

## Public Interest News Foundation—written evidence (FON0032)

### House of Lords Communications and Digital Select Committee inquiry: The future of news: impartiality, trust, and technology

#### Introduction

The Public Interest News Foundation (PINF) is a charity that exists to promote public interest news.<sup>1</sup> We work closely with independent news providers – those without commercial or political affiliations and with turnover below £2m – to ensure that they are able to serve their communities with ethical, accurate and impartial news on matters of public interest. We are grateful to the Committee for launching this inquiry into a topic that is so close to our hearts.

In our view, media policy should be less concerned with the *outputs* and business models of the media, and more with a series of desired *outcomes*, as follows:

- **Diversity.** To ensure that all information, ideas, identities and experiences which are relevant to public debate are represented accurately and fairly across the media landscape.
- **Information.** To ensure that everyone in the UK – including adults, children, citizens and non-citizens – is well informed about issues that affect them.
- **Empowerment.** To ensure that everyone in the UK – including adults, children, citizens and non-citizens – is empowered to take part in community activities, public debate and democratic processes.
- **Democracy.** To ensure that public office holders – in central government, the devolved assemblies and local and regional government – are responsive to the concerns of people affected by their actions.
- **Communities.** To support thriving local communities, communities of practice and communities of identity.

At PINF, we support independent news providers to advance these outcomes for the benefit of the public. In our answers below, we draw on our experience of working with this sector through our capacity-building, research and advocacy programmes. We focus our answers on those issues where we have relevant expertise.

We make a number of recommendations, as follows:

- The UK Government should ensure that the Digital Markets, Competition and Consumers (DMCC) bill, as enforced by the new **Digital Markets Unit (DMU)** enables small and independent providers of public interest

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<sup>1</sup> For more information about PINF, see <https://www.publicinterestnews.org.uk/>.

news to trade with big tech companies on fair, reasonable and non-discriminatory terms.

- The work of the DMU should be overseen by a relevant **parliamentary committee**, with the authority to require comprehensive data, on a privileged basis if necessary.
- Ofcom's responsibilities for **media plurality** should be enhanced so that it plays a more proactive role, making recommendations and interventions where appropriate.
- The UK Government should provide dedicated funding to support public interest news providers in adapting to the **AI revolution**, both by building their capacity to utilise AI technologies appropriately and by enabling them to advocate effectively for their rights in relation to AI firms, whether under the DMCC regime or otherwise.
- The BBC should develop and expand the **Local Democracy Reporting Service (LDRS)** to support local providers of public interest news to become more sustainable.
- The UK Government and the devolved governments of Northern Ireland, Scotland and Wales should contribute to '**local news funds**', to be independently managed by local people. Initial funding might come from the dormant assets scheme, and local news should be added to the list of good causes to be supported through this scheme, but government funding should be complemented by support from other donors, and the government should not have any direct involvement in the allocation of funds.
- The UK Government and the Scottish Government should take steps in partnership with the Charity Commission and OSCR to enable nonprofit public interest news providers to register as charities, and should create an alternative legal status, with **similar tax benefits to charitable status**, for other nonprofit public interest news providers.
- The UK Government and the devolved governments of Northern Ireland, Scotland and Wales should legislate to **give community groups the scope to take over local news publications** that are otherwise at risk of closure or are failing to provide an adequate level of local public interest news.
- The UK Government and the devolved governments of Northern Ireland, Scotland and Wales should assess the impact of **central government advertising** on the media landscape and should invest at least 25% of their advertising and marketing budgets with public interest news providers.
- The UK Government and the devolved governments of Northern Ireland, Scotland and Wales should work with local government across all four nations to ensure that **statutory notices** are placed with local public interest news providers in both print and digital following a fair and

transparent tender process which considers not only the reach of each publication but also their level of community engagement and trust.

- The UK Government should implement **incentives** for news publishers to join or set up a recognised regulator to protect the public from harm and protect publishers from vexatious lawsuits.

Several of these recommendations echo others made by the Cairncross Review (2019), this Committee's previous inquiry into the future of journalism (2020), the Scottish Government's Public Interest Journalism Working Group (2021); the House of Commons DCMS Select Committee's inquiry into the sustainability of local journalism (2023), and the Wales Public Interest Journalism Working Group (2023).<sup>2</sup>

We are extremely concerned that, despite five serious inquiries in the last five years, the UK Government has failed to address the challenges and opportunities affecting public interest news, leaving us increasingly far behind comparable countries such as Australia, Canada, Denmark, the Netherlands, New Zealand and the United States, where policymakers and philanthropists are taking significant steps to sustain public interest news for the future. We would be happy to go into more detail about these issues in writing or in person.

