits have gone up by 9.2%. There is nothing wrong with that, as Damien Green pointed out earlier, but the pay offer to your journalists is 3%, not 9.2%. What is your reaction to the news that they are going to ballot on that? It is hardly a surprise really, is it?

David Higginson: Just because I work for a large corporation does not mean I do not appreciate the role that the unions play. We have a constructive working relationship with the NUJ, particularly with the local organisers.

If that is what their members want to do, they are perfectly entitled to do it. On the 3% versus the 9%, that was last year's profits and we are in the here and now with—

Q174 **Kevin Brennan:** Did you give them 9.2% last year?

David Higginson: No, we did not. The point I am making is we have been buffeted with the same sort of headwinds that all sorts of sectors are seeing at the moment in terms of spiralling costs. The 3% is what the company feels is manageable for us, as an organisation, to enable us to continue supporting over 1,500 local journalists in employment.

In terms of my reaction to the NUJ's ballot, it is absolutely in the NUJ's gift, if that is what its membership want to do, and we will continue working with the NUJ.

Q175 **Kevin Brennan:** On the very first question I did ask you—the point about the Welsh Government Public Interest Journalism Working Group being at the bottom of the letter—is there some irony in the fact that you were not able to read to the bottom of the letter but only saw the clickbait at the top and just read the top points for our session?

David Higginson: I think the NUJ would be deeply insulted to hear their work being described as “clickbait”.

Kevin Brennan: Touché.



David Higginson: You make a good point. I will get an answer to you on that. The serious point is that there were a lot of big issues the NUJ was dealing with in that letter.

Chair: That concludes our first session. Professor Fenton, David Higginson and Paul Hutchinson, thank you very much for your evidence today. We are going to take a short adjournment for about five minutes before our second session.

Examination of witnesses

Witnesses: Rhodri Talfan Davies, Tom Morrison-Bell and John Severinson.

Q176 **Chair:** This is the Digital, Culture, Media and Sport Select Committee and this is our hearing into the sustainability of local journalism. In our second panel we are joined by Rhodri Talfan Davies, director of nations at the BBC, Tom Morrison-Bell, Government affairs and public policy manager at Google, and John Severinson, the head of news partner development for Europe at Meta. Rhodri, Tom and John, thank you very much for joining us today. Our first questions will come from Steve Brine.

Q177 **Steve Brine:** Rhodri, Tom and John, welcome. The Cairncross review notes that for many UK newspapers Google and Facebook are the main channels through which their traffic is funnelled. What I am interested to understand—and I will start with you, Tom—is how you can help these local news organisations actually get credit for their original reporting, because they obviously want to build brand loyalty for the work that they have done and that they have funded?

Tom Morrison-Bell: Thank you for the question. Do I need to press any buttons to talk?

Steve Brine: No, it is magic.

Tom Morrison-Bell: I love magic. I thought it would be helpful to start by just giving an overview of the main ways that we support local news in the UK, which will address the topics in your question.

Steve Brine: Given that we are quite tight for time, Chair—it is up to you—I would rather we just nubbed the question I asked, if that is okay. Tom was just suggesting he give an overview and opening statement. We do not really like them, do we?

Chair: No, if you could just answer the question, that would be great, thank you.

Tom Morrison-Bell: Of course. If I understand the question, there are two parts. In a sense there is original reporting. Then there is a second part—which is kind of subsidiary but related—which is to do with brand, brand loyalty and trust, and how you build your business.

Let me start with the first bit, which is original reporting. Google's search and news algorithms are designed to drive users' high-quality traffic and we are very explicit about what that is. There is a 170-page document that sets out how the algorithm should work. That is a public document.



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It is called the Search Quality Raters Guidelines and it says explicitly that news content should be treated as high quality.

Those algorithms are then tested independently through tens of thousands—if not hundreds of thousands—of tests each year. Then we test the algorithm to see whether the changes that we make correspond to that bar that we set. One of those changes that we made in 2019 was specifically for original reporting. There was a recognition within the organisation that, particularly when it comes to local news, due recognition should be given to the time and the resource that it takes to create journalism and local content. That alteration was made in 2019 for those guidelines. There are continual changes, so it is an evolving process.

Last week we saw the 20th anniversary of Google News. We have redesigned the interface so that local stories are right up at the top and users will see local stories when they get there, to give them due prominence. We also have features in the local news carousel, which comes up at the top of search for relevant queries.

I think that is the first part of your question. The second part of the question was around branding and building loyalty and trust. One important way in which we support local news generally is that we pay for news content. There is a product that we launched around 18 months ago called Google News Showcase, and as part of Google News Showcase we licence content. We currently have licences with over 235 local publications in the UK that cover, I am happy to say, at least one publication in every constituency that is represented in this room today.

One of the specific things that Google News Showcase was developed to do was specifically around brand loyalty, driving that with users. The way that Showcase works is that you have specific panels, and publishers have a far greater control over the branding and the way that their stories appear in the interface. They have their masthead. They have choice over the stories and the images that arise. The idea behind Showcase is about driving reader engagement. So it is meant to give greater control over branding. It is meant to license and pay for content. I think that speaks to the second part of your question.

Q178 **Steve Brine:** Great. You heard some of the previous session, did you?

Tom Morrison-Bell: I did, yes.

Steve Brine: What was the biggest misconception that you heard during the previous evidence? Where were you most taken in vain?

Tom Morrison-Bell: That is a big question. Speaking from a Google perspective, not from the industry-wide perspective, I think there is something around clickbait—that we contribute to the creation of clickbait. Going back to the way that we expect the search algorithms to work, we make that publicly available in this long document and test against it. We have the original reporting feature, which I mentioned, which is designed to raise quality content, not clickbait. We have news



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policies that are very specific, which do not allow deceptive content. Therefore, in Google News you should see high-quality content there as well.

