Media plurality meeting notes: Glasgow University, 5 March 2014

Introduction: aims of AHRC project / Scottish context

This is one of 6 seminars looking at policy thinking and policy making around media plurality. This one is designed to focus on the more nation-specific issues in Scotland, which will then feed into the project as a whole.

Chair: Important that these issues are aired in Scotland, since the read across from London may not apply in the Scottish context. Also fits into other events / projects the Centre for Cultural Policy Research has been running. In a recent seminar about press, the constitutional question did not, surprisingly, weigh heavily. The question of survival and sustainable business models came out top. The CCPR has tried to look at that in context of other national models; there is a piece on Policy Scotland blog[1], which discusses interim conclusions. With Policy Scotland, it is planning something on broadcasting and independence: there will be an event on 13 May 2014.

Media Plurality and the Press – current problems and policy issues arising

- **Legacy of KM Group decision against mergers**
- **Common ownership of television and newspapers: is it really a concern?**
- **Sustainability struggles for national titles, but strong circulations for some local titles and high penetration for titles like Shetland Times**
- **Newspapers in a new landscape with different competitors: from local blogger, to Google**
- **Discussion over statutory notices and council obligations for printing in newspapers**

Thinking has been influenced by decisions around attempted purchase by the Kent Messenger (KM) group of 7 Northcliffe titles in 2011, approved by Ofcom but referred by OFT to Competition Commission and subsequently dropped by KM. [2] But local media competition embraces more than just one newspaper against another. Some recognition of this new media landscape in the creation of Local World. Given the OFT decision in KM Group the success of a buyout was unlikely; instead there was creation of a joint venture vehicle, which allowed companies to come together. It provided a hint that things would change if there was another KM decision, but this recognition of change has yet to be established because there have been no subsequent cases.

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[1] http://policyscotland.gla.ac.uk/futurescottishpress/

[2] http://www.oft.gov.uk/shared_oft/mergers_ea02/2011/kent-messenger.pdf/ http://www.kentonline.co.uk/kentonline/news/2011/october/18/km_group_pulls_out_of_bid.aspx

There have been benefits for local publishers, as well as problems. There has been consolidation because of debt burdens, and there are independent publishers thriving on contract printing and local publishing.

In Scotland there are vibrant and confident businesses that are able to produce the kind of material you would expect from a local publication. Press ad revenue is in decline, migrating to online: news brands are predicted to fall in market share this year, against the internet. Regulators have to work hard to keep up.

From a political perspective, Scotland is in the middle of a campaign and a period of "suspended animation". The fall out after independence vote will be considerable, both as a result of the decision and because much of the media is currently focused on the Referendum.

There appears to be a plurality of media outlets, which is quite a healthy mix, for a smallish country. If you look at list of newspapers, you can see local and national papers, a number of London titles with Scottish editions, and regional papers. The health of the two national papers are uncertain, although the two regionals are holding up. Local press is struggling. Once the independence debate is removed, how much enthusiasm for papers will remain? Issue then becomes survivability rather than plurality.

The online readership of the Scotsman and the Herald is apparently healthy, but there are serious questions about where revenue will come from and how to monetise online. In revenue terms, online sites have been disappointing. An effort to set up the equivalent of the Guardian's Comment is Free failed to raise revenue, there was not sufficient appetite.

In the KM Group case one of the issues was whether the internet could be seen as a competitor. Should these online publications be grouped in? The press was defensive and slow to react to online competitors for advertising (e.g. Gumtree). Guardian's media section now tiny part of the paper rather than standalone supplement as 20 years ago, because advertising has disappeared.

Public notice advertisements still remain a substantial issue, and whether it is or should be sufficient for particular types of notice to be publicised on the council's own websites. How available is that to a casual reader? Newspaper publishers argue that high profile print publications are still the best way for local people to discover relevant information – e.g. whether the pub down the road has a licence – rather than the council website.

Originally, Herald and STV were under common ownership, then following relaxation in 1996 Broadcasting Act Scottish Television [subsequently renamed SMG] bought

Caledonian Publishing[3] and in 2003 divested of Herald. Very distinct corporate models between press and broadcasting: classified advertising model for newspapers; TV has the penetration. Idea that consolidation of media will necessarily lead to diminution of editorial diversity is wrong. Need partnerships because publishers are competitors in a very competitive market – from Google to small bloggers.

The Ofcom code underpins what a TV provider can do. There are examples of newspaper and broadcaster fusions: London Live and Mustard TV (Norwich). When considering the problem of common ownership, reduced diversity is not really an issue. Regulation works against you, as do brands and station or newspaper sense of identity. Thus, any notion that editorial concerns about concentration when two or three titles merge under the same owner is actually misplaced. We should perhaps be less worried about plurality and more concerned about sustainability and survivability.