### **Trends over the next 12 months and 5 years**

1. *What impacts (positive and negative) do large technology platforms and online news aggregators have on the UK's news environment, including media plurality? And how might this change?*

Search engines, smartphones, social media platforms, video-sharing platforms, messaging apps, news aggregators and AI platforms have had a revolutionary impact on the UK's news environment. In some ways, these technologies have democratised access to information and expanded the public sphere. At the same time, they have increased the spread of disinformation and driven a wedge between different groups. They have disrupted the business models of journalism and driven consolidation (in some parts of the industry) and diversification (in others).

The digital revolution has enabled the emergence of a new sector of independent news providers across the UK. These providers tend to have low turnover (mean average £89,000) but large online audiences (more than 800,000 per site).<sup>3</sup> These providers are able to operate thanks to search engines and social media platforms, which help to connect audiences with relevant outlets. At the same time, this relationship has created an unhealthy dependency between these small outlets and the very large technology platforms on which they rely. The

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<sup>2</sup> See <https://www.gov.uk/government/publications/the-cairncross-review-a-sustainable-future-for-journalism>; <https://committees.parliament.uk/work/6536/sustainability-of-local-journalism/>; <https://committees.parliament.uk/work/28/the-future-of-journalism/>; <https://www.gov.scot/groups/public-interest-journalism-working-group/>; and <https://www.gov.wales/sites/default/files/publications/2023-08/of-and-for-wales-towards-a-sustainable-future-for-public-interest-journalism.pdf>.

<sup>3</sup> See <https://www.publicinterestnews.org.uk/pinindex>.

outlets are forced to generate ever-more content in order to maintain their online visibility, but they struggle to convert this activity into sustainability, as the platforms withhold audience data and advertising revenue from them. In our view, the Digital Markets, Competition and Consumers (DMCC) bill has the potential to help small and independent providers of public interest news to negotiate a fair and reasonable exchange of data and revenue with big tech companies, thereby creating a win-win, where audiences will continue to benefit from the efficiencies of platforms, whilst also ensuring the sustainability of high-quality news media.

**We recommend that the UK Government should ensure that the Digital Markets, Competition and Consumers (DMCC) bill, as enforced by the new Digital Markets Unit (DMU) enables small and independent providers of public interest news to trade with big tech companies on fair, reasonable and non-discriminatory terms.**

*2. How is generative AI affecting news media business models and how might this evolve?*

We have researched the impact of generative AI on the independent news publishing sector in the UK and have found that many independent news providers are exploring the benefits of this technology for their outlets.<sup>4</sup> Publishers are using generative AI for editorial tasks and research; generating catchier headlines and improving or shortening copy; generating social media blurbs and SEO keywords; transcribing audio; extracting data and web scraping. These activities have the potential to reduce the costs of newsgathering and thereby increase the sustainability of some news outlets.

However, some independent publishers have experienced barriers to adopting generative AI, including affordability and the lack of technical expertise. Some publishers also have ethical concerns about generative AI and have chosen to emphasise the 'human-centred' nature of their journalism, in contrast to outlets that are automating their output.

When asked what the UK government could do to help them overcome these challenges and make the uptake of AI technologies more feasible, independent publishers suggested the following ideas:

- A tech funding pot for ideas to be developed and implemented.
- Funding for newsrooms to purchase AI-powered data analysis/information-sorting tools.
- Funding to train newsrooms to use AI tools.
- Making government data easier to scrape by said tools.
- Providing funding to civic organisations, such as MySociety, to develop journalism-specific AI tools.

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<sup>4</sup> See <https://www.publicinterestnews.org.uk/ai-indie-publishers>.

We are also concerned that independent news providers should be fairly remunerated when their output is used to train large language models. The DMU may be able to enforce this under the forthcoming DMCC regime, but we may also need to take further steps to engage with AI firms on an international basis.

