

## **Submission to the Cairncross Review**

**14 September 2018**

### **Introduction**

1. In this submission, we respond to the questions posed by the Review in the Call for Evidence of 28 June. We focus on those questions where we have relevant expertise, as a press regulator designed for the digital age.
2. At a time when high-quality journalism is under more pressure than ever, IMPRESS aims to provide publishers and journalists with the protection and support they need to do their job. We regulate more than one hundred digital and print publications across the UK. Most of the publications we regulate are digital-first. As a result, we have a unique insight into the challenges and opportunities facing independent news publishers in the digital economy.
3. Our Trust in Journalism mark helps our members' sites to stand out from the crowd and helps readers to find trustworthy information. As a result, we can help publishers to build a brand based on high-quality journalism, accountability and public trust. We offer free arbitration, a comprehensive insurance scheme and a progressive Standards Code. We work in partnership with the public, publishers and stakeholders to raise the standards of journalism.
4. Our Standards Code was developed after talking to the public and expert stakeholders across the UK about the standards they expect from journalists in the twenty-first century. It is easily accessible online, and includes detailed guidance for the public and publishers on each clause. We undertake regular public consultations to improve our Code and our services. Through a regular programme of events, publications and social media activity we also engage publishers, journalists and the public in our work more generally.
5. We provide a confidential and efficient complaints-handling system. Members of the public can make complaints using our simple online system. And for those who would prefer to write or talk to us in person, our professional team is easily contacted by letter, email or telephone.

1. The review's objective is to establish how far and by what means we can secure a sustainable future for high-quality journalism, particularly for news. Looking ahead to 2028, how will we know if we have been successful, in relation to: a) publishers b) consumers

1.1. Before addressing this question we believe it is important to define some key terms.

**'High-quality journalism'**

1.2. Neither journalism in general, nor 'high-quality journalism' in particular, are defined in the Terms of Reference for this Review or in this Call for Evidence.

1.3. There have been many attempts over the years to define journalism. In his book *Why Democracies Need an Unlovable Press* the American media scholar Michael Schudson sets out six functions that journalism may play in democratic societies:

- I) **information:** *the news media can provide fair and full information so citizens can make sound political choices;*
- II) **investigation:** *the news media can investigate concentrated sources of power, particularly governmental power;*
- III) **analysis:** *the news media can provide coherent frameworks of interpretation to help citizens comprehend a complex world;*
- IV) **social empathy:** *journalism can tell people about others in their society and their world so that they can come to appreciate the viewpoints and lives of other people, especially those less advantaged than themselves;*
- V) **public forum:** *journalism can provide a forum for dialogue among citizens and serve as a common carrier of the perspectives of varied groups in society;*
- VI) **mobilization:** *the news media can serve as advocates for particular political programs and perspectives and mobilize people to act in support of these programs.<sup>1</sup>*

1.4. These norms may help us to recognise *journalism* when we find it, but they do not help us to recognise '*high-quality journalism*', which – as a comparative term – must be meant to contrast with '*low-quality journalism*'. It cannot be synonymous with 'the press', a term which encompasses all publishers of news

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<sup>1</sup> Michael Schudson, *Why Democracies Need an Unlovable Press* (Cambridge: Polity 2008), p. 12.

in print and digital form, and which may therefore include publishers of low-quality journalism as well as publishers of high-quality journalism.

1.5. Therefore, we take ‘high-quality journalism’ to mean journalism that is produced according to recognised ethical standards, such as the standards set out in the codes published by numerous press councils around the world.

1.6. The Ethical Journalism Network, a registered English charity, has distilled the core principles of international press codes in the following terms:

- **Truth and Accuracy:** *Journalists cannot always guarantee ‘truth’, but getting the facts right is the cardinal principle of journalism. We should always strive for accuracy, give all the relevant facts we have and ensure that they have been checked. When we cannot corroborate information, we should say so.*
- **Independence:** *Journalists must be independent voices; we should not act, formally or informally, on behalf of special interests whether political, corporate or cultural. We should declare to our editors – or the audience – any of our political affiliations, financial arrangements or other personal information that might constitute a conflict of interest.*
- **Fairness and Impartiality:** *Most stories have at least two sides. While there is no obligation to present every side in every piece, stories should be balanced and add context. Objectivity is not always possible, and may not always be desirable (in the face for example of brutality or inhumanity), but impartial reporting builds trust and confidence.*
- **Humanity:** *Journalists should do no harm. What we publish or broadcast may be hurtful, but we should be aware of the impact of our words and images on the lives of others.*
- **Accountability:** *A sure sign of professionalism and responsible journalism is the ability to hold ourselves accountable. When we commit errors we must correct them and our expressions of regret must be sincere not cynical. We listen to the concerns of our audience. We may not change what readers write or say but we will always provide remedies when we are unfair.’<sup>2</sup>*

1.7. We broadly endorse these principles, which are reflected in the IMPRESS Standards Code, to which all IMPRESS members are held accountable.<sup>3</sup>

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<sup>2</sup> Available at <https://ethicaljournalismnetwork.org/who-we-are/5-principles-of-journalism>.

<sup>3</sup> Available at <https://www.impress.press/standards/>.

- 1.8. The IMPRESS Standards Code, in common with most press codes, does not require impartiality, but does ask publishers not to misrepresent or distort the facts.
- 1.9. High-quality journalism may be politically partisan. It may be aimed at audiences of any socio-economic status and is not synonymous with so-called 'broadsheet' or 'high-brow' journalism. So-called 'mid-market', 'tabloid' or 'low-brow' journalism may also constitute high-quality journalism, which does not promote a particular worldview or cater only to the tastes of a particular segment of society.
- 1.10. High-quality journalism does not preclude celebrity gossip, sports reporting or political satire, so long as these meet the ethical standards set out above. High-quality journalism is not necessarily high-minded or accessible only by a privileged elite. As Johanna Vehkoo has noted in a report for the Reuters Institute for the Study of Journalism, one important – but often overlooked – criterion of journalism is this: 'Don't be dull.'<sup>4</sup>
- 1.11. We suggest that 'high-quality journalism' should be understood in line with international standards, as embodied in the IMPRESS Standards Code, to mean journalism which strives for accuracy; declares relevant interests; does not distort the facts; recognises its impact on the lives of others; and holds itself accountable.

