

Agenda Supplement – Culture, Welsh Language and Communications Committee

Meeting Venue:

Committee Room 2 – Senedd

Meeting date: 24 May 2017

Meeting time: 09.30

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Please note the documents below are in addition to those published in the main Agenda and Reports pack for this Meeting

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Culture, Welsh Language and Communications Committee

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Tackling the ‘democratic deficit’ in Wales is essential if our devolved institutions are to continue to thrive. We only need to look at Brexit to see what can happen when electors do not receive a regular diet of factual, high quality information about a political institution – they become estranged from it, and are ready to see it abolished when an anti-establishment mood takes hold. Unfortunately, Wales will not have a thriving commercial press soon. A commercial press is dependent on advertising, and within the context of the UK, Wales has a comparatively poor and small population that is not as attractive to them. Furthermore, the UK remains a very centralised state, and the press will continue to favour London over Cardiff because that is where the largest and most influential political institutions are located,

Since devolution, an already fragmented Welsh media has continued to weaken and retrench, with ownership and editorial decisions centralising outside of Wales’ borders. The Western Mail has seen its circulation fall from above 55,000 in 1999 to 16,754 in 2016. The Daily Post, the Wales-based newspaper with the highest sales figures at 23,645, decided in 2016 to no longer send a reporter to the National Assembly cover devolved matters. A survey conducted in 2016 by Cushion & Scully found that the people of Wales were not regularly exposed to news about the Welsh Assembly, with only 4% reading the Western Mail, and 2.5% the Daily Post. In comparison, 16% read the Daily Mail. A survey by the BBC/ICM in 2014 found that there was widespread confusion about what powers were devolved to the Welsh Assembly, with only 48% correctly identifying that health was a devolved matter, and 42% wrongly believing they had control over policing.

There are two alternatives to a weak commercial press. The first is a voluntary press run by those who have a passionate interest in Welsh current events. The Nation.Cymru project is an example. However, a voluntary project will never have the resources to provide a daily stream of current events and in-depth investigative reporting that is required in order that Wales has its own public sphere. There is also little incentive for volunteers to provide politically neutral reporting.

The second option is a media that receives a public subsidy from the Welsh Government or Welsh Assembly. My research over this last year has been into publicly funded online Welsh-language journalism in Wales. This research included in-depth interviews with journalists and a statistical analysis of a website user data. Welsh-language digital news media is particularly well-developed, with two publicly funded news organisations, Golwg 360 and BBC Cymru Fyw, offering daily online news coverage. There are three other sites, O'r Pedwar Gwynt, Y Cymro and Barn, which offer a steady supply on original content. My research suggests that publicly funded Welsh-language media does go some way mitigate the 'democratic deficit' in Wales.

Because of public funding, Welsh-language journalism is enjoying something of a golden age. BBC Cymru Fyw and Golwg360 attract over 57,000 unique weekly visitors between them. Around half this audience is below 40 years of age. They have been effective in using social media as a means of attracting a new, and younger, audience that would not traditionally have turned to Welsh-language print publications such as Golwg or TV and radio programmes such as Newyddion 9 and Taro'r Post.

An analysis of Golwg 360's website data suggested that news about Welsh politics and Welsh political institutions is very popular amongst its users. Of the 200 most accessed stories on the website over a year-long period, 37 were about politics at the Welsh Assembly or the Welsh Assembly Government. Most of the stories had some link to the Welsh Assembly's devolved responsibilities – 82 directly concerned the survival of the Welsh language, 44 were about the Welsh arts, and 30 concerned the Welsh media.

It is perhaps too simplistic to suggest that a publicly funded English language media in Wales would lead to an upsurge in interest in these topics. The research found that the audience for these Welsh-language online news sites also made good use of BBC's English-language services, The Guardian, Wales Online, and The Daily Post. They tended to turn to English-language news sites for news about British politics, international news and sport, and accessed BBC Cymru Fyw, Golwg 360 and other Welsh-language sites in search of topics that are little discussed, or often discussed with limited understanding, in the English-language media. So, while the huge interest in these topics on Welsh-language news sites may not be indicative of a wider public appetite for news about Wales, it does suggest that

there is an appetite that is not now being sated by English-language media in Wales.

The success of these publicly-funded Welsh-language news sites suggest that there is little reason why publicly-funded English-language news sites would not also be a viable option. Journalists confirmed in interviews that they had never felt under pressure to censor their work or write favourable content about any party or political institution because of their dependence on public funding.

Resource limitations within Welsh-language media

However, perceived resource limitations mean that Welsh-language journalists are sceptical of their effectiveness as a means of holding a nascent Welsh democracy to account. Interviews with journalists at Golwg 360, Barn and O'r Pedwar Gwynt revealed that they struggled to find the time and resources to carry out in-depth, investigatory journalism. This problem was exacerbated by an increasing demand for resource intensive multimedia news, such as video interviews, which many Welsh-language journalists did not feel they had the time, the resources or the technological capability to deliver. This suggests that while the number of sources for Welsh-language news online is impressive, there may in fact be a lack of plurality, as news sites cover much the same topics, without the resources to investigate in more depth. These media organisations also lacked the time and resources to attract advertisers, which created something of a vicious circle of dependency on meagre resources. An inability to focus on attracting advertisers is particularly concerning as companies such as Facebook and Google become more adept at targeting Welsh-speaking audiences.

A related problem is that many of the publications funded by the Welsh Book Council do not have any online presence and have a limited understanding of how to promote themselves on social media. Their success is still measured by the Welsh Assembly Government on their ability to sell copies of print publications rather than to reach as wide an audience as possible.

The solution to both problems is that sites outside the BBC work together, pooling online content on one central news hub rather than spending money maintaining separate news sites. *Y Cymro*, *Barn* and *O'r Pedwar Gwynt's* websites are secondary to their print publications, and many other publications have no web presence at all. Publishing most or all of the content financed by the Welsh Book Council on a single Welsh-language news hub, such as the already popular *Golwg 360*, could

attract a larger (and younger) audience for these magazines' and newspapers' content while also strengthening and diversifying *Golwg360*'s output. It would also ensure that all the magazines funded by the Welsh books council had a strong social media presence through which they could attract a new, younger audience ignorant of their print publications. Freeing up editor's time spent on producing online content and grappling with social media would also give them more time to pursue advertisers and grow their media organisations beyond what public funding allows.

1. What we do

BBC Cymru Wales is the primary provider of news and current affairs on television, radio and online in Wales.

On television, the BBC *Wales Today* service encompasses morning, lunchtime afternoon and late night bulletins as well as a full 30 minute programme at 1830 which is the most watched TV news programme in Wales. The 1830 programme forms part of an integrated news hour on BBC One which features world, UK and Wales news.

BBC Wales produces the '*Newyddion*' news service for S4C. The audience for the main evening programme has increased since its relaunch in 2013. The main '*Newyddion 9*' programme features Wales, UK and World news, but the main emphasis is on Welsh stories and the branding reflects the visual identity of S4C.

BBC Wales' online service in the English language forms part of the BBC News service which is delivered on the website and via a dedicated app. Significant Welsh stories are featured on the BBC's Home and UK indexes, whilst the Wales index delivers a more comprehensive Welsh news service, encompassing news, features and analysis. In the Welsh Language, the online BBC Cymru Fyw service delivers a mix of news and features and its audience has grown significantly since its launch. BBC Wales News also delivers news services on Facebook and Twitter in both English and Welsh.

News is an integral part of our two national radio stations, BBC Radio Cymru and BBC Radio Wales, featuring news bulletins and programmes throughout the day. Radio Cymru has three daily news programmes – the morning show *Post Cyntaf*, the *Taro'r Post* phone in and the evening news programme *Post Prynhawn*. Radio Wales' news programmes, *Good Morning Wales* and *Good Evening Wales* are on air for five hours every weekday offering a blend of Wales, UK and world news.

Our daily news services are delivered by a range of specialist production teams and a newsgathering operation that includes specialist correspondents, a team of political correspondents and reporters as well a network of reporters working across Wales from centres in Bangor, Wrexham, Aberystwyth, Carmarthen and Swansea.

2. Audience overview

The main *BBC Wales Today* bulletin at 6.30pm each weekday has an average audience of 265,000. This is the highest audience in Wales for any news programme on any television channel or radio station, just ahead of the audience in Wales for the *Six O’Clock News* on BBC1 (260,000). The later *Wales Today* bulletin at 10.30pm has an average of 185,000 viewers each evening, with a lunchtime audience of 155,000. On S4C, the average audience for *Newyddion 9* has increased again this year to 21,000, showing the appeal of its Wales-focused agenda. The three minute reach of *Wales Today* and *Newyddion* stand at 1.5m and 65,000 viewers respectively.

On radio, Radio Wales’s *Good Morning Wales* averages 62,000 listeners in its peak 8am slot, with Radio Cymru’s *Post Cyntaf* at 28,000. The corresponding evening audiences (at 5pm) are 17,000 for *Good Evening Wales* and 12,000 for *Post Prynhawn*.

The key role of news from Wales on TV and radio in both languages is underlined by observing that BBC Wales’s morning radio news programmes provide the weekday peak audiences for both Radio Wales and Radio Cymru, and that the audience for *Wales Today* and *Newyddion* are both higher than the average audiences across peak hours for BBC1 Wales and S4C respectively.

Online audiences are necessarily measured differently in that we report on the number of users across a week, and we cannot split out users in Wales, so these are all UK-wide figures.

BBC Wales’ online news service is accessed by 2.4m unique browsers each week, with the level highly dependent on how many Wales news stories are surfaced on the BBC’s main news pages. In Welsh, BBC Cymru Fyw averages 53,000 weekly unique browsers, up from 10,000 for news before its launch.

(All figures are weekly averages over the latest available 12 months)

In common with the BBC’s network news audiences, BBC Wales’s TV and radio news programmes appeal mainly to older viewers and listeners, with three-quarters of the viewers and listeners aged over 45. In contrast, however, almost two-thirds of the audience for BBC Wales’s online news service are aged under 45, illustrating the complementary role that BBC Wales’s online news plays in reaching new and growing audiences in Wales.

BBC News has an enduring and significant lead over key competitors for trust, accuracy and impartiality.

3. Our strategy

Delivering a high-quality and agenda setting news service is an integral part of the BBC's service to the Welsh audience. Recognising the key role of journalism in the delivery of its public purposes, BBC Wales increased its investment in news and current affairs over the last five years at a time when the licence fee settlement led to a real terms decrease in the BBC's income.

As part of the new charter reinvestment settlement we are seeking to further increase our investment in our news services in order to develop our specialist journalism and our ability to reach underserved audiences. We will focus our efforts on using the totality of the BBC's services in Wales, including local and network services.

The growing importance of digital platforms and our ability to reach a younger demographic through our website and social platforms has been a key area of focus in recent years. We have devoted more effort to delivering bespoke material for digital audiences and are continuing to experiment with new forms of delivering stories.

In the Welsh language, through our experience of developing services such as *Cymru Fyw* and *Newyddion*, we have learnt that audiences appreciate elements of distinctive content which complements English language services, rather than services that merely aim to mirror their English language equivalents.

4. Local journalism and partnership working

The focus of the BBC's efforts in this area will be on two key initiatives: News Hub and the Local Democracy Reporting Service. Taken together, the proposals mean an overall investment of around £8 million a year across the UK and it heralds a new and unique partnership that will support both the BBC's on-going public mission to serve local audiences, and the growth and evolution of the commercial news media sector.

4.1 News Hub

The BBC will make available its content for immediate use on the internet services of local and regional news organisations across the UK.

The News Hub would make available all pieces of BBC video and audio content produced by the BBC's nations and local news teams to other media providers. Subject to rights and further discussion with the industry we would also look to share longer versions of content not broadcast, such as sports interviews and press conferences.

Content would be easily searchable by other news organisations, making relevant material available to be downloaded or delivered by the outlets themselves, or for

them to simply embed within their own websites. Sharing of content would ensure licence fee payers get maximum value from their investment in local journalism, but it would also provide additional content to allow news organisations to strengthen their offer to audiences without additional costs. We would also continue to enhance linking out from BBC Online, building on the work of Local Live. (*BBC British Bold Creative*, <https://downloads.bbc.co.uk/aboutthebbc/reports/pdf/futureofthebbc2015.pdf>)

Work is ongoing to finalise the technical specifications. The product is subject to procurement and the technical requirements will be put out to tender shortly.

In Wales, we would anticipate sharing our relevant content in both English and Welsh.

4.2 Local Democracy Reporting Service/other partnership initiatives

150 local reporters will be funded by the BBC and employed by qualifying local news organisations to cover local authorities and public services. The framework created envisages that this number may rise to 200 in 2019.

In Wales, we anticipate 11 roles being created – with each individual covering 2 local authority areas.

The agreement will get under way as part of the new BBC Charter in 2017 and sets out to help sustain and support plurality in the local news media, drive up the quality of services and use the expertise of both the BBC and the local commercial news sector for the benefit of all audiences.

4.3 News attribution

BBC Wales also plays an important role driving audiences to other trusted third-party news services. In March there were just over half a million external link clicks on BBC Wales online news pages, and the top destinations were the *Daily Post*, the *South Wales Argus* and *Wales Online* (source: comScore Dax).

In addition to a continuing emphasis on clearer attribution, there will be a jointly commissioned independent audit to establish the usage of local press content by the BBC on its media platforms and vice versa. The outcome of the independent audit will inform a review of the BBC's efforts to improve the linking and attribution of stories and sources.

1. Welsh news audiences are rapidly transitioning from print to digital. Thanks to the success of WalesOnline, Media Wales outlets have managed to not only retain readership over the course of that transition, but significantly grow it. At this point, more people read content produced by Media Wales journalists than at any other time in the company's history. ABC figures for March recorded WalesOnline's readership as 404,000 average daily unique users, making it the fourth largest regional site in the country, behind only the Manchester Evening News, the Evening Standard and the Liverpool Echo. WalesOnline's growth among an identifiably Welsh audience (ie, one geo-located as using IP addresses within Wales) is faster than its overall growth, indicating that the proportion of its growing audience that come from within Wales is increasing.
2. Newspaper sales in the UK have been falling at a fairly consistent rate since well before the time newsroom started focusing on digital publishing. Sales trends for Trinity Mirror's daily newspapers in Wales are in line, or in some cases better, than those seen nationally. We have to be realistic about this issue, which is why Trinity Mirror's strategy is to protect through titles to the greatest extent possible, while focusing on growing its digital presence in communities around Wales.
3. Print revenues still make up the majority of income for most publishers, but the gap with digital is narrowing. Companies like Media Wales are working proactively to develop advertising options that harness the full range of their platforms to meet the needs of advertisers. However, the situation in an already cautious economic environment is not helped by the growing dominance of Google and Facebook in the digital advertising sphere. Both of these companies have a business model which relies on the content provided by publishers, but have shown no inclination to collaborate with these publishers on a revenue split commensurate with this model.
4. Much has been discussed about the possibilities of external support for local publishers, and it is pleasing to see the BBC's democracy reporter and news bank initiatives come to fruition. There seems to be a good level of confidence across the regional media that this collaboration will help to

mitigate the impact of the fall in the numbers of journalists that market conditions have enforced over the past 15 years or so. The regional media scene, in Wales in particular, can only benefit from a more collaborative approach than has been evident in recent years.

5. There has been a fair amount of scrutiny over the first part of 2017 on the decision to merge the South Wales Evening Post website into WalesOnline. It would be helpful to provide some background to this move:

5.1. For some time, we had received feedback from readers and advertisers that they found the South Wales Evening Post (SWEP) website difficult to use. Audience performance was in decline as a result, while advertisers were becoming reluctant to spend with us because of the lack of response they were receiving.

5.2. From the perspective of journalistic resource, running two websites frequently necessitated having two reporters sitting next to each other at the same event (eg a court hearing or press conference), producing copy ostensibly the same as the others. Moving onto one website has enabled us to re-deploy this “spare” resource onto stories that we previously would not have been able to cover, or to cover issues in a depth that previously would have been impossible.