Again, everything comes back to the search query. If people were putting in queries and getting poor-quality content, that would not be what we are trying to achieve at Google.

Q179 **Steve Brine:** Are you saying it is the fault of the question we ask when we search if we do not get high-quality content?

Tom Morrison-Bell: No, I would say that, if you are not getting high-quality content, the algorithm is not performing as we would expect it to. That is when we go back and test and try to understand, to get a better result.

Q180 **Steve Brine:** Where does it go from here? I appreciate everything you have said, and I think you have done an awful lot with the newsreel and Showcase. What would it look like in a few years' time? Presumably, there is a lot of innovation going on within Google and you are always thinking about you can improve things. What will it look like in the few years if we had the same conversation?

Tom Morrison-Bell: It is an interesting question. I would say that, at our core, the product does news well. We have top stories at the top of news, again always starting with a search query—that is the most important point, and that is different from other types of platforms. I think we do news well. We have top stories. We have Google News. In all of our guidelines we treat news as high-quality content. What I would expect to see is probably continued innovation on how we surface news, making sure that we are getting the right blend of local content that is specific to the UK and that all news types are being addressed fairly by the algorithm.

Q181 **Steve Brine:** You heard the conversation that we had with *Bedford Independent*. How can you spread the love better? It said it does not have a direct relationship with you.

Tom Morrison-Bell: Another misconception that was not explicitly raised in the last session, but is critical, is the nature of the value exchange between platforms and news publishers. I do not want to sound like there is no recognition that the news industry has changed. There absolutely is. That is why we do many of the things that we do.

One of the other ways that we support publishers of all sizes is we help them to monetise their content through our advertising services. One fact that is little known but is publicly available is that publishers keep between 70p and 95p for every £1 that they make on our services. I do not think that is well known.

Q182 **Steve Brine:** Maybe you should make it better known. What are you not doing well enough at the moment? What was the thing that you were really hoping I would not ask you—he says, asking you to do his job for him?



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Tom Morrison-Bell: That is probably one of the questions: what are we not doing?

Q183 **Steve Brine:** You must critically analyse yourself as a business, because that is one of the great strengths of a forward-thinking business, which you are. Where do you evaluate yourself as needing to do better?

Tom Morrison-Bell: I attended a meeting last week with the chap who is in charge of search. He is the engineer who oversees the algorithm. We hosted about 15 C level representatives from the news industry in the UK to hear how they feel about how Google works for them. The feedback we heard there addresses many topics that will be familiar.

Everybody wants to rank highly. How is that done? How do you make sure that UK publications are well represented on Google.co.uk? I think it will continue to be about engaging, learning, hearing feedback and making sure that the products and services deliver what users want and what the UK needs as well.

Q184 **Steve Brine:** Tom to John, on the local news section of Facebook—which I think was launched last year—do third-party referrals work for you, given that you want to keep people on your platform for as long as possible?

John Severinson: Of course. Thank you, first of all, for inviting me here and giving me a good opportunity to see Cardiff as well.

There are two parts to my answer, because I think it is important and meaningful to decouple the feed—as we call it—from Facebook News. I think your question was directed specifically at Facebook News. The way we try to promote the original reporting for Facebook News is, first of all, by having a broad, available inventory. That is why we enter into agreements with a lot of publishers, many of them local—both local news groups and also independent local news outlets—because we want this news experience to be something that is new to people. If people want to seek out news from a specific outlet, we want it to go to that specific outlet. However, if they are on Facebook and they want to see more news, we want to personalise that experience too. That means we have to take into account that people are very different creatures. Some people like sports. Some people hate sports. So should we factor in sports news in the Facebook News feed that you see?

In terms of original reporting specifically, what we also know is that machines are not that good at identifying the best pieces of journalism. That is why we have hired what we call curators—experienced trained journalists—at Meta who select the topics that they think people would be most interested in and the sources within each topic. They do this based on publicly available editorial guidelines that you can find on our website, which highlight, for example, that we want to make sure that we have a diversity of sources, and a diversity of topics, but also a prominence to local news specifically and a prominence to original reporting and first-hand reports.



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Steve Brine: We will move on, Chair, as there is so much to cover.

Q185 **Kevin Brennan:** Rhodri, croeso—prynhawn da. There was an Ofcom review of the BBC in 2019, and the BBC said then that it would be doing more to deliver on its operating licence commitment to provide adequate links to third-party online material in news. How has that gone, what steps have been taken and what has the result been?

Rhodri Talfan Davies: Thanks, Kevin. Typically, we are delivering about 20 million to 25 million links through to commercial news websites per annum. We have seen significant growth over a trajectory of about five to 10 years.

The underlying question—and it is one that has been a constant refrain of this Committee—is, could the BBC do more to provide more embedded links within our news journalism? That is a live question at the moment. We have just announced plans to strengthen our local online provision and. As part of that, the work we are doing at the moment, and the work that we will shortly be sharing with the NMA, is about whether we can go further. As we strengthen our own online provision, how can we ensure that there is a partnership dividend there in terms of making the connections and the visibility of other commercial media more readily accessible by the BBC.

Q186 **Kevin Brennan:** In relation to that growth, the Ofcom report in 2019—I think I am right in saying this—said there were just over one in 10 external links that took readers to UK newspaper websites if they were looking on the BBC’s site. You said about 25 million referrals a year is what the figure is now. I think I had a figure of 575,000 a week, which is probably even a bit more than 25 million. In relation to the figure for how many external links there are, if it was just over one in 10 when Ofcom made their report in 2019, do you know what it is now?

