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Policy paper

# Government response to the Cairncross Review: a sustainable future for journalism

Updated 27 January 2020

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## Ministerial Foreword



At the heart of any thriving democracy is a free and vibrant press. Its role in holding power to account and keeping the public informed of local, national and international issues is vital, and yet in this country its future is under threat.

This has been a matter of great concern to the government, and so in 2018 Dame Frances Cairncross was asked to conduct a Review into the sustainability of high-quality journalism in the UK. I would like to thank her for producing such a comprehensive and insightful report, which painted a concerning picture. There are now around 6,000 fewer journalists than a decade ago and print circulation of national and local newspapers has halved<sup>[footnote 1]</sup>.

As the Review makes clear, the main driver for these developments is a rapid change in how we consume content. The majority of people now read news online, including over ninety percent of 18 to 24 years olds<sup>[footnote 2]</sup>. As this shift has taken place, many publishers have struggled to find ways to transition to sustainable business models for the digital age.

There are many substantial recommendations in the Review and as a government we are committed to taking the work forward. This document highlights our response to each of Dame Frances' recommendations and how we will continue to engage with publishers, online platforms, regulators, academics, the public and Parliament on the next steps.

The Review and its recommendations touch upon a number of wider issues relating to competition in the digital economy and the experience of online users, where there is already a great deal of government action taking place. This includes the Online Harms White Paper (which has the objective of making the UK the safest place in the world to be online), and the independent Furman Review into digital competition (focused on promoting competition in digital markets). We will ensure that we carefully consider the links between these related areas as we take forward this work.

Only high-quality journalism can hold the powerful to account and shine a light on society's important issues — in communities, in courtrooms, and in council chambers. The stakes are high and this response shows our commitment to getting it right, so future generations can be inspired and engaged by a free and vibrant press.

Rt Hon Baroness Nicky Morgan of Cotes

Secretary of State for Digital, Culture, Media and Sport

## Introduction

1. The Cairncross Review was commissioned in March 2018 by the then Secretary of State for Digital, Culture, Media and Sport to examine the sustainability of high-quality journalism in the UK. This was in response to falling circulations and publisher revenues, ongoing closures of local newspapers and losses of journalist jobs. Dame Frances was supported throughout the course of the Review by an expert advisory panel: Jo Adetunji, Geraldine Allinson, Azeem Azhar, Polly Curtis, Ashley Highfield, Douglas McCabe, Akshat Rathi, Matt Rogerson, Mimi Turner, Stephen Woodford and Peter Wright. Dame Frances published her report, containing nine recommendations, in February 2019.

2. In accordance with its Terms of Reference, the Review examined the current and future market environment facing the press and high-quality journalism in the UK, including the role played by content and data flows and digital advertising, and the impact of search, social media and news aggregation platforms. It considered the different ways the press is adapting to the digital environment, including the emergence of new business models. It also looked into the impact technological developments are having on consumers, and whether digital advertising is encouraging 'clickbait' or the spread of disinformation. The government is extremely grateful to Dame Frances for her comprehensive and evidence-led Review. The report has identified a range of issues and challenges, and its findings and conclusions provide strong direction to government and industry.

3. The government fully accepts the analysis contained in the report, and is supportive of almost all of the recommendations. The recommendations are largely directed at either improving the operation of the news market, or supporting the production of 'public interest' news, which the Review considers to include both democracy reporting and investigative journalism. In this response, the government will outline its response to each recommendation and the work that we and others plan to take forward over the coming months and beyond to address these important issues.

4. The Cairncross Review was not an isolated project. It is part of a wider programme of work focused on the challenges raised by digital products and services in the UK. In 2018, the government also commissioned an expert panel led by Professor Jason Furman to carry out a review of competition in digital markets; their report was published in March 2019, and there are a number of synergies between their recommendations and those of Dame Frances. The government also published its Online Harms White Paper in April 2019, which outlines how we expect the online platforms to behave towards their users. In taking forward recommendations from the Cairncross Review, we will continue to take account of the links between these areas.

5. This is a global problem, with news publishers in other countries also experiencing a decline in revenues and circulation. The Australian Competition and Consumer Commission (ACCC) has looked at the impact of online platforms on digital competition and journalism, and the Council of Europe is developing proposals for a report on promoting a favourable environment for quality journalism.