### ***'Publishers'***

- 1.12. If the purpose of the Review is to 'secure a sustainable future for high-quality journalism', with a view to furthering public goods such as 'democratic and social engagement' (Terms of Reference, Key Consideration 1), then we assume that the reference in this question to 'publishers' means the publishers of high-quality journalism.
- 1.13. If the market continues to support the publication of low-quality journalism, then low-quality journalism will continue to thrive, just as the foodstuffs market supports fast food and fizzy drinks which will continue to thrive. However, there is no need to make a public intervention to support the publication of low-quality journalism any more than there is a need to publicly subsidise fast food and fizzy drinks.
- 1.14. For this reason, a general subsidy, such as VAT relief, which is applied equally to all news publishers, will be less effective in supporting high-quality journalism than a selective subsidy, along the lines of (but significantly different

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<sup>4</sup> Johanna Vehkoo, *What is Quality Journalism and How it Can be Saved* (Oxford: Reuters Institute for the Study of Journalism, 2010), p. 21, available at <https://reutersinstitute.politics.ox.ac.uk/our-research/what-quality-journalism-and-how-can-it-be-saved>.

from) the BBC Local Democracy Reporter scheme, which is applied to certain news publishers (see question 6, below).

- 1.15. We conclude from the Review’s Terms of Reference that its purpose is to sustain the publishers of high-quality journalism, as defined above, and not publishers in general.

### **‘Consumers’**

- 1.16. In the Review’s Terms of Reference, the ‘impact on consumers of a reduction in high-quality news provision’ is defined in terms of ‘democratic and social engagement’.

- 1.17. Democratic and social engagement is enhanced by high-quality journalism that represents a range of perspectives. For this reason, media policy has long recognised the importance of plurality and diversity in media markets, including newspaper markets.

- 1.18. Plurality and diversity may indicate, for instance, a range of publications that represent different political and cultural perspectives and that cater to different audiences. This may include some news outlets that are politically impartial (such as the BBC and other Ofcom-regulated broadcasters) and some that are politically partisan (such as most traditional newspapers and news websites).

- 1.19. Section 375 of the Communications Act 2003 gives Ofcom (the Office for Communications) a duty to consider ‘the need for, to the extent that it is reasonable and practicable, a sufficient plurality of views in newspapers in each market for newspapers in the United Kingdom or a part of the United Kingdom,’ when considering media mergers.<sup>5</sup>

- 1.20. We understand ‘consumers’ in this context to mean consumers as a whole in their capacity as citizens, capable of engaging in democracy and society, and not simply the readers of established news publications. Consumers include those who may feel excluded and unrepresented by the news media in its current form but have the capacity to engage in a more diverse and plural news media economy.

### **Success**

- 1.21. The Review will have been successful in its objective if, by 2028, all British citizens are able to choose from a wide range of sources of high-quality journalism that is free from political interference.

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<sup>5</sup> Communications Act 2003, section 375(1)(2A), available at <https://www.legislation.gov.uk/ukpga/2003/21/section/375>.

1.22. Indicators of success may include the following:

- News publishers should remain demonstrably free from political interference. We return to this point in our response to question 6 (below). We cannot emphasise strongly enough that, whilst we support the principle of public funding for high-quality journalism, *politicians and politically-accountable officials should have no direct role in allocating any such public funding to news publishers.*
- Any public support for journalism should be targeted at the publishers of high-quality journalism, rather than ‘news publishers’ or ‘the press’ more generally, so as to stimulate the supply of high-quality journalism.
- The public’s media literacy should be enhanced, so as to stimulate the demand for and engagement with high-quality journalism.
- The diversity (i.e. the range of political and cultural perspectives) and pluralism (i.e. the range of owners) of the news media should be enhanced, so as to ensure that news consumers can choose from a range of perspectives and journalists can choose from a range of employers.

**2. Do you consider that the future of high-quality journalism in the UK is at risk – at national, regional and/or local levels? a) What are the main sources of evidence that support your view? b) What are the main sources of evidence which support an alternative perspective?**

2.1. The government has commissioned an *Overview of Recent Dynamics in the UK Press Market* from Mediatique Limited.<sup>6</sup> We believe that this report sets out much of the relevant evidence to support the view that the future of high-quality journalism in the UK is at risk. We see no need to repeat that evidence here.

2.2. We note in addition that there has long been a tension between high-quality journalism, as defined above, and the interests of news publishers. The standards expected of high-quality journalism impose some constraints on news publishers, who might otherwise wish to pursue their commercial or political agenda, untroubled by considerations such as accuracy or transparency.

2.3. Almost one hundred years ago, in 1920, Walter Lippmann argued that the ‘crisis of western democracy’ was ‘a crisis in journalism.’<sup>7</sup> He complained that

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<sup>6</sup> *Overview of Recent Dynamics in the UK Press Market* (London: Mediatique, 2018), available at <https://secure.toolkitfiles.co.uk/clients/19826/sitedata/Reports/Press-report-for-DCMS.pdf>. Jonathan Heawood, CEO of IMPRESS, was interviewed by Mediatique for this Overview.

<sup>7</sup> Walter Lippman, *Liberty and the News* (Mineola NY: Dover, 2010), p. 2.

American democracy was being undermined by distortions, omissions and downright falsehoods in the newspapers of his time, and called for public intervention to secure the provision of high-quality, diverse and plural sources of news:

*'In a few generations it will seem ludicrous to historians that a people professing government by the will of the people should have made no serious effort to guarantee the news without which a governing opinion cannot exist.'*<sup>8</sup>

- 2.4. Following Lippmann's polemic, journalists in the United States, United Kingdom and elsewhere took steps to improve the professional standards of journalism. Coupled with a vibrant advertising-based business model, this led to period when the private interests of newspaper owners found a balance with the public interest in high-quality journalism. Some editors and journalists were able, in this phase of the news economy, to produce high-quality journalism and significant returns for their proprietors.
- 2.5. However, there was no guarantee that the advertising-based business model would *necessarily* provide the public with high-quality journalism or protect the public from the harmful consequences of low-quality journalism.
- 2.6. Indeed, the American media scholar Victor Pickard, of the Annenberg School for Communication, has written of 'journalism's structural vulnerabilities' and concluded that 'crisis is built into the very DNA of the commercial press system.'<sup>9</sup> Another American scholar, Jim Sleeper of Yale University, has recently observed that 'journalism is housed in "the media," an industry whose conglomerate-driven bottom lining now short-circuits the arts and disciplines of democratic deliberation.'<sup>10</sup>
- 2.7. In the UK, a series of scandals in the news media since the Second World War have led to seven public inquiries or commissions into the standards of journalism, from the Royal Commission of 1947-49 to the Leveson Inquiry of 2011-12.
- 2.8. In each case, these inquiries have raised concerns about the ways in which the commercial and political interests of news publishers have obstructed the public interest in high-quality journalism; and have called for greater accountability for news publishers.
- 2.9. It is clear that the financial health of the newspaper industry does not neatly correlate with the quality of journalism produced by that industry. In the

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<sup>8</sup> *Ibid*, p. 3.