Rhodri Talfan Davies: I do not have that figure to hand. I would be happy to provide that.

Q187 **Kevin Brennan:** Would you be able to provide that in writing because, in order to understand what is happening overall, it is important to know what proportion of referrals is in that.

I will move on to Tom and John. Welcome to Cardiff. My constituency is just over the other side of the river, so I encourage you to wander a bit further than just the city centre. You could try Chapter Art Centre just up the road or even the Museum of Welsh Life at St Fagans, which won museum of the year last year.

Beyond the local advertising, can I just ask you about the whole business of advertising more broadly your sites? If it is the case, and I think it is, that you are making money from advertising and you say your rates are fair, why is digital advertising providing such a poor substitute for print ad revenue for local news? Why are they not doing better out of it all if it is such a wonderful thing for them?



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John Severinson: To answer that question, it is good to take a couple of steps back and look at what advertising looked like for print businesses. It started with a lot of them, especially local news, being highly dependent on classified advertising, which was the first type of advertising to be digitalised and went to specialised websites. Where I come from, in the Nordics, these websites were owned by media companies who now had two businesses. One was publishing and one was classified. They made a lot of money on one and less money on the other.

If we fast-forward time, I think there was another transition that has been very impactful and difficult for publishers to overcome, which was the advent of smartphones. Suddenly you could not have display advertising on the sides of articles anymore when the majority of the news consumption was happening on a mobile phone. You had fewer ad units. They had to be less obtrusive. Advertisers were also slow to adapt to that change, whereas our platforms were really quick to make that change.

What is different is that we do not sell display advertising in the same sense. What we offer our advertisers is the opportunity to target their ads to a specific interest group. For example, if you sell picture frames and you are based in Cardiff, you probably want to reach people who are interested in art and who live in Cardiff. You want to reach those specifically and not pay for anyone else. The ability to precisely target the people who are interested in what you have to offer is, of course, unique to these kinds of set-ups.

Q188 **Kevin Brennan:** Should local news organisations be relying on advertising, then, through your platforms, if you are the specialists in that and they are not going to be able to do that themselves?

John Severinson: That is the million dollar question. Before I joined Meta five years ago—then called Facebook of course—I had spent more than 10 years at a publishing house where I was managing director of the digital business unit. I was one of the ones who was trying to drive this change towards taking a lot of the content that we had in our magazines that people used to pay for—primarily via subscriptions, I should say, which was a very sustainable business model—and putting that online to build an advertising-based business.

We thought that, by doing so, we could reach a much bigger audience than we would reach in print, so that would offset the lower margin costs on each ad. I am sad to say I was wrong. Looking back at that, it does not seem sustainable to do that. It is important to still keep user-generated revenue as a key source of funding for journalism. If you look at the bigger national and international players, this is exactly what they have been doing.

At least for as long as I have worked for this company we have had different kinds of roundtables with publishers in different settings. Already in 2017, the year I joined, we started hearing feedback from



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publishers saying, “We want you, Facebook, to pivot towards subscriptions. That is how we want you to help us. Help us sell our subscriptions. Help us enable people who have subscriptions to see our content on your platform, because that way we can build a direct relationship between us and the person reading.”

Q189 **Kevin Brennan:** Tom, I heard you use a figure earlier of 75%?

Tom Morrison-Bell: Yes, 70% to 95%, that is right.

Kevin Brennan: Just remind the Committee what that figure, that range, is?

Tom Morrison-Bell: That figure is for every pound a publisher makes using Google’s advertising products, they keep 70p to 95p, so 70% to 95%.

Q190 **Kevin Brennan:** The figure I have from 2019 in my briefing says: “when marketers used Google Ads or Display & Video 360 to buy display ads on Google Ad Manager, publishers kept over 69% of the revenue generated.” Is that figure no longer relevant, now that you are saying it is between 70% and 90%? It seems like quite a wide range. Don’t you know more precisely?

Tom Morrison-Bell: Yes. That figure around 70%, I think, is also corroborated by the CMA in its market study. The reason that there is a range, which is particularly pertinent to news publishers, is that it depends on how they use our platforms. What it boils down to is, in effect, how much of the service you use. Many publishers keep their direct relationships with advertisers. They do all of that bit. They find an advertiser, they make a commitment and they just use our services, effectively, as the pipes, so then they keep closer to 95%. If we go and source the advertiser and the ad to put in the space, then obviously it goes closer to the 70%.

Q191 **Kevin Brennan:** If we were on an edition of BBC Radio 4’s programme “More or Less”, we would be asking how much—what proportion of the revenue we are talking about is in that 69%, 70% range and how rare is it that people actually keep 90%?

Tom Morrison-Bell: The research that we did shows that the top 100 news publishers across Europe—obviously some of those are nationals, some of those are multi-title that include locals—tend to keep closer to 95%. The general figure for all publishers, whether they are news publishers or somebody who wants to monetise their space on their website, is closer to 70%.

Q192 **Kevin Brennan:** The smaller you are, the less you are likely to be able to keep?

Tom Morrison-Bell: Yes, but you are getting a service in return I would say.

Q193 **Dr Rupa Huq:** I wanted to ask about trust in different forms of journalism. I was talking to ITV London last night, and it claimed that, in



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the hierarchy of trust, it is at the top and then there is print journalism. It is the ITV and not the BBC. My cousins in Bangladesh used to always say, "When we need to know the truth we listen to the BBC." Rhodri, we have some figures in front of us showing that 62% of people—this is from Reuters—say that BBC is at the top and 52% say local news. I always thought it would be higher.

Rhodri Talfan Davies: Yes, the last numbers we published were in our annual plan a couple of months ago. They showed that, on trust, impartiality and accuracy, the BBC was the most trusted provider by a margin of between 6:1 and 8:1 against any other provider.