6. Since the publication of the Review, the government has engaged widely on its findings and recommendations. Discussions have been held with representatives of the news industry (including the News Media Association, Society of Editors, National Union of Journalists and individual publishers); a number of online platforms (including Google, Facebook, Apple, Twitter, Snap Inc. and Verizon); the BBC; regulators (including the Competition and Markets Authority, Ofcom, Independent Press Standards Organisation (IPSO) and Independent Monitor for the Press (IMPRESS)); the Charity Commission; and a number of others. We have taken their views and responses into account in formulating our response.

7. Further to this, the government will also outline a number of areas where it will go beyond the nine recommendations made by Dame Frances. The government is committed to supporting the sustainability of high-quality journalism in the UK and will continue to identify ways in which it can develop and complement the recommendations made by Dame Frances to help the industry further.

8. The Cairncross Review and recommendations were not aimed solely at the government. The report contains findings which are relevant to all of those involved in the production, distribution and consumption of news in the UK. There are actions government can, and will, take in order to help support the news sector. Beyond this, news publishers must continue to respond to the changing consumer landscape. It is also clear, given their impact on the operation of the UK news market, that search, social media and news aggregation platforms and companies have a societal responsibility to engage fully with government and publishers as we work collaboratively to create a sustainable environment for news in the digital age.

9. It is of vital importance that the press remains free and independent of government, and there are therefore areas where intervention by government would be inappropriate. On this basis, there are aspects of the Review's recommendations which government is minded not to pursue. Where this is the case, the rationale for our position is included in this response, and alternative approaches to addressing the underlying drivers for the recommendation are set out.

## Summary of the government's response to the recommendations

The following section sets out each of the recommendations Dame Frances made and summarises the government's response.

Recommendation	Government Response
1. New codes of conduct to rebalance the relationship between platforms and publishers	<b>The government agrees that codes of conduct that formalise the relationships between news publishers and online platforms may help to rebalance that relationship.</b> As such, the government is working with interested parties to further assess this recommendation over the coming months. This will form part of a wider programme of work — which includes the government's work in response to the Digital Competition Experts Panel's recommendations in Unlocking Digital Competition and, in due course, to the Competition and Markets Authority's (CMA) market study into online platforms and digital advertising — that seeks to set out the government's approach to competition policy in digital platform markets.

Recommendation	Government Response
2. The CMA to investigate the workings of the online advertising market to ensure fair competition	<b>The government welcomed the CMA's decision to launch a market study into online platforms and digital advertising.</b> The CMA published their interim report in December 2019 and the government notes the range of potential interventions being explored; for example, measures to promote transparency and enhance data sharing. We will consider the findings of the final report (which is due for publication in July 2020) and take action if needed.
3. Online platforms' efforts to improve their users' news experience should be placed under regulatory supervision	<b>The government agrees platforms should take steps to help users identify the reliability and trustworthiness of news sources.</b> Platforms' efforts to help users identify the reliability and trustworthiness of news sources may continue and expand as a result of the proposals in the Online Harms White Paper.
4. Developing a media literacy strategy alongside Ofcom, industry and stakeholders	<b>The government accepts this recommendation.</b> The Online Harms White Paper published in 2019 set out the government's intention to develop a new online media literacy strategy. We plan to publish the strategy by the summer of 2020.
5. Ofcom should explore the market impact of BBC News	<b>The government welcomed Ofcom's decision to conduct a review into the BBC's news output.</b> The review, which was published in October 2019, looked specifically at the BBC's links to third party news sites, and Ofcom have indicated that they may look at this further.
6. The government should launch a new fund focused on innovations aimed at improving the supply of public-interest news, to be run by an independent body	<b>The government accepts this recommendation.</b> The government has worked with Nesta to develop a pilot innovation fund which launched in October 2019. The government will evaluate this pilot to inform decisions on the full innovation fund ahead of the next Spending Review.
7. The government should introduce new tax reliefs aimed at encouraging (i) payments for online news content and (ii) the provision of local and investigative journalism	<b>The government has already committed to extending the existing business rates relief for an additional 5 years, until 31 March 2025. The Chancellor will consider the case for a range of potential tax incentives to support the news publishing industry this year..</b>
8. The Local Democracy Reporting Service (LDRS) should be reviewed and expanded	<b>The government is supportive of this recommendation.</b> The government strongly encourages the BBC to ensure a robust evaluation of the LDRS and supports the BBC's plans to grow the scheme.
9. Establish an Institute for Public Interest News	<b>The government will not be taking this recommendation forward.</b> While it acknowledges the value, the proposed institute is intended to provide, it is not for government to lead on this issue.

## Response to recommendations

### Recommendation 1:

'New codes of conduct to rebalance the relationship between publishers and online platforms: Those online platforms upon which publishers increasingly depend for traffic should be required to set out codes to govern their commercial arrangements with news publishers, with oversight from a regulator.'