An event is an event, it's the reporting and editorial process that makes a difference (e.g. different takes on a Salmond speech). There's a limit to the extent that a broadcaster can author pieces beyond reporting because of resources and regulation. There are different cultures of news and constraints imposed by the medium and by titles. Very difficult to get any synergies on the editorial side, even within the same medium: e.g. London Live, and moving the I and Independent brand to common platforms. In addition, regulation forces differentiation.

Statutory notices in Scotland: different rules for different notices. There has been discussion around moving everything online, a debate in Scottish Parliament two or three years ago. It has been argued that better not to move everything online now because hard copy newspapers are relying on this revenue.

We should beware making a false dichotomy between online and print. Democratic and civic content has traditionally been subsidised by advertising revenue, this private market subsidy now goes to Google. Question now is, how can we use those (subsidy) levers to maximise public good content? Can conceive, for example, of a print copy which delivers nothing but ads and therefore of little civic value.

Need to take into account incumbent market power, and the balance between plurality and viability in different fora – especially in relation to local press. Decisions around councils publishing their own newspapers have been made in a vacuum, without proper consideration of intended policy outcomes. This was not a discussion based on media plurality. Media policy is being done without it being called media policy, there is little interconnected thinking.

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[3] Background summarized here: http://www.heraldscotland.com/sport/spl/aberdeen/smg-cleared-to-buy-grampian-tv-1.389490

From the press perspective, the issue around statutory notices is about how to reach people, not about creating monopolies for printed publications. It is about alternatives to council publications which otherwise would disseminate self-serving propaganda. There is commercial advantage, but also civic purpose. Prior to that obligation, papers were afraid of falling out with their local council which could threaten to withdraw advertising. So looking to council revenue as a solution to local media diversity and plurality is problematic.

Perhaps therefore need to look more broadly at implicit and explicit subsidies for local journalism, and how they might be distributed? Thus, not necessarily a case of looking to council spending for a solution, but looking for other policies that might increase subsidies. Should also remember that civic content and journalism are not necessarily the same thing: councils can legitimately provide the former if not the latter.

Both traditional publishers and new market entrants must find new digital solutions, which in turn will depend on geography: viability of print is stronger in some places than others. Conventional wisdom among newspapers is that printed version is essential, even though circulation dire compared to previous eras.

Does Scotland suffer peculiarly from being crowded out by content made elsewhere? Will market alone support Scottish-made content? Need to look much more widely than local authorities for ways of supporting local voices. In terms of small nations, the direct subsidies of newspapers in Scandinavia might be interesting.

Also need to examine complexity of the legal framework, as raised by the KM case where procedures are disproportionate (and involved an unduly narrow definition of the market).

Another plurality issue is the nature of 'news' content - Eg. Channel 5 News or Mail online, dominated by showbiz, gossip etc. All interventions make implicit and normative choices about the nature of diversity, why a "newspaper" is worth subsidising etc. Are there other outlets which are playing (or could play) the civic role traditionally understood in relation to newspapers?

Media Plurality and Broadcasting – current problems and policy issues arising

- **Local TV licences: how will these add to media plurality?**
- **Is the BBC's online development a threat to other media players?**
- **Think about Scotland in UK context, as well as content made in Scotland**
- **BBC Scotland now getting larger portion of network share**

Whatever happens in the referendum, there are much broader questions about broadcasting which aren't necessarily contingent on whether Scotland becomes independent.

- If the Culture SoS (UK) decides to intervene on a media transaction, Ofcom can conduct a public interest test and then SoS decides whether the case should be referred to Competition Commission.
- 20/20 rule on cross-ownership persists.
- 2011 – Ofcom report on Measuring Media Plurality recommended that it should address only news and current affairs, should include online, and should consider periodic reviews. Further work may be required on whether and how this should be applied to regions and nations.

Labour's suggestions include capping cross-media ownership according to revenue shares and giving Ofcom more powers in certain areas.

Ofcom award of new local TV licence to STV provoked some criticism that it should have been awarded to a new entrant. But plurality concerns were not sufficient to discriminate against incumbent Channel 3 licence holder (an example, perhaps, of where market viability was given higher precedence over plurality of ownership).

In the GMG and Global Radio case, Ofcom's advice did not tally with the Competition Commission. On the basis of news consumption patterns, Ofcom found that the merger was not contrary to public interest, but CC concluded there would have to be divestment of some radio stations. [4]

Re-licensing of Channel 3 involved promise of more Scottish affairs coverage for the ITV border area[5].