Q194 **Dr Rupa Huq:** You have huge web services now, don't you?

Rhodri Talfan Davies: Yes, that looked at brand trust. It took BBC News as a cross media-brand across television, radio and online. On overall trust, off the top of my head, I think the nearest to us was ITV, at around 7% or 8%. This is where consumers were asked to choose one brand. I think the BBC was around 45%, 50%, and ITV was at 7%.

Q195 **Dr Rupa Huq:** Since then we have all these far-right channels that nobody is watching. Piers Morgan recorded zero viewers or something.

Rhodri Talfan Davies: Yes, that is a different issue. That is about viewing levels. What we and Ofcom regularly track, as does Reuters, are brand perceptions of trust. Of course, impartiality is a much more nuanced measure because of people's perceptions of bias in terms of their own social circles and bubbles.

In terms of, "Which media organisation would you turn to first for trust, accuracy and impartiality?" by a country mile, it is still the BBC.

Q196 **Dr Rupa Huq:** And that is for local news. We have heard about the interplay of different sources—people triangulate and what have you. In terms of the local democracy scheme—I mentioned it in the last session—our local web provider of local news, which feels they have a bigger reach than the printed newspaper, is a bit narked that, on some of these things, it isn't—well, maybe that is more one for them. But the BBC does do the local democracy scheme—

Rhodri Talfan Davies: Yes. We fund the local democracy reporter scheme as part of our partnership with the wider local commercial sector. We have 165 journalists funded from the licence fee but employed by local commercial operators. Among those that we license content to, through the LDRS, are many online-only sites. I am very happy to look at the specific issues there, but the fact that a publisher is online only would not prevent them from having access to this content.

Can I just clarify one thing that was said earlier, which was about why a smaller publisher would not benefit from the LDRS. The LDRS is not a grant-giving scheme. It is a content-creation scheme. None of the licence holders commercially benefit from the licence. They simply employ the journalist. The only money that we provide covers the salary of the journalist. It is not a case that a smaller provider loses out versus a



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larger provider, because the only resource we are playing with in the scheme is the provision of that single journalist into that licence holder.

Q197 Dr Rupa Huq: I know there are some more specific questions on this coming up from Simon Jupp, who knows a lot more about this than me.

Were you also surprised at the funding arrangement changing? It sounds good to freeze the licence fee, but I guess that will have knock-on effects on local journalism and how you can expand it.

Rhodri Talfan Davies: Clearly the licence fee is challenging. We were set a two-year freeze for this financial year and the next. We think that is an impact on the licence fee of around £285 million by the time you reach 2027. Obviously, inflation is still growing so that sum could inflate.

The position we have reached, having gone through quite a big budgeting exercise, is we are going to maintain and ringfence all our content spend on local services. That means that, overall, we expect our staffing across local services to remain broadly at a standstill compared to where we are today.

Within that, we are going to strengthen our online provision. Historically, we have had a very significant bias towards broadcast services over what we are doing digitally. We know that audiences increasingly expect us to deliver online as part of our charter commitment.

We have made some targeted decisions around reductions in broadcast output and the closure of the Oxford and Cambridge news ops, and we will see a bit more sharing outside peak hours in local radio as well.

This is not taking money out of local; we will have more journalists working in local than we have today but it is about strengthening online and making some sensible but difficult reductions in terms of the local broadcast output.

Q198 Dr Rupa Huq: Thanks. I have some questions for John as well. Traditionally, it is seen that Facebook's digital advertising model incentivises clickbait and drives down the quality of local news, but the groups that are popular locally where I live are quasi-newsy types. They are citizen journalism; they are groups of local mums saying, "This new playgroup has opened" or whatever. You are seen traditionally as the big baddies, and I have to say that, whenever I go on it, certainly at election time, I get these Conservative party adverts because I am in a marginal seat, and a marginal ward within a marginal seat. Can I stop getting those?

John Severinson: There are a couple of parts to my answer. On ads specifically what we do have, which I think is a very powerful and unique feature, is that you can hide an ad, and we try to learn from that. You can also hide all ads from a certain advertiser. Certainly, you can do that and I would encourage you to do that.

You mention clickbait, which is a little bit of a trigger word for me. I think it is an important conversation because there is this misconception that



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we want to have clickbait on our platform, and it is quite the opposite. It is firmly rooted in the fact that people do not want to see clickbait. Unfortunately, people do click on clickbait; that is why clickbait is successful.

We have an obligation to our users to try to move the goalposts to align with what is incentivised, what is prioritised by the algorithms to align with—for example, quality journalism. One way we do that is by using AI that tries to identify or assess the likelihood that something is clickbait and then demote that content accordingly. We have publisher guidelines that we have issued. We have been doing hundreds, if not thousands, of trainings with media outlets to emphasise this.

It is a common misconception that we want clickbait to be existent on the platform, but that is, unfortunately, quite wrong.

Q199 Dr Rupa Huq: With local citizen journalism-type groups, you can have quite a democratising influence, although you are painted as the big baddies all the time. Especially when there is a vacuum and all your local press has gone, people can share information.

John Severinson: As a company, our mission is to give people the power to build community but, of course, we want these communities to be well informed. What we see in many of these local groups for local communities is that people share content from local news outlets but also content from local brands perhaps having an event or similar. Oftentimes it is people helping each other to stay informed. Our general attitude to all content is that we want to amplify the good and mitigate the bad. Sometimes it is the “mitigate the bad” part that can give oxygen to the good stuff.

In terms of the bad stuff that can happen in groups, of course there is the topic of misinformation and things that are outright false. That is why we collaborate with independent fact-checkers. They review content, they flag it to our platform, and we take action accordingly. One of the actions that we can take, if a group repeatedly shares misinformation, is to remove the group.