<sup>9</sup> Victor Pickard, *America's Battle for Media Democracy: the triumph of corporate libertarianism and the future of media reform* (New York: Cambridge University Press, 2015), p. 128.

<sup>10</sup> Jim Sleeper, 'The News Media, the Public Sphere and the Phantom Public' (n.d.), available at <http://www.jimsleeper.com/wp-content/uploads/2010/03/the-news-media.pdf>.

previous era of robust finances, there were legitimate concerns about the quality of journalism produced by British newspapers. In the present era of economic disruption, there are similar concerns about the quality of journalism produced by British newspapers.

2.10. The challenges facing high-quality journalism today may take a different form from the challenges that faced previous eras. However, there has never been a 'golden age' for high-quality journalism. Simply removing the present drivers of economic disruption does not provide any kind of guarantee that high-quality journalism will thrive.

2.11. If this Review wishes to secure a sustainable future for *high-quality journalism*, rather than simply for *the press* in its current form, then the Review must accept that the market, left to its own devices, has never guaranteed the provision of high-quality journalism, and is unlikely to do so in future.

**3. What can the review learn from successful business models in other sectors or other countries, including those which work at scale? We are particularly interested in any organisational or business models which might promote or advance the future of high-quality journalism at the local and regional levels:**

**a) Where new and viable business models are emerging for high-quality journalism, what does this tell us about changing consumer behaviour and preferences? b) Are different approaches needed for different parts of the market (e.g. national and local; general and special interest news)? c) To what extent do new and emerging business models such as online-only, hyperlocals and cooperative models work or mitigate issues felt by traditional players? d) What alternative income streams (other than advertising) are most likely to sustain high-quality journalism in the digital age? Are there barriers to their effective exploitation and if so, how could these be addressed?**

3.1. There are undoubtedly challenges facing the publishers of high-quality journalism (see question 2, above). These challenges exist in (a) the structural tension between high-quality journalism and the other interests of news publishers, as summarised above, and (b) the particular challenges posed by the digital economy, as set out in the Mediatique report.

3.2. However, the digital economy presents opportunities as well as challenges for the publishers of high-quality journalism.

3.3. More than 100 news publications have chosen to subscribe to IMPRESS. These publications are, by definition, committed to high-quality journalism. They represent all aspects of the independent news sector, including local and hyperlocal news publications, investigative publications and specialist publications serving particular communities.

- 3.4. According to our analysis, these publications represent the tip of the iceberg of independent news publishing in the UK. We calculate that this market consists of more than 1,200 publishing companies and more than 6,000 publications. The national and regional markets are dominated by a handful of companies, most of which subscribe to (and are responsible for establishing) the Independent Press Standards Organisation (IPSO). However, more than 1,000 publishing companies currently sit outside IPSO and IMPRESS. This part of the industry consists of digital start-ups, business-to-business publishers (many of which are responsible for a large quantity of news reporting) and small independent publishers.
- 3.5. Although the size of this sector is encouraging, there are reasons to be concerned that, without public intervention, the independent news sector may not survive. It will certainly struggle to achieve the impact that legacy news publishers have historically enjoyed at a national and local level.
- 3.6. IMPRESS members take a range of different corporate forms (including profit-making companies, non-profit companies and co-operatives), and pursue a range of different revenue streams. However, at heart, they are dependent on income from advertisers, readers, or both.
- 3.7. In June 2018, we conducted a survey of IMPRESS members. 26 publishers responded to the survey, providing a unique snapshot of the experiences and views of independent news publishers at this point in time:
- 57% of IMPRESS members have a mixed business model and generate revenue from both advertisers and readers.
  - 10% generate revenue solely from readers, in the form of subscriptions, sales, membership or donations.
  - 33% generate revenue solely from advertisers.
- 3.8. Small independent publishers are evidently subject to the same economic pressures as large publishers. It is unsurprising, therefore, that 77% of IMPRESS members believe that the main challenge the sector faces is ‘the digital advertising supply chain funnelling advertising away from content producers’.
- 3.9. However, unlike large publishers, small independent publishers do not have the financial, legal or technological resources to address this challenge.
- 3.10. Large news publishers can use sophisticated real-time analytics to see which content is performing best on which platform. They can develop their content strategy accordingly, generating higher advertising and subscription revenue. They can also distribute their content via multiple platforms, thereby

reducing their reliance on dominant intermediaries such as Facebook and Twitter.

3.11. By contrast, smaller publishers tend to be more heavily dependent on the dominant intermediaries for referral traffic. They are seriously affected by minor tweaks to these platforms' algorithms and lack the resources to monitor their content's performance on different platforms. As a result, small independent publishers will struggle to scale up in this phase of the news economy.

3.12. Whilst there are very low barriers to entry into the digital news market, there are high barriers to growth.

3.13. At the same time that these low barriers have enabled the emergence of new sources of high-quality journalism, they have also enabled the proliferation of extremely low-quality journalism, including so-called 'fake news', where wilful misinformation and disinformation are presented in the guise of legitimate online news.

3.14. Thanks to the bias of the digital advertising market towards emotive and attention-grabbing content (see below: question 4), this material – which can be produced at no cost – may thrive, at the expense of high-quality journalism from both start-up and established publishers.

3.15. We believe that some publishers of high-quality journalism may require public support in order to compete effectively in the digital media economy.

3.16. We believe that any such support should be sufficiently selective so that it does not inadvertently benefit the publishers of low-quality journalism, misinformation or disinformation.

**4. What has been the impact of the operation of the digital advertising market on the sustainability of high-quality journalism in the UK? a) Can digital advertising revenues support high-quality journalism in the future, as print advertising has done in the past? b) How does the digital advertising market affect the ability of news publishers to monetise content? c) Does the digital advertising market influence what news people see and if so, in what ways? d) What changes might be made to the operation of the digital advertising market to help support and sustain high-quality journalism?**

4.1. As noted above (question 3), the digital economy has enabled the emergence of a large number of news publications, including some which are committed to high-quality journalism. It has also enabled the proliferation of sources of low-quality journalism, misinformation and downright disinformation.

4.2. The development of the digital advertising market has undoubtedly had a significant impact on the ability of news publishers to monetise content and on the selection of news that people see, for instance on dominant social media platforms such as Facebook and Twitter. The algorithms of these dominant platforms tend to reward attention-grabbing content rather than high-quality journalism.