10. The government agrees that publishers have become increasingly dependent on search and social media platforms for driving traffic to their websites. This has created an unequal relationship. Platforms are much better placed to collect user data to inform their digital advertising businesses and have also become increasingly important for distribution and reach of news content. As a result, we recognise the need for clearer arrangements to define the relationships between publishers and platforms, to ensure that content creators are fairly treated.

11. The government agrees that codes of conduct that formalise the relationships between news publishers and online platforms may help to rebalance that relationship. The government is working with interested parties to further assess this recommendation over the coming months.

12. In this context, we also recognise that other users who rely on online platforms face similar challenges to news publishers. The CMA's ongoing market study into online platforms and digital advertising, covered in more detail below, will provide important evidence to support the development of effective pro-competition measures. The CMA's interim report, published in December 2019, explores a code of conduct as a potential means for governing the behaviour of advertising-funded platforms with market power. The CMA's provisional view is that there is a strong case for a code and the interim report set out some principles that it might follow.

13. In addition, the government commissioned the Digital Competition Expert Panel (DCEP), chaired by Professor Jason Furman, to review whether the UK's competition regime remains robust in responding to the challenges of the digital markets. The DCEP also recommended the introduction of a code to govern platforms' conduct towards some businesses.

14. There are clear connections between these codes and the codes proposed by Dame Frances. The government notes these links and will take action if needed following the findings of the CMA's final report in July 2020.

15. In addition to the proposals outlined above, there are a range of regulatory and voluntary new initiatives set out in the Online Harms White Paper aimed at tackling online content and activity that harms users or threatens our way of life in the UK.

16. We will ensure that any additional expectations placed on the platforms are coherent, proportionate and minimise the burden they place on business. Any changes to the regulatory framework will be subject to further consultation.

### **Recommendation 2:**

'Investigate the workings of the online advertising market to ensure fair competition: The Competition and Markets Authority should use its information-gathering powers to conduct a market study of the online advertising industry.'

17. The government agrees with this recommendation. As Dame Frances outlined in her report, the online advertising sector is driven by largely automated processes and is made up of a complex, global supply chain, which results in an opaque ecosystem that is difficult to interrogate for those established within and those operating outside of the market. The CMA, as the national competition authority with statutory information gathering powers, is therefore well placed to complete a robust assessment to confirm if there are competition concerns in the digital advertising ecosystem.

18. The government warmly welcomed the CMA's announcement in July 2019 that it was launching a market study into online platforms and digital advertising. The study is considering the extent to which online platforms have market power in user-facing markets; whether consumers are able to control how their data is collected and used by the platforms; and whether competition in digital advertising is being distorted by any market power held by the platforms. The CMA published their interim report in December 2019, which included in-depth analysis of these markets, and they intend to publish their final report in July 2020, which may make recommendations to government. The government notes the range of potential interventions being explored through this study; for example, measures to promote transparency and enhance data sharing, as well as the code of conduct mentioned above. We look forward to the final recommendations.

19. In addition, in February 2019, the government announced its intention to conduct a review into how online advertising is regulated in the UK and the findings of the CMA market study will form a significant input to this. We recognise that online advertising gives rise to complex and interrelated challenges with social and economic impact. The aim of this review is therefore to assess these challenges in the round, complementing and building on other relevant work carried out across government.

20. The government will consider the conclusions of both the CMA and DCMS' own work on online advertising and take action on any recommendations that are made, as appropriate. It is important that the government takes a careful and considered approach to this work and that continued efforts are made to encourage a more transparent and responsible online advertising industry.

### **Recommendation 3:**

'News Quality Obligation: The efforts of online platforms to improve their users' news experience should be under regulatory supervision. Platforms have already developed initiatives to help users identify reliability and the trustworthiness of sources. They must continue and expand these efforts but do so with appropriate oversight.'

20. The government agrees that online platforms have a responsibility towards their users in relation to their news experience. The role played by search and social media platforms in relation to the distribution of news content and in driving traffic to news websites is becoming increasingly pivotal. Either through the sole use of algorithms (in the case of Google and Facebook), or through human editorially-complemented algorithms (such as those employed by Yahoo or Apple News), news publishers are becoming increasingly dependent on online platforms for reach and distribution.

22. The platforms should therefore take a more proactive role in ensuring that algorithms favour high-quality content and disfavour disinformation, 'clickbait', ad farms etc. and that users are able to identify and access reliable and trustworthy information. Online platforms currently make efforts to provide information about the reliability of news content that is hosted on their sites. For example,



Facebook announced in January 2019 that Full Fact will begin fact-checking images, videos and articles on Facebook, in a bid to slow the spread of misinformation on people's news feeds. However, more could be done to help users.