Q200 Dr Rupa Huq: A last one for Tom. When you have been searching for something and the system knows and then suddenly keeps opening up loads of similar things, is that a success of what you do? You are looking up “platinum jubilee street party” or “washing machine”, and the next time you turn on, you are bombarded.

Tom Morrison-Bell: Google does not personalise search results. They are not personalised. What you have searched for previously, when you search again, should not affect what comes up in the search results.

Q201 Dr Rupa Huq: Maybe it is more the shopping sites that I am thinking about with washing machines.

Tom Morrison-Bell: Yes, the search results are not personalised in that way.



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Q202 **Chair:** To follow up on a couple of points in the answers there to Rupa, Rhodri, you said that, in terms of the changes that the BBC is undergoing, you will be moving more journalistic resources online, to the BBC website I presume. I can almost feel the newspapers' hearts sink at that point because there has been a sustained argument over many years that the BBC news website has squeezed out the private sector in news provision.

Rhodri Talfan Davies: I do not believe that, and I do not believe the evidence is there to support the idea that it is the BBC that is the root cause of the structural challenges that local commercial print presses face.

Q203 **Chair:** Not the root cause, but would you recognise that it could be a cause?

Rhodri Talfan Davies: I do not believe that it is. If you look internationally—there are multiple pieces of research that the Cairncross review looked at—even those countries like the US, where they have no major public service intervention of the scale of the BBC, we have seen exactly the same erosion in commercial ad revenues hitting local print providers.

I would also make the argument very clearly that our commitment to serving local audiences and national audiences here in Wales is integral to the fulfilment of the royal charter. We are not a democratic Polyfilla, filling the gaps around the edges of commercial providers. The reason that we are trusted is that we are on the ground and we have a set of values that drive our journalistic decisions every day. It is vital that we keep pace with a very, very fast-changing society and audience behaviour.

Q204 **Chair:** I must declare an interest here. I worked at the BBC news website when it was in its infancy.

Why would you say that, when I speak to news organisations, as I have done for many years, they say very simply that the wide-scale provision of news and everything that you can find in terms of the BBC news—news online and the news website—has had a fundamental effect on their drive to subscription and has retarded the industry as a result? Why is it that they have said that? Are they completely mistaken? Are they crying wolf? Why is it that they all say the same thing?

Rhodri Talfan Davies: I do not think that they do all say the same thing. I have spoken to many members of the publishing sector, and there are very different nuances and flavours within the sector. Some of the smaller publishers are clearly alarmed or anxious about the scale of the BBC commitment. Some of the larger publishers are far less anxious. The reality is that they have faced a very, very significant financial trauma over the last 15 or 20 years, as ad revenue has flooded out of local publishers and into the large tech giants that are here with me today. In that position, clearly, to any other provider locally, that can feel threatening.



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I would say again that the BBC's commitment to local journalism is fundamental in terms of our obligation to the audience. When we look at the impact of BBC journalism during the pandemic, the growth that we saw across radio, television and online is striking. There were 9 million coming into local radio every week. Regional news was consistently the No. 1 news programme in the UK. It is not just that we are there; it is because we are the BBC and because that comes with a set of values and principles that audiences still respect us.

Q205 **Chair:** Do you think that the local democracy reporting scheme is a healthy scheme? I do not just mean in terms of whether it is working or not—we have heard quite a lot of praise for the scheme itself—but whether, in terms of the ecosystem, it is an indication of a system that is dying away rather than a system that is good.

Rhodri Talfan Davies: That is a great question. The reason the LDRS was created was that we found, with our partners in the commercial sector, real common ground in terms of the challenges of covering local authorities. There was a financial trauma happening in the commercial sector. The BBC had a public interest commitment to local authority coverage. We provided the funding, and the local commercial sector provided the employment framework for those journalists.

There was a lot of scepticism, but I think that the scheme has delivered. It has delivered about 250,000 stories so far, focused on local authorities in all four nations. It has delivered major stories, whether it is on PPE procurement or corruption or fraud in local authorities. It has told some uncomfortable stories that have made national headlines. While there are differences between the BBC's position and the NMA's position on some aspects of our activity, on the LDRS there is a remarkable degree of consensus that this has worked, with one caveat—it was never the solution to the financial challenges facing the commercial sector. It has helped and it has restored equality and depth to local authority reporting, but it will not turn around the structural challenges facing our commercial partners. The digital markets Bill is a far more promising route to trying to get a better balance between the revenue flows into the large platforms and some of the local publishers across the UK.

Q206 **Chair:** You anticipated my next question. That is ideal because I was going to ask: at what point do you think that you can transition away from it? You identify, I think quite correctly, that when you have fair remuneration for content online, that eventually means that the BBC would be able, for example, not to take up the slack here.

Rhodri Talfan Davies: I have always believed that there is room in the local marketplace for a plurality of suppliers. It would be a crying shame if the BBC was the last man standing in any marketplace in any community. There is clearly an opportunity—and we have seen it being taken up in other countries—to find a better balance between the benefits that the large tech giants are seeking and a fairer balancing of revenue back into some of the local publishers.



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That said, LDRS may still be a good idea, and we have committed now to funding it through to the end of the charter. We benefit too. It is a win-win. This is content that is being created that is being syndicated to all publishers. There is a common cause there that certainly will survive the next few years.

Q207 **Chair:** Mr Severinson, you stated to Dr Huq that when you fine fake news or you found a non-legitimate news website or news source on Facebook, you take that down. We had evidence from Mr Higgerson before. That is just patently untrue. He was stating that when he comes to you—and this is a large organisation—it is only your community standards that matter, and you do not effectively operate the system that you purport to do.

