

Jeremy Spooner, Chief Executive Officer, Baylis Media Ltd—written evidence (FOJ0004)

House of Lords Select Committee on Communications and Digital: Response to the Call for Evidence to the inquiry into the Future of Journalism

Introduction

1. While the scope of our submission will address most of the questions posed by the committee's Call for Evidence, it will focus on the issue of sustainable business models for news providers and in particular how public policy could support the creation of a charitable structure for local public interest journalism.
2. Baylis Media Ltd is responding from the perspective of a small local newspaper publisher. We have a 150-year history of serving our local community as a trusted news provider, for most of that time solely publishing the Maidenhead Advertiser but acquiring the Slough and Windsor Express titles in 2008.
3. Baylis Media Ltd is unique in the industry in that it is owned by a charitable trust which, since it was established in 1962 to preserve the independence of the Maidenhead Advertiser, has overseen the distribution of the company's profits back to the community for charitable purposes.
4. Both Baylis Media's titles' 150-year-long service to our local community and Baylis Media's ownership structure demonstrate that this submission is not motivated by profit or personal advantage, but rather our commitment to our local community and other communities served by the independent local press across the whole country.

The wider context

5. Despite its unique character, Baylis Media has experienced the same problems as the rest of the struggling local newspaper industry in the years since the advent of digital publishing; falling print circulations and year-on-year declines in advertising revenue.
6. Our own online platforms have failed to replace the lost print revenue. As highlighted in *The Cairncross Review*, a disproportionate share of online advertising is captured by the large digital platforms such as Google and Facebook.
7. This revenue is fundamentally necessary for local journalism to serve and benefit the local community. It is required to pay for research, investigation, reporting and editorial activities, without which the community would not receive the information it needs. There are many academic and other authorities which demonstrate this information is vital to local communities and they suffer and fail to participate in the democratic process as a result of the absence of local newspaper journalism.¹

¹ See for example, *Monopolising local news Is there an emerging local democratic deficit in the UK due to the decline of local newspapers?* May 2016 Gordon Ramsay and Martin Moore Centre for the Study of Media, Communication and Power (<https://www.kcl.ac.uk/policy-institute/assets/cmcp/local-news.pdf>): This Kings College London study found that members of local communities throughout the UK do not receive (or have difficulties obtaining) access to sufficient information from local newspapers (and similar sources) to participate effectively in the local democratic process. In 2016, over two-thirds of local authority districts ("LAD"s) in the UK (271 of 406) were not served by a dedicated local daily

8. The digital giants' models do not support investigation and research by local reporters; they simply aggregate user-generated content and increasingly control the distribution of publishers' content online. Unlike newspapers, they are simply "platform" providers (for content for which they are not legally responsible). As a rule, they do not fact check. Social media content is, by design, subjective and susceptible to rumour, gossip and "fake news". The digital giants' value as social media providers is not in doubt; but social media is no substitute for independent local journalism.
9. Even before the emergence of digital publishing, the local newspaper industry was characterised by market consolidation with smaller independent local publishers being bought out by the large regional publishing groups leading to rationalisation, asset-stripping and the loss of local reporters in the search for economies of scale. That process has only accelerated since the advent of the dominant digital platforms. In recent years the difficult trading conditions have led to the takeover of several established independent publishers – The Isle of Wight County Press, Newark Advertiser, Kent Messenger, CN Group and Newbury Weekly News – by larger publishing groups.
10. As a result of this trend, communities are being starved of the high quality local news they need, creating a democratic deficit by undermining public accountability and community engagement.²
11. The Cairncross Review recommended that Government explore tax and similar reliefs to support struggling local news providers and public interest journalism.
12. A new business model is required for local quality journalism which would allow news providers to operate solely for the benefit of the local community, exempt from corporation tax and local rates. In our view, the obvious and best model to achieve this would be for certain **defined and restricted** forms of journalism, including those which demonstrably serve their local communities by providing high-quality, objective and fact-checked local news, to be recognised as charities.
13. We are advised by charity law specialists Stone King LLP that this is achievable under existing charity law and would not require a change in the law.

newspaper that either reaches a significant number of households or circulates a significant number of copies in the area. These LADs contain over 56 per cent of the UK's population. Over half of Parliamentary constituencies - 330 out of 650 - were not covered by a dedicated daily local newspaper. Of those that are not covered, 206 were only reported on five times or fewer during the official 2015 general election campaign across all major UK national news outlets, meaning that these constituents are likely to have received limited independent news and information about their local candidates immediately prior to the last election. Given the condition of the local newspaper industry, it is likely that local news coverage (and the quantity and quality of information available to local citizens as a result) has further deteriorated since then.