4.3. Whilst we believe that the digital advertising market should be reformed, we believe that any such reforms should be made in the context of a wider review of digital accountability (see below: question 5), and not simply in the context of this market's impact on high-quality journalism.

**5. Many consumers access news through digital search engines, social media platforms and other digital content aggregation platforms. What changes might be made to the operation of the online platforms and/or the relationship between the platforms and news publishers, which would help to sustain high-quality journalism? a) Do the news publishers receive a fair proportion of revenues for their content when it is accessed through digital platforms? If not, what would be a fair proportion or solution and how could it best be achieved? b) When their content is reached through digital platforms, do the news publishers receive fair and proportionate relevant data from the platforms. If not, what changes should be made and how could they best be achieved?**

5.1. There is considerable discontent among independent news publishers about the share of data and revenues that they receive from digital intermediaries such as social media platforms.

5.2. In our survey of IMPRESS members, we learned that:

- 100% use social media platforms to publish their content and/or links to their content.
- 96% do not receive any income from the social media platforms on which they publish.
- Only 8% believe that their financial arrangements with social media platforms are fair.
- A significant majority – 72% – believe that these financial arrangements are unfair.

5.3. Comments included the following:

- '[Social media platforms] do help me distribute my content but I don't get any revenue for providing content to their site.'

- ‘The power is with the platform.’
- ‘We struggle to keep up to date with changes to platforms that have a significant impact on our readership.’
- ‘Our success as a local news source is intertwined with social media. Should they be paying for the content and traffic we create? Maybe. Should we learn how to do without Facebook? Maybe, as well. Social media gives us a platform but nothing else. It is an unequal relationship.’
- ‘We are completely at the whim of opaque changes to algorithms with no direct contact with the platforms.’
- ‘Whilst social media platforms are under no obligation to reward content creators, we would certainly support measures that would see a more equitable revenue share between social media platforms and content creators where content we produce has generated a lot of engagement – and thus value – for the platform. That said, as a digital-only media brand, social media platforms play an important role in promoting our content and helping us to reach new audiences.’

5.4. Whilst we believe that the operation of digital intermediaries should be reformed, through independent and effective regulation, we believe that any such reforms should be made in the context of a wider review of digital accountability, and not simply in the context of digital intermediaries’ impact on high-quality journalism. Our reasons are as follows:

- Digital intermediaries are affecting the political and economic culture of many countries in many respects. By looking at digital intermediaries solely through the prism of their relationship with news publishers, there is a danger that we will miss this bigger picture.
- Any changes to the operation of digital intermediaries in general, or the digital advertising market in particular, that are made solely to improve the situation of news publishers may have perverse consequences, such as inhibiting freedom of expression for the individual users of digital intermediaries, or stifling innovation in the digital sector.

5.5. The digital advertising market is an integral part of the digital economy and has effects that go far beyond its impact on news publishing.

5.6. Any changes to the digital economy should be made in cognisance of their likely impact on other industries.

5.7. We believe that it is immensely important to strengthen the accountability of digital intermediaries such as Facebook, Amazon, Google and Apple, and we would welcome the opportunity to contribute to further work in this area.

5.8. However, we note that the present Review is focused on the sustainability of high-quality journalism and does not have the scope to consider the wider political, economic and cultural effects of any changes to the operation of digital intermediaries.

5.9. We commend the work of several groups which are addressing the complex and interlinked challenges of regulating digital intermediaries. These include the Centre for the Study of Media, Communication and Power at King's College London;<sup>11</sup> Doteveryone;<sup>12</sup> the LSE Truth, Trust and Technology Commission;<sup>13</sup> the New Economics Foundation;<sup>14</sup> the Ada Lovelace Institute;<sup>15</sup> and Carnegie Trust UK.<sup>16</sup> We believe that the work of all of these groups would repay close attention.

5.10. We do not recommend changes to the operation of the digital advertising market or digital intermediaries more generally, in the absence of a comprehensive policy framework in relation to digital intermediaries.

5.11. We recommend that the Review should consider how best to advance public policy in this area, for instance through a Digital Accountability Review, designed to bring the operation of digital intermediaries into alignment with the public interest across a range of measures, and not simply the public interest in high-quality journalism.

**6. High-quality journalism plays a critical role in our democratic system, in particular through holding power to account, and its independence must be safeguarded. In light of this, what do you consider to be the most effective and efficient policy levers to deliver a sustainable future for high quality journalism? a) Where, if at all, should any intervention be targeted and why (for example, at the local level, or at specific types of journalism)? b) What do you think are or should be the respective responsibilities of industry, individuals and government, in addressing the issues we have identified? c) If there is a case for subsidising high-quality journalism, where should any funding support come from? i) What form should it take? ii) How or where should it be targeted?**

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<sup>11</sup> <https://www.kcl.ac.uk/sspp/policy-institute/cmcp/index.aspx>.

<sup>12</sup> <https://doteveryone.org.uk/>.

<sup>13</sup> <http://www.lse.ac.uk/media-and-communications/truth-trust-and-technology-commission>.

<sup>14</sup> <https://neweconomics.org/2018/07/disrupting-together>.

<sup>15</sup> <https://www.adalovelaceinstitute.org/>.

<sup>16</sup> <https://www.carnegieuktrust.org.uk/theme/digital-futures/>.

6.1. As this question notes, high-quality journalism has the potential to play a critical role in our democratic system. As noted above (question 1), Michael Schudson has listed six functions that journalism may play in democratic societies:

- I) **information:** *the news media can provide fair and full information so citizens can make sound political choices;*
- II) **investigation:** *the news media can investigate concentrated sources of power, particularly governmental power;*
- III) **analysis:** *the news media can provide coherent frameworks of interpretation to help citizens comprehend a complex world;*
- IV) **social empathy:** *journalism can tell people about others in their society and their world so that they can come to appreciate the viewpoints and lives of other people, especially those less advantaged than themselves;*
- V) **public forum:** *journalism can provide a forum for dialogue among citizens and serve as a common carrier of the perspectives of varied groups in society;*
- VI) **mobilization:** *the news media can serve as advocates for particular political programs and perspectives and mobilize people to act in support of these programs.<sup>17</sup>*

6.2. Various other actors may also perform some of these roles. For instance, Non-Governmental Organisations (NGOs) and other civil society organisations may investigate concentrations of power. Academics may analyse our complex world and provide a public forum for debate. Government itself may inform the public about health risks, interest rate changes and so on. Individual members of the public may challenge the government by using powers available to them under the Freedom of Information (FOI) Act or through the process of Judicial Review.