**We recommend that the UK Government should provide dedicated funding to support public interest news providers in adapting to the AI revolution, both by building their capacity to utilise AI technologies appropriately and by enabling them to advocate effectively for their rights in relation to AI firms, whether under the DMCC regime or otherwise.**

3. *How are perceptions of due impartiality evolving and what challenges do news organisations face around impartial reporting?*

n/a

4. *What factors affect trust in news and how might this evolve?*

In December 2021, we surveyed attitudes towards the news media among the UK public.<sup>5</sup> We found that the public were likely to trust local more than national news providers, and that they were much more likely to trust genuinely local news than so-called 'local' news that is actually produced outside the local area.

Only 31% of 2,000 respondents said that they would trust local news that came from a news organisation based outside their area, whilst 55% said that they would not – a negative trust rating of -24%. By contrast, almost twice as many people (58%) said that they would trust local news from an organisation that was based in the area, versus 31% who said that they would not – a positive trust rating of +27%.

This suggests that proximity and relatability are very important factors affecting trust in news. This suggests that news providers who wish to build public trust should take serious steps to make themselves more visible and accessible to the communities they serve.

These findings were confirmed by a project that we ran in 2022, the Impact Fund, through which we supported news providers in London and Birmingham to boost their democratic journalism and monitored the impact of this on trust and democratic engagement among the local population.<sup>6</sup> News providers were selected to deliver projects in wards with relatively low levels of democratic engagement: Central Bylines and Switch Radio in Birmingham, and Enfield Dispatch, Newham Voices and Southwark News in Greater London.

Following a range of activities designed to increase residents' knowledge and understand of and engagement with local issues and elections, we found positive

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<sup>5</sup> See <https://www.publicinterestnews.org.uk/post/public-more-likely-to-trust-local-news-if-it-s-produced-locally>.

<sup>6</sup> See <https://www.publicinterestnews.org.uk/post/can-local-journalism-boost-local-democratic-engagement-the-full-report-from-the-pinf-impact-fund>.

changes in the five project wards that did not occur in the 'control' wards. These included:

- Facilitating residents' opportunities for engagement with local candidates and councillors;
- Increasing knowledge of local issues; and
- Increasing recognition of the news publications as credible and trustworthy sources of information about local elections and democratic processes.

The publishers also generally reported increased engagement with their content and valued the experience of delivering their projects, nothing improved connections with residents and local stakeholders.

These experiences suggest some lessons for enhancing journalism's role in boosting local democratic engagement:

- Considerable time is needed for developing relationships between local news publishers, residents and other stakeholders, particularly in areas with low existing levels of democratic engagement.
- Using multiple media forms for local news publishing, including print, online text, audio and/or video, appears important for increasing reach and establishing connections with residents to best facilitate democratic engagement.
- Local news publishers can play a valuable role in facilitating face-to-face engagement between residents and local political stakeholders, such as through hustings events (where a panel of candidates take questions from residents). Face-to-face interaction between publishers and residents increases connection with communities and appears likely to increase the perceived trustworthiness of local news.

Our attitudinal research and the Impact Fund both suggest that proximity and relatability have a significant positive impact on media trust and engagement, with a knock-on effect on democratic engagement.

In the coming year, PINF plans to encourage and celebrate independent news publishers' efforts to engage their local communities with a series of connected events across the UK. We would be pleased to share more details of this initiative with the Committee in due course.

Meanwhile, we believe that a range of stakeholders need to come together to support local providers of public interest news, so that local communities can benefit from high-quality journalism on an ongoing basis. The BBC may have a role to play here, by developing the Local Democracy Reporting Service (LDRS) which has created 165 new reporting posts around the UK but has not done enough to make this type of journalism sustainable. Philanthropists can also be encouraged to donate to local news as a public good. And central and local government agencies should be strongly encouraged to place statutory notices

and other forms of marketing in local news outlets, to help ensure their sustainability as a foundational pillar of the wider public interest news ecosystem.

**We recommend that the BBC should develop and expand the Local Democracy Reporting Service (LDRS) to support local providers of public interest news to become more sustainable.**

**The UK Government and the Scottish Government should take steps in partnership with the Charity Commission and OSCR to enable nonprofit public interest news providers to register as charities, and should create an alternative legal status, with similar tax benefits to charitable status, for other nonprofit public interest news providers.**

**The UK Government and the devolved governments of Northern Ireland, Scotland and Wales should assess the impact of central government advertising on the media landscape and should invest at least 25% of their advertising and marketing budgets with public interest news providers.**

**The UK Government and the devolved governments of Northern Ireland, Scotland and Wales should work with local government across all four nations to ensure that statutory notices are placed with local public interest news providers in both print and digital following a fair and transparent tender process which considers not only the reach of each publication but also their level of community engagement and trust.**