23. Following the proposals set out in the Online Harms White Paper, a new regulatory framework will be developed aimed at tackling harmful online content. This could lead to an expansion in platforms' efforts to help users identify the reliability and trustworthiness of online sources.

24. A new statutory duty of care would require platforms to take reasonable steps to keep their users safe and tackle illegal and harmful content and activities on their services. An independent regulator would set out how to comply with the duty of care in codes of practice and would oversee and enforce compliance with the duty. The independent regulator would issue codes of practice explaining what platforms are expected to do to fulfil their duty of care to their users. Further to a public consultation, the government will publish additional information about the online harms regulatory framework in the coming months. In the Queen's speech on 19 December 2019 the government confirmed plans to develop legislation to improve internet safety for all in a way that will uphold and promote freedom of expression.

25. It is also possible that news publishers may wish to include the question of online platforms' efforts to improve their users' experience as part of discussions around any codes of conduct formalising the relationships between news publishers and online platforms recommended by Dame Frances (see Recommendation 1). The government is therefore open to the possibility that the platforms' role and responsibilities in this area may also be addressed through such codes of conduct.

#### **Recommendation 4:**

'Media literacy: The government should develop a media literacy strategy, working with Ofcom, the online platforms, news publishers and broadcasters, voluntary organisations and academics, to identify gaps in provision and opportunities for more collaborative working.'

26. The government agrees with this recommendation. Media and digital literacy skills are essential to ensuring people can be fully informed about the world around them and challenge poorly sourced stories. Improving media and digital literacy has the potential to bring a wide range of benefits, including for the functioning of democracy by giving users a better understanding of online content and enabling them to distinguish between facts and opinions online. It could also have a positive impact for the sustainability of high-quality journalism. The Reuters Institute Digital News Report 2019 found evidence that readers are shifting towards publishers considered to be more reputable as disinformation becomes a bigger concern for the public, whilst the Digital News Report 2018 found a correlation between higher levels of media literacy and propensity or willingness to pay for online news.

27. The Online Harms White Paper set out the government's intention to develop a new online media literacy strategy, through broad consultation with stakeholders in order to ensure its objectives are well informed by evidence and take account of existing work. As part of the White Paper consultation process, DCMS hosted a number of workshops with representatives from newspapers, broadcasters, regulators, the tech sector, charity and special interest groups to share views, evidence and best practice. The media literacy strategy will also be informed by written responses to the Online Harms White Paper consultation. DCMS hosted a series of more targeted workshops in autumn 2019 to identify specific issues that the media literacy strategy should cover. The government is currently analysing the Online Harms White Paper consultation responses and will respond in due course.

28. The White Paper also set out that as part of this work, there would be a comprehensive mapping exercise to identify what actions are already underway, and to determine the objectives of an online media literacy strategy. This mapping is now underway as part of a wider piece of analysis which will also consider existing research on the levels of media literacy among users, and evaluate the evidence base for media literacy interventions. This research is due to be completed before the end of the financial year and we will publish the media literacy strategy by the summer of 2020.

29. The Department for Education will also continue to support media literacy skills throughout areas of the national curriculum. Pupils are taught about critical thinking and the trust and reliability of sources (History), how to use internet search functions (Computing), how to read texts critically (English), analysis and evaluation of information (Science) and the importance of free speech and the press (Citizenship). Other measures, such as the 2014 reform of the Computer Science Curriculum, and the new non-statutory guidance — Teaching Online Safety in Schools — published in June 2019, aim to support schools in teaching pupils how to stay safe online within new and existing school subjects, such as Relationships, Sex and Health Education, Citizenship and Computing.

30. There is also much being done outside government. Ofcom has a statutory duty to promote media literacy under the Communications Act 2003, which is currently delivered through the media literacy and online research programme 'Making Sense of Media'. DCMS has an observer role on the Making Sense of Media board, and Ofcom is contributing to the development of the government's media literacy strategy. Ofcom has committed to taking steps to expand and deepen their research base to aid further work on media literacy, including how children and adults navigate online news. The work that government does is intended to complement this and other work in supporting media literacy.

#### **Recommendation 5:**

'The BBC's market impact: Ofcom should assess whether BBC News Online is striking the right balance between aiming for the widest reach for its own content on the one hand and driving traffic from its online site to commercial publishers (particularly local ones) on the other. The BBC should do more to share its technical and digital expertise for the benefit of local publishers.'