John Severinson: There are many, many parts of this very complex question. On misinformation specifically, it is important that Facebook does not become an arbiter of truth. Facebook should not be solely determining what is true and what is false, especially on many topics such as the coronavirus pandemic.

The latest research is changing all the time, so it is important that specialised fact-checkers can help us understand what are the latest facts, what is the latest research and how to assess claims and verify claims. When something is tagged as flawed by a fact-checker and they tag that in our systems and on our platforms, we will demote that content. When a page or a group repeatedly spreads misinformation, or when the misinformation is dangerous to people's health—for example, health misinformation—we will take it down immediately. With repeat offences we take down groups; we take down pages.

Q208 **Chair:** Yes, but Mr Higgerson was suggesting that there are instances, when he comes to your organisation and says to you that a page is piggybacking off his organisation's good name, and spreading what may not be, in the strictest terms, misinformation but what is certainly very slanted information, and doing it in a way that is impinging on their journalistic integrity, you are not paying any attention whatsoever. It looks like you have a very narrow view of what incorporates harm, disinformation and misinformation and there is no oversight of that view. Effectively, you are still the arbiter of that. It is just that you choose to have a very narrow perception of what is misinformation.

John Severinson: I mentioned previously the ideas of "amplify the good" and "mitigate the bad". In this case, it is about the "amplify the good" point. We have something called a news page index, which pages that belong to publishers that publish journalism can apply to. We have a set of objective criteria. For example, is this page or the domain that it is connected to primarily publishing news? Does it have by-lines? Does it have timestamps? Is there any information about the ownership structure? People at Meta will assess that against these guidelines. Those are the only pages whose content is eligible to appear in Facebook News. Those are the pages that can access our monetisation features.



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So when there is a page like the Solihull Live example—I believe the Chair mentioned that in the last panel—it is not eligible to show up in Facebook News, because there is a strict criteria for that. It is not eligible to use our monetisation products. However, we welcome a stricter definition by the Government. One of our comments to the draft Online Safety Bill is that we would welcome Ofcom having a stricter definition of what constitutes a recognised news outlet. To start with, we follow the local laws and rules in the country where we operate but, in the absence of a clear definition of what is a news outlet, we will have to try to create a set of guidelines on our own, and that is the news page index.

Q209 Chair: Why do you have to wait for legislative action in order to fairly remunerate news organisations in this country for content carried on Facebook?

John Severinson: News on Facebook arrives on Facebook from two sources. It is either posted by publishers—more than 90% of the news that people see is posted by publishers themselves—or it is posted by users, oftentimes encouraged by publishers having share links on their websites.

News can take a couple of different forms, and it is helpful, to give you a good answer, to go through them. First, publishers can post video. If they do and they want to monetise that, they can activate ads on these videos. If so, we will sell ads against these videos before or after or during, and the majority of that revenue will go the publisher. If they want to put a full article on Facebook, there will be ad units in that and the publisher can choose to monetise them themselves. If so, they keep 100% of the revenue, but if they ask us to sell them, they will get the majority of revenue.

The thing that remains is links away from our platform. Facebook is a free tool that publishers can use to extend their audiences, but we do not believe that we should be paying publishers to do free marketing on our platform. Therefore, the question about remuneration is a complex one and we have to dig into the details to understand it.

Q210 Chair: You are taking journalistic input, which costs money, and effectively you are making the majority of the money from that journalistic input.

John Severinson: That is a very common misconception, Chair, because Meta does not profit from news content. In fact, when you open your Facebook app there are oftentimes thousands of items that you could see. News is highly substitutable. News links are highly substitutable. The vast majority of what people see is video. Our tools, as I mentioned, are free for publishers to use to extend their audiences. I know—I was one of these publishers before I joined Meta. We had the strategy that we could double or triple our audience by using tools like Facebook.

In 2020 alone we sent more than 180 billion clicks to publishers and we assessed the value to be more than \$9 billion, so it is certainly something that publishers are aware of—the return on investment. They have teams



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of people, who they call social media editors, who work only with posting content on Facebook, with links leading people back that they then monetise and with selling subscriptions and selling the ads, whichever they prefer.

Q211 **Julie Elliott:** The BBC has expressed concern about the influence of tech platforms on media plurality. Could you outline to us what effect you think that this is this having on local news?

Rhodri Talfan Davies: There are two fundamental issues. I am not a Luddite. Technical innovation is to be encouraged and these are incredible businesses that have grown up. There are two challenges with local news. One is the question of the public space. To what extent does the local community, the local area, live and breathe on those platforms? If your traditional public spaces, whether that is the local newspaper or the old commercial radio stations, are largely drying up, what is that replaced with in terms of a place, a gathering point, for local communities? The question of prominence and how quickly you can discover trusted content about your local area within the social media experience is the first challenge.

The second challenge, which we have already touched on with the Chair, is about the fairness of the revenue streams. We have well documented how much both the personal ad revenue, the printed ad revenue, dried up and were replaced by, or moved to, some of the larger social media platforms. At the moment, it is the platform not the publisher that seems to be the primary financial beneficiary of the deal. I think that is what requires a level of levelling up, in terms of the fairness of that value exchange between the platform and the publisher.

Q212 **Julie Elliott:** What do you think the Government could do to address that problem?

Rhodri Talfan Davies: I would probably steer clear of policymaking, but I think we have already seen attempts—in Australia and other territories, and in Canada—to strike a better balance.

Q213 **Julie Elliott:** In the earlier session, we heard that the consensus seems to be that those attempts are not working. Do you agree?