5.3. This change has had no impact on staff numbers in either the Cardiff or Swansea office. In addition, close to £500,000 has been spent on upgrading operating systems, hardware and kit for journalists in our offices in Swansea, Carmarthen and Llanelli. There has also been a great deal of training made available as part of the ongoing investment in our staff in these offices, and the titles that they produce.

5.4. Audience numbers on WalesOnline in the areas previously within the SWEP digital footprint since the merger have been very encouraging. Local penetration figures for Swansea, Carmarthenshire and Neath Port Talbot indicate that the vast majority of the previous SWEP audience have migrated to WalesOnline, plus, it would appear, some new users who may have stopped using SWEP but had not previously been WalesOnline readers. We will keep working to improve WalesOnline's digital offering to readers in these areas.

I have met journalists from the Western Mail and Daily Post, the BBC and ITV in Wales and local papers. I found them hard working and eager to gather information. That said news about what is happening at all levels in Wales has been continually decreasing for some time.

Local and regional papers. I often discuss news items with journalists and they are still as keen as before. 10 years ago Rhyl had two local papers delivered free to most households. They were The Journal and The Visitor. Now there is only the Rhyl Prestatyn and Abergele Journal. I was involved in a campaign to keep maternity services at Ysbyty Glan Clwyd. I attended a public meeting in Rhyl Town Hall which is in the west ward. It is one of the most socially deprived wards in Wales and the UK. There were no residents from the ward at the meeting.

The issue had received much publicity including in the Journal. I made enquiries as to the free delivery and found that it was not delivered in west Rhyl. As the people of west Rhyl didn't know about the meeting they certainly will not about the assembly and what its members are doing. This is an important issue in many parts of Wales where people who have moved here get their local news from where they came from. A fifth of Wales' residents were born in England, as I was.

Two items are prominent. Firstly I talk to people involved in the voluntary and charity sectors. A concern they have is that the press no longer turn up to AGMs, special events or report their activities. As I see it newspaper proprietors do not send journalists to 'outside' events. They are all office based. If organisations want their activities reported they have to do it themselves. This also applies to supplying photographs.

Secondly it is council election time. In the seventies and eighties I was a member of three councils in Clwyd including the district and town. All their meeting had a number of journalists and items discussed and comments made were regularly reported. I now hardly see any reports of what the county and town councils are discussing.

Regional papers. The sales of both Wales based dailies have reduced considerably. I checked on line and found a report in the Western Mail dated 28 August 2010 entitled "Concern over newspapers' decline in Wales". It quotes James Stewart a

senior lecturer in journalism. He said “It emerged 90% of people in Wales read a paper that doesn’t contain Welsh news.”

As this survey is being undertaken by the assembly which now has law making powers what it does and what its members say is important to every one in Wales. As 90% of news paper readers don’t read Welsh news its vital how political issues are reported.

Here is an item I have noted read by 90% of daily newspaper readers in Wales. In 2013 an announcement about free school meals for the under 8’s in England was reported. Here are 3 headlines from popular newspapers – Daily Mail “Every child up to seven”, The Independent “free school meals” and The Telegraph “Free school meals for all under eights.”

On the question of Welsh laws here is a report from the Daily Post 29 April 2013 regarding an English resident with a business in Wales. “Sunbed boss is first to be fined under new regulations in Wales” The operator of a sunbed salon has ended up with a £3,700 court bill in the first prosecution under tough new regulations introduced in Wales. Defendant David Kirkham, of Bradford Wood Cottages in Grange Lane, Winsford, Cheshire, said through his barrister that while he accepted full responsibility for the offences, he ran two other similar outlets in England where the regulations did not apply, and he had not been aware of the correspondence or the improvement notice.

I have three further important observations on how little the people of Wales know about what the Assembly does.

Firstly the first minister before the 2010 assembly election met many who were not aware of what the Welsh government had achieved. He said: “They can identify things like free prescriptions, bus passes and so on. But so many of the things we’ve done people weren’t aware of.”

Secondly an amazing fact. In the 2016 BBC Wales St David’s Day survey, 29% of those polled didn’t know that health was devolved. Health is one of the main topics of political debate in the UK and government ministers often refer to the NHS in Wales. If nearly a third of the population doesn’t know that health is run by the assembly it has a lot of work to do.

Thirdly when lobbying an AM he mentioned that quite often letters from constituents were about issues being debated in parliament as opposed to devolved issues before the Assembly.

Local TV. As a regular news watcher I have heard of local TV stations for Cardiff and Swansea. I recently heard that a new station had opened at Mold. I have not seen or heard of how people tune into these channels. I went on line to enquire about local TV stations and saw that they were on freeview channels 7 and 8. I re-tuned my freeview and channel 7 was again channel 4 and there was no channel 8. I went back on line and on one sight the Mold station was listed at Moel Y Parc. On another sight the channels listed on channel 8 did not include Mold. I have no idea how to receive the local TV station at Mold.

Conclusions. What the Assembly should do to improve news journalism.

- Welsh newspaper readership is at a record low but on the positive side the two dailies and most of the locals have free online versions. The Assembly must encourage their proprietors to promote this and those with computers to read the online editions so that they know what the Assembly and its members are doing.
- As the Assembly has law making powers and further powers are being, and will be, devolved it should take control of the media and broadcasting in Wales. Here is a reason. Since devolution decisions by the devolved governments are, unless major ones, are only reported in the devolved areas. On UK wide news programmes political matters mentioned usually only apply to England. They are often reported as UK news. To be fair the BBC does often report that changes only apply to England. In the election campaign on 1 May, a party was to make an announcement about rented accommodation in the private sector. Before the announcement at 09.30 on the BBC news channel the on screen moving headlines contained the words "for renters in England". On Sky news the words included "for all rented homes". On news items before the announcement the BBC mentioned England, Sky didn't neither did ITV. On 3 May the same applied to a policy on hospitals. For people in Wales who do not watch Welsh news it could be very confusing. The news programmes are UK wide so the Assembly must ensure that political news is properly reported with it being made clear which matters are England only. This is a news journalism problem that must be solved.

- As there are different parties in power at Westminster and Cardiff Bay it is essential the Welsh government, and opposition parties, inform the public of their Welsh policies. They should not be judged by the actions of MPs at Westminster under another governing party.
- The Assembly must persuade the news outlets to publicise far more information about what the Assembly is doing. That is ensure that there are more political programmes on TV and they are well publicised and their contents fully described.
- Probably the majority of TV viewers in Wales watch local news and political programmes from England from the north west, midlands and west. The Assembly must persuade the people of Wales to watch Welsh news and political programmes. It could try to ensure that TV channels in England, prior to political programmes, say that the programme on their sister channel in Wales contains matters that affect everyone who lives in Wales.
- Local TV stations are an excellent improvement but far more publicity is needed to persuade the public to watch them. Also they must include local political news and details of what local and regional AMs are doing.
- Persuade news paper proprietors to send journalists out to cover meetings, local councils, charities and community groups helping vulnerable people.

1. The National Union of Journalists welcomes the committee's inquiry into what the union believes is a crisis in news provision in Wales. In its media manifesto for Wales, the NUJ called for a publicly-owned, fee-funded BBC and greater oversight and scrutiny of public service broadcasting in Wales by the Welsh Government and Assembly, plus a vibrant and properly-resourced S4C funded and managed in Wales. ITV in Wales must be committed to public-service provision of news and current affairs and play a central role in shining a light on Welsh life.
2. The union would like to express thanks for the Assembly's support during the union's Local News Matters Week, including a statement of opinion (OPIN-2017-0033 – Local News Matters Week) which called for local papers to be treated as community assets; new rules to prevent local media outlets from closing overnight – they should be offered to potential new owners, including local co-operatives, with the time available to submit a bid for alternative media ownership in advance of any closure; action by government and employers to stem the relentless job cuts; and increasing investment, from a range of sources, for quality local journalism.
3. The NUJ Welsh manifesto reported a crisis in the media in Wales with cuts to journalist posts which has resulted in less coverage of democratic institutions. It said: "A Wales where government operates, unreported and unchallenged, is a weaker Wales. A Wales where courts pass judgements that affect individuals and society as a whole, untroubled by the critical presence of the press, is a weaker Wales. A Wales where sporting triumph, eisteddfodau crowning or community campaigning goes unheralded is a weaker Wales."
4. The decline of advertising revenue, the move from print to digital, with newspaper groups making their websites free and then increasing the cover price of newspapers has had a deleterious effect on circulation. This is a worldwide phenomenon and it can be argued that Welsh news provision has been particularly hard hit by this trend. While digital traffic is growing, the advertising revenue is not following. According to the News Media Association the revenue of the vast majority of media organisations (81 per cent) comes from print readership, with 12 per cent from digital. These organisations have

squandered the opportunity to invest in digital. Instead, they have used it to cut jobs. These media organisations have largely run a model which expects more than 20 per cent profits, almost unheard of in other sectors. As the profits were squeezed (and they spent unwisely when the going was good), their only tool to appease shareholders was to cut staff without due care for the quality of the product they were producing. The media behemoths such as Facebook and Google are sucking up advertising and hoovering up content from media news organisations. A report by OC&C Strategy Consultants forecasts Facebook and Google will take a 71 per cent share of the total ad market by 2020. Their report stated: "The scale and speed is really a call to action for media companies. By the time [Facebook and Google] get to 70 per cent of the online ad market, that doesn't leave a lot of space left elsewhere." The Assembly should use its influence to see how Google and the like can be persuaded to aid start-up ventures in Wales.

5. The Assembly can play a vital role in looking at ways to increasing investment in quality journalism. The NUJ has called for the strategic use of central and local government advertising and tax credits and tax breaks for local media that meet clearly defined public purposes.
6. The sorry story of the closure of Newsquest's subbing hub in Newport is a salutary tale of where investment by the Welsh government in journalism was sorely misplaced. The hub, which once employed 70 people, edited copy for newspapers as far away as Scotland after production staff were sacked on Newsquest's titles. The Welsh government paid Newsquest, owned by the highly profitable American company Gannett, £340,000 to set up the hub. The grant came, apparently, with the proviso that workers were employed until at least 2020. Newsquest reported a 20 per cent profit of £69m on turnover of £279m in the year it received this Welsh government handout. The Welsh Government confirmed Newsquest also received support under the Skills Growth Wales programme in 2013/2014, of more than £95,000. The hub has now closed with the remaining 14 staff losing their jobs.
7. The lesson of the Newport debacle is that a more strategic approach is required. The Port Talbot Magnet, a not-for-profit community co-operative, was set up seven years ago with a £10,000 grant from the Carnegie Trust. Despite breaking many stories and being popular with readers, the economic pressures on all businesses in Port Talbot following the steel crisis made it

impossible to support a local news service through advertising alone and in September 2016 the paper was closed. This is exactly the sort of enterprise that should have been supported. Grants should be made available to start-up media enterprises and the Assembly should be encouraging councils and other public bodies to support them by advertising and sponsorship.

8. The NUJ believes newspapers should be given the status of community assets with new rules to prevent local media outlets from closing overnight and allowing titles to be offered to potential new owners, including local co-operatives, with the time available to submit a bid for alternative media ownership in advance of any closure.
9. Trinity Mirror's Media Wales is the most prominent local news publisher, owning the daily Western Mail, Daily Post and South Wales Echo and a stable of more than 10 weekly publications covering areas in both south and north Wales. Trinity Mirror has taken over Local World titles of the daily South Wales Evening Post and two weekly titles – the Carmarthen Journal and Llanelli Star. This has led to the merger of the Swansea-based South Wales Evening Post website with its Wales Online platform. In 1999 there were almost 700 editorial and production staff at Media Wales. At the end of 2015 Media Wales employed 100 production staff, plus 57 in sales and distribution and 11 in administrative roles. Trinity Mirror makes no secret of its practice of cutting what it describes as "traditional roles" and replacing them with more digitally-focused roles. The NUJ is concerned that this is leading to a loss of reporting specialists who are experts in their field. Trinity Mirror's business model is based on increasing the number of visitors to its websites, and the concern is that this is leading to a greater emphasis on lighter, lifestyle-type material at the expense of more traditional coverage of councils. With greatly-slimmed down newsrooms, our members have noticed acceleration in this trend, which is very worrying in the context of wanting a better-informed electorate.
10. People are doing their best with ever-diminished resources, but it becomes increasingly difficult. However, due to the dedication of our members and the long hours they put in, quality journalism still exists, for example the widely-praised coverage of the Aberfan Disaster around its 50th anniversary last October.
11. Last year, NUJ members at Trinity Mirror North Wales voted to ballot for industrial action over the company's plans which moved Daily Post's political

reporter to North Wales, resulting in no specialist based in Cardiff covering the Welsh Assembly. The plans resulted in unfilled roles, including the newspaper's executive editor, and the abolition of one digital reporter. This followed two former Daily Post reporters being transferred within Trinity Mirror and not being replaced.

12. As part of the BBC's local democracy reporters' (LDRs) scheme, which is using £8m of licence-fee payers' money to fund reporters to work for commercially-owned local newspapers covering councils, Wales has been given an allocation of 11 so-called LDRs. During correspondence with Welsh Assembly AM Simon Thomas over the sacking of the Daily Post's political correspondent covering the Assembly from Cardiff, Trinity Mirror's CEO, Simon Fox, said: "It is worth you knowing that we remain in discussions with the BBC about synergistic working. It may be, emerging from this, that further improvements to our political coverage may be possible." The NUJ needs to have assurances that vacancies are not plugged by these LDRs. This would be a very cynical use of the scheme.
13. Journalists at the Daily Post discovered their office was closing in a press release from Lidl supermarket, which is planning to take over the site for redevelopment. The newspaper staff is to move to new facilities five miles away in Colwyn Bay later this year after 16 years at its office in Vale Road, Llandudno Junction, Wales. The title has an average daily circulation of 21,802 copies and records 99,963 unique daily visitors to its website, according to the latest ABC figures. The Post team will share space with staff on the North Wales Weekly News, the Caernarfon and Denbigh Herald and the Bangor and Holyhead Mail series in the new office – making up about 30 journalists in all. The Press Gazette said the staff had not been consulted and knew nothing about it until they read the Lidl press release.
14. There are substantial Welsh towns that do not have a local newspaper or professional journalists covering them, such as Neath and Port Talbot (combined population 88,000) since their newspapers were closed by Trinity Mirror in 2009. The population of Neath-Port Talbot county borough, the eighth largest local authority in Wales, was 141,000, according to the 2011 census.
15. In April 2015, more than 100 people, including council leaders and local MPs gathered at Turf Square, Caernarfon, to protest against Trinity Mirror's

proposal to close its Caernarfon office. Once dubbed the Welsh capital of ink, Caernarfon had long been associated with journalism and the Caernarfon and Denbigh Herald has existed in various guises since 1831. The chapel said it would also take journalists further away from the communities they are meant to serve and would affect the Welsh language service the company would be able to offer customers and readers should the office close.