31. The government welcomed Ofcom's decision to conduct a review into the BBC's news output. Following publication of the Cairncross Review, the then Secretary of State wrote to Ofcom inviting them to respond to this recommendation. The government welcomed Ofcom's response, in which they confirmed that they would review the BBC's news output in 2019.

32. This work forms part of Ofcom's role as the independent regulator of the BBC to ensure that the BBC is fulfilling its Mission and each of its public obligations. The [review \(https://www.ofcom.org.uk/\\_data/assets/pdf\\_file/0027/139905/bbc-news-review-terms-of-reference.pdf\)](https://www.ofcom.org.uk/_data/assets/pdf_file/0027/139905/bbc-news-review-terms-of-reference.pdf), which was published in October 2019, included a study of what Ofcom calls the 'news journeys' of BBC users, alongside broad topics such as relevance, distinctiveness and trust. It also looked specifically at the effectiveness of the BBC's links to third party news sites, including local commercial sites. Ofcom will be gathering more evidence on this topic, to establish whether the BBC should do more to link to external sources.

33. In relation to the Review's recommendation that the BBC should do more to share its technological and digital expertise, the government welcomes the positive work the BBC already conducts and will continue to work with the BBC to explore what more it could do to support local news publishers. A key part of this work has been the BBC's £8m per year investment into its Local News Partnership programme, which administers the Local Democracy Reporting Service (see Recommendation 8), as well as a News Hub and a Shared Data Unit.

34. The BBC have also committed to looking at what more they can do to share their technical and digital expertise for the benefit of local publishers. The BBC is already taking action in this area through the International Press Telecommunications Council (IPTC) and is working with the News Media Association to understand if there are specific asks or larger partnerships being sought from the BBC. The government looks forward to further action by the BBC against this background and will continue to engage with the BBC to discuss progress.

### **Recommendation 6:**

'Innovation funding: the government should launch a new fund focused on innovations aimed at improving the supply of public-interest news, to be run by an independent body.'

35. The government accepts this recommendation. Recent rapid developments in technology have challenged the traditional business models of news publishers. The Review outlined how different publishers were experimenting with new models, but acknowledged that it is easier for national publishers to do so than local publications, which are faced with even greater resource constraints. A fund that seeks to invest in new technological prototypes, start-ups and innovative business models to explore new ways of sustainability in a changing landscape will assist the industry in this period of transition.

36. DCMS has therefore worked with Nesta — an independent charitable body that distributes funding for innovation in a number of different industries — to develop a pilot innovation fund, which launched in October 2019. This focuses on potential new technologies and tools, innovative business models and smarter institutions with a view to testing and developing ways and means of adapting to the challenges facing news publishers.

37. The government has now confirmed up to £2 million of investment into this pilot fund, which will be administered by Nesta. The fund received 178 applications, which represent a wide range of new ideas and tools for building financially sustainable business models and engaging communities in the news process. Grants have been awarded to 19 projects, the details of which will be announced shortly.

38. The government will work with Nesta and other partners to evaluate and draw findings from the pilot fund to inform decisions on the full innovation fund ahead of the next Spending Review.

### **Recommendation 7:**

'The government should introduce new tax reliefs aimed at encouraging (i) payments for online news content and (ii) the provision of local and investigative journalism.'

i) "VAT exemption for online news publications: The Review recommends extending the zero rating of VAT to digital newspapers and magazines, including digital-only news publications."

39. The government accepts the public good of traditional print newspapers and is committed to maintaining zero-rated VAT in this area.

40. We also recognise that changes in technology are shifting traditional journalism online and we are therefore considering the merits and risks associated with extending the zero rate.

41. In addition, the government has committed to extend the existing tax relief it provides through a business rate relief for local newspapers which has been in place since 2017, until 31 March 2025.

42. The Chancellor will consider the case for a range of potential tax incentives to support the news publishing industry this year.



ii) 'Tax relief to support public-interest journalism: "The Review... recommends that the government gives priority to exploring the development of a form of tax relief, ideally under the Charities Act but if necessary along the lines of the Creative Sector reliefs, to support public interest journalism.'

43. Following publication of the Cairncross Review the government has examined the options in this area. We concluded that the current Charities Act system accommodates appropriate options for public interest news, but further work was required to help organisations understand their options regarding charitable status. Therefore the government has worked with the Charity Commission which has published advice on when undertaking or funding public interest journalism can be charitable. This advice also raises awareness of the more detailed guidance available for those publishers in England and Wales interested in pursuing charitable status.