*a. To what extent is trust linked to perceptions of impartiality, or to other trends in online news?*

n/a

*b. What impact do concerns around disinformation have on trust in the information environment? (And to what extent does this differ between different sections of society?)*

We are currently conducting research with Demos into debates about low-traffic neighbourhoods (LTNs) in three English locations: Enfield, Oxford and Rochdale. In each location, we are studying the information environment, including both social media and news media. Stories in the national media have suggested that these communities – Oxford in particular – have been consumed by disinformation, and that anti-LTN campaigners may be motivated by conspiracy theories. We want to find out whether these concerns are justified, and what the role of local news media might be in exacerbating or mitigating these harms.

The research is ongoing, and we would be happy to share our findings and recommendations with the Committee in due course.

## **Evaluation**

*1. How well are news organisations responding to factors affecting their business models, and are any changes needed?*

We can draw on three pieces of PINF research to help answer this question: our Index of Independent News Publishing in the UK; our Local News Map; and our Local News Plans project.

Each year since 2021, we have published the PINF Index of Independent News Publishing in the UK.<sup>7</sup> The Index is based on a detailed survey of up to 100 independent news providers and creates the most comprehensive dataset about this sector. The 2023 Index generated the following insights:

- Independent publishers see themselves as having increased social impact. Asked 'to what extent does your organisation make a contribution to society?' on a scale of 0-100, the average publisher scored itself at 68pts.
- Social media follower numbers – and email newsletter subscriptions – are rising across the sector, and across nearly all platforms.
- Revenue is strongly correlated to website user numbers and social media followers, especially Twitter followers.
- Inflation is biting and publishers say, 'there is nothing left to cut'. Several report a risk of having to abandon print editions.
- In-person events are back after the pandemic – publishers plan to run local focus groups, community newsrooms, local training and workshops.

In addition to the Index, we also publish a Local News Map, which shows the location and claimed coverage area of every local news outlet in the UK.<sup>8</sup> The first edition of the Map, published in June 2023, revealed that:

- 4.1 million UK residents live in a local news desert, meaning that they live in a local authority area that has no dedicated local news outlet, whether print, online, radio or TV.
- Millions more live in 'news drylands' that are only weakly served with local news.
- While London makes up over 13% of the UK's population, it has only 4.5% of the local news outlets.
- There is a strong correlation between deprivation and local news coverage. The more deprived the area, the fewer the number of news outlets, controlling for population size.

In 2022-23, we ran the Local News Plans project, working with six very different communities across the UK to understand local people's experiences of and ambitions for local news.<sup>9</sup> We spoke to local news providers, businesses,

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<sup>7</sup> See <https://www.publicinterestnews.org.uk/pinindex>.

<sup>8</sup> See <https://www.publicinterestnews.org.uk/map>.



community groups, councillors and others, to understand how local news can become more relevant and sustainable to the people of Bangor, Bristol, Folkestone, Glasgow, Manchester and Newry.

We found that:

- People believe that local news should be truly local. They don't want 'cookie-cutter' local news, where the same stories are published in different places. They want news that truly reflects their area in all its character and complexity.
- Despite their passion and commitment, local news providers are struggling to meet this need. Commercial providers are chasing page views, whilst independent providers are burning themselves out with long hours and low pay.
- Local people are keen to support new funding models for local news. They recognise that old funding models have been disrupted, and they believe that, in many places, new funding can be found for truly local news.

Drawing together these three research projects, we can conclude that:

- Too many people in the UK are living in news deserts, without access to relevant and reliable local news. This makes them increasingly dependent on national media and social media, with potentially harmful consequences for democratic engagement and community cohesion.
- Whilst local people are hungry for high-quality local news, the market is failing to provide this, with some publishers pursuing a 'clickbait' strategy to attract maximum advertising revenue with minimum public benefit, and other publishers pursuing a more community-centred approach but struggling to make ends meet.
- Policymakers urgently need to address the challenges facing independent news publishers, to ensure that they are able to serve their communities with relevant and reliable news.

We support the Cairncross Review's recommendation of public funding for local news. In our view, public funds should be blended with other sources of funding – for example, from philanthropists and big tech platforms – and administered through Local News Funds, modelled on the network of community foundations that are already doing important work to support civil society across the UK. This would mitigate any risk of political influence over the allocation of resources, whilst ensuring that subsidies were directed towards local outlets that command public trust. Funding could be geared towards helping these outlets build long-term sustainable business models, with a healthy blend of revenue streams. Funding for this scheme could come from the dormant assets which are already being unlocked to support other good causes.