Plurality regime still leaves plenty of scope for ministerial involvement, and these decisions are not devolved. The framework is not really adequate to deal with problems at the nation level.

BBC is overseen by the Trust, providing behavioural safeguards (and arguably plurality safeguards) through service licences. Trust also has to consider broader commercial market, see 2008 decision to halt plans for local online video sites.[6]

News programmes still attracting high viewers, with growth in online traffic which appears to complement rather than displace traditional viewing. Website draws 4.5

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[4] See: http://old.culture.gov.uk/publications/9434.aspx and http://www.competition-commission.org.uk/media-centre/latest-news/2013/may/global-gmg-final-report

[5] See: http://media.ofcom.org.uk/2013/07/23/ofcom-sets-out-licence-terms-for-itv-stv-utv-and-channel-5/

[6] http://www.bbc.co.uk/bbctrust/news/press_releases/2008/local_video_prov.html

million unique users each week. For the Glasgow helicopter crash there were two million hits on Glasgow website alone.

But how can the BBC help to ensure the public are better informed and act as a conduit to other information and trustworthy sources? There are some very good websites in the niche market (and others which are less reliable). BBC can help people navigate the landscape. The new Director General has talked about greater scope for collaborations and partnerships.

BBC Scotland has put Newsnight Scotland to rest and a different programme in its place - Scotland 2014.[7] It was a part of a raft of BBC programme decisions, and considered to be a better way of focusing its resources.

Sometimes there is a habit of focusing on content 'made-in Scotland' but what about content about Scotland from other areas of the world? Significant proportion of viewing share in Scotland is primarily to London based channels – there are a number of items and pieces which are not relevant or about Scotland, and issues that are of interest but not directly relevant to everyday life. Quantity remains small – the degree to which Referendum has been reported in national bulletins is so much less.

Demand for data and demand to access content on devices is putting pressure on spectrum. In 10 or 15 years is that the end of public transmission? Spectrum might have more commercial value to mobile phone companies, versus broadcasters who provide public value in content.

How are people going to operate in that space? Brand identity is still very important, in particular the BBC. The forcing through of change is still quite a challenge. This is a constitutional question but these are fundamental questions that will have to be addressed anyway after the referendum.

BBC Scotland relies on national BBC for content. Seems from some perspectives starved of investment, for reasons that are debateable. For a wide ranging Scottish broadcaster, one might look to BBC UK rather than BBC Scotland (eg. Radio 4). Is that healthy? BBC Scotland needs to re-think its role.

Not the way that the BBC is perceived in Scotland any more. 2.4% of network spend was in Scotland but by end of 2013 had increased [to 10/11%?): there is now a much more coherent offering than there was. Irrespective of what happens after 18 September, that momentum will continue. There is a recognition that BBC as identity has to adapt to the local audience, and must grapple with issues of representation and portrayal – for example, the launch of 'Shetland'[8]. 'Hebrides' was a big

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[7] http://www.heraldscotland.com/news/home-news/newsnight-scotland-to-be-axed-ahead-of-referendum.23367915

[8] http://www.digitalspy.co.uk/tv/news/a470128/shetland-gets-full-six-part-series-on-bbc-one.html

production.[9] How does Scotland reflect to itself, as well to the UK? If the outcome is no to independence, do those issues around representation still remain a really big question?

BBC is giving £40m to local TV, under terms of 2010 funding settlement. It is not necessarily the greatest challenge to local newspapers. There are wider issues around hyperlocal provision, starting at very local level. For example, Buckie [STV site]. These are pilot services with seed capital. There are successful online companies such as Cnet, Mashable. These are profitable areas which are making money from community of interests.

STV has a three-year plan for media provision in Scotland. Ofcom's PST review uncovered a very strong interest in City-based content. Pot of money was driving a lot of bidders. A sensible conclusion was reached on Edinburgh Local TV licence.

Local digital provisions: the reality on the ground is not the just the investment of money by the BBC. Just as concerning for local providers are the BBC's FB pages – the content that would have been preserve of local newspapers – e.g. the dance in the town hall – is now on the BBC FB page. Need to recognise that the BBC does more than website, radio, TV.

Might be interesting to have more data on the curation and direction of local content: data on click throughs, for example. There is a pilot programme on Johnston and BBC in Yorkshire, which will be a testbed for that kind of collaboration.

Ownership and quality on Local TV – the bids were a 'beauty contest' in a way. Linking back to the BBC 2008 decision, has the decision to stop local online sites helped growth elsewhere? When we're looking at regulation, need sometimes to reflect on previous decisions and re-visit the counter-factual.