6.3. However, high-quality journalism plays a role above and beyond the roles played by these other actors, because only high-quality journalism provides any kind of guarantee – through the standards set out above (question 1) – that it strives for accuracy; declares relevant interests; does not distort the facts; recognises its impact on the lives of others; and holds itself accountable. As a result, high-quality journalism still has a uniquely important role to play in the digital media economy.

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<sup>17</sup> Michael Schudson, *Why Democracies Need an Unlovable Press* (Cambridge: Polity 2008), p. 12.

6.4. We recommend that the government should take steps to ensure that, by 2028, all British consumers are able to choose from a wide range of sources of high-quality journalism that is free from political interference.

### ***Public intervention***

6.5. Over the years, democratic governments have developed a range of policies to support the news industry in general and high-quality journalism in particular. These policies range from active measures to the passive, *laissez-faire* approach that is characteristic of American media policy.

6.6. Active measures include indirect subsidies, such as VAT relief, where news publishers benefit from favourable treatment; and direct subsidies, such as the BBC Local Democracy Reporter scheme (see below).<sup>18</sup> Some forms of support are general, and favour all newspaper publishers; and some are selective, and benefit only media organisations that meet certain requirements.<sup>19</sup>

6.7. In common with most other democratic nations, the UK makes a number of interventions to sustain high-quality journalism. For example:

- The publishers of local and regional newspapers benefit from the public notice advertising regime, whereby local authorities are obliged to place public notices, tenders and advertisements within selected local newspapers, in what is effectively a subsidy for the local press.<sup>20</sup>
- The zero-rating of VAT on printed newspapers, journals and periodicals amounts to another public subsidy for the printed press.<sup>21</sup>
- Through the Local Democracy Reporter (LDR) scheme (brokered by the government at the time of the BBC Charter Review in 2016), the BBC has allocated £8m to the appointment of up to 150 Local Democracy Reporters across the UK. These posts are financed out of the licence fee, which the BBC is legally empowered to collect. The lion's share of this public funding has been allocated to some of the largest news publishers in the UK:

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<sup>18</sup> Corinne Schweizer, Manuel Puppis, Matthias Kunzler, Samuel Studer, 'Public Funding of Private Media (London: LSE, 2014), p. 7, available at <http://www.lse.ac.uk/media@lse/documents/MPP/LSE-MPP-Policy-Brief-11-Public-Funding-Private-Media.pdf>.

<sup>19</sup> *Ibid*, p. 7.

<sup>20</sup> See <https://goodpracticeexchange.wordpress.com/2014/02/18/the-future-of-public-notice-advertising-in-wales-part-ii/> for a recent analysis of this subsidy.

<sup>21</sup> See the House of Lords Select Committee on Communications report on *The Future of Investigative Journalism* (2012), available at <http://www.publications.parliament.uk/pa/ld201012/ldselect/ldcomuni/256/256.pdf>, pp. 46-47, for an argument for linking zero-rated VAT to newspapers' membership of an independent and effective self-regulatory body.

Reach (previously Trinity Mirror) with 63 reporters; Newsquest with 38 reporters; and Johnston with 33.5 reporters.<sup>22</sup>

6.8. In addition to these forms of financial support, news publishers also benefit from a number of legal privileges. For example:

- Journalists at some newspapers benefit from confidential channels of communication with the government on security issues, under the DA Notice regime.
- The protection of journalists' sources is a widely-respected legal concept which means that journalists are more free than other citizens to publish material in breach of confidence.
- Journalists have special access to secret trials and, more generally, to closed sessions of court.
- Journalists have a qualified exemption from the data protection regime.
- Journalistic material has special privileges in relation to the powers of the police to seize material under Part II of the Police and Criminal Evidence Act (PACE) 1984.
- Journalists are able to mount a public interest defence to a range of legal actions, including defamation and misuse of private information.

6.9. These legal privileges are for the most part generally available to all news publishers. Following the Leveson Inquiry, the government legislated for additional privileges that would apply only to news publishers with a demonstrable commitment to publishing high-quality journalism:

- Sections 34-39 of the Crime and Courts Act 2013 sets out incentives for news publishers to subscribe to an independent and effective regulator, as recognised by the Press Recognition Panel under the Royal Charter. News publishers which subscribe to such a regulator are exempt, in normal circumstances, from paying exemplary or aggravated damages in legal actions in defamation, harassment or privacy. News publishers which do not subscribe to such a regulator are not exempt.
- Section 40 of the Crime and Courts Act 2013 sets out further incentives. Under this section, news publishers which subscribe to a recognised regulator are exempt, in normal circumstances, from paying the other side's costs in legal actions in defamation, harassment or privacy, regardless of the outcome of the case. News publishers which do not

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<sup>22</sup> See <https://www.bbc.co.uk/1np/ldr>.

subscribe to such a regulator are presumed, in normal circumstances, to be obliged to pay the other side's costs, regardless of the outcome of the case. The government has pledged to repeal section 40, which has not been commenced.

6.10. So, the question is not *whether* the government should cross some imaginary 'Rubicon' to intervene in the news media; but *how* the government should best structure its policy in this area.

6.11. We believe that certain principles should underpin the government's interventions in the news media. These principles reflect the success criteria set out above (question 1), as follows:

- Any direct support should be structured so as to protect the freedom of news publishers from political interference. In particular, politicians and politically-accountable officials should have **no** direct role in regulating or allocating financial benefits to news publishers.
- Any selective support should be targeted at the publishers of high-quality journalism rather than 'news publishers' or 'the press' more generally, so as to stimulate the supply of high-quality journalism.
- The government should look to enhance the public's media literacy, so as to stimulate the demand for and appreciation of high-quality journalism.
- Any intervention should be calculated to enhance the diversity (i.e. the range of political and cultural perspectives) and plurality (i.e. the range of owners) of the news media.

### ***The role of industry***

6.12. High-quality journalism is not self-certifying. A news publisher should not be eligible for public support simply because they say that they publish high-quality journalism. There must be some form of independent assessment as to whether the output of any publisher does indeed meet the standards expected of high-quality journalism. This is just as true of well-established news brands as it is of new entrants to the market.

6.13. Without some form of independent and effective self-regulation, there is no guarantee that a particular publisher will be responsible for high-quality journalism, regardless of their track record in the past.