44. The government recognises that journalism provides an important public good to society, playing a vital role in promoting public accountability and ensuring democratic legitimacy. Journalism can be used as a tool to further a number of existing statutory charitable purposes, such as: the advancement of education; the advancement of citizenship or community development; the advancement of the arts, culture, heritage or science; and the advancement of human rights.

45. A small number of local/community newspapers are already registered charities (such as the Burngreave Messenger Ltd), as are a number of organisations which are engaged in educational and capacity building initiatives designed to support journalism (such as the Centre for Investigative Journalism Ltd, or the Guardian Foundation). Conversation UK, which publishes an online news and analysis commentary website with articles written by the academic and research community for a general non-academic audience, is also a registered charity.

46. These examples show that it is possible for journalist organisations to register as charities under the existing law. However, charitable status is unlikely to be a suitable model for most news publishers given charities must be established and operated to advance charitable purposes only for the public benefit. Most news publishers would be either unwilling or unable to register and operate as charities, for reasons including:

a. they would be prohibited from being 'for profit' companies

b. news publication may in the course of its activities support a political party or advocate to secure or oppose a change in the law, government policy or decisions — but charities cannot support political parties and must comply with charity law restrictions on campaigning; and,

c. a charity's resources may not be used for non-charitable purposes. Newspapers tend to publish a mixture of different journalism — some of which may be potentially charitable and some of which would not, but a charity could not carry out or subsidise the non-charitable work.

47. The government has considered exceptions to the standard requirements to enable publishers to become charities. However, charity as a formal status has a special meaning that relies on public trust and goodwill and needs to be applied consistently. The government is not persuaded that changes to this status should be made. In the US, some not for profit news publishers have what is referred to as 501(c)(3) status, meaning the organisation is exempt from federal income tax. Such an organisation may not intervene directly or indirectly in a political campaign, but it may spend up to 20% of its operating budget on lobbying if it follows the rules of "nonpartisanship". As outlined above, in the UK it is already possible for not-for-profit journalistic organisations to register as charities, and as such the government does not consider it necessary to modify the legislation.

## **Recommendation 8:**

'Direct funding for local public interest news: The Local Democracy Reporting Service should be expanded and responsibility for its management passed to, or shared with, the proposed Institute for Public Interest News.'

48. The government accepts the findings of the Review that additional funding could help support the provision of 'public interest' news. The Local Democracy Reporting Service (LDRS), which forms part of the BBC's £8m per year Local News Partnership, pays for reporters to cover the activities of local councils, with an LDRS reporter being selected and employed by a local publisher. This is an area of reporting that is significantly under provided and yet essential to journalism's role of holding those in authority to account. Since the scheme began operating in 2017, 150 LDRS journalists have been recruited, filing over 50,000 stories in the scheme's first year of operation, including many front page stories. The reporters have been able to uncover stories that publishers may have otherwise been unable to discover due to increasing constraints on their resources. Initial analysis of the scheme is largely positive, although certain concerns have been raised, including feedback that the scheme largely favours large and established publishers, and questions about whether the new reporters are providing extra resources for newsrooms, or are being used to fill posts which have been made redundant due to cost cutting.

49. The Review recommended an independent review of the service. The LDRS is due to be reviewed by the BBC in 2020. Dame Frances noted that the previous review carried out by the BBC, in 2017, was "light-touch". The government therefore strongly encourages the BBC to broaden the scope of its evaluation of the scheme in response to the recommendations made in the Review and address the full range of feedback that the government has heard from stakeholders since the Review's publication. The upcoming review will take place against the context of wider, external comment on the scheme and calls for its expansion. As such, there may be merit in it going beyond assessing whether the service is meeting the aims set by it for the BBC, to consider how it might be adjusted and expanded to meet the needs of both the news industry and of citizens. It is for the BBC to decide how best to review its own scheme, but the government would welcome an independent element to the upcoming review.

50. The BBC has announced proposals to set up a new body to take over the running of the scheme, which could harness funding from sources outside of the BBC. The BBC has indicated that, were it to secure further funding, it would expand the scheme, potentially recruiting greater numbers of reporters to cover local courts as well as local councils. The government is supportive of this approach and will follow developments in this area closely.

## Recommendation 9:

‘Establish an Institute for Public Interest News: A dedicated body could amplify efforts to ensure the future sustainability of public-interest news, working in partnership with news publishers and the online platforms as well as bodies such as Nesta, Ofcom, the BBC and academic institutions.’