16. The NUJ has been reporting problems in the industry in Wales for some time. Michelle Stanistreet, NUJ general secretary, told the All Party Parliamentary Group on the media in Wales in July 2012: "As local newspaper groups are bought up by large conglomerates with headquarters in London and the USA, Welsh newspapers have found they are losing their distinctive voice. The industry is being hit by the UK and worldwide crisis – in the past seven years, 20 per cent of the UK's local papers have closed with only 70 new launches. The blame has been put on the transition to the internet with a lot of content being made free, the drop in advertising revenue caused by the recession and falling circulations. But it is not as simple as that. Between the start of 2003 and the end of 2007, Media Wales's profit margins averaged 34 per cent, peaking at 38 per cent for the 12 months to the end of 2005. These profits made Media Wales one of the most profitable companies in Wales of any kind, let alone in the media industry. But these profits were not invested in the business. When Sly Bailey, Trinity Mirror's chief executive, left the group, she had pocketed more than £14 million, despite the workforce being cut by a half and a share price that plummeted by 90 per cent during her tenure."
17. A common response of owners such as Trinity Mirror is to point to their substantial gains in digital audience share, but this belies the loss of journalists and their experience and the resulting loss of local community coverage as newsrooms have become centralised. Print newspapers remain important resources for many communities, but more important are the journalists they employ and the duties they have in providing information and the scrutiny they provide in the service of local democracy. Recent research into the impact of so-called 'news black holes' on audiences has recently been carried out at Cardiff University. The study examined the town of Port Talbot following the 2009 closure of its weekly newspaper, the Port Talbot Guardian. Its findings included:

- Local people were heavily reliant on word of mouth for their news, meaning rumour and speculation were key features of any public debate or discussion.
- Local institutions were opaque and it was difficult for members of the public to navigate them, to obtain information, get answers to their queries, or complain.
- People were falling back on unconventional means to obtain information, including protest graffiti.
- Frustration and anger was common and it was most marked in the youngest members of the community. They spoke at length about their willingness to riot to make their voices heard.
- News provision by traditional media had been diminishing in quality for many decades as resources were withdrawn from newsrooms, but important markers of quality deteriorated more rapidly when journalists were dislocated from their communities at the closure of the last two local newspaper district offices.
- A significant finding was that election turnout averages in council, Welsh Assembly and general elections, which had historically been above national averages in the local Aberavon constituency, fell and subsequently remained below the national average around the time of the closure of the newspapers' district offices. This suggests in stark terms the likelihood of a serious democratic deficit following the withdrawal of local print journalists from the community.

18. In November, 2016 Trinity Mirror announced the closure of its Cardiff printing press with 33 jobs affected.

19. There have been more than 100 job cuts at BBC Wales since 2012, with £10m slashed from programming budgets in the same period. Investment in English language programming has fallen by 32 per cent in real terms in the past decade. Despite this, the BBC in Wales continues to play a central role in the lives of the people of Wales. BBC Wales has two reporters and a producer covering Westminster.

20. Funding for S4C has been cut by £18.2m since 2009. Its Newyddion 9 news bulletin is watched by 18,000 viewers per episode while the political debate programme Pawb a'i Farn attracts 13,000 viewers per episode. S4C regularly attracted audiences of above 20,000 for eisteddfodau coverage in 2014/15.
21. There is no published separate budget for ITV Cymru Wales, though estimates based on Ofcom sources put it at about £7 million. The overall budget for all ITV's English regional and Welsh output is £64 million, down from more than £100 million and now frozen in cash terms. The gap between the programme makers' ambition and their financial resources is sometimes apparent, for example ITV Cymru Wales rugby world cup programmes lacked pitch-side presentation, unlike ITV network (and S4C).
22. About 10 years ago in north Wales, the BBC's online offering was being served by a dedicated news service and a magazine operation, in the guise of the Where I Live teams. BBC Bangor and BBC Wrexham each had a producer, researcher and news reporter dedicated to serving the north-west Wales and north-east Wales regions. These services were put to the sword in a reorganisation prompted by complaints of the newspaper industry that the BBC was over-stepping its remit and hitting local newspapers. It resulted in one producer role in north Wales merging into the general news online services, along with the two reporters. The researcher posts were lost entirely, while another producer took voluntary redundancy. The Where I Live sites were closed and local news need was supposed to be met by the regional news indexes.
23. The English language News Online in north Wales is now covered by three posts – half the number of 10 years ago. But not a single member of this north Wales online team is dedicated to covering north Wales's stories. They are in the general online shift mix, working rotas to maintain the site and stories from a Wales-wide perspective.
24. Reorganisation of BBC Wales services to meet complaints from the newspaper industry has worsened that position, while the response of the newspaper industry was not to invest in the perceived local hole being left by the BBC – but to accelerate cuts to its local reporting. But, should public bodies, such as the BBC, be investing licence-fee cash in the private sector, rather than back into its own local services? Recent history of local newspaper investment in its own local journalism in north Wales does not bode confidence.

25. Lack of media plurality is a major problem in the press in the UK. Research commissioned by the NUJ revealed that 45 per cent of 380 Local Authority Districts in England, Scotland and Wales were served by a single regional newspaper publisher providing one or more titles. Therefore, the UK regional newspaper market contained 165 local monopolies. Analysis of local newspaper digital output also found that lack of plurality was often not affected when online news provision by regional titles was taken into account.

- Mapping changes in local news 2015–2017: more bad news for democracy? Dr Gordon Neil Ramsay, deputy director for the centre for the study of media, communication and power at King's College London
<https://www.nuj.org.uk/documents/mapping-changes-local-news-2017/>
- Journey to the centre of a news black hole: examining the democratic deficit in a town with no newspaper, Rachel Howells
<https://www.nuj.org.uk/documents/journey-to-the-centre-of-a-news-black-hole-examining-the/>

Fel rhan o wasanaeth S4C, rydym yn cynnig rhaglenni newyddion a materion cyfoes sy'n eang ac yn amrywiol.

Newyddion

Rydym yn cynnig **bwletinau newyddion** cyson yn ystod y dydd (dydd Llun i ddydd Gwener) – gan gynnwys un bwletin arbennig i gynulleidfa iau am 1700 (Ffeil)

Mae prif raglen newyddion dyddiol S4C, **Newyddion 9**, yn cael ei darlledu am 2100 o nos Lun i nos Wener. Mae'n edrych ar straeon mwyaf Cymru, y DU, a'r byd mewn ffordd glir ac unigryw.

Mae'r rhaglenni hyn yn cael eu cynhyrchu gan adran newyddion BBC Cymru yn seiliedig ar gyfeiriad golygyddol sy'n cael ei drafod yn rheolaidd rhwng BBC Cymru ac S4C.

Materion cyfoes

Mae cyfres **Y Byd ar Bedwar** yn rhoi sylw manwl i straeon o Gymru a'r tu hwnt gan gynnwys newyddiaduraeth wreiddiol a rhaglenni sy'n edrych yn ddyfnach ar ddatblygiadau newyddion gartref ac yn rhyngwladol.

Cyfres materion cyfoes i bobl ifanc gan bobl ifanc yw **Hacio**. Mae'r gyfres yn edrych ar ystod o faterion sy'n effeithio ar fywydau pobl ifanc drwy eu llygaid eu hunain.

Mae'r cyfresi hyn yn cael eu cynhyrchu gan ITV Cymru yn seiliedig ar gyfeiriad golygyddol sy'n cael ei drafod yn rheolaidd rhwng ITV Cymru ac S4C.

Mae nifer helaeth o raglenni materion cyfoes unigol hefyd yn cael eu comisiynu gan cwmnïau cynhyrchu annibynnol. Er enghraifft:

Cam-drin Plant: Y Gwir sy'n Lladd (2016) – Stori ymdrechion i ddatgelu troseddau cam-drin plant mewn cartrefi plant yng ngogledd Cymru, drwy lygaid newyddiadurwr fu'n gweithio ar y stori am ddegawdau. Mae'n gynhyrchiad gan Cwmni Da.

Yr Achos (2017) – I’w darlledu ym mis Mehefin 2017, mae’r rhaglen yn edrych ar hanes cam-drin plant yng Nghymru. Mae’n gynhyrchiad gan gwmni Double Agent Films.

Gwleidyddol

O’r Senedd yw rhaglen wleidyddol newydd S4C sy’n crynhoi straeon gwleidyddol yr wythnos. Mae’n cynnwys y prif ddatblygiadau o seneddau Bae Caerdydd a San Steffan bob nos Fawrth.

Mae’r cyhoedd yn cael eu cyfle nhw i drafod yn uniongyrchol â’r gwleidyddion ar raglen **Pawb a’i Farn**. Mae’r rhaglen banel hon yn ymdrin â phrif faterion y dydd, gan alluogi’r pleidiau, gwesteion annibynnol a phobl gyffredin i ddweud eu dweud.

Mae’r rhaglenni hyn yn cael eu cynhyrchu gan BBC Cymru yn seiliedig ar gyfeiriad golygyddol sy’n cael ei drafod yn rheolaidd rhwng BBC Cymru ac S4C.

Sylw i etholiadau:

Yn ystod cyfnod cyn etholiadau cenedlaethol, mae rhagor o amser yn cael ei neilltuo ar gyfer rhaglenni gwleidyddol er mwyn sicrhau bod y prif ddadleuon etholiadol yn cael eu gwyntyllu’n gyhoeddus yn y Gymraeg ar S4C. Er enghraifft, cyn Etholiad Cyffredinol y Deyrnas Unedig ar 8 Mehefin, mae’r rhaglenni ychwanegol canlynol wedi’u hamserlenni:

- **2 Pawb a’i Farn** – rhaglenni etholiadol arbennig. (BBC Cymru)
- **3 Y Ras i’r Senedd** – rhaglenni sy’n edrych yn fanylach ar y prif bleidiau cyn yr etholiad (ITV Cymru).
- **Hacio’n Holi** – rhaglen drafod etholiadol i bobl ifanc (ITV Cymru).

Yn ogystal, fe fydd rhaglen ganlyniadau llawn drwy noson y cyfrif ar S4C, ynghyd â bwletinau/rhaglenni estynedig ddydd Gwener 9 Mehefin.

By virtue of paragraph(s) vii of Standing Order 17.42

Document is Restricted

Introduction

As the publisher of a relatively new and independent newspaper in Wales, I am pleased to have been invited by the committee to submit my views on a topic I believe is of huge importance.

Caerphilly Observer began life in 2009 as web-only publication. At the time I was a journalist living and working in Brighton on the regional daily newspaper The Argus. There were several reasons for setting up the website at the time, but a major one was a frustration at not being able to keep-up-to-date with news from back home in Caerphilly.

In 2011, my wife and I decided to move back home to Wales to start a family – and it was a now or never moment to continue with Caerphilly Observer.

The difficulty I faced was attracting local businesses, who were used to advertising in print, to advertise on the site. Demand from them and readers turned my attention to launching a print version.

In 2013 I met with the rural development team at Caerphilly County Borough Council and successfully applied for a budding business grant to launch a fortnightly newspaper with a circulation of 10,000. The grant was for £2,441.60 which went towards 80% of the print costs for the first four editions and 80% of the cost of three distribution bins.

Since we launched the print edition in May 2013 we haven't looked back, with advertisers happy to be associated with us. We have our own office space on Caerphilly Business Park at the Welsh Innovation Centre for Enterprise and we have three members of staff (myself, a full-time reporter, and a part-time photographer/advertising sales executive).

We punch well above our weight in terms of editorial coverage of the area and have won a total of four Wales Media Awards – three successive wins in the Independent Community News Service of the Year category, and Scoop of the Year in 2015, beating the likes of BBC Wales and the Western Mail.

Our website currently attracts an average of 40,000 unique visitors month, generating 100,000 page impressions.

Other grant funding we have received includes two Jobs Growth Wales placements and funding via Welsh Government and the Fairwood Trust for office space at ICE.

We have not received, or applied for, any grant funding since September 2015.

Business Model

Our business model is predominately an advertising-funded model, with around 75% to 80% of our turnover coming from online and print advertising. Print-only advertising accounts for approximately 65% and includes legal notices placed with us by the local authority.

The remainder is made from contract journalism work and other revenues such as fees from the Newspaper Licensing Agency.

Caerphilly Observer is published by Caerphilly Media Ltd and is a success because we don't have a large cost base. The only shareholder to satisfy is myself and to keep costs down I keep as much work, such as advert design, in-house. Unlike bigger listed media companies, I don't have to worry about the value of the shares or dividend payouts – I simply have to make sure there is enough revenue to cover costs, pay staff, and then pay myself.

Access

We have never had a serious problem with gaining editorial access to Wales' various institutions and public bodies, and as we have gone on and become more established, any difficulty we did have has dissipated.

The difficulty for us has been getting in front of advertising agencies who are in charge of buying advertising space for such organisations.

Four years ago I tried to make contact with the Welsh Government's advertising agency and failed. In effect, we were dismissed as insignificant. Not the agency's fault as they are used to dealing with the big players, but if the Welsh Government does decide to show a commitment to newer media through advertising spend, this is one potential problem.

At the time of submitting this evidence, I am preparing to pitch to the current Welsh Government's agency, which is Golley Slater.

A similar problem has been faced by us when approaching universities and further education colleges. 2/4 We also had to battle with the local authority to persuade them to place their public notices with us. Initially they turned us down because they were unsure if we were legally classified as a newspaper. In the end, I had to write to Edwina Hart, the Local Government Minister at the time, who confirmed that Caerphilly could place notices with us. Since then, Caerphilly County Borough Council has been in almost every edition as we are cheaper than Newsquest – the publishers of our rival newspaper the Campaign (where I began my career back in 2004).

Our effect

Just prior to launching our print edition in May 2013, I received a letter from Newsquest questioning our website traffic claims. It was threatening in tone and warned us that we would be reported to the Advertising Standards Authority because I had not cited a source for our figures. This was the first time that Newsquest had contacted me and I took it as a compliment that they felt threatened by us.

After news broke that we had secured grant funding for a print edition, we came in for some heavy criticism from Newsquest. Kevin Ward, then the editor of the South Wales Argus, used an event at the Assembly to question why we should get public funding and later wrote a letter of complaint to Caerphilly County Borough Council. I have enclosed this letter for reference (which was released to me under the Freedom of Information Act).

Despite their initial misgivings, Newsquest has been quiet recently and have actually upped their game in terms of editorial space in the Campaign. They recently decided to increase the print run from around 20,000 a week to 28,000 a week. I believe this is because of us and they are now “trying”. Who benefits from this? The readers and the local community. A competitive media is a healthy media and is imperative to a functioning community.

The future

There is no reason why a news organisation like Caerphilly Observer cannot be replicated elsewhere. I have no plans to do it as my passion lies in being a local newspaper publisher in Caerphilly County Borough – my local community. It will take individuals as passionate as I am to take any such project forward, and there

is already help available through Centre for Community Journalism at Cardiff University.

Grant funding is essential for new media start-ups to get up and running. The 80% covering of print costs for the first four editions lifted the financial pressure and was instrumental in getting the paper off the ground. This, together with other schemes, has led to employment and a healthy local media. 3/4 Such grants however will incur the wrath of the more established media players, who will make a case for public funding to go to them.

Thank you

Since this document will be part of the Assembly's public record, I want to use it as a means to say thank you to everyone who has supported us.

My wife, Susie Gurner, contributes far more than she should. She is the one who steps in and keeps our home life on track whenever I am tied up working late with the newspaper. She carries a huge burden to let me fulfil my dream on top of her having a very demanding job in the Welsh NHS.

Jan Withers was a colleague of mine during my days at the Campaign in 2004. She is a hugely talented media sales executive and it was my good fortune that Jan was unceremoniously let go by Newsquest back in 2011. She effectively guided me on the commercial side of running a media company and without her there would not be a Caerphilly Observer. Together with her husband Barry, who still volunteers with us, she even delivered the newspaper for a time. I am very pleased to report that Jan is now enjoying her retirement and I will always be indebted to her.

My current reporter Ben Barker, and past reporter Gareth Hill, have both made huge contributions to the success of the newspaper and my current photographer/sales executive Joanne Burgess has made an equally huge contribution. She has the unenviable task of generating advertising sales and taking great photos for us.

Above all, thanks should go to our readers, our advertisers, and our local distribution outlets for all of their support. Without any these the entire venture would be pointless.

Yours sincerely

Richard Gurner Editor and Publisher

Annex 1

Letter from Newsquest to Caerphilly County Borough Council

Dear Mr Barnett

I am writing to you as Regional Managing Editor of Newsquest Wales & Gloucestershire, publishers of the Campaign newspaper. to register our serious concern at the award of a financial grant to one of our competitors.

We understand the Caerphilly Observer website has been awarded a five-figure sum by Caerphilly council to fund its first four fortnightly print editions via the Rural Development Programme Partnership.

Firstly, let me make clear we have no problem with competition in the market place. We are happy for newspaper consumers in the Caerphilly county borough to have a choice and we believe competition is good for all businesses – providing that competition is fair to all.