6.14. Whilst some industries are capable of upholding ethical standards without outside intervention, others are not. In his Inquiry into the Culture, Practices and Ethics of the Press, Sir Brian Leveson found that the British news

publishing industry has been collectively unable or unwilling to uphold the standards of journalism over many years.<sup>23</sup>

6.15. Following the Leveson Inquiry, two self-regulatory bodies for news publishers were established, IMPRESS (the Independent Monitor for the Press) and IPSO (the Independent Press Standards Organisation).

6.16. On 25 October 2016, the Press Recognition Panel (PRP) confirmed that IMPRESS satisfies the criteria for independent and effective regulation as set out by Sir Brian Leveson and distilled in the Royal Charter on Self-Regulation of the Press ('the Charter').<sup>24</sup> These criteria cover issues such as the regulator's funding arrangements, its governance, its powers and remedies, and serve to guarantee its independence (from both news publishers and politicians) and effectiveness.

6.17. As a consequence, IMPRESS operates as a 'recognised' or 'approved' regulator. It is operationally independent of the state but its members benefit from statutory advantages in the form of the incentives set out at sections 34-39 of the Crime and Courts Act 2013 (see above).

6.18. Membership of IMPRESS, or another recognised regulator, demonstrates that a news publisher holds itself accountable, and that it thereby satisfies the Ethical Journalism Network's definition of high-quality journalism set out above (question 1).

6.19. Other news publishers may belong to other self-regulatory bodies or may run their own in-house complaints-handling mechanisms. There is no guarantee that any such bodies or mechanisms provide meaningful accountability. In fact, there are good reasons to be concerned that other bodies and mechanisms **do not** provide meaningful accountability.

6.20. Representatives of IPSO have at times suggested that IPSO effectively meets Sir Brian Leveson's criteria for independent and effective regulation. However, IPSO has not put itself forward for recognition by the PRP.

6.21. In 2016, IPSO commissioned Sir Joseph Pilling to review its performance.<sup>25</sup> Although Sir Joseph's review was informal, and surprisingly relaxed about seeking information, even he concluded that IPSO fails to meet

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<sup>23</sup> Leveson.

<sup>24</sup> PRP decision.

<sup>25</sup> Sir Joseph Pilling, *The External IPSO Review* (London: 2016), available at [https://www.ipso.co.uk/media/1278/ipso\\_review\\_online.pdf](https://www.ipso.co.uk/media/1278/ipso_review_online.pdf).

the Charter criteria.<sup>26</sup> The PRP executive have stated that, on the available evidence, IPSO does not appear to meet the Charter criteria.<sup>27</sup>

6.22. Therefore, whilst IPSO may be an admirable organisation in many respects, it cannot hold itself out as meeting the only extant standards for independent and effective regulation.

6.23. For the avoidance of doubt, we are not saying that membership of IMPRESS is the **only** way that a publisher might demonstrate their accountability and thereby their commitment to publishing high-quality journalism. Publishers might equally well join or establish another demonstrably independent and effective regulator.

6.24. We recommend that, in order to be eligible for any direct and selective support, news publishers should be required to demonstrate that they are independently and effectively accountable. Membership of a recognised regulator is a strong indicator of this.

### ***The role of individuals***

6.25. As individuals, we are not obliged to consume high-quality journalism. There is no legal duty to be well-informed.

6.26. However, without an audience, high-quality journalism cannot play any kind of democratic or social role. A tree falling in a deserted forest has more impact than an unread news publication.

6.27. Therefore, government should create conditions in which consumers are able to recognise and appreciate high-quality journalism.

6.28. Public interventions to support media literacy should help to steer consumers away from sources of misinformation and disinformation; and restore trust and consequently revenue to the producers of high-quality journalism.

6.29. Ofcom is already empowered under section 11 of the Communications Act 2003 to promote media literacy. However, it may lack the remit and resources to fulfil this duty effectively in digital media environment, where broadcasting content exists alongside content from traditional newspapers, online newspapers and sources of misinformation and disinformation such as so-called 'fake news' and political communications. It may be that part of the responsibility for media literacy should sit with another body or bodies with expertise in this area.

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<sup>26</sup> *Ibid.*, pp. 47-66.

<sup>27</sup> See <https://pressrecognitionpanel.org.uk/wp-content/uploads/2018/06/Response-to-requests-for-information.pdf>.

6.30. At the same time, audiences would benefit from new tools to help distinguish high-quality journalism from other forms of content, including advertising and political communications. These tools might take the form of kitemarks or classifications, akin to the film classification model employed by the British Board of Film Classification.

6.31. We recommend that the government should ensure that Ofcom or another body is adequately funded in order to promote media literacy, with a view to ensuring that news consumers are able to recognise high-quality journalism.<sup>28</sup>

6.32. We recommend that the Digital Accountability Review is tasked with developing means for the public to distinguish high-quality journalism from other forms of content, including advertising and political communications, which may be by means of a system of kitemarking or classification.

### ***The role of government***

6.33. In our survey, we asked our members for their views on the role of government in relation to journalism. We learned that 80% believe that offering tax relief to publishers to mitigate the economic threats they face would be an effective means of sustaining high-quality journalism.

6.34. Comments included the following:

- ‘We feel that politicians could and should do more to make sure the provincial press not only continues to play an important role in our democratic society but can also do so without the increasing financial and legal obstacles.’
- ‘Reflecting on the past 10+ years of local news provision, it’s become a whole lot more restricted and expensive over the years – while at the same time income hasn’t grown significantly.’
- ‘For small, independent, non-commercial (not for profit) local news media like ours there are constant and major challenges, which are mostly related to capacity, e.g. business planning; media law; “real world” engagement with local communities; marketing and promotion; fundraising, to name a few. Increasingly, the lack of legal advice poses a massive challenge for us, particularly in investigative news.’
- ‘Public/government funding for independent high-quality journalism, with a view to creating more media plurality.’

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<sup>28</sup> <https://www.legislation.gov.uk/ukpga/2003/21/section/11>.

- ‘Support from local council and other government agencies through advertisements, sponsorships etc.’
- ‘Facebook and social media should have to pay for content.’
- ‘Tax social media platforms more effectively.’
- ‘Subsidies would be helpful for community/hyperlocal publications.’
- ‘Shared/collective fundraising methods, such as the Media Fund.’

6.35. We note the repeated calls for financial and capacity building support from government for the independent news sector, in particular at a local level but also in relation to investigative and specialist sites that operate at a national or international level.