² Dr Rachel Howells; Cardiff School of Journalism, Media and Cultural Studies: PhD paper: "Journey to the centre of a news black hole: examining the democratic deficit in a town with no newspaper" (<https://orca.cf.ac.uk/87313/1/2016howellsrphd.pdf>)

Dr Howells' research found that the "quantity of local news halved after the closure of the newspaper, and that its quality declined from the 1990s onwards. Although the loss of the newspaper was important, so was the gradual withdrawal of journalism from the town, marked by steep declines in journalist numbers and the closure of district newspaper offices. ... newsgathering has become more distant from communities and is more likely to use press releases and high status or official sources, and less local and less likely to be witnessed by a journalist. [It also found that] the community [was] under-informed, under-represented, and unable to access timely local information or gain adequate access to scrutiny. The democratic measure of election turnout in particular declined from around the time the district offices closed."

Nevertheless, informal communication with the Charity Commission suggests that it would not welcome this development.

Baylis Media as a potential test case for the charitable model

14. As outlined above, Baylis Media is operated for the benefit of the community it serves. It is a producer of high quality, public benefit journalism and is owned by a charitable trust, the Louis Baylis (Maidenhead Advertiser) Charitable Trust (registered charity number 210533). Its purpose is to serve the local community, and for any profits it makes to go to a charity which also serves the local community.
15. However, Baylis Media is struggling to remain profitable because of the economic climate as outlined above. This is despite developing a strong digital presence and introducing innovations such as the Axate micro-payments system for digital content, which allows a reader to pay a small fee for premium online content.
16. The small size of many local independent news publishers means they cannot achieve the economies of scale or the necessary large digital footprint to remain profitable in the current climate.
17. In addition, Baylis Media is vulnerable because under existing law a charity would have to dispose of an investment that is not profitable.
18. Despite its unusual ownership structure, Baylis Media's precarious financial position is far from unique. Many news providers across the country are in a similar position. If they went insolvent, were bought-out by the "local news giants" or were "replaced" by social media, the losers would be the local communities.
19. The fact that Baylis Media is owned by a local charity and has a 150-year track-record of service to its local community makes it an obvious candidate for pioneering and developing a charitable model for local journalism, which could be carefully defined and restricted in discussion with the Charity Commission. Again, Baylis Media has received specialist charity law advice confirming that this is possible within the existing law.
20. Unfortunately, the Charity Commission has responded unhelpfully to Baylis Media's enquiries about converting to a charitable structure, in 2014 which were discouraging of further exploration of the issue.
21. Given the significant economic challenges faced by the local newspaper industry since Baylis Media's initial approach to the Charity Commission, it now appears that it would be in the interests of the public for the potential of a charitable structure for local newspapers to be revisited by the Commission.
22. A charitable model created by a change in public policy would be of enormous benefit to the local news sector: it would provide an alternative to closures and acquisitions or mergers by corporate giants; ultimately safeguarding local news provision for communities.
23. Baylis Media would be pleased to assist and cooperate with the Commission. Not only is it an obvious and potential candidate for the Charity Commission to consider and assist in developing an alternative, charitable model, as suggested by Cairncross and others, but it has the benefit of specialist legal advice, which could assist it to anticipate and alleviate potential concerns of the Commission.

24. The Committee is requested to urge the Charity Commission to engage constructively with Baylis Media to assist it to develop a charitable model for community news provision, which the Commission is satisfied meets the requirements of charity law.
25. Such a move would provide a lifeline for local news publishers which have been the bedrock of high quality public interest journalism for generations. Despite being weakened by the impact of the digital platforms, the regional press remains an established bulwark in the struggle against fake news and disinformation, providing trusted, fact-checked news relevant to their communities and encouraging democratic engagement.
26. The regional press's news titles represent the most trusted element of the British press³ and remain a recognised bastion of quality journalism among their readers. Establishing a sustainable charitable model, will assist these already-trusted news brands to lead efforts to rebuild trust in journalism at a local and grassroots level.

Turning briefly to the other questions outlined in the Call for Evidence:

Question 1:

27. Baylis Media sees its journalism as being valuable to its community by providing a public benefit in four broad areas: informing readers about news and developments which are relevant to them as local citizens, providing a platform for representing the views of the community, campaigning on behalf of the community, and holding institutions of local authority (the local council, emergency and public services and so on) to account, with the overriding purpose of serving the needs of the local community.
28. Unlike citizen journalism (and participants in social media), our editorial staff are trained and qualified to the NCTJ standard and our publications are part of the IPSO regulatory regime and adhere to the professional set of standards laid down by the editors' Code of Practice. Unlike "citizen journalism", or social media, responsible local journalism is conducted according to objective and independent standards, including checking facts, the "right to reply" and a complaints handling process. Each title has a managing editor who is ultimately responsible for all content and is answerable to the publisher and the regulator.