However, it does not seem to us that providing a grant for one player in a competitive market is a fair or appropriate use of public money, particularly when the funding is being used to set up a direct competitor to the well-established newspaper in the market place, the Campaign.

Our view is public money should be spent on projects that fill a gap in the market, not on competitive launches.

We have already had cause to complain to the owner of the Caerphilly Observer with regard to his marketing tactics. Claims, for instance, that his website has overtaken the online traffic of the Campaign are not backed up by any evidence or analytics, in contravention of Advertising Standards Authority standards.

The Observer says it will be distributing 10,000 copies of its print edition every fortnight. We await independently verified and audited evidence of this.

Continued.....

For information, the most recent independently verified and audited distribution figure for the Campaign is 28,301 copies across the Caerphilly county borough per week (VFD July–December 2012).

We note that in press releases announcing the awarding of the Caerphilly council grant, the Observer claims its new publicly-funded print edition will be 'the only free newspaper to cover the whole of Caerphilly County Borough'.

Clearly from the distribution figures above, this is simply not true and we find it surprising that a local authority appears content to be associated with such unsubstantiated claims.

Newsquest employs a number of people who live in the Caerphilly county borough area. It seems peculiar, to say the least, that the local authority to which they pay their council tax is funding a competitive launch that has the potential to put their jobs at risk.

We note there was no consultation with ourselves as the publishers of the Campaign, the longest-standing newspaper brand in the Caerphilly county borough. with regard to the potential impact of the council's decision to fund the Observer's competitive launch.

I would be grateful for a prompt reply to our concerns.

Please note we reserve the right to take this matter to the Local Government Ombudsman.

Yours sincerely
REGIONAL MANAGING EDITOR

Response from Caerphilly County Borough Council

Dear [REDACTED]

GRANT TO CAERPHILLY MEDIA LTD

I refer to your letter of 15th May 2013 regarding the above, which was addressed to the council's Acting Chief Executive. I have been asked to reply as the grant received by Caerphilly Media Ltd came from the Caerphilly Cwm a Mynydd Rural Development Plan programme, which is part of my remit.

The Rural Development Plan (RDP) programme is a Welsh Government Initiative. In Caerphilly County Borough the RDP was developed and is managed by the Caerphilly Cwm a Mynydd Partnership which is comprised of representatives of the community sector, private sector, voluntary sector and public sector. The council is a member of this partnership and currently chairs it, council officers act as the secretariat for the Partnership.

All decisions affecting the delivery of the RDP programme have to be agreed by the Partnership. Decisions on applications for grant aid are taken by a sub group of the Partnership, the Cwm a Mynydd Partnership Assessment Panel.

The current RDP programme has a grant scheme entitled Budding Businesses, which is aimed at micro enterprises (i.e. businesses employing less than 10 people) who are located in rural wards or service centres in the county borough, which were identified by Welsh Government.

All businesses that meet these basic criteria are eligible to apply for Budding Businesses grant aid. A detailed grant application form has to be submitted which is assessed by RDP officers against a set of criteria. This has been approved by Welsh Government.

When a grant application is received a report is prepared for consideration by the Assessment Panel. The final decision as to whether or not a grant is awarded is taken by this Panel, which is advised by the council's European and Finance officers who act independently from those RDP officers involved in the Budding Businesses project.

The Caerphilly Media limited application was one of two applications considered by the Assessment Panel in April this year. Both applications were approved. Three

members of the Partnership were involved in this process they represented the community sector, the private sector and the voluntary sector.

Caerphilly Media were not awarded a 5-figure sum and no CCBC money has been given to them. The grant funds 80% of the project cost and this comes from EU and Welsh Government sources. The remaining 20% is provided by the business.

I note your comments regarding what you feel to be misleading statements on behalf of Caerphilly Media. I cannot comment on this but can point out that this type of information would not have been considered as part of the grant assessment process.

It is not our practice to consult with other businesses when considering applications for grant aid.

To conclude Caerphilly Media Ltd were eligible to apply for the Caerfilli Cwm a Mynydd Budding Businesses grant because they met the grant criteria. The grant was approved by the Grant Assessment Panel and not the council, the grant came from the Caerfilli Cwm a Mynydd Partnership and not the council.

I hope that this has clarified the matter.

Yours sincerely

HEAD OF REGENERATION AND PLANNING

1. Reporters in Swansea will now have to travel to Cardiff to offer cover for staff shortages. Concerns have been raised over the impact this will have on the coverage of local news in south west Wales.

This has never happened, nor has anyone been told it is likely to happen. However, there have been occasions where the reverse has happened – ie, that reporters based in Cardiff have covered staff shortages in the Swansea, Carmarthen and Llanelli offices,

2. The reporting team in Swansea has lost a member of staff to the commercial sector who will apparently not be replaced, thereby putting further pressure on the service being provided to the south west.

We have recruited two members of staff into the Swansea team since this internal move was made to accommodate the personal requirements of the member of staff involved.

3. Staff based in your Swansea office, across all departments, will be paid less than their counterparts in Cardiff (we understand that you are aware of this discrepancy and have stated that you do not plan to take any action to rectify it).

This is a matter that is being dealt with between our HR team and our staff, and as such is confidential. However, I can say that there is no major disparity between staff pay in the former Local World parts of the business in South West Wales, and the original Trinity Mirror section in Cardiff.

4. Trainees at the Evening Post on a Trinity Mirror contract are being paid more than the Evening Post's senior reporters and department editors, further highlighting the discrepancies in pay.

This is completely untrue.

5. There are also discrepancies in the sickness benefits available to staff, whereby Evening Post staff are being afforded less favourable conditions than those on Trinity Mirror contracts.

Sickness terms for Evening Post staff have been improved so that the same terms are in place for all staff across the business.

6. There will no longer be staff representative meetings with the management on these issues.

This is completely untrue. As always, we have consulted extensively with staff on all changes, and will continue to do so.

7. Furthermore, we understand that redundancies are not being offered and that staff are simply being told to leave if they are not content with their current situation.

This is a rather dramatic way of describing the situation, but I can confirm that, as with normal business practice, we do not have an open door redundancy policy in place for anyone unhappy in their role. Any contractual changes as a result of the Local World/Trinity Mirror merger have meant an improvement in terms, and, as such, we have no legal or moral obligation to make redundancy available to these staff.

Hyperlocal Community News: Its current state and future prospects

In the second of two essays about local news in Wales I draw principally on my own UK-wide research¹ into the emergent field of hyperlocal community news. Along with my collaborators, and colleagues at Cardiff University's Centre for Community Journalism, I have been researching hyperlocal news in the UK since 2013. In this article I draw on a series of interviews with, and a large internet survey of, community news producers, along with a large content analysis of the news produced by UK hyperlocals, to provide a detailed overview of the growth of this sector, its wide-ranging impacts, its considerable challenges, and future prospects.

Who produces hyperlocalcommunity news, and how do they describe what they do?

Our survey results suggest that the UK hyperlocal news sector is now reasonably well-established, in internet terms, and is dominated by players who have achieved a degree of longevity (nearly three quarters have been producing news for over three years, and around a third for more than five years). Seven out of ten of these producers see what they do as a form of active community participation, over half see it as local journalism, and over half as an expression of active citizenship (Williams et al 2014).

Almost half also have some mainstream journalistic training or experience. So this is not, as it is often assumed, a sector dominated by citizen journalists at the expense of those with more professional training or experience. That said, apart from a growing professional and professionalising minority, this is a sector dominated by volunteers who are not primarily motivated by making money from what they do (ibid.).

¹ This research was part of a big AHRC-funded project entitled Media, Community, and the Creative Citizen.

What, and who, gets covered in hyperlocal community news?

Many thousands of mainstream UK local and regional news reporters have been made redundant in recent years (see accompanying essay about the established news media Wales). Local newspaper editions serving individual districts have also gone, along with the local offices that used to make it easier to meet residents and audiences and to truly embed oneself in a community. As a result local news has become much more remote from the communities it is meant to serve, and independent local stories (which are expensive to gather and source) have been increasingly replaced by cheap wire copy and PR-based churnalism (Williams et al 2015).

By contrast, hyperlocal news is almost always produced by people in and of their communities, and many serve areas which have been hit by the closure of a local newspaper, or where there never was much traditional local coverage in the first place (Harte et al 2017; Williams et al 2014). Almost all the posts analyzed in our content analysis had a very strong local angle. We found that the largest topic of news in our content analysis related to local, day-to-day, community activities and events. These are mainly stories about the meetings of community groups and local clubs & societies (think meetings of the WI or the camera club), or one-off community events held for the general public (such as summer fetes). We also found a lot of stories about local councils and the services provided by local government, so hyperlocal news audiences are exposed to a lot of information that could be high in civic value (Williams et al 2015).

Another common thing to track in studies like this is the use of different kinds of news sources, the people who are quoted in local news, and who therefore have the power to *define* local issues and events on these news platforms. We know from existing studies that more established commercial local news outlets, like newspapers or more professional news websites, are very authority-oriented in their sourcing strategies, sometimes at the expense of regular, everyday, residents of an area. As with the more established press, official sources in government, business, the police are very important in the community news sector. But a key *difference* is the role afforded to members of the public, and to people from local community groups. Ordinary people get more of a voice in UK hyperlocal than studies of more traditional local news indicate, so communities are, in these respects, well represented by hyperlocal news (ibid.).

Campaigning and investigative hyperlocal community news:

In its plurality of voices and topics covered, its coverage of a range of areas of local life, and its intensively local focus, UK community news serves its readers very well. We also wanted to figure out if this emergent form of news played other traditional roles of the local press, such as holding local elites to account, or standing up for communities when things get tough. These are generally seen as difficult and time-consuming things to do, so we were surprised and encouraged to see they were often done very well indeed in this new sector.

Campaigns are, of course, important to the local news' ability to advocate for communities. Despite journalism's traditional commitment to objectivity and impartiality here is a long tradition of established news outlets taking up causes and fighting on behalf of, and alongside, local news audiences in the UK. 42% of our survey respondents have "started a campaign where the site has sought to change things locally in the last 2 years". Far more, 72%, have joined in, or supported, the campaigns of others. Investigations are, of course, important to the news' ability to hold local elites to account. Despite this kind of work being time consuming, and sometimes risky, 44% of respondents have "carried out an investigation which has helped uncover controversial new information about local civic issues or events" in the last 2 years (Williams et al 2014).

As in the mainstream local press, the issues campaigned about, or investigated, are varied. The qualitative evidence around this from our interviews and the survey indicate they can be very small and "hyperlocal" (relating to minor planning complaints, signage, the quality of thoroughfares, or that very British complaint: a surfeit of dog poo on local thoroughfares). But they can also be pretty big, consistently addressing issues in the public interest, and often taking on powerful elite interests (for example, by tackling cuts to public services, major developments, public safety problems, local governance accountability issues, and even instances of official corruption) (ibid.).

Connecting communities, online and in the real world:

In addition to examining whether, and how, community news might be playing *traditional* democratic roles we have also found evidence that hyperlocals are fulfilling *different*, and in some cases *new*, civic functions related to their position as key nodes in real world and virtual local information networks. We established strong evidence of the use with social media and new technology to engage and interact with audiences in the sector (Cable and Williams 2014). Much research into

the community-building, and community-enhancing, potential of new media has stressed how digital and social platforms allow journalists to connect audience and community members together, strengthening community bonds (Hermida 2012).

Dominant trends in the research base suggest that local news audiences, and the content they provide, tend to be understood by established professional UK local news companies in two primary ways: as untapped editorial commercial opportunities (with UGC to be “harvested”); and/or quantifiable units in the attention economy (with clicks to be monetized) (Harte et al 2017). Relationships with audiences have tended to be vertical, and extractive, rather than collaborative and dialogic (Howells 2015; Nicey 2016). Local legacy media experiments with community hyperlocal news have correspondingly been found wanting, often because audiences have not responded well to news experiments whose clear main aim is to extract and monetize their value while cutting the costs associated with traditional news gathering (Baines 2010, 2012; St John et al 2014).

Our research suggests that much UK hyperlocal news is more horizontal, dialogic, rooted in physical and online local everyday community spaces, and based on more equal & socially embedded reciprocal exchange relationships (sometimes in ways which evoke long-lost professional journalistic practices such as walking “local news beats”; sometimes in ways which harness the connectivity and power of the internet to bring people in communities together). We also find that hyperlocal news practices often blend on- and offline journalistic & community activist practices in mutually re-enforcing ways (e.g. by running online appeals for support when community members need help, running social media surgeries and supporting local organisations in their digital communications, organizing Facebook school uniform exchanges to allow local parents to save money by recycling childrens’ clothes, etc.) (Harte et al 2017). All of this means that much hyperlocal journalistic activity is actually or potentially effective at strengthening community bonds, and encouraging relationships of reciprocal exchange and mutual aid so essential to community cohesion and increasing social capital (Lewis et al 2014).

How is hyperlocal funded?

Given the serious economic decline in the wider local news industry it is important that we understand the economic strength of this sector. Despite the impressive social and democratic value of hyperlocal news content, community news in the UK is generally not a field rich in economic value. There exists a growing group of professional and professionalizing entrepreneurial local news startups (a chink of

light in a gloomy and darkening local news market). But the sector is, on the whole, dominated by a large pool of volunteers covering their own costs, and doing what they do for the love, rather than money (Williams et al 2014).

Around a third of our survey participants make money, and most of these only make quite modest amounts. At the top end of the earning spectrum just over one in ten say they generate more than £500 per month in revenues. Most community news producers fund the running costs of their sites from their own pockets (further suggesting high levels of volunteerism), with around one in four raising enough money to at least cover their costs, and a further 16% “more than covering” their costs (ibid.).

While many employ a mixture of revenue streams, online advertising is the dominant form of income generation among those who seek to make money. A problem here is that, because hyperlocal outlets often suffer from a lack of visibility and penetration in their areas (Radcliffe 2015), those who do seek to make money from their sites with online ad revenues often have an uphill struggle. A number of other revenue streams are also used, such as:

- crowd funding (a disadvantage of crowd funding is the time-intensive nature of campaigns, coupled with the short-term, one-off nature of the revenue stream; an advantage is that funding drives can help increase audiences and drive audience loyalty);
- forming audience co-operatives (this is also hard work, but can guarantee a steady stream of income, and engages audiences with a local news service by giving them unprecedented opportunities to own and influence policy and coverage);
- getting grant money from charities & foundations (organizations such as Nesta and the Carnegie UK Trust have provided valuable targeted funding to help hyperlocals develop and become more sustainable);
- charity funding through local community development trusts (such as the long-standing *Ambler*, in Amble, Northumberland, where Anna Williams a journalist and community worker is paid to produce a news website and printed paper, and to encourage broad community participation in the project);

- cross-subsidizing local news work with other streams of income (such as training or consultancy work); and, increasingly
- print advertising models using free newspapers delivered through doors, or regularly distributed at fixed points in communities (this can hugely increase readerships, making it easier to convince local advertisers to become clients, and can also help overcome a widely-reported and somewhat conservative reticence among smaller advertisers to pay for online-only ads).

Overall, our data suggests that while the UK local news market may sustain some community news outlets under some conditions, it's currently unable to sustain this kind of news on a large scale, consistently, across the country. Unlike traditional commercial local newspaper publishers (which attract public subsidies such as statutory notices and VAT breaks), no subsidies are routinely available to smaller independent online news providers in this sector (Williams and Harte 2016).

How sustainable is hyperlocal community news?

In a sector that is largely underpinned by volunteer labour, sustainability is not only a question of money. In our interviews, we couldn't help but be struck by numerous indications of the precarious nature of many community news operations. People's professional and personal circumstances change, many "burn out", and the quality, consistency, and longevity of hyperlocal news sites can vary because of this (Harte et al 2016). UK community news is largely non-institutional by nature, and because these services are so closely tied to the personal circumstances of individuals there's no guarantee that a news outlet will survive the loss of a key contributor (Williams and Harte 2016).