6.36. Any financial support for journalism must be carefully structured to **avoid the risk of political interference**. The authors of a recent report by the London School of Economics concluded that the ‘allocation of subsidies is one of the most delicate aspects of public support programmes for the media as the mechanisms in place have to respect media freedom.’<sup>29</sup> In a comparative study of public funding for journalism in 18 democratic countries, they found that in most cases ‘a specialised committee or the existing media regulator is responsible for appropriation decisions.’<sup>30</sup>

6.37. This view is shared by IMPRESS members, 73% of whom believe that, if the government takes steps to sustain high-quality journalism, then ‘high-quality journalism’ should be defined by an independent self-regulatory body and not by government or the news publishing industry.

### ***Subsidy***

6.38. The analysis above (question 4) suggests that independent publishers require scale in order to maximise the opportunities and threats that are posed by the digital economy and the legal environment more generally. In particular, independent publishers have told us that they would appreciate support with business development and legal advice.

6.39. We believe that any public intervention will be most effective if it works with the grain of the market and does not seek to impose a top-down solution.

6.40. For instance, public intervention should not aim at creating new publishing companies, but at *supporting new and established publishing*

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<sup>29</sup> Schweizer et al, *op. cit.*, p. 11.

<sup>30</sup> *Ibid.*

*companies with a demonstrable will and capacity to publish high-quality journalism.*

6.41. A smart subsidy along these lines could support and encourage public-spirited news entrepreneurs who are committed to plugging gaps in the market and developing new business models and new forms of journalism. This would have the dual benefit of stimulating innovation and improving the supply of high-quality journalism.

6.42. We do not believe that the BBC Local Democracy Reporter (LDR) scheme is an appropriate model, for the following reasons:

- This subsidy has been allocated by a very small department within the BBC according to opaque criteria that have demonstrably benefited market incumbents rather than publishers that are necessarily committed to high-quality journalism.
- The scheme was devised in partnership with the NMA, a private body which does not have a duty to the public interest in high-quality journalism, or diversity and plurality in the news media.
- The provision of Local Democracy Reporters does not enhance the sustainability of news publishers and is, in this respect, a sticking plaster rather than a cure.
- Publishers which do not qualify to employ a Local Democracy Reporter are eligible to use content produced by such an LDR reporter. However, in practice, this content is likely to be of minimal value to a publisher who does not serve exactly the same community as the employing publisher.
- Moreover, the employing publisher has far greater opportunity to set the LDR's agenda and to frame his or her work according to the editorial and perhaps the commercial and political priorities of that publisher.
- Whilst the LDR scheme is designed not to allow employing publishers to substitute an LDR reporter for an existing employee, there is very little capacity to police this requirement in practice.
- There is considerable potential for regulatory confusion in relation to the work of LDRs, which may be regulated under the Editors' Code of Practice, the IMPRESS Standards Code and/or the BBC Editorial Guidelines. Given that these various codes set quite different standards in relation to accuracy and impartiality, this has the potential to damage public understanding of these codes and thereby to further erode media literacy and confidence in the media.

- 6.43. The LDR scheme may have been intended to promote high-quality journalism, but for the reasons set out above we do not believe that it is an appropriate model for any further subsidy.
- 6.44. We recommend that the Review considers other models, such as the arts funding model operated by Arts Council England (ACE).
- 6.45. Under its National Portfolio scheme, ACE supports a number of organisations at regional and national level.<sup>31</sup> These organisations are selected following a rigorous application process that takes into account the organisations' differing capacities. National Portfolio organisations are operationally independent of ACE and routinely commission work that is critical of government and/or challenging of social norms and mores. National Portfolio organisations are encouraged to see grants as part of a wider business development strategy, whereby public money is used to stimulate other revenue streams, leading to more independent organisations in the long term.
- 6.46. Comparable funding models have been developed to subsidise high-quality journalism in other democratic nations.<sup>32</sup> However, the provision of public funding for journalism is even more sensitive than the provision of public funding for the arts, and therefore any subsidy must be very carefully structured to ***avoid the risk of political interference***.
- 6.47. At the same time, public subsidy requires a degree of public accountability in order to maintain legitimacy.
- 6.48. In the UK, a News Funding Council (NFC) might be established, with responsibility for supporting the sustainability of high-quality journalism by making funds available to news publishers that satisfy certain criteria.
- 6.49. The NFC should be responsible for setting its own strategic priorities, subject to (a) minimum requirements set out by Parliament in statute; and (b) public consultation.
- 6.50. The NFC should be required to make funding available to news publishers across a range of sectors, including local, regional, national and international journalism; a range of political and cultural perspectives; a range of media (including, for instance, publishers specialising in audio-visual reporting or the use of news technologies such as Augmented Reality); and a range of business models.

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<sup>31</sup> See <https://www.artscouncil.org.uk/how-we-invest-public-money/national-portfolio-2018-22>.

<sup>32</sup> Schweizer *et al*, *passim*.

- 6.51. The NFC should be required to set clear funding criteria derived from its strategic priorities. Whilst applicants would be assessed against these criteria, funding decisions might require an element of expert judgement, and therefore the NFC's Council members would need to be selected and appointed at arm's length from government, to mitigate any risk of real or perceived political interference in the allocation of resources.
- 6.52. We do not have an opinion on the source of funds for such a body. We see this as a political decision, and merely note that comparable subsidies in other countries have been funded out of general taxation, public service broadcasting licence fees and hypothecated taxes.
- 6.53. Ideally, the NFC would be funded through an endowment large enough to enable it to operate in perpetuity and without any risk of 'drip-feeding' by government. Such an endowment might be formed with the proceeds of a windfall tax on digital intermediaries.
- 6.54. We recommend the establishment of a News Funding Council (NFC) to support the sustainability of high-quality journalism. The NFC should be operationally entirely independent of government and parliament. It should set its own strategic priorities, subject to (a) minimum requirements set out by Parliament in statute; and (b) public consultation. It should be required to make funding available to news publishers across a range of sectors, political perspectives, technologies and business models. Council members should be selected and appointed at arm's length from government.

### ***Tax relief***

- 6.55. Most news publishers benefit from some form of tax relief. However, the current tax regime carries some of the assumptions of the past. For instance, VAT relief is available to the publishers of printed material, rather than publishers of news in all forms. Moreover, the current regime is general, rather than selective, and may benefit the publishers of low-quality journalism, misinformation and disinformation as well as the publishers of high-quality journalism.
- 6.56. At the same time, start-up publishers of high-quality journalism may not be able to attract tax-efficient investment under schemes such as the Enterprise Investment Scheme (EIS); the Seed Enterprise Investment Scheme (SEIS); Venture Capital Trusts (VCTs); or Social Investment Tax Relief (SITR).
- 6.57. The government should ensure that all appropriate schemes are available to encourage investment to start-up publishers of high-quality journalism.