Training of next generation of journalists and local programming: BBC in particular should be vital for training of journalism at local level.

Now in Scotland, there is a good level of provision of media across two PSBs (cf. Wales and NI). The Guardian suggested you couldn't make local TV work in Manchester. STV has a chance of making that happen. It is working with universities in both the cities. No sense of deregulation or light touch from DCMS/Ofcom: STV will be held to same programme code.

When the local TV licences were first mooted, there was the possibility of new entrants. The Institute of Local Television had a different vision of what local TV would be – more like community TV, but not necessarily commercial. There is an opportunity to look at local TV in research; eg. Mustard in Norwich; in Scotland, a C3 licensee doing city-level TV; in London, press and AV being produced under same roof.

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[9] http://www.bbc.co.uk/programmes/p014g3q2

New initiatives to promote media diversity: funding, structures, new policy ideas

- **Carnegie scheme to distribute seed funding to hyperlocals, including one based in Wester Hailes, southwest Edinburgh**
- **New Scottish Inquirer initiative – ongoing questions around funding model but aiming to provide new form of online investigative journalism**

Carnegie Trust Neighbourhood News scheme: looking at the public good in news and functions such as holding to account, scrutiny, giving voice, which have all been under pressure over the past few decades.[10] Increasing need for funders to support public value initiatives. Carnegie has put £10,000 into 5 small projects, including Wester Hailes in Edinburgh, with focus on local media.[11]

These are mainly web based projects, which can generate quite a lot of 'public good' news. Hoping to get information about what worked and what hasn't. Carnegie has freedom as independent funder. Some of these initiatives have funding from advertising etc. or might be paying for someone to help bring in advertising. Most are operating on a not for profit basis, but what will this model look like in the longer term? When does journalism become community development work? Many of those with whom Carnegie are working come from journalism backgrounds. Perhaps these models can be stepped up, with additional resources.

In assessing projects Carnegie took a media neutral approach. The project
In Port Talbot is producing a print edition; the other four are web based.
The Scottish site – in Wester Hailes – has a community journalism background. It is unclear how many community/independent sites exist in Scotland, or whether there are fewer per capita in Scotland compared to UK.

It is a cottage industry, raising the question of how you professionalise segments of it, and what might be lost in the process. Talk About Local are doing an evaluation of the projects. Also need to encourage plurality of finance.

Scottish Inquirer is a long-form, investigative reporting project, trying to develop an online-first publication with a close connection with readers. Looking for new journalism models. Content to be supplied by paid journalists on freelance basis, but needs a dedicated commissioning editor. Very important to have certain expertise, e.g. legal advisors.

Looking for a mixed funding model which is sensitive to geographic location. Subscriptions are very hard to generate for new media organisations, everyone is used to news for free. Co-operative model might encourage some to feel that they are contributing to a form of civic good. There is the possibility of revenue through syndication; the philanthropic tradition in US; sponsorship, advertisements; and

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10 http://www.carnegieuktrust.org.uk/changing-lives/knowledge-and-culture/neighbourhood-news
11 http://www.digitalsentinel.net/index.php/about-us/

government funding – perhaps the Scottish government would provide subsidies for new media start-ups?

Potential for support through membership and subscriptions. Creating brand ambassadors who would invest a small amount of money in the project. Crowd-funding could be used for a small number of projects. This will be a new direction – quite different from what is already out there, self-sustaining with any profits re-invested. Other models to think about: EFF (US); ProPublica (US); Exaro news.

This model speaks to plurality – doing original and compelling journalism. Gives a voice to people and issues. Investigative journalism can generate a lot of material – eg. accompanying documents alongside main piece. Online provides the scope to make this available.

Subscription model raises questions of how to manage it, and at what level to pitch a new venture. Also, the numbers question: how many are needed for a viable operation?

Looking at circulation figures, there is a generation of under 30s who consume a lot of content and are aware that content does cost – trying to gauge how to charge for it. Do you paywall the product, or leave it free and try to generate revenue in other ways, eg. through a dedicated forum or through public forums with (paid) access to journalists?

One issue will be getting people involved and not handing over control, which can be difficult when there is some excitement and too many people are trying to have an input. Example of football club where fans buy the team, an interactive process, try to pick team for the manager, and eventually user interest drops off a cliff. How do you manage expectations?

Perhaps rather than thinking of mainstream and non-mainstream media it is better to think in terms of traditional and non-traditional. This is part of the painful transition and entering into the unknown: there will be interesting experiments, from small scale to large scale (eg Murdoch paywalls). There is plenty of data out there, but need journalists who organise and synthesise it. Should also remember inherent instability in media jobs market, an unattractive option compared to teaching, law etc.

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