Widespread voluntarism is producing much public value in the community news sector, but it's a fragile foundation on which to base something as important to democracy, civic, and cultural life as the generation of local news. Some argue that volunteer labour can underpin this field in much the same way as it already does with other areas of UK public life (elements of the local justice system, school governance, etc.). I fear that it may not be enough to sustain community news sites in the long term. Local news has never before relied to such an extent on the pursuits of private individuals – it has always needed strong institutions, backed up the power and social capital of a newspaper office with all its editorial, legal, and institutional support mechanisms. Without the profits needed to remunerate people the sector may well be too precarious to sustain the kind of institutions

which have previously been necessary prerequisites for a strong, independent, and critical local news.

Hyperlocal community news: Plugging news black holes?

In regularity and volume of publication, and geographic consistency of coverage across the UK, the community news sector is somewhat patchy and variable. The overall numbers of hyperlocal news producers, as well as their labour power, should also be put into perspective. One way to do this is to compare the numbers of new hyperlocal news producers with the numbers of redundant professional journalists in an area: I did this with my own city, Cardiff and its surrounding valleys towns, to give a rough indication of what's been lost and what is being gained there.

According to their own annual accounts, Trinity Mirror news subsidiary Media Wales, which serves this region, employed almost 700 journalistic and production staff in 1999; this figure had fallen to just 100 by 2015 (when they published the most recent figures). How many community journalists have taken their place? The LocalWebList map of community news sites lists 20 sites in Media Wales' patch, and they're run by no more than 40 regular news contributors, most of them working part time for little or no money.

Hyperlocal in the UK produces much news of great public value. But In terms of the *numbers* of news producers, and their *capacity* for (mainly part-time) work, community news can only *partially* plug growing local news deficits caused by the widespread withdrawal of established professional journalism from communities.

Conclusion: the future of UK hyperlocal news

Looking at our data you see three broad groups. Firstly, there is a small group of, themselves small, often precarious, but crucially economically viable community news services. This a rare good news story about local news in the UK, and we should do everything we can to foster and support this group, as well as to encourage others to join them. Secondly, we have a number of sites run by hobbyists who are now trying, in difficult market conditions, to professionalise in different ways (numerous community journalists who have been happy to produce their sites for free in their spare time are now developing the confidence and ambition to join the ranks of the more entrepreneurial start-ups mentioned above). Thirdly, we've got a larger, also precarious, group of volunteer-led sites that have no interest in making money, who'll carry on doing this as long as they want to,

before closing their site or transferring it to somebody else to run and produce (Williams and Harte 2016).

Players in all three groups are producing public interest news, often of impressive quality and quantity, but it faces significant challenges, and its promise should not be over-stated. The sector has benefited from varied kinds of support, and many hyperlocals have so far been able to work with groups like Talk About Local, Nesta, the Carnegie UK Trust, the Media Trust, and my own University's Centre for Community Journalism (which is also submitting evidence to this committee) to access practical help, guidance, and in some cases funding in a range of areas.

Those seeking to make money face serious challenges and a tough market dominated by established news publishers who have long dominated local and regional advertising systems. I believe that our combined knowledge about the mainstream traditional, and emergent community news sectors allows us to see local news in the UK as a public good: something that society needs, but which the market can no longer provide in sufficient quality or quantity. This logic arguably underpins existing public subsidy to local newspaper groups, but we have a paradoxical situation where our current local news policies protect entrenched, declining interests, while not supporting new, emergent players no matter how beneficial they are to the communities they serve.

I think that to support and foster local news as a public good in the 21st Century we will need a re-evaluation of local news policies to encourage newer entrants to the market, to foster experimentation with different funding models, and stimulate independent, plural and truly local news in print *and* online. It's clear that the professional and professionalising part of the sector would benefit from a range of policy interventions but the most useful might be smart, independently-administered, contestable, funding to help them try out, and test, different models for funding and distributing independent public interest local news in different places to help the sector as a whole develop and become more sustainable.

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7 shocking local news industry trends which should terrify you.

The withdrawal of established journalism from Welsh communities and its effects on public interest reporting.

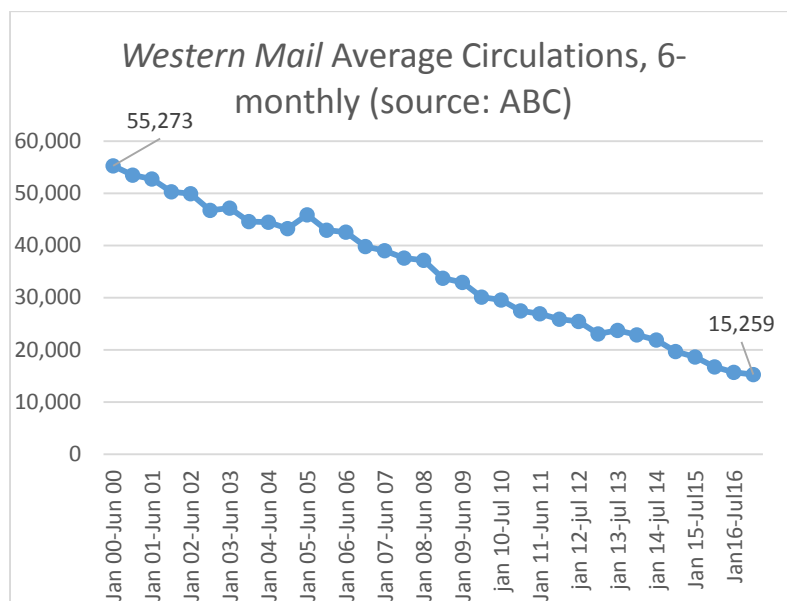
In the first of two essays about local news in Wales, I draw on Welsh, UK, and international research, published company accounts, trade press coverage, and first-hand testimony about changes to the economics, journalistic practices, and editorial priorities of established local media. With specific reference to the case study of Media Wales (and its parent company Trinity Mirror) I provide an evidence-based and critical analysis which charts both the steady withdrawal of established local journalism from Welsh communities and the effects of this retreat on the provision of accurate and independent local news in the public interest. A second essay, also submitted as evidence to this committee, explores recent research about the civic and democratic value of a new generation of (mainly online) community news producers.

Local newspapers are in serious (and possibly terminal) decline

In 1985 Franklin found 1,687 local newspapers in the UK (including Sunday and free titles); by 2005 this had fallen by almost a quarter to 1,286 (Franklin 2006b). By 2015 the figure stood at 1,100, a 35% drop over 30 years, with a quarter of those lost being paid-for newspapers (Ramsay and Moore 2016). The same research finds only a small number of new local titles launched over the same period. Industry executives have downplayed these figures, arguing that most of the closures were to free weekly titles, and that previous, more extreme, predictions around newspaper closures (e.g. that of Enders 2009) had “blown [the problem] out of proportion” (Sweney 2015). The loss of more than a third of local titles, however inaccurate previous predictions may have been, is not something to be dismissed so easily. Wales has not suffered newspaper losses of this magnitude yet, but Welsh communities from Port Talbot in the South, to Wrexham in the North, have felt the loss of news outlets. As Howells’ research (2015, discussed below) finds, the loss of a dedicated local news outlet can have serious and wide ranging effects on local public debate.

A less dramatic and visible, but equally disturbing, trend can be found in across-the-board declines in Welsh newspaper circulations. Between 2008 and 2015: *The Daily Post* declined 33 per cent (from over 36,000 to 24,485); the *South Wales Echo* lost 60 per cent of readers (from 46,127 to 18,408); and the *South Wales Evening Post*'s circulation fell by 46 per cent (from 51,329 to 27,589) (IWA 2015, p.62). A longer-term view of circulation decline is evident in figure 1, which charts average 6-monthly circulation of the *Western Mail* since the turn of the century.

Figure 1.



These data show that the national newspaper of Wales has lost almost three quarters of its audited circulation since 2000. This is alarming for numerous reasons, but mainly: because print circulation revenues still remain very important to the balance sheets of major local news publishers (see point 5, below); and due to the likely continued decline in the perceived value of print among advertisers as audiences continue to shrink (there will come a time when it no longer pays to advertise to relatively small printed newspaper audiences). The *Western Mail* has consistently lost around 10,000 daily sales every four or five years over the last two decades; if this trend continues there will be no readers left by the early-to-mid-2020s.

The effects for a community when a newspaper is lost are serious. When the *Port Talbot Guardian* (a local weekly newspaper) closed down in 2009 citizens lost their primary source of day-to-day information about how to navigate civic and community life. But they also lost (what had previously been) a newspaper of record, and a large portion of the town's collective memory. This kind of loss was

echoed by Trinity Mirror's particularly damaging recent decision to cut off Welsh citizens from much of the *South Wales Evening Post* online archive as part of a group-wide efficiency drive after the Local World buyout. The effects of losing one of Wales' large daily newspapers in this way could be more serious and wide-ranging.

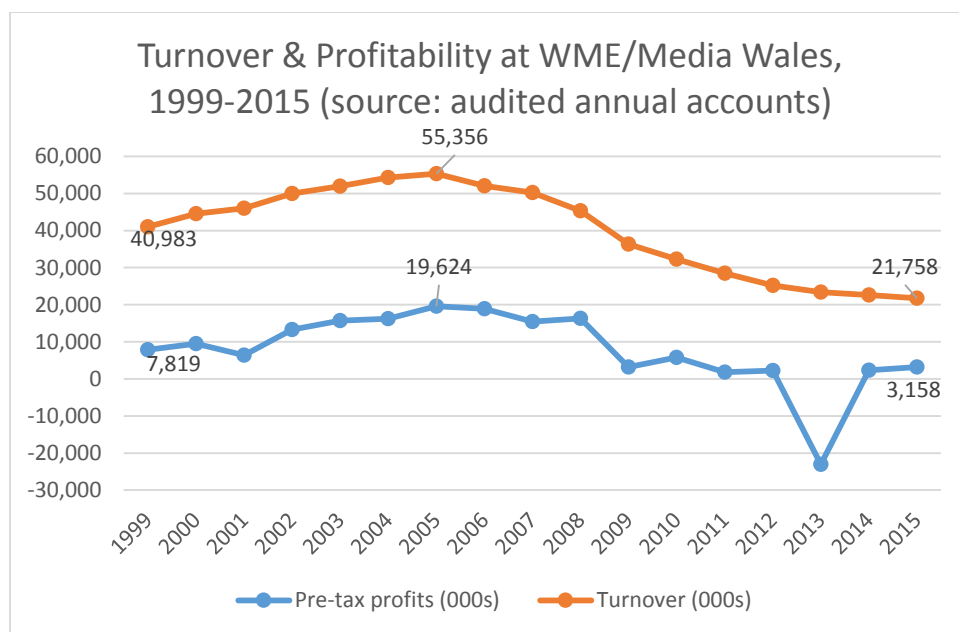
The local news industry is losing money hand over fist:

Local news has traditionally sustained itself in two main ways: by selling news products to us, and by selling our attention to advertisers. Both of these principal revenue streams are now under threat, and have substantially decreased. Local newspaper advertising income fell by an average of 6.6% per annum over the period from 2009 to 2013; the drop included both display and classified advertising, with classified ad expenditure – previously a staple of the local newspaper sector – falling 63% between 2007 and 2012 (Ramsay and Moore 2016).

As we have seen, at the same time as advertising revenues have fallen we have seen drastic reductions in revenues from sales of printed news, and no widespread adoption of, or experimentation with, paid content strategies for digital local news (Greenslade 2009, Williams 2012, Mintel 2013). Sales of printed local newspapers have declined across the board and circulation revenues have been correspondingly hit. Revenues from the local press, which in most cases has been more reliant on advertising income than cover price, have declined significantly, and in some cases have more than halved (Picard 2008). In a detailed and extreme local case study former regional newspaper editor turned academic Keith Perch (2015) showed that revenues at the *Leicester Mercury* sank from £59m to just £16m between 1996 and 2011.

Media Wales's revenues and profits over the last two decades offer a useful, and broadly representative, case study to explore analogous trends in Wales.

Figure 2.



Between 1999 and 2005 revenues grew steadily by almost £15 million, and profitability soared. This was largely down to a combination of still very high print advertising revenues, and (in common with other major publishers) sustained cuts to the editorial workforce combined with successive restructuring exercises carried out in order to save money and maintain high profits. Profit margins in the period 2002–2008 hovered between 27 and 36 per cent, making the company among the most profitable in Wales of any kind (Media Wales Annual Accounts). The 2008 financial crisis led to a long advertising recession, and slump from which the local news industry has yet to emerge. Revenues fell by more than 50 per cent against the high-water mark of 2005, and profits shrank. Interestingly (excepting 2013¹) profit margins were still maintained at between six and 18 per cent. This might pale in comparison with previous figures, but relative to other sectors and industries this is still high, and reflects the way in which the company continued to implement ruthless efficiency savings and maintained efforts to consolidate throughout this turbulent period.

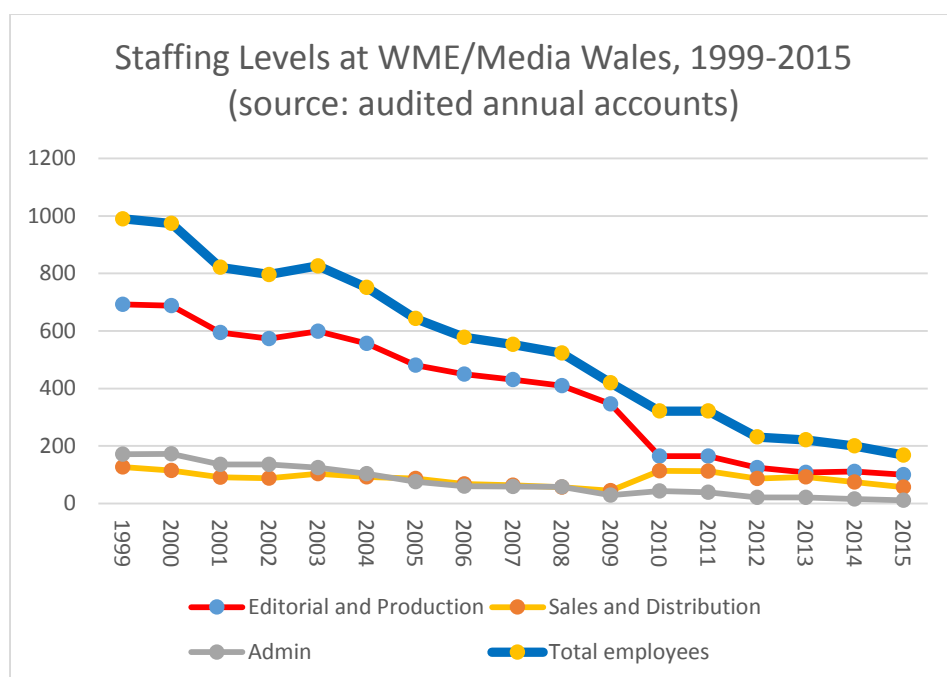
Established journalism is rapidly withdrawing from Welsh communities:

Arguably the most concerning issue caused by the collapse in the local news business model has been the steady withdrawal of established professional

¹ The sharp drop in profits in 2013 reflects a huge, group-wide, devaluation of the company's intangible assets (which includes things like relationships with advertisers, the value of a company's brand, etc).

journalism from newsrooms and communities because of the large numbers of job losses caused by 15 years of redundancies, staff cuts, and recruitment freezes. There are no reliable figures to determine exact longitudinal staffing trends but from the fragmentary existing research it is clear that the human resources of the local news industry have been decimated in recent years. A National Union of Journalists (NUJ) Commission on multimedia in 2007 found that “there had been editorial job cuts at 45% of titles since online operations were introduced”. The Newspaper Society has since stopped publishing figures on industry job losses, but figures cited by Nel suggest there was a 13.75% contraction in the number of local and regional press jobs between 2002 and 2007, a fall from 13,020, to 11 230 (Nel 2010). By October 2015 *Press Gazette* estimated, based on analysis of selected companies’ staffing levels reported to Companies House, that the number of professional journalists employed in the local press was about half what it had been before the 2008 recession. Oliver and Ohlbaum’s 2015 report appears to substantiate *Press Gazette* estimates: it stated that Trinity Mirror reduced its workforce by 47% between 2008 and 2013, Johnston Press by 46%, and Archant’s by 27% over the same period (Oliver and Ohlbaum 2015). Studies of individual media groups, reporting in specific locales, and over longer periods, shed further light on the nature and scale of this problem. Howells found that the two largest regional news organisations in South Wales were staffed by almost 1000 editorial and production employees in the year 2000, but by 2014 this had shrunk to under 300 (Howells 2015). Similarly, the *Leicester Mercury* Group employed 581 staff in 1996, but only 107 by 2011 (Perch 2015).