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<sup>9</sup> See <https://www.publicinterestnews.org.uk/local-news-plans>.

Where corporate publishers own legacy print titles that are either at risk of closure or are failing to provide an adequate level of local news coverage, we believe that local community groups should be given the option to take over these titles, which might therefore be treated as 'community assets' in line with other parts of local community infrastructure.

**We recommend that the UK Government and the devolved governments of Northern Ireland, Scotland and Wales should contribute to 'local news funds', to be independently managed by local people. Initial funding might come from the dormant assets scheme, and local news should be added to the list of good causes to be supported through this scheme, but government funding should be complemented by support from other donors, and the government should not have any direct involvement in the allocation of funds.**

**The UK Government and the devolved governments of Northern Ireland, Scotland and Wales should legislate to give community groups the scope to take over local news publications that are otherwise at risk of closure or are failing to provide an adequate level of local public interest news.**

2. *How adequately are UK news organisations providing impartial and trusted news? What actions are needed to address any shortcomings?*

n/a

a. *How should news organisations balance competing demands to provide content that aligns with particular values on the one hand, and provides trusted and impartial news on the other?*

n/a

3. *How adequately are news media organisations ensuring that efforts to provide trusted information and tackle disinformation do not alienate some sections of society in the process?*

n/a

4. *How well is regulatory oversight working?*

There are several regulators with responsibility for issues relevant to this inquiry, including Ofcom, IMPRESS and the Competition and Markets Authority (CMA). In addition, sections of the press subscribe to IPSO, which has rightly been described by the Press Recognition Panel (PRP) as a complaints body and not a regulator.

There is no reason in principle why there should not be multiple regulators for different aspects of the media. However, in practice, the regulatory landscape is incoherent and incomplete, with little incentive for publishers to participate. We support the recommendations of the PRP that '[t]he Government should implement incentives for news publishers to join or set up a recognised regulator to protect the public effectively' and '[n]ews publishers should move under a recognised self-regulatory scheme either by joining IMPRESS or choosing to set

up a self-regulatory body which could apply for recognition.<sup>10</sup> This would ensure that the public are protected against unethical journalism, and that ethical publishers are protected from vexatious complaints and legal claims.

**We recommend that the UK Government should implement incentives for news publishers to join or set up a recognised regulator to protect the public from harm and protect publishers from vexatious litigation.**

*a. Are any changes needed in the way Ofcom oversees due impartiality and the extent of its remit?*

n/a

*b. Are any changes needed in the way Ofcom oversees media plurality?*

Ofcom currently plays an extremely limited and reactive role in relation to media plurality. We believe that this role should be examined, with a view to establishing a regime in which Ofcom and the CMA work together to monitor media plurality on an ongoing basis, making interventions and recommendations where appropriate to ensure that the UK benefits from a truly plural and diverse media landscape. This role should be grounded in rigorous research to establish whether (a) UK citizens are exposed to a sufficient diversity of information, ideas and experiences, and (b) there is a sufficient plurality of ownership and business models in the UK media.

**We recommend that Ofcom's responsibilities for media plurality should be enhanced so that it plays a more proactive role, making recommendations and interventions where appropriate.**

*5. Are there any actions the Government should take to address concerns around due impartiality, trust, and the influence of technology platforms?*

The Government should fulfil its commitment to ensure a level playing field on which news providers can negotiate with technology platforms to ensure a fair share of relevant data and revenue. The Digital Markets, Competition and Consumers Bill creates a major opportunity to level the playing field, but Parliament should keep a watchful eye on the work of the Digital Markets Unit (DMU) to ensure that this purpose is fulfilled. We strongly support proposals to give a Parliamentary committee oversight of the DMU, to ensure democratic accountability whilst mitigating any risk of political influence over this independent regulator.

**We recommend that the work of the DMU should be overseen by a relevant parliamentary committee, with the authority to require comprehensive data, on a privileged basis if necessary.**

*a. Are changes needed to the Media Bill?*

n/a

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<sup>10</sup> See <https://pressrecognitionpanel.org.uk/report-on-the-recognition-system-february-2023/>.

*b. Are changes needed to the way the Government addresses mis- and dis-information?*

n/a

*February 2024*