



DCMS consultation:

Sustainable independent and impartial news; in the Nations, locally and in the regions

Submission from Guardian Media Group plc

September 2009

1. Do you agree that securing plural sources of impartial news for the Nations, locally and in the regions should be a key priority?

- We agree with the government's view (which is fully supported by research) that a diverse supply of independent, verifiable news at a local and regional level is vital to a properly functioning democracy.
- The security of this supply is, however, in doubt: ITV is seeking to exit this space as soon as possible, and local and regional newspapers are under severe pressure due to the combined effects of a deep advertising recession and long-term structural changes within their markets.
- When the economy recovers, so too will newspapers' advertising revenues – to a degree. But this should not distract policy-makers from the long-term trends driving the issues faced by the local and regional press. Therefore, we believe that securing plural sources of impartial news for the Nations, locally and in the regions should be a key priority for government and regulators.
- However, we also believe that in regulatory matters (particularly in consideration of cross-media ownership and local merger rules) issues of plurality must be seen in the context of an increasingly fragmented media landscape and extreme economic pressure on commercial providers of quality news and other content. In a single local or regional market, for example, the best form of plurality might, in the longer term, be a smaller number of better-resourced commercial news providers – alongside and to counterbalance the BBC.
- It should be noted that in terms of resources (in particular journalists with local contacts and knowledge) newspapers are currently in a position of strength. However, this position is being progressively weakened as revenues continue to decline.

2. Do you agree that sustainable, impartial news in the Nations, locally and in the regions is likely to require some top-up public funding?

- GMG, as a commercial organisation, is naturally cautious about any proposal involving public subsidy or increased regulatory oversight. Our newspapers also have a long and proud tradition of editorial independence, which we would not wish to see compromised in any way.

- However, we also recognise that there is likely to be a significant shortfall in the funding (traditionally derived from commercial sources such as advertising and newspaper cover prices) required to support a plural supply of local and regional news. As such, and given the vital role of local and regional news in our democracy, we believe it is appropriate to explore all funding options, including Ofcom’s IFNC concept.
- It could be, for example, that some initial top-up public funding is required, but that this would be tapered over time.
- Although government and industry need to continue to explore all options, currently there are very few credible alternative funding models. Other potential models include exploiting advertising minutage within broadcast news bulletins, but this would not be sufficient in itself.

3. Do you agree that the Television Licence Fee should be used to support impartial news in the Nations, locally and in the regions in addition to BBC services?

- As the Television Licence Fee is a public tax, it is important that the views of audiences are taken into account when determining how it is used. We note that the government is conducting specific research for that purpose. We already know that there is public demand and support for local and regional news beyond that provided by the BBC.
- GMG is a strong supporter of an independent, properly funded BBC, and does not wish to see its funding undermined. We do, however, believe that – given the questions over the future provision of independent local and regional news and the strength of the BBC’s financial position – the digital switchover surplus could be used to fund the IFNC pilot scheme. It is also important that the government and Ofcom rapidly come to a decision about which region would be used for the English pilot.
- It is also appropriate to consider whether a similar amount should be set aside as a ‘contained contestable element’ to support local and regional news provision, as well as investigating other potential sources of funding.

4. Do you agree that any funding within a contained contestable element of the Television Licence Fee not required for impartial news should potentially be made available to fund other forms of essential public service content, or should such funding be limited to news?

- Allocation of funding should be driven by public demand and requirements, and any potential deficit in areas where the demand and requirements exist. News is clearly the most pressing area: it is what audiences want, and it is where the financial issues are most acute.
- Furthermore, other areas of public service content have greater opportunities to generate funding through, for example, international sales. Such opportunities are not available to providers of local and regional news.

5. Are there alternative funding mechanisms that you believe would deliver the above objectives more effectively?

- As we state above in the answer to Q2, there are currently very few credible alternative funding models. Sale of advertising during bulletins could be another form of funding but it would not be sufficient in itself, and would have to overcome barriers in the current trading model for TV advertising.

6. Do you agree with the proposal to set a maximum percentage of Television Licence Fee revenue which could be set aside as a contained contestable element?

- If a contestable element of the Television Licence Fee is to be used to support other forms of news provision, clearly any maximum percentage would need to be high enough to allow providers to deliver a service of sufficient quality.
- The principle of pegging the amount used to fund IFNCs against the amount of money spent on the BBC as a whole is questionable – given the different nature, purposes and requirements of each entity.
- Whatever happens, steps do need to be taken to give the BBC sufficient certainty to plan and to ensure its ongoing independence and security.

7. N/A

8. Do you agree that the use of any contained contestable element within the Television Licence Fee should be restricted to the public purposes set out in the BBC Charter?

- While it is highly probable that any news service funded via a contestable element of the Television Licence Fee would fall within the – very broad – requirements of the BBC’s ‘public purposes’, it would be wrong to impose on such services restrictions identical to those which apply to the BBC.
- For IFNCs to operate effectively there would need to be a new, tailored governance structure to reflect the needs and interests of all stakeholders.

Further information:

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Guardian News & Media publishes the Guardian and Observer, two of the UK's leading newspapers, and guardian.co.uk, the internationally successful website.

GMG Regional Media publishes the Manchester Evening News and its website, and a number of weekly newspapers and websites in the North West and South of England. It also includes Channel M, a TV station for Greater Manchester.

GMG Radio operates regional stations across the UK, predominantly under the Real Radio and Smooth Radio brands.

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Trader Media Group publishes Auto Trader, the leading motors classified website and magazine, along with a number of other titles and websites. Trader Media Group is jointly owned by GMG and Apax Partners.

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