Figure 3.



At Media Wales² there were almost 700 editorial and production staff in 1999 (Williams 2012), but by 2015 this had shrunk by over 85 per cent with the company employing only 100 (Media Wales 2014). This means that local communities in Cardiff and the Valleys are currently being served by 85% fewer journalists and production staff than in 1999; for every ten reporters (or subs, or designers) working in the region 16 years ago, only one and a half remain. In 2013 there were more people employed in admin, sales, and distribution at Media Wales than journalists putting together two daily newspapers, seven weeklies, one Sunday, and a daily news website.

The Celtic weekly newspapers, seven titles serving Pontypridd, Merthyr, Aberdare, Llantrisant, and the entire Rhondda Valleys, have been particularly neglected. I remember these newspapers a young news consumer growing up in the area, and I spent time at the Pontypridd Observer as a student on work experience in the mid 1990s. These once-proud local papers used to be have accessible offices on the High Street, and were staffed by small teams including a dedicated editor, a small full-time reporting staff each, photographers, and administrators. By 2011, and

² These figures represent average weekly full-time equivalent posts reported in audited annual accounts, and represent the most reliable indicator of staffing level changes over time. They include production roles (such as layout and sub-editing). Figures for news journalists alone are not published.

after a series of redundancies, Press Gazette reported that only six senior reporters and five trainees remained (Press Gazette 2011). Talking to overworked journalists about the challenge of maintaining editorial standards under such difficult conditions at the time, it seemed like things could not get any worse. Today, however, after several rounds of further cuts all of the local offices have been closed (leaving these areas to be covered remotely, from a geographical and cultural distance, in Cardiff), no titles have dedicated editors, and all seven weekly papers, along with their associated online news outputs, are produced by just three and a half reporters. As the work of Howells (2015) demonstrates, many of the effects of this withdrawal of journalism on the quality of news (see below) pre-date the challenging conditions brought about by the move to digital news, and the later spate of newspaper closures. This suggests that both publishers' editorial and business strategies, as well as external factors such as recession and the digital turn, are a continuing explanatory factor.

Media plurality is a good thing, but our news is concentrated in the hands of a few big publishers:

The loss of individual newspapers adds to the already serious concerns of many around a lack of local media plurality caused by the quest for consolidation and greater economies of scale. Media regulator Ofcom states that “plurality matters because it makes an important contribution to a well-functioning democratic society through informed citizens and preventing too much influence over the political process” (Ofcom 2012). Yet our local media markets are far from plural. In 1992 two hundred companies published local newspapers in the UK, but by 2005 this had fallen to just 87; likewise, eight companies owned 80% of UK titles (Williams and Franklin 2007). By 2015 ownership had further consolidated, with six companies owning 80% of titles, and only 62 companies owning at least one daily or weekly newspaper (Media Reform Coalition 2015). The acquisition of Local World (then the 4th largest publisher) by Trinity Mirror (then the 5th largest publisher) in 2016 led to further consolidation. This research concludes that over two thirds of Local Authority districts, over half of all parliamentary constituencies, and 56% of the UK's population are not served by a dedicated daily newspaper, and almost half of Local Authority Districts are served by just one publisher (Ramsay and Moore 2016). These headline data do not take into account the loss of intra-company plurality caused by moves to make journalists who were previously dedicated to one title produce news which is re-purposed across numerous news outlets owned by the same company (a move which has also affected the local-ness of our news – see trend 6 below).

The picture in Wales is even more bleak. The recent takeover of Local World gave Trinity Mirror unprecedented dominance in Welsh local news markets, making it by far the largest news company in the country. In-depth mixed-method studies of news and democracy in individual localities over longer periods yield equally stark results. For instance, Howells (2015) found that the Port Talbot (population circa 36,000) was served by 11 journalists working across on five newspapers, all of which had local offices in the town; by 2015 Port Talbot had lost all of its dedicated newspapers, and was covered, part time, and remotely, by two *South Wales Evening Post* journalists based in Swansea, the nearby regional hub.

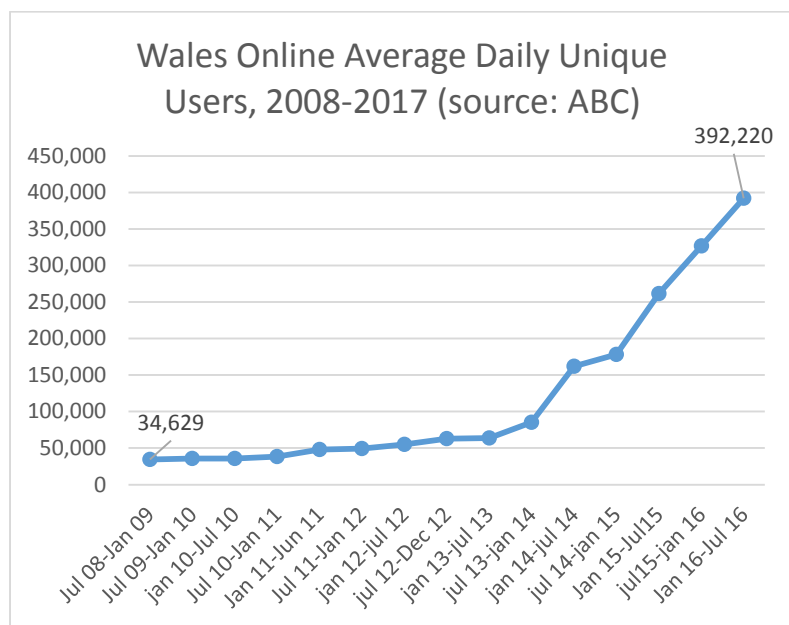
Diversity of news provision is desirable because it limits the power and influence of news company owners. But more importantly in the local context, diverse news ecosystems limit the dominance of particular business models and their associated editorial priorities. Wales' biggest local media plurality problem does not lie principally in the risk that Trinity Mirror CEO Simon Fox might wish to exert political influence over Welsh life, but instead in the fact that Trinity's cost-cutting, high-output, consolidating and synergistic approach to its business means that almost all Welsh journalists in the commercial sector work in similar ways, producing similar kinds of news, while working under similarly difficult conditions and constraints. Without competition from others with different editorial and commercial priorities local news owners have the luxury of being able to dominate local information systems with minimal outlay on news content; when you are the only game in town investment in news quality is not incentivised.

Local news companies now prioritise digital news over print, but make relatively little money from it:

Since the advent of digital news many advertisers have left newspapers, preferring the cheaper and more targeted services offered by digital intermediaries such as search sites (e.g. principally, but not only, Google) social networking platforms (principally, but not only, Facebook), and a range of competitor online classified advertising sites (Meikle and Young 2012; Fenton et al 2010). At the same time, fragmented audiences have moved in increasing numbers to non-linear consumption of digital news. When they do read local news they increasingly do so on social media platforms, or on news aggregation sites, and not directly from local news publishers' sites themselves (Freedman 2010, Doyle 2013).

These trends, combined with declining print news audiences, have led Trinity Mirror, in common with almost all other local news publishers, to prioritise the web at the expense of print in their recent and future business strategies.

Figure 4.



This strategy has led to impressive growth (albeit from a low base) in the readership of Wales Online, which has increased average daily unique readers from 34,000 to 390,000 in just seven years. However large increases in audience figures for UK local and regional online news have not translated into anything approaching profits equivalent to those lost due to declining print titles. We have already seen how falling revenues, combined with a mini-max editorial approach (which maximises profits while minimising investment), has led to the loss of many hundreds of journalists in South Wales. The data presented so far, though, does not show where the revenues to pay the remaining workforce come from. Media wales do not differentiate in annual accounts between revenues earned from digital and print, but these figures are included in the group accounts published by Trinity Mirror.

Figure 5:

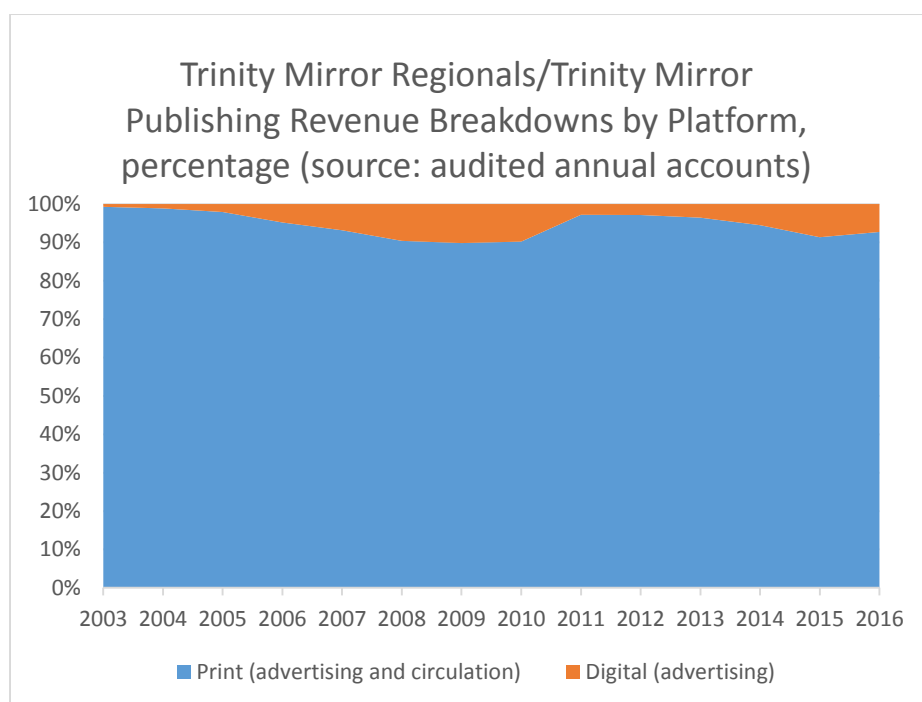


Figure 5 shows the proportion of revenues derived from printed news, and from digital news, at Trinity Mirror’s Regionals and Publishing divisions between 2003 and 2016.³ The large blue area represents the percentage of revenues derived from newspaper circulation and printed ads; the slim orange area, the proportion obtained from digital advertising. Media Wales has (as is common in the sector) prioritised digital, web-first, editorial strategies at the expense of print since the mid-2000s. But this graph underlines the still relatively low value of online ads compared with print advertising. Despite print’s decline, and its near-universal displacement as a corporate priority, it still pays for the majority of the workforce. Given that declining revenues from print have been such a large factor in the hollowing out of newsrooms seen to date, it seems likely that we will lose many more journalists before a more sustainable balance between income streams and staffing levels can be found. This is likely to have many and far-reaching consequences on the working conditions and practices of those journalists who remain, as well as the future quality of local news.

³ In 2011/12 the group changed its divisional structure, which means this graph shows data relating to Trinity Mirror Regionals (a now defunct arm of the company composed of only local newspapers and websites) between 2003–2011, and to Trinity Mirror Publishing (a new division combining all national and local newspapers and websites) between 2011–2016. Although the graph refers to two different corporate entities, its common focus is on the proportion of revenues derived from printed and digital news is still useful.

Local news has become less local, less independent, and of less civic value than previously:

Studies of news content and journalism practice in Wales and elsewhere have found the on-going crisis in the UK news industry, pre-dating but in some ways worsened by the advent of the internet, is endangering the “local-ness”, quality, and independence of our news (Fenton 2010; Franklin 2006a). Even before the growth of online news scholars had reached consistently gloomy conclusions about UK local newspaper coverage of local democracy: since the mid-1980s the local press in Wales has reduced coverage of local elections, produced fewer election stories with distinct local angles, and reduced “sustained discussion of policy concerns” (Franklin, Court, and Cushion 2006); in more recent studies, in-depth coverage of local politics and the governance of local communities was found to have gradually given way to a more tabloid-oriented spread of news (Franklin 2005); emphasis on news about entertainment, consumer issues, and human-interest stories, has increased while coverage of democracy and public life decreased (Franklin 2006b).

Outside of election times, research has noted that as news revenues fall and staff are cut, workloads increase and mainstream local news relies more on official sources and PR, meaning only a very narrow range of community voices tend to be routinely cited (Davies 2008; Franklin 1988; Franklin and Van Slyke Turk 1988; O'Neill and O'Connor 2008; Howells 2015). Harrison, echoing others' findings, found that local newspaper reliance on sources in local government was very high, even going as far as to suggest that the growing power imbalance between local media and local governments means that “local newspapers are unlikely to be able to perform their role as principal institutions of the public sphere” (Harrison 1998). O'Neill and O'Connor (2008), ten years later, find that local and regional journalists rely very heavily on a relatively small range of official sources, usually those with the most resources to devote to PR. They also note with alarm that the majority of stories (76 per cent) relied on single sources, with less than a quarter of stories employing secondary sources who may provide alternative, opposing, or complementary information to that provided by primary sources.

Another theme in the evidence base suggests that local news has become less local, and more generic, in focus as editions are cut, local high-street offices are closed, and use of cheap news agency copy (which is often less local in orientation than news gathered on the ground) becomes more prevalent (Davies 2008; Franklin 2011; Hamer 2006; Williams and Franklin 2007; Howells 2015). Howells

(2015) finds that as jobs were cut in Port Talbot news gathering practices shifted drastically in ways which made the news less local, and less reflective of the local community. She found that with the gradual closure of local offices in satellite towns, journalists became less visible and accessible to publics, and less rooted in their communities. Journalism was less often rooted in face-to-face interactions (e.g. with members of the public on news “beats”), and decreasingly based on first-hand scrutiny of the institutions of local elites and local government (so journalists became more and more reliant on processing second-hand, mostly official, pre-packaged information sources).

All of this suggests that even before the financial crisis and its consequent effects on staffing levels the local press took much information on trust, was fairly uncritical, relied heavily on PR and other information subsidies, and provided readers with limited access to a range of the (often competing) voices and perspectives actually present in local public debates. There is less research into the UK local news sector post 2008, which is concerning because if critical accounts of newsroom life from journalists and campaigners are to be believed, these trends have only intensified.

Digital local news strategies are prioritising profits and clicks over public interest news:

Common pre-digital critiques of tabloidization, or the “dumbing down” of journalism, have taken new form with rise of online local news. A common theme in such critical accounts is the critique of a perceived over-emphasis on the production of “clickbait” articles such as listicles, which have become talismanic of changing editorial priorities driven by a high-volume, quick-turnaround digital editorial strategy. A number of factors combine to inform a click-led editorial policy which necessitates a very high volume of stories be produced each day to satisfy demand from online advertisers. Due to the continued decline in the value of print advertising and stark falls in revenues from printed newspaper circulations, all major local and regional news publishers have prioritised increasing advertising revenues from digital news. But whereas in the pre-digital age newspaper companies enjoyed high print advertising revenues from a series of largely discrete regional advertising monopolies, the digital advertising market is much less hospitable. Google and Facebook, who specialise in targeted advertising based on valuable search and social media user data, dominate the sector, with credible estimates suggesting that they will earn over 70 per cent of all money spent on display advertising in the UK by 2020 (Jackson 2016).