Question 2:

29. Digital technologies have seen the consumption of journalism shift from print to online – websites and social media – with the expectations(1) that information becomes available instantly; and (2) the expectation that the news providers can provide news "for free".
30. The first expectation has arisen because much digital content is not researched or fact-checked by responsible journalists and their editors, or it is content which is simply reproduced from other sources and aggregated (in which fact-checked content is given like-for-like prominence with non-fact-checked content).
31. The second expectation has arisen because digital media giants have business models which depend upon the sale of data and other sophisticated means of

³ Sounds convincing. Do you have a reference or authority for this?

targeting and manipulating advertising audiences, which obscure their sources of income from consumers, unlike conventional print journalism and its advertising content.

32. At the same time, there has been erosion in confidence in journalism, as many news providers no longer see their purpose as being to provide objective, balanced portrayals of fact, but instead aim to provide highly politicised or subjective commentaries in place of objective interpretations of fact. This has occurred in both print and online journalism – and there has always been “bias” in some elements of the press –but the public’s expectations of instant and “free” access (as well as the digital means to share content) has meant that unreliable, politicised content has “exploded” in the online environment.
33. In the absence of facts, which take time and resources for journalists to ascertain (and which in turn require effective – and in our view transparent – revenue models), consumption has turned to rumour and gossip via social media and comments which has severely damaged the public’s capacity to access and understand the nature of reliable news sources.

Question 3:

34. Public policy needs to promote media literacy in schools and wider society and help promote the value of quality, public interest journalism through the recognition of regulators’ logos – such as the IPSO mark – as a ‘kite mark’ for quality. The public must be empowered with the critical skills to distinguish sources of edited, fact-checked news produced by trained professional journalists from fake news and disinformation. The value of quality editorial must also be promoted along with the recognition that it has a cost and must be funded in some way.

Question 4:

35. Digital technologies have had a significant impact on the production of journalism, both positive and negative. The ability to publish online very quickly together with use of social media has allowed publishers to reach new audiences and develop new formats. But the immediacy of the medium and the associated race to be first can be at the expense of accuracy, further eroding trust in journalism.
36. While most new reporters today are ‘digital citizens’ with a basic set of skills for reporting online and using social media, more advanced training – such as analytics and data journalism – can be difficult to access and prohibitively expensive for smaller independent publishers.

Question 5:

37. As a base, professional journalists require training in law and the functioning of the state – local and national government and public services – for understanding and contextualisation and responsible and accurate reporting. They also require shorthand for accuracy. Specific technical and digital skills are also required for appropriate platforms.

Question 7:

38. Journalism is not more representative of the population due largely to most people entering the regional press after completing postgraduate self-funded training courses. This obviously favours those able to fund themselves through such courses. In the past newspaper groups would employ trainees and fund their training, including block release for journalism courses, but the cost of this has long been prohibitive, especially to smaller, independent publishers.
39. To better represent the communities they serve news organisations need to recruit from those communities. This could be supported through public funding or a levy on the tech giants for more training bursaries, e-learning, and on-the-job training/apprenticeships. Another problem among smaller publishers that needs to be addressed is a lack of time and resource to train junior staff.

Question 8:

40. See our answer to question 2 above.
41. Local journalists do already convey the concerns and priorities of their communities. This is one of the invaluable strengths of the local press and why it is so important to grassroots democracy.
42. Trust in journalism has declined hand-in-hand with the effects of cuts in editorial coverage and staff reductions (caused by financial constraints which are the result of the growth of digital platforms taking revenue). So called 'clickbait' articles of little editorial value designed to generate revenue have led to further erosion of trust. The decline has also been exacerbated by the very nature of online platforms where – in the case of breaking news for example – facts are not instantly available so the audience turns to social media where speculation, rumour and gossip fill the 'immediacy void'.

Question 9:

43. Collaborative projects such as the Local Democracy Reporters scheme and Facebook community reporters have provided important support for struggling local news providers. However, while such schemes are very welcome, questions need to be asked about the security of their long-term funding. And, while they undoubtedly make a valuable contribution, such schemes are not a substitute for a sustainable business model for the local press to ensure the future of high quality public interest journalism.

Question 10:

44. Canada's recognition that providers of public interest news should be capable of being funded by charitable organisations is interesting and a possible route forward for the Government (given the similarity of the jurisdiction to the law of England and Wales). The United States' tax-exempt models for journalism are similarly instructive. However, as we have explained above, we understand that it would be possible to provide local news providers, which genuinely support the local community with reliable, fact checked, objective information, with charitable status under our existing law. The Charity Commission should be encouraged to explore this and we would be happy to assist.

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