Rhodri Talfan Davies: Australia was just the first go. I am not a student of the exact structures, and I think the point we heard from the earlier panel was that the issue of transparency and fairness to publishers of all sizes was a material one. I think the role of regulation is critical if we are going to strike a balance for publishers, who are investing on the ground in journalists to get under the skin of their local communities. If we are going to maintain a mix and plurality of those types of operations locally, we have to find a better value exchange. Of course, the first goes are always the trial runs, but it is not beyond the wit of UK policymakers to find a balance that works for both the platforms and the publishers.

Julie Elliott: Thank you.

Q214 **Damian Green:** Can I pick up directly on that point with Tom Morrison-



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Bell and John Severinson? We have talked a lot about the digital market Bill coming down the track and the fact that other countries are slightly further ahead. What lessons do you think Britain should draw from the Australian experience?

Tom Morrison-Bell: If I can just take a step back to the idea of value exchange, which is central to this, the CMA and Ofcom recently provided a paper to the Government with advice about how a news code might work. It is extremely thorough. It states first, as we have heard, that nobody has been designated under the code in Australia yet; the code has not come into force and nobody knows how that law works.

Secondly, the paper is very explicit, unlike in other countries, in that publishers generate value from platforms. That is a topic that is often missing from the debate. I have a couple of figures from Google to put this into perspective, and I have mentioned some of them already. In the UK, news queries on Google search account for less than 2% of all queries. Of all the searches done in the UK, fewer than 2%—about 1.6%—are news. News, as we have heard in the previous panel and this panel, traditionally is not very monetisable. A lot of the structural decline did not come straight to the platforms: those classifieds went off and became Zoopla, Rightmove, Auto Trader—which was sold by *The Guardian* for £1 million. It is not true that that money just went from publishers to the platforms. That is not an accurate representation of how the market changed.

In 2020—this is the latest figure I have—the revenue we made from ads next to news-related queries was less than \$20 million. That puts into perspective on Google search—

Q215 **Damian Green:** In the UK?

Tom Morrison-Bell: In the UK, yes. For some new figures that we published this morning ahead of today's session, we took a list of all the publications covered by IMPRESS and IPSO, an authoritative list of local publications, and looked at how much traffic we sent them globally. Globally, in 2021, it was 2.4 billion clicks. Research by Deloitte estimates that each bit of traffic going over from platforms to publishers is worth between 3p and 5p. If we take the 2.4 billion visits from Google search to local publishers and use that methodology—it is not perfect but it is what we have—that is £84 million in value; that is free traffic going over, unpaid for, unlike in previous years, where a newsstand was paid for.

On one side of the ledger, we have fewer than 2% of queries, and less than \$20 million in revenue on those ads; on the other side of the ledger, we are passing on free traffic worth roughly £84 million to local publishers. That is not to say that the system is perfect, that we should be scrutinised and that there isn't more to do here, but I do think it is important that that information is injected into the debate as a kind of benchmark of some of the value here.

Q216 **Damian Green:** What lessons do you think we should learn from Australia?



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Tom Morrison-Bell: The key point that the CMA focused on is that the code has not been enforced. We worked constructively with the Government to try to find a way forward. The Australian Government recognised that the deals—the Google News Showcase licensing deal that we struck—were an appropriate way forward in Australia.

In the UK, we have not waited for legislation. We signed those licensing deals with over 20 publishers covering over 250 publications. We are currently in discussion about the best way to get to the independents and locals and some of the smallest organisations so they can also benefit. We are not waiting for legislation in the UK to undertake actions that were deemed to be good in Australia.

Q217 **Damian Green:** In Meta's case, in Australia, you were very aggressive and started to stop sharing sites and so on, so you would presumably like to see a different system introduced here.

John Severinson: Thank you for the question. I believe the Cairncross review said Governments should encourage the development of new business models. I think one of the learnings from the Australian arrangement is that it does not solve or attempt to solve the underlying issue, in that the business models of journalism online are broken and need to transition to a new reality. We can see that in the case of the agreements we have closed with publishers in Australia—following all the events over there—some of the publishers have used the money instead to pay down debt or distributed it among shareholders. That does not incentivise collaboration, which we think smart regulations should do. They should incentivise collaboration and innovation between publishers and tech platforms.

For example—I mentioned this previously and I won't go on a long rant on this—we believe that Facebook News could add a net value to users because it can encourage a different kind of news consumption, a proactive one that leads even more traffic to news publishers. If I can share a statistic on that, we have seen in the US, where this product has been around for a little bit longer, that more than 90% of the clicks that publishers get from Facebook News—Facebook News is all links, I should say—are incremental to what they are getting in feeds, so it seems that this product is working and regulation should encourage innovation like that.

Q218 **Damian Green:** As Tom said, isn't one of the long-term problems that you sign deals with some publishers, so you inevitably end up, in some form or other, however the cake is cut, signing deals with the big boys but not the small, independent publishers that we were hearing about in our first session? Do you see that as a problem?

John Severinson: If you look at the UK, I think our track record is quite the opposite. We have signed a lot of agreements with both local newsgroups and independent local news outlets. We have several hundred domains of local news that are eligible to show up in Facebook News. If you take a step back and look back at these agreements, these



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publishers are not there to do any favours for us. These are mutually beneficial agreements. We have managed to come to terms on a commercial basis. We think smart regulation should encourage this kind of freedom of contract to encourage transformation rather than reinforce a status quo.

Q219 **Damian Green:** We are having this conversation as though you are the equivalent of one of these small local publishers. Let's be honest: you are millions of times bigger than they are, so the regulation will control what either of your companies does. I am the one on this Committee who is in favour of profit, so I will not criticise you for being big, profitable corporations, but that is what you are, compared with some small, struggling, local independent. So the regulation is, in the end, going to be on you, isn't it, not on them?