Useful insights into how these changes affect journalism practice and news content can be gleaned from increased industry-wide debate covered in the trade press and the steady drip-drip of critical first-hand confessional, satirical, and campaigning accounts from serving or former local journalists. From the newspaper editor who reflected on his redundancy in the form of an odd-numbered listicle (Ponsford 2016a), to the “heartbroken” award-winning local news journalist who quit his job because of perceived falling print and online editorial standards (Ponsford 2016b), many local journalists fear that public interest news is being squeezed out by the need to attract website traffic. Managers, such as Trinity Mirror’s David Higginson, contend that their editorial strategy is simply about “understanding what audiences want”, and that such fears are unfounded. But others, such as CEO Simon Fox have given mixed messages, both downplaying the existence of a democratic deficit, and lamenting the need to do anything about it. Shipton cites a comment by Fox made at a Media Wales staff briefing in 2014 saying the problem with “this democratic deficit stuff” is that “it doesn’t get enough clicks” (Shipton 2015).

A year later, when asked to respond to the BBC’s plans for its nascent Local Democracy Reporter Scheme, he replied that as Trinity Mirror sees it, “there isn’t a democratic deficit” (Turvill 2015).

It is unclear how companies like Trinity Mirror have innovated in their practices to incorporate the use of audience data in use of automated programmatic advertising, and a better understanding is needed of the effects on democratic and civic life. One area of concern that has emerged, however, is the use of real-time audience data on the click-rates of individual news pieces, and the success of individual writers, to motivate (or discipline) journalists and promote newsroom competition. A potential problem with such performance-related data is that it might further de-prioritise coverage of areas of public life which many in the audience might not *be interested in*, but which is nonetheless squarely *in the public interest*. There is also a need to explore more deeply the related realm of native advertising, and the potential of such advertorial content to further blur the increasingly fuzzy boundaries between marketing and editorial at a time when media companies are facing very tough commercial challenges. Again, the publishers are insistent that these fears are unfounded, but previous experience suggests it would be wise to monitor closely at what they *do*, as well as what they *say*.

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1. Introduction

1.1 “Thriving and well-funded news media are an important part of any modern society. The better informed we are, the better we can play a full role in democratic processes. Nations, regional and local news media also play a valuable role in representing and reinforcing national and local identities. They help us to understand the communities in which we live, celebrate what is special about our nation or locality, and bring us together in common cause or common understanding.”¹

1.2 The above crystallises the considerable benefits to society of a healthy news media. However, the decline in the newspaper industry in Wales – with circulation of regional print titles declining, titles closing and the subsequent reduction in investment in investigative, political and campaigning journalism – is presenting profound challenges to the sector. The internet and the emergence of social media platforms have brought many benefits for the dissemination of information on a global scale. But whilst there has been a significant growth in usage of news websites (e.g Trinity Mirror’s Wales Online), commercial publishers face substantial challenges in trying to monetise these products. Meanwhile, community or citizen journalism, hyperlocal websites and Local TV stations are yet to gain any significant traction in terms of scale and sustainability.

1.3 In this context, the continued health of the public service broadcasting (PSB) news providers in Wales – commercial ITV and the publicly funded BBC – is critical, ensuring that news and analysis about Welsh issues are given appropriate prominence and weight in a plural broadcasting system. Ofcom research has consistently shown that News “remains the most important PSB genre for audiences”.²

1.4 Moreover, the recent phenomenon of “fake news” adds further weight to the importance of having trusted and universally available PSB news services that attract mass audiences. Operating under the regulatory framework of the Ofcom

¹ *News Where you Are: The Future Role of Nations and Regions TV News in the UK* by Robin Foster and Aileen Dennis 2015

² *Public Service Broadcasting In The Internet Age*, Ofcom 2015

Broadcasting Code, the requirement for balance, accuracy and impartiality has never been more important in helping to serve an informed society.

2. The contribution of ITV News Cymru Wales

2.1 In a weak indigenous news market in Wales, ITV Cymru Wales provides the only national broadcast media alternative to the BBC's news and current affairs. This is delivered free to the viewer and at no direct cost to the taxpayer. ITV Wales' contribution should be seen within the wider context of ITV News – the largest provider of commercial network, nations and regions news in the UK with a total investment of around £100 million a year.

2.2 In recent years, ITV has re-engineered its nations and regions TV news model. New technologies and methods of working have enabled improved coverage with fewer resources. Costs have been reduced, while on-screen output has improved, with more localisation, more multi-skilling, more cameras in the field and faster, more flexible responses to breaking stories. Journalists are equipped with video cameras and laptops, and can film, report and edit in the field before filing stories and reporting live across the 4G network to newsrooms.

2.3 Since 2014 ITV Cymru Wales has been based at our modern HD broadcast centre at Assembly Square in Cardiff Bay – a major multi million pound investment in broadcasting in Wales. We employ around 100 people across news, programmes and operations: journalists, specialist correspondents, editors, producers, presenters, directors, camera operators and other technical staff. Nearly two thirds, 65, are journalists/programme-makers. Growing audience share

2.4 The ITV Wales peak time schedule is one of the most popular in the UK and is growing in reach and impact – this despite the disruptive forces that have been affecting the PSBs over the past decade. This matters because ITV Wales schedules most of its Wales-focussed news and current affairs in prime time, securing the greatest possible audience for news and current affairs programming.

Growing audience share

2.5 We are now in the third year of our ten year Channel 3 licence for Wales³, delivering on the obligations set by Ofcom and so providing a degree of certainty around independent news provision. Budgets for ITV Wales PSB programming – and

³ *The Channel 3 licensees are ITV and STV; they each have obligations to provide regional TV news programming as part of their licences.*

the volume of our PSB production – have remained stable for the last seven years at 286 hours of news and programming each year.

2.6 It is clear that ITV's PSB contribution is valued by viewers in Wales. In 2016, share of viewing (SOV) for our flagship evening news programme, *Wales at Six*, rose to 22.6%, the seventh consecutive year of increase. As well as featuring a mix of news, sport and weather, the programme focuses on the national agenda in Wales, with specialist correspondents covering key devolved policy areas.

2.7. Our politics team, operating from our bureau office in Ty Hywel and Millbank Tower in Westminster, ensures comprehensive coverage of Assembly business and Parliamentary stories affecting Wales.

2.8 Coverage of the General Election (and last year's Welsh Assembly Election and the 2015 General Election) underlines the importance of a strong ITV News Wales dimension to political coverage – including contributions from key Welsh counts to ITV's overnights results programme. *Wales At Six* has demonstrated the contribution it makes to the democratic process by allocating significant time and resources to the campaigns, reporting on crucial issues facing voters, giving extensive coverage to politicians and candidates and engaging audiences in the debate.

2.9 In addition to general election coverage, major news stories covered in 2017 to date include: an exclusive on the Ford engine plant; detailed coverage of the winter crisis in Welsh health care; special reports looking at life in the South Wales Valleys; a series of reports linked to Mental Health Awareness Week. Our close connection with ITN enables collaboration on coverage of Welsh stories on ITV's network news programmes.

2.10 Our regular "In Focus" strand within *Wales At Six* dedicates considerable time to investigative reporting. Recent investigations include the rise in male suicides, gambling addiction, and the cell detention of mental health sufferers. The strand has increased our audience involvement, offering opportunities for viewers to shape coverage.

2.11 Our daily news output also includes early (in *Good Morning Britain*), lunchtime and weekend bulletins. Our Sunday morning show, *Newsweek Wales*, features a popular mix of news, features and informed guests. We have a North Wales team based in our Colwyn Bay bureau and reporters based in key locations around the

country. Our news satellite trucks (one in the south and one in the north) are able to send live pictures from whichever part of the country a big story breaks.

2.12 In 2016, a device called Live U was rolled out across ITV News. This is a small portable piece of technology (the size of bag of sugar) that allows reporters to broadcast live from any location where there is 3G,4G or wifi coverage. Live U has added enormously to our live capabilities due to its size and portability.

2.13 Our contribution to journalism in Wales extends beyond the scheduled news with our current affairs provision allowing the space to treat subjects in depth. *Wales This Week*, our leading current affairs brand, had been exposing the big and hidden issues affecting Wales for more than 30 years. An edition on assisted suicide won the scoop of the year award for correspondent Rob Osborne – also named journalist of the year – at the Wales Media Awards 2017. Our weekly politics show *Sharp End* provides lively and accessible coverage of Welsh politics from the Welsh Assembly and Westminster.

2.14 We also provide plurality in Welsh language current affairs through the programming we make for S4C. Award-winning brand *Y Byd Ar Bedwar* has been investigating national and international stories for more than 30 years; we are producing 21 editions for the channel in 2017. *Hacio*, our current affairs programme for young people, has been praised for giving a voice to the younger generation. A special *Hacio* debate and a three-part series *Y Ras i 10 Downing Street* are part of S4C's coverage of General Election 2017.

Digital news service

2.15 The ITV News Wales website provides an up-to-the-minute rolling digital news service across multiple platforms – from desktop to mobile. The website adds further plurality to national online news provision for Wales alongside BBC Wales' news website and Trinity Mirror's Wales Online. We have a "reputation versus reach" strategy in the sense that we are not primarily dependent on the number of clicks received – rather, on the values of trust, accuracy and impartiality that come from our status as a PSB in the digital space. Our distinctive offering reaches more people and brings new audiences to PSB news. Our digital news reaches a younger audience than television, whilst using platforms such as Facebook has dramatically expanded the reach of our news video content. There were more than 5m video views on our Facebook page in 2016; we also have more than 130,000 likes on Facebook.

2.16 There is further potential to develop the news website. This does not mean competing directly with local newspaper websites or hyperlocal sites, both of which offer different and more localised consumer propositions. But it does mean building on the core regional strengths of the existing news programme – high quality video, on-the-spot reporting, well known presenters and correspondents etc – to enhance the overall quality and range of services.

Investing in the future

2.17 ITV Cymru Wales is active in recruiting the next generation of broadcast journalists in Wales. We provide placement opportunities to students from various colleges and universities in Wales and we also offer apprenticeships in technical and administrative disciplines.

2.18 We are collaborating with Eastern High School in Cardiff under the “Business Class” initiative. This supports the aspirations and attainment of pupils and enables projects beneficial to ITV by giving insights into how we can further reach and interest the younger generation in public service broadcasting news and its consumption in the future.

Diversity

2.19 An important part of our role is to reflect the diversity of modern Wales. We monitor the diversity of our on-screen portrayal and feed findings to the news teams so that colleagues are aware of where we need to make improvements. We are currently working with Race Equality Cymru to provide media training for 40 volunteers from diverse communities across Wales. The aim of this is to increase the pool of community voices who are confident about expressing their views on television.

2.20 We’re active in the “Breaking Into News” initiative, aimed at giving aspiring journalists the opportunity to be mentored by some of our on-screen journalists and to produce news packages. A new cohort of young people will be invited to take part in our ongoing “Open Newsrooms” event for those wishing to pursue a career in television news.

3. Future challenges

3.1 Clearly, ITV News in Wales has an important role to play in sustaining range and depth of news coverage and ensuring that a diversity of voices continues to be

heard. We believe that our provision, alongside that of BBC Wales News, serves the Welsh public well in terms of competition, choice and plurality of perspective.

3.2 However, commercial realities must be acknowledged. For ITV, nations and regions news represents a significant cost, given the need to produce and transmit over 20 different programmes in parallel. As Foster and Dennis make clear in their report, “a purely commercially motivated broadcaster would be highly unlikely to commit substantial resources to regional news”.⁴

3.3 To secure the future of nations and regions news, and for the future of plurality of supply, ITV believes it will be important to maintain the favourable broadcasting framework which has helped to support it so far. Two things need to be addressed by the UK Government on the policy/regulatory front:

- First, action is needed to continue to secure those measures which help specifically compensate ITV for the costs of fulfilling PSB licence obligations, including nations and regions news. This includes continued access to sufficient radio spectrum to guarantee universal digital transmission of the main Channel 3 broadcast services, and future-proofing the appropriate prominence of the main PSB channels on electronic programme guides (EPGs) and other content access interfaces.
- Second, to ensure that the broadcasting framework continues to give ITV a fair chance to make a reasonable return on its unique investment in high levels of UK original content. This will secure the long term strength of Channel 3, based around a mass audience channel with high levels of investment in original free-to-air UK content. A key policy focus should be the economic balance between Public Service Broadcasters and platforms.

3.4 We hope our submission will be helpful to inform the Committee’s thinking. The contribution of ITV Wales News is at its best when it is a part of a vibrant, plural ecosystem of news sources. On its own, it cannot be expected to cover everything. We do not have the space to cover the minutiae of local council business. We cannot provide the degree of local relevance delivered by hyperlocal online sites. Also, by its nature, as Foster and Dennis point out, ITV nations and regions news has less impact in the area of campaigning. This is partly due to the

⁴ *News Where you Are: The Future Role of Nations and Regions TV News in the UK* by Robin Foster and Aileen Dennis 2015

regulatory framework within which we operate, which requires balance and impartiality.

3.5 But we can and do report on the big national and local issues of the day and help engender a wider sense of national identity via the mass audience channel and trusted brand that is ITV. Finding lasting solutions to the economic challenges facing the newspaper and online media sector here will be difficult. The PSB news services have traditionally been enriched by competition from other news media and as sources for ideas and new talent. As such, their decline has implications for ITV Cymru Wales – particularly when it comes to developing new talent and new voices. What remains clear is that the value of having a sustainable commercial news PSB in Wales is increasingly vital.

1. About the IWA

1.1 The Institute of Welsh Affairs is an independent think-tank. Our only interest is in seeing Wales flourish as a country in which to work and live. We are an independent charity with a broad membership base across the country. We aim to bring people together from across the spectrum in a safe space where ideas can collide and solutions can be forged in our five priority areas: the economy, education, governance, health & social care, and the media in Wales.

2. IWA Media Policy Group

2.1 The IWA Media Policy group guides and informs our policy priorities. Its members include practitioners, academics and policy professionals with expertise across a diverse range of media platforms and issues. A list of members is available on request. The purpose of the IWA Media Policy Group is to develop, influence and improve media policy for an engaged and connected Wales. In late 2015 we produced the second Media Audit. In 2017, we ran our 3rd Cardiff IWA Media Summit, bringing together broadcasters, journalists, creative industries and universities to consider the future of the media in Wales. Evidence from both these activities informs this response.

3. Summary of recommendations

- The **Culture, Welsh Language and Communications Committee** should closely examine the potential impact of the Department for Culture, Media and Sport's (DCMS) consultation on proposals to deregulate commercial radio. While there is much to be commended within the consultation document regarding the importance of protecting the provision of local news, we are particularly concerned about proposals to deregulate the requirement that local news (and news for Wales as a whole) broadcast by stations based in Wales should be produced in Wales. It is essential that commercial radio news production for Wales remain within Wales.
- The **Welsh Government** should create a challenge fund for the development of innovative local online content. This should be administered at arm's length from the Welsh Government, for example by the Arts Council of Wales or the Welsh Books Council.

- The **Welsh Government and Ofcom** should jointly commission a study of the future of those local media in Wales which are particularly vulnerable, and this study should include commercial and community radio, local newspaper and hyper-local sites.
- The **Welsh Government** should consider the available evidence on workforce diversity¹, and how the recommendations of “Rewriting the Script”, Diverse Cymru², might apply to News Journalism in Wales.
- The **BBC** should make its regional and local audio and video content available for immediate use on the internet for use by local and regional news organisations’ internet services.

4. Context

4.1 We welcome this important inquiry from the Culture, Welsh Language and Communications Committee. News journalism plays a central role in informing people of the political, social and economic realities of Wales, and directly affects both their understanding and their ability to be active citizens. Robust, pluralistic news journalism is a democratic, social and cultural necessity.

4.2 Our most recent Media Audit (November 2015) found that whilst the availability of media communications had significantly improved since the 2008 audit, the position regarding content for audiences across Wales was considerably worse. While there have been substantial increases in Welsh audiences’ ability to access news through a range of digital platforms, this has not compensated for a reduction in the forensic capacity of Welsh Journalism as resources and revenue options continue to shrink. The primary issues relating to news journalism in Wales are sustainability and plurality. It is becoming more difficult for Wales to retain its visibility to itself and portray the reality of relevant issues beyond its borders to the rest of the UK, and further afield.