6.58. We recommend a review of the tax regime in relation to news publishers, to ensure that any existing tax benefits do flow to established and start-up publishers of high-quality journalism and do not flow to the publishers of low-quality journalism, misinformation or disinformation.

6.59. Some stakeholders have argued that journalism should be recognised as a charitable purpose and that news publishers should therefore be eligible for charitable status, with the tax benefits that this brings.

6.60. This proposal may be appropriate for certain news publishers under certain conditions. Some news publishers appear to be eligible for charitable status under the present law, and the Charity Commission should be urged to expedite any outstanding applications for charitable status in order to clarify their approach to this important question.

6.61. However, charitable status will not be appropriate for all news publishers for the following reasons:

- Charities are (quite rightly) limited in their political activities and required to be politically impartial, whereas high-quality journalism may (quite rightly) be politically active and partisan. It would be problematic either to bend charity law to accommodate politically partisan journalism or to bend high-quality journalism to conform with the expectations of charity law.
- The Charity Commission is directly appointed by government and has the capacity to remove charities from the register if, in the eyes of the Commission, those charities breach the law. Any such removal has a hugely negative impact on the reputation and financial prospects of an organisation. News publishers should not be compromised in their editorial decision-making by considerations such as whether politically-appointed Charity Commissioners would approve of a particular investigation or article.

6.62. Rather than trying to turn all news organisations into charities, we believe that there is a need for a new legal identity for the publishers of high-quality journalism. This might enjoy some of the benefits of charitable status, without being subject to regulatory requirements that are appropriate for charities but inappropriate for news publishers.

6.63. Benefits of this new legal identity might include the following:

- Being relieved of the duty to pay corporation tax.
- Being relieved of the duty to pay rates.
- Donors being eligible to claim tax relief on any donations.

- Being eligible for some form of Gift Aid or an equivalent public contribution on eligible donations.

6.64. Companies House would be ultimately responsible for registering Public Interest News companies (PINs), just as it is ultimately responsible for registering Community Interest Companies (CICs), which likewise share some of the tax benefits of charities but are freed from some of the burdens of charities. Companies House might be required to consult a recognised self-regulatory body for the press when deciding whether a particular news organisation is eligible for PIN status.

6.65. We recommend the creation of a new legal identity for the publishers of high-quality journalism. This new status might be called 'Public Interest News' (PIN). It should be distinct from charitable status but should enjoy some of the tax benefits of charitable status.

## SUMMARY OF CONCLUSIONS AND RECOMMENDATIONS

### *Conclusions*

1. We believe that the term ‘high-quality journalism’ should be understood in line with international standards, as embodied in the IMPRESS Standards Code, to mean journalism which strives for accuracy; declares relevant interests; does not distort the facts; recognises its impact on the lives of others; and holds itself accountable.
2. We conclude from the Review’s Terms of Reference that its purpose is to sustain the publishers of high-quality journalism, as defined above, and not publishers in general.
3. We understand ‘consumers’ in this context to mean consumers as a whole in their capacity as citizens, capable of engaging in democracy and society, and not simply the readers of established news publications. Consumers include those who may feel excluded and unrepresented by the news media in its current form but have the capacity to engage in a more diverse and plural news media economy.
4. The Review will have been successful in its objective if, by 2028, all British citizens are able to choose from a wide range of sources of high-quality journalism that are free from political interference.
5. The challenges facing high-quality journalism today may take a different form from the challenges that faced previous eras. However, there has never been a ‘golden age’ for high-quality journalism. Simply removing the present drivers of economic disruption does not provide any kind of guarantee that high-quality journalism will thrive.
6. If this Review wishes to secure a sustainable future for *high-quality journalism*, rather than simply for *the press* in its current form, then the Review must accept that the market, left to its own devices, has never guaranteed the provision of high-quality journalism and is unlikely to do so in future.
7. We believe that some publishers of high-quality journalism may require public support in order to compete effectively in the digital media economy.
8. We believe that any such support should be sufficiently selective so that it does not inadvertently benefit the publishers of low-quality journalism, misinformation or disinformation.

## **Recommendations**

9. *We do not recommend changes to the operation of the digital advertising market or digital intermediaries more generally, in the absence of a comprehensive policy framework in relation to digital intermediaries.*
10. *We recommend that the Review should consider how best to advance public policy in this area, for instance through a Digital Accountability Review, designed to bring the operation of digital intermediaries into alignment with the public interest across a range of measures, and not simply the public interest in high-quality journalism.*
11. *We recommend that the government should take steps to ensure that, by 2028, all British consumers are able to choose from a wide range of sources of high-quality journalism that is free from political interference.*
12. *We recommend that, in order to be eligible for any direct and selective support, news publishers should be required to demonstrate that they are independently and effectively accountable. Membership of a recognised regulator is a strong indicator of this.*
13. *We recommend that the government should ensure that Ofcom or another body is adequately funded in order to promote media literacy, with a view to ensuring that news consumers are able to recognise high-quality journalism.<sup>33</sup>*
14. *We recommend that the Digital Accountability Review is tasked with developing means for the public to distinguish high-quality journalism from other forms of content, including advertising and political communications, which may be by means of a system of kitemarking or classification.*
15. *We recommend the establishment of a News Funding Council (NFC) to support the sustainability of high-quality journalism. The NFC should be operationally entirely independent of government and parliament. It should set its own strategic priorities, subject to (a) minimum requirements set out by Parliament in statute; and (b) public consultation. It should be required to make funding available to news publishers across a range of sectors, political perspectives, technologies and business models. Council members should be selected and appointed at arm's length from government.*
16. *We recommend a review of the tax regime in relation to news publishers, to ensure that any existing tax benefits do flow to established and start-up publishers of high-quality journalism and do not flow to the publishers of low-quality journalism, misinformation or disinformation.*

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<sup>33</sup> <https://www.legislation.gov.uk/ukpga/2003/21/section/11>.

17. *We recommend the creation of a new legal identity for the publishers of high-quality journalism. This new status might be called 'Public Interest News' (PIN). It should be distinct from charitable status but should enjoy some of the tax benefits of charitable status.*
18. We have proposed that government should (a) provide a subsidy to some publishers of high-quality journalism, subject to clear criteria and independent oversight; (b) review the tax regime in relation to news publishers; and (c) create a new legal identity for such publishers. Whilst these are distinct proposals and need not be pursued in tandem, they would undoubtedly form a coherent policy framework.
19. We hope that the Review Chair, panellists and officials find value in our recommendations and we look forward to continuing to work with you over the coming months.

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**14 September 2018**