

Henry Faure Walker, Chief Executive Officer, Newsquest Media Group—supplementary written evidence (FON0064)

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

I am responding to your suggestion that Newsquest might like to submit supplementary evidence to a number of points that were raised in the 27 February oral evidence session for the House of Lords Communications & Digital Committee's inquiry into the Future of News, but that we did not have sufficient time to go into.

1. Brief overview of Newsquest

Newsquest is the largest news publisher in the UK that is just focused on local. We publish c. 200 titles and employ about 2,000 people of which 800 are editorial staff. Our local journalists publish a lot of local stories in their communities up and down the country – in January we published 48,230 local stories which works out at 1,555 per day). Despite our scale, we are a regionalised business with a very small head office and virtually all of our staff live and work in one of the local communities in which we publish.

2. Newsquest's healthy business

Excluding acquisitions, so on a like for like basis, Newsquest's total revenues have been flat over the last two years (2022 and 2023). We think this is a very important data point that helps support our view that local news publishing does not have to be in decline – indeed our view is that, although the industry employs many fewer people than it used to in the print dominated era, and there are still risks and challenges, the local news sector is very much alive and kicking.

Getting to this more stable position has involved a lot of innovation, particularly in digital. We have worked hard and smart to get to the point where more than 50% of Newsquest's ad revenues are digital and we have a fast growing and strong digital subs base. We have more to do but we feel confident about the future, particularly for those titles in larger markets (we do think that titles serving populations of less than 50,000 - and there are still quite a lot of small print newspapers in this bracket - are likely to struggle to transition to a digital only future).

There will continue to be revenue pressures that we must navigate and develop further our new revenue streams - and Government will need to lean in more over the next 5 years to support (but not subsidise) – but the local news industry absolutely has a sustainable future.

3. Local news brands are read by huge and engaged audiences

Our local journalism is read by more people than ever before. Newsquest's local news websites were read by 54.5 million users in January (source Adobe Analytics). This was a 9% increase on January 2023. In 2023, Newsquest's website traffic was 12.5% up on 2022. In addition, we still sell over one million print newspapers every week.

Whilst the overall size of the online audience is impressive, our core focus is reaching and building reader loyalty with the people who live within our title's local footprint. In this regard, the data shows that local news websites are extremely well read by in-market local people – I share a number of examples below:

- In York (which has an adult population of 148,000), Newsquest publishes the *York Press*. 78% (117,000 people) adults in York visit the *York Press* website at least once a month (source: Jicreg/Telmar), and the *York Press* website has over 30,000 extremely committed, loyal users (we define a loyal user as one that visits the site a minimum of 15 times a month).
- In Worcester, (which has an adult population of 106,000), Newsquest publishes the *Worcester News*. 73% (78,100 people) of Worcester adults visit the *Worcester News* website at least once a month (source: Jicreg/Telmar), and the *Worcester News* has 25,000 loyal users.
- In Wrexham (which has an adult population of 39,800, Newsquest publishes *The Leader*. 76% (30,143 people) of the people of Wrexham visit the *Wrexham Leader* website at least once a month (source: Jicreg/Telmar), and the *Wrexham Leader* has over 15,000 loyal users.

I could go on, but hopefully this gives you some more evidence to support the fact that in terms of audience and engagement, many local news brands are thriving. We agree that there is more we could do to further improve the journalism we do and in particular how we present that journalism online alongside advertising, but the data clearly shows that local people are consuming Newsquest's local news more than ever before.

4. The importance of scale to a sustainable local news industry

Scale and large publishers are a very important part of the solution for a healthy local news ecosystem. In recent years, Newsquest has made a number of acquisitions which in many cases has involved us taking on another comparatively small local news business that was in a precarious financial position and was at risk of closing with the subsequent loss of journalism for that local community. Through our ownership - through the scale we have in production, technology systems, digital platforms, purchasing, digital skills training, and other back office functions - we have been able to give those local news titles and their local journalism stability and a much more promising future than the cliff edge these smaller publishers were facing. Our scale also enables us to be able to fund legal resources (and if necessary, litigation) to resist those that would seek to suppress the public's knowledge of their bad deeds.

We would all like to see more local news launches and we certainly support that, but it is important to be realistic about the scalability of micro news start-ups. In our view, it is extremely unlikely that these models are able to achieve the scale of sustainable local news provision that our local communities need. For example, in the last seven days (21 February to 28 February), the Manchester Mill published a total of 4 by-lined stories. They may be good stories, but an output of 4 articles a week is not going to have any meaningful impact on filling gaps in local news provision.

Whilst the David and Goliath narrative is a seductive one, supporting local journalism is hugely helped via a business model that has economies of scale. I raise this in no way to discredit the work of local news start-ups, but solely to ensure that there is as clear understanding of the facts.

I would also add that scale does not mean any uniformity in editorial. Newsquest editors have complete editorial independence and are free to edit as they see fit, and to do so in the interests of the individual communities they represent.

5. Public Notices advertising

We didn't have time in the oral evidence session to get into detail regarding the Public Notices point raised by the editor of the Manchester Mill suggesting that the law be changed such that some of the micro digital start ups be a better place of this advertising as opposed to "large local publishers".

Newsquest has been closely involved in the successful launch of the online Public Notice Portal (www.publicnoticeportal.uk) by local news publishers, some of which are small independent publishers, in partnership with Google, so has some knowledge of this area, and I would make the following points:

- Although, the day may come a day when Public Notices advertising no longer needs to appear in print newspapers, we are some years off that being a sensible advertising solution for local democracy.
- As your Committee's report on Digital Exclusion noted in June of last year: "in the UK today, around 10.2 million adults (20%) are unable to complete all eight of the Foundation tasks needed to set someone up for using the online world. Approximately 5 million (10%) cannot use an app, and around 4.5 million (8%) cannot turn on a device and enter login information by themselves. Around 2.4 million (4%) are not able to do any of these core tasks."
- It tends to be older, isolated and more vulnerable members of society who are digitally excluded – the very people who have the greatest need to know the important information contained in public notices which affect their lives.
- Local print newspapers are how these less digitally inclined citizens get essential local information (and Newsquest's print readership is still very large, particularly with this demographic).

- The idea that the Manchester Mill which reaches a tiny, niche online audience (50k visits a month; source Similarweb) or other micro news sites would be a better placed to make the public aware of important local planning proposals (planning, licensing etc) compared to the Manchester Evening News (28.6 million visits per month; source Similarweb) which is read by most of the people in Manchester (online and in print) seems beyond question to be bad for local democracy and a very poor use of local government money.

6. What can Government do?

We think there is a very straightforward solution if Government is genuinely serious about supporting local journalism, and it is a solution that won't cost a penny. And that lies in the Government diverting a substantial proportion of its and public sector advertising budgets to local news brands, and taking advantage of the huge online audiences that local news brands now reach. In 2022, the Government spent only 2.2% of its total ad spend on local news brands, despite the fact that local news brands reach 77% of the UK adult population. Shifting spend to local news brands is a win/win – Government gets a fantastic, cost effective, impactful and trusted communications platform – and it will support and help sustain local journalism.

I hope the above is helpful.

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