John Severinson: I believe that to be correct, but I think it is important to also look at the independence aspect of this. If news is to have a sustainable future, the business models should be independent, and that is probably also including independence from big platforms. As my colleague has said, there is so much more that we can do, and we think that this transformation needs more innovation, not more incentives to just remain at the status quo. One of our concerns about the Australian code is that it has been over-indexing on deals with big players. It is clearly set up in a way where we are not incentivised to find a breadth, because it is not about providing a new product for users who are incentivised to do something different.

Q220 **Damian Green:** Is that your perspective as well, Tom?

Tom Morrison-Bell: Not entirely. Coming back to the lessons and to what we can learn, I think the CMA does a good job of looking at it. It states that this should be to a large degree about understanding what fair, reasonable and non-discriminatory terms should be in the negotiation, not just picking an amount of money and passing it over to an incumbent. As John Severinson mentioned, the Cairncross review did some good work. It pointed to innovation in business models and to technology being part of a sustainable future. It also pointed out, as John said, that it is about getting organisations to stand on their own two feet. That is the way that you have public interest news remain sustainable.

So, yes, to an extent, but we also continue to work with publishers across the spectrum both in terms of support through the Google News initiative but also licensing content.

Q221 **Simon Jupp:** Rhodri, if I may I will focus on you for my section, which is about local democracy reporting; it is a hobby-horse of mine. There are 165 reporters dotted across the country. I think I heard you describing it earlier as a successful scheme. Can you see it growing? Can you see more of the licence fee going into more reporters to cover more stories and more local authorities, across the country?

Rhodri Talfan Davies: I have two immediate thoughts about that. The first is, in what territories? It is interesting that when we were kicking this



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around with NMA members a couple of years ago, a number of areas were suggested. Probably the primary one was court reporting, and I think there are two issues with that proposal. One is whether it is a public good to see significantly more crime reporting. I remember being beaten over the head as a programme editor back in the 1990s for too much crime reporting. The second issue is that there are still some viable commercial models in court reporting, through wire agencies and some of the larger publishers. It is difficult, I think, to identify a clearcut area, in the same way that local authorities provided one, where the deficit was very clear.

The second question is just the finite nature of the licence fee. We have managed a 30% reduction in the real value of the licence fee over the last 10 years. We are eating up another £280 million, £300 million, of savings through the freeze in the licence fee over these two years. I am not whingeing about that; I am just making the point that there is only so far you can stretch it. In my role, I want the LDRS scheme to be a success, but my primary responsibility is to make sure that we are doing our responsibility as a journalistic and news organisation across lots of local communities, so there are lots of checks and balances on where new money might go. Right now it is trying to manage within a very tight financial situation that is probably front of mind.

Q222 Simon Jupp: Could you clear something up for me? Is the salary banding for an LDRS journalist the same across the country? I normally see adverts—I am boring enough to look them up—at around £24,000 a year. Is that something set by the BBC as part of the scheme or is it something set by the provider that has been awarded the contract?

Tom Morrison-Bell: We created the scheme in partnership with the sector. What we agreed at that point was that the minimum salary would be £24,000, but we would expect the salary for each individual role to be benchmarked against a senior reporter on the same publication, so very often, the salary is a little higher than £24,000. But £24,000 is the minimum.

Q223 Simon Jupp: Most jobs in the scheme, I think, are advertised at £24,000 because the people who will do them, who do not always last very long in the role because it is quite niche in some respects, are not earning a great deal of money.

The point I was going to make is that it is a fantastic use of the licence fee to improve local democracy reporting but, as the BBC, are you using it in the best possible way? I say this because you have local democracy reporters up and down the country going along to council meetings and filing copy that is then repeated by a political reporter on a local BBC radio station, posted on BBC websites or mentioned on the local television programme in the evening. But, depending on who that local democracy reporter is and what their interests are, could they not deliver that two-way—deliver that package—and work truly multi-platform in the future?



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Rhodri Talfan Davies: That is an interesting question. Let me take it away to think about the subtleties of it. There are a number of complications in it, but the first is that the reporters are employees of the newspaper or the publisher. Therefore the question of editorial independence and of BBC journalists presenting the news on BBC platforms is one we would need to think about. Let me take the thought away and think about it.

Simon Jupp: I think it is a missed opportunity in some respects because it would give those journalists more experience.

Rhodri Talfan Davies: It is. My worry with it, just to be frank, is that they are very productive and are producing a wide range of stories for a wide range of publications. If the BBC starts to load up our requirements on those reporters and starts to try to control or dictate how they use their time from day to day, that might be to the detriment of other news organisations.

Q224 **Simon Jupp:** I understand that, but you are not going to get a two-way on a pop music radio station, are you, but you might go to—

Rhodri Talfan Davies: More is the pity.

Simon Jupp: Quite, but you are more likely to have that on a BBC local radio station.

Do you think there is a fear that the scheme could be used to replace journalists in BBC newsrooms?

Rhodri Talfan Davies: That is a concern that is relayed to us quite frequently. In the way that we have constituted the scheme, if a reporter working for a commercial partner is being appointed into the role of an LDRS reporter, we require proof from that publisher that the role that they are vacating is also being filled. We have taken the steps we think are sensible to guard against that. We are also very clear—and we monitor it—that the scope of LDRS reporters' work is purely on the reporting of local authorities. We sample the copy and the stories that we receive each day. I think we have taken prudent steps to guard against that, and clearly it is one of those things that you would hope are not happening, but there is only so far we can go as the funder of the scheme to safeguard how different publishers are managing their own workforces.

Simon Jupp: Thank you.

Chair: Thank you. That concludes our session for today. Thank you Rhodri Talfan Davies, Tom Morrison-Bell and John Severinson for your evidence.