51. The government will not be taking this recommendation forward. The government acknowledges the value the proposed institute is intended to achieve, in bringing different initiatives together in order to amplify their impact, and acting as a channel for collaboration. However, the government recognises the concerns of many in the publishing industry regarding the inherent challenge an organisation with such a purpose will face in defining what qualifies as ‘public interest’ news, and what might therefore be deserving of support. It is not for the government to define what qualifies as ‘public interest’ news. While any institute would be at arm’s length from government, we recognise concerns that even an arm’s length relationship risks perceptions of inappropriate government interference with the press. Therefore, the government will not take forward this recommendation.

52. There are a number of existing initiatives set up by the industry in this area, for example, the Google News Initiative, Facebook’s Community News Project, the Public Interest News Foundation set up by Impress, and the BBC’s proposed Local Democracy Foundation — with more potentially under development across the sector. Parts of the sector have shown a desire to help share approaches and best practice. It remains open for the sector to support the existing initiatives or form others as they see fit.

53. Notwithstanding that it is not for government to play a role in leading or designing an institution, there are some challenges and functions that Dame Frances envisaged as potentially being undertaken by an institute that the government is minded to support through other routes. A key function where we see a potential role for government to support is the funding of research into news provision and its impact on communities. The government will be exploring how it can commission research into these areas, to provide a solid evidence base for future policy interventions.

## Further Work

Whilst the government has given, and will continue to give, special attention to the recommendations that Dame Frances made in her report, we are open to taking forward other areas of work in pursuit of a sustainable future for high-quality journalism. A number of areas not covered in the Review have been raised with government which we are supportive of, as set out below.

## Improving the diversity of journalism

54. ‘Public interest’ news and journalism should reflect the diversity of the United Kingdom. The Cairncross Review did not address this issue, and we recognise that for a number of newspapers facing very tough financial constraints it is challenging to do more. However, consistent with efforts to drive diversity across the economy, the government considers that improving the diversity of newsrooms could also have a positive impact on the sustainability of the industry by helping news publishers improve their appeal to currently underserved and under-represented audiences. Through diversity of perspectives, this could in turn lead to an increase in readership and associated revenues.

55. [Research \(http://www.nctj.com/latestnews/diversity-in-journalism-research\)](http://www.nctj.com/latestnews/diversity-in-journalism-research) published by the National Council for the Training of Journalists (NCTJ) in 2017 found that 94% of journalists identify as white, 57% as men and 8% as disabled, meaning that the profession is less diverse than the UK population as a whole. The report also highlights the same disproportionate representation from certain socio-economic groups, which suggests that the profession may be less socio-economically diverse than the UK population as a whole.

56. We recognise that many newspapers are already doing good work in this area. The Daily Mail launched the Stephen Lawrence Scholarship in 2015, which aims to improve diversity in journalism. The Guardian also run a number of internship schemes that aim to give places to BAME and people with disabilities. The NCTJ runs a Journalism Diversity Fund, awarding bursaries to people from diverse backgrounds who want to pursue a journalism qualification. In addition, the NCTJ, in partnership with Facebook is also focusing on improving the diversity of journalism, through a £4.5m investment to pay for 80 journalists over 2 years. However, as the NCTJ’s own research shows, more can be done.

57. It is not for the government to interfere in any way with editorial freedom, operations or decision-making of the press. However, as part of wider moves and building on the initiatives set out above, there is clearly more the sector itself could do to further diversify newsrooms, for example, through schemes to support under-represented groups to train and work as journalists, and doing more to support ways into the field other than unpaid internships.

58. The government is committed to ensuring that everyone is free to reach their full potential, regardless of their background, without the limits that stereotypes can have upon the choices they make, or the way in which they are viewed and treated by others. We are committed to ensuring that equality and diversity are a key feature in all of our interactions with industry.

## Court reporting and court reforms

59. Courts must not just administer justice, but must be seen to be doing so too. The local media plays an important role in providing information about court proceedings and, by doing so, cultivating public trust and faith in the justice system. However, the presence of journalists in courts has declined significantly in recent years and the coverage of local justice has reduced as a result.

60. In order to promote court reporting, Her Majesty's Courts and Tribunals Service (HMCTS) has published new guidance for staff and established a national working group, alongside regional meetings, that brings media representatives together with court officials to discuss ways to promote media access to courts.

61. Across government, organisations including DCMS, the Ministry of Justice and HMCTS are working together to identify what more can be done to facilitate journalists' access to and reporting of court proceedings.

62. Alongside these changes, HMCTS is currently implementing a wide modernisation programme intended to 'bring new technology and modern ways of working to the way justice is administered'. The programme has introduced new online services across jurisdictions and is piloting hearings conducted by video only. Many of these changes will involve new ways of delivering open justice and HMCTS is exploring ways of providing specific and easy-to-access information about court cases, hearings and judgements to support the media's role in reporting what is going on within the justice system.

63. HMCTS is soon to publish refreshed guidance drawing on the experience of court staff and reporters. This will include an updated protocol agreed with the News Media Association and Society of Editors governing the distribution of magistrates' court lists and documents. DCMS will continue to liaise with HMCTS on further developments on this modernisation and reform programme, and will continue to explore what further work government can do to support court reporters and court reporting.

## **Government's advertising spend**

64. Concerns about the operation of the digital advertising market, and the impact on news publishers' sustainability, was one of the drivers for the establishment of the Cairncross Review. The CMA's market study, the DCMS online advertising review and the Review's recommended codes of conduct will seek to address some of these issues. There are a number of potential solutions available which could improve the operation of this market, for example by improving the transparency of the supply chain. As the government is a significant spender on online advertising, it has a key role to play in setting an example and ensuring appropriate solutions are adopted by the industry.

65. The government has been leading industry on transparency, setting ambitious standards since the launch of its new media buying framework with Manning Gottlieb OMD. This includes rolling out a new industry-leading technological solution to improve the transparency of the programmatic advertising market throughout the entire chain. The solution uses technology already available within the industry, which means publishers will not need to meet large development costs, and makes this solution easier to implement. Meanwhile, the government continues to engage with industry-led efforts to achieve supply chain transparency through other potential means.

66. This will not only provide greater efficiency for government advertising spend, but will also contribute to the improvement of the market, provide increased support for publishers and will address a number of the issues identified in the Cairncross Review.

## **Media freedom**

67. The sustainability of the press is essential to ensuring a free and independent media, a vital part of our democracy. The government is committed to measures to protect press freedom, both domestically and internationally. The Conservative Party manifesto included a commitment to repeal section 40 of the Crime and Courts Act 2013, and we are exploring suitable legislative vehicles to do so. If commenced, Section 40 could have an impact on freedom of speech, high-quality journalism and the freedom of the press. It could also risk causing serious damage to local newspapers, who play such a vital role in our democracy.

68. We also recognise our role in promoting media freedom globally. In 2018, the UK launched a global media freedom campaign, promoting the importance of a free media around the world. A highlight of this campaign was the Global Conference for Media Freedom, co-hosted by the UK and Canada in July 2019. The conference was the first of its kind, and was attended by representatives of over 100 governments as well as over 1500 stakeholders, including representatives from journalism, academia and civil society groups. A key part of the 2019 conference was the publication and signing of a global pledge on media freedom. Canada will host a conference this year.

69. The government also announced at the 2019 conference that we would establish a UK National Committee for the Safety of Journalists, in response to a recommendation from the Organisation for Security and Cooperation in Europe (OSCE). This Committee will champion journalists' ability to carry out their vital role in society safely and to continue to hold the powerful to account, and will be responsible for developing a National Action Plan for the safety of journalists, as part of our broader commitment to ensuring the future sustainability of 'public interest' news.

## **Local Government Publicity Code**


70. The Local Government Publicity Code is statutory guidance to which local authorities must have regard when producing publicity, defined as "any communication in whatever form, addressed to the public at large or a section of the public". The Code protects the independent press from unfair competition from local authority publications by limiting the frequency and content of council "newspapers" to no more than quarterly.

71. This policy contributes to the government's commitment to localism by supporting a flourishing, independent local media, which is an essential component of any local democracy. Local newspapers hold councils to account by reporting on their meetings and activities, and give the public the information they need to hold their council to account. The government has issued directions to ensure the Code is complied with and these have been upheld in the courts. The government will continue to take steps to protect the independent free press.

## Ongoing dialogue

72. The government does not consider the Cairncross Review to be an isolated project. It is important that it is considered both within the wider context of government work regarding the digitisation of the economy and as one part of a broader commitment to supporting the sustainability of high-quality journalism in the UK. Further work will be needed to ensure that the implementation of Dame Frances' recommendations and any additional interventions that government makes are having the desired effect, or whether a change of strategy is needed.

73. To this end, the government is committed to continuing a regular dialogue with publishers and platforms to assess progress on the recommendations that we are taking forward and to review the broader developments within the industry. We will ensure that there are further opportunities to help identify additional interventions, where and when they are considered necessary.

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1. Mediatique, Overview of recent market dynamics in the UK press, April 2018, report commissioned by DCMS
  2. Ofcom, News Consumption in the UK: 2018
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