5. Innovative models to support news journalism in Wales

5.1 The continued growth and increased availability of digital platforms has meant that much innovation has and will continue to develop online, such as Yr Awr Gymraeg (The Welsh language hour) on Twitter, Wednesdays from 8–9pm. There has also been encouraging growth in hyper-local web sites in Wales, in large part

² <https://www.diversesecymru.org.uk/wp-content/uploads/Rewriting-the-script-Exec-Summary.pdf>

as a response to a diminished local newspaper industry. Joint research³ between Cardiff University's Centre for Community Journalism and NESTA found that 46 of the 400 active hyper-local sites in the UK are in Wales, almost twice the proportion expected based on population share. This research also found that 48% of hyper-local site owners have journalistic training or experience of working in the media, and that most sites are self-funded. Only 13% were found to generate more than £500 per month. While 44% had carried out an investigation into a local issue, many were carried out by people with no formal journalistic training.

5.2 This evidence raises important issues about sustainability. Many hyper-local sites rely on the work of volunteers. As well as making the production of content vulnerable and dependent on individual's personal circumstances, it also means these sites are operating without legal and administrative support, to which more formal institutions have access.

5.3 It also raises questions about the rigour and quality of some output, given the variable qualifications of those involved. Some hyper-locals are compiled by individuals with no formal journalism training, whilst others have significant input from professional journalists, albeit by some who are contributing on a voluntary basis. Whilst hyper-locals are making an important contribution to a greatly reduced local news service –for instance The Port Talbot Magnet, Caerphilly Observer and the Pembrokeshire Herald are examples of 'hyper-local' news operations that have had a significant impact in their local areas –they cannot be viewed as directly replacing the work of professional paid journalists.

Securing sustainable sources of funding for hyper-locals, and resourcing independent, paid, professional journalism, are key challenges.

5.4 Improved collaboration offers the opportunity to improve the sustainability of news journalism in a small nation. There is a need to explore possible linkages between hyper-locals and the community radio sector, and in some circumstances the commercial radio sector. With commercial radio, community radio and hyper-locals all under financial pressure, hybrid models are an obvious source of potential collaboration. We fully support the BBC's proposal to make its regional and local audio and video content available for immediate use on the internet services of local and regional news organisations.

³ <http://www.cardiff.ac.uk/news/view/137125-intervention-for-uks-hyperlocal-journalism-sector>

5.5 IWA recommends that the Welsh Government should create a challenge fund for the development of innovative local online content. This should be administered at arm's length from the Welsh Government, for example by the Arts Council of Wales or the Welsh Books Council. This would support the sustainability and quality of local online services. It would build on the model of the Welsh Government's support for the Welsh language magazine Golwg and its associated website Golwg 360, but mitigate concerns about the impact of direct state aid on journalistic output.

6. The provision of news journalism in Wales⁴

6.1 A more robust evidence base tracking news consumption across media and looking at UK, Wales and local news would provide a stronger basis for understanding the impact of changing news provision in Wales. It is difficult to access data on news audiences in Wales consistently partly due to commercial confidentiality. This presents a fundamental challenge to scrutiny, in particular the extent to which the public are effectively served.

6.2 Ensuring plurality and sustainability are key issues affecting news journalism in Wales. Print circulations of Welsh newspapers have dropped sharply in recent years, like newspapers the world over. Online usage has, in many instances, risen just as sharply. Print products of newspaper groups remain relevant since they are vehicles for display advertising and, in general, tend to generate up to 90 per cent of their advertising revenues. At the recent IWA Media Summit (March 2017), Claire Enders of Enders Analysis presented evidence that for every £1 gained in digital press revenues in the UK, £31 is being lost from revenues formerly sourced from print.

6.2 This decline in print circulation has been more than matched by the growth in usage of newspaper online sites, many of which have considerable followings, in particular WalesOnline. Although access to hard data is limited due to commercial confidentiality, anecdotally it would appear that some online sites in Wales do not attract sufficient advertising revenue comparable to print, presenting a significant challenge for the future sustainability of the online market. There are also significant questions to be asked as more news is consumed via social media platforms. At our March 2017 Media Summit, Claire Enders presented evidence from the USA on Millennial's news consumption: of

⁴ Additional information on the numbers and reach of news outlets in Wales can be found in our Media Audit 2015: http://iwa.wales/wp-content/uploads/2016/01/IWA_MediaAudit_v4.pdf

24 separate news and information topics probed, Facebook was the No. 1 gateway to learn about 13 of those, and the second-most cited gateway for seven others⁵. We are not aware of any evidence that suggests the picture in Wales or the UK is significantly different. Globalisation is bringing prominence to new on-line platforms that are making substantial sums publishing content from media news organisations. With no regulatory framework in place to address this shift, these organisations are not required to invest (in any sense of the word) in Wales or Welsh public life.

6.3 The loss of local newspaper titles and the reduction in the number of journalists, even in those titles that remain, has meant a net reduction in professional journalistic capacities. The erosion of local reporting means that local democratic institutions, such as justice and local government, are not being scrutinised in anything like the depth they once were: a significant barrier to local democracy. For example, according to 2013 research by Cardiff University⁶, "the number of journalists at Media Wales has also dropped extremely sharply. In 1999 there were almost 700 editorial and production staff at Media Wales, now there are only 136. These figures include the loss of some non-journalists, but they are still incredibly worrying. Only a fraction are now left of the reporters who produced our south Wales papers ten years ago". This has meant a significant narrowing of the range of voices. Plurality remains a key concern in television too. Outside the BBC, and including its provision for S4C, ITV Cymru Wales continues to make a significant contribution, providing around 4 hours per week of TV news for Wales, much of which is broadcast in peak time supplemented by content delivered online. The ITV Cymru Wales licence, which includes this news commitment, runs until the end of 2024.

6.4 Universities in Wales make a very significant contribution to the education of future journalists both within Wales, the UK and internationally. However, jobs and career pathways have never been less certain. Current and future news journalists face very real barriers to joining and remaining in the workforce in Wales. This raises questions about diversity in newsrooms, and the extent to which the workforce now and in the future represents the diversity of Wales' population. We

⁵ American Press Institute, How Millennials Get News: Inside the Habits of America's First Digital Generation, March 2015. Accessed at:

<http://www.mediainsight.org/PDFs/Millennials/Millennials%20Report%20FINAL.pdf>

⁶ Williams, A., [Stop press? The crisis in the Welsh media and what to do about it](#), Cyfrwng: Media Wales Journal 10, pp. 71–80, 2013

encourage the Welsh Government to consider the available evidence, and how the recommendations of “Rewriting the Script”, Diverse Cymru⁷, might apply to News Journalism in Wales.

6.6 Alongside the BBC’s services for Wales –Radio Cymru and Radio Wales – commercial and community radio stations also produce news bulletins for their localities. Ofcom’s recent announcement of a further round of community radio licensing in areas of Wales currently un-served provides a welcome opportunity to enhance this output. The Department for Culture, Media and Sport’s recent consultation on Commercial Radio deregulation emphasised the importance of protecting the news services provided by local and regional commercial stations, however it also proposed “giving all local commercial stations the flexibility to produce and broadcast locally relevant content for the licensed areas they serve without requirements on where that local content is made or broadcast from⁸”. A move to produce news for Wales outside Wales risks further reducing the range of voices within the Welsh media and the provision of relevant local and regional news. Such a move could also result in an even further reduction in the number of professional paid journalists working in Wales. We consider the Culture, Welsh Language and Communications Committee has a clear role to play by examining the potential impact of such a move for Wales.

6.7 The way in which Wales is represented to itself and the rest of the UK by UK based media should also be a point of consideration for the Committee during this inquiry. Though the terms of this inquiry relate to news journalism in Wales, it is important not to lose sight of the fact that the majority news consumed in Wales comes from UK based media⁹. The extent and manner in which UK press and broadcasters do or do not cover stories of relevance to Wales matters. A 2014 BBC Wales Poll¹⁰ found that 43% and 31% of respondents thought health and education respectively were the UK government’s responsibility, while 42% of people wrongly believed policing was an assembly matter.

⁷ <https://www.diverseecymru.org.uk/wp-content/uploads/Rewriting-the-script-Exec-Summary.pdf>

⁸

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/591508/RadioDereg-Final13Feb.pdf

⁹ <http://theconversation.com/british-media-is-failing-to-give-voters-the-full-picture-ahead-of-elections-57020>

¹⁰ Available at: <http://www.bbc.co.uk/news/uk-wales-politics-27739205>

7. Welsh Government support for local news journalism

7.1 It is critical that good policy be built on robust evidence. An overarching priority for impactful media policy in Wales should be ensuring we have regular, comprehensive information about the state of the media, including News Journalism, upon which reliable analysis can be produced for good policy. The sector is evolving rapidly to keep pace with a fast-moving external environment, and it essential that we have the information needed to ensure policy both responds to and anticipates change.

7.2 Our 2015 Media Audit recommended that the Welsh Government and Ofcom should jointly commission a study of the future of those local media to Wales which are particularly vulnerable, to include commercial and community radio, local newspaper and hyper-local sites. Specifically, we call for the study to include consideration of:

- The future of FM and Medium Wave transmission in a DAB environment. It is worth noting that the recent DCMS consultation on commercial radio de-regulation now envisages placing local content requirements for local DAB radio services. Currently, legislation does not require this).
- The relationship between commercial and community radio and the possibility of hybrid models
- The future of papurau bro
- The likely impact of the BBC's proposals for a shared journalistic resource (Local Accountability Reporting Service, Shared Data Journalism Centre, News Bank).

Cynulliad Cenedlaethol Cymru / National Assembly for Wales
Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu / The Culture, Welsh Language and Communications Committee
Newyddiaduraeth Newyddion yng Nghymru / News Journalism in Wales
CWLC(5) NJW13
Ymateb gan Emma Meese, Prifysgol Caerdydd / Evidence from Emma Meese, Cardiff University

There are in the [region of 40 hyperlocal news publications across Wales](#) which we are aware of, in addition to more than 50 Welsh language Papurau Bro, which have been printed and sold for over 40 years in communities across Wales. It is of vital importance that we recognise the value these publications bring to communities, and that we find a way to nurture them and help them grow.

Among the valuable work contributing to civic discourse, hyperlocal and community news publishers are holding authority to account, delivering contemporaneous and in-depth election coverage, campaigning, encouraging civic participation, giving communities a voice, storytelling, reflecting cultural identity, promoting civic pride, changing perceptions, and plugging gaps in news provision.

Shining examples of leading local news publications across Wales – which are small in terms of staffing but huge in terms of impact and importance to the communities they serve – are the Caerphilly Observer, Wrexham.com, My Newtown, My Welshpool and Deeside.com. Each is run by a handful of individuals who regularly publish new, original and up-to-the-minute newsworthy content.

They tackle issues that matter and report on all aspects of civic life, including courts and council meetings. These micro businesses are agile and entrepreneurial, and are vital to ensuring a thriving news sector in Wales.

We need to ensure that smaller run organisations such as these are no longer disadvantaged in that they cannot access the same level of funding and support as the large traditional newspapers, which have a monopoly across Wales.

The Port Talbot Guardian closed its doors in 2009, which overnight left 139,000 residents without access to a single source of local news or information. Around the same time seven journalists all lost their jobs from other mainstream media organisations. They formed a co-operative and created the Port Talbot Magnet. This was of great importance to residents during the uncertainty over the future of Tata Steel. However, without access to funding or support, and small local business cutting back on their advertising spend, the Magnet was forced to cease operations. No town in Wales should be deprived of their local news publication,

particularly when a small amount of help could have ensured the Magnet continued to provide good quality, and essential, local journalism.

Last year Nesta produced a [report into revenue streams for hyperlocal publishers](#) across the UK and Europe. The findings show that a sustainable business model is an increasing challenge, and evidence suggests that the 'hardest to fund has been local news reporting'. Advertising is a common, yet unpredictable, income for hyperlocals yet few have the capacity or skills to market their service or sell advertising.

[The Centre for Community Journalism \(C4CJ\)](#) is part of Cardiff University's Transforming Communities engagement projects that demonstrate the University's commitment to the communities of Cardiff, Wales and beyond. We were established in 2013 to support new forms of local digital journalism and to explore new, sustainable models for news. Our focus is at the local level; the place where journalism is most valued, but also most at risk. As well as sitting on the National Assembly's Digital News and Information Taskforce, the BBC's Local Journalism Working Group and the Institute of Welsh Affairs Media Policy Group we have trained more than 32,000 learners from 130 different countries. We also provide training to Welsh Government, PR professionals, universities and members of the community.

Our mission is to promote quality journalism, help address the democratic deficit in news poor communities and help create more jobs in journalism at the local and hyperlocal level.

We are in the process of launching Independent Community News Network (ICNN), which is the UK representative body for the independent community and hyperlocal news sector.

There are currently over 400 independent community publications, across the UK, many of which are holding decision makers and public services to account; they are now a mainstay of the modern media ecology.

But they still face numerous challenges. Chief among these is economics – how to make community publications sustainable or viable.

To this end, our objectives are to increase recognition of community publishers, make representations on their behalf to policy makers, regulatory bodies, third

sector funders, businesses and other organisations, and fight for opportunities and fair treatment.

In addition to lobbying and advocacy work, the network will draw upon C4CJ's ongoing research in order to inform high quality journalism and sustainability in the local and community news sector.

ICNN will broker collaborations with industry partners to contribute to sustainable and innovative development within the sector.

ICNN will offer free consultancy services to start-ups and established publications alike on issues concerning media law guidance, funding, and new media.

ICNN is in a unique position to deliver the recommendations of this consultation to the drastically under-funded community news sector.

ICNN will promote and protect the shared interests of the community news sector in the UK by:

- acting on behalf of all community news publications, from start-ups to established businesses; for profits and nonprofits; committed volunteers and experienced journalists, and entrepreneurs;
- to attain recognition and accreditation for the valuable contribution they provide to their respective communities and to the democratic process, and to advance the case for strong community journalism;
- by seeking to enhance and foster a dynamic and sustainable community news sector through lobbying, advocacy, training, networking, research and monitoring
- to ensure the success of our members' organisations through leveraging economic opportunities;
- to lead innovation and collaboration that serves the aims and ambitions of the sector;
- to promote and help maintain the highest possible standards of journalism;
- to seize opportunities to strengthen job growth in the sector by researching and investing in models of good and effective practice and in technology based solutions.

There is a myth that we need to continue to support and prop up traditional print media in order to save local journalism from certain death. Whilst continued support is important, what is even more important is that hundreds of other deserving news publishers are no longer ignored.

[The BBC reported](#) that Newquest was awarded £245,808 in 2015 to secure 50 jobs and safeguard a further 15 positions in Newport. This is in addition to the £95,226 support it received under the Skills Growth Wales programme in 2013/14.

Giving money to a single news provider, which has continued its steady flow of job cuts for a number of years, was never going to be the solution to saving jobs in journalism. However, sharing a slice of the pie among many smaller independent publishers would be of far greater democratic and economic benefit to tax payers across Wales.

We need to stop thinking in terms of ‘newspapers’ and start thinking in terms of ‘news publishers’. This is as crucial when deciding who can publish public notices as it is when giving out funding. It’s time to balance the scales and ensure that all news publishers are given the same opportunities to grow and flourish.

We live in a digital era and news providers no longer look the same. The media ecology has expanded far beyond local news simply being provided via a local newspaper.

The growing hyperlocal and community news sector thrives in various guises across the UK. Many are plugging the gap left behind by traditional print media, which have either diminished in communities or left altogether.

The smaller news publications may not all look the same, but they have one thing in common – they play an increasingly important role in addressing the democratic deficit and supporting the information needs of communities. These individuals choose to suffer long council meetings and monotonous briefings in order to scrutinise those representing them and provide civic value.

Look at the amazing work they do with only one or two members of staff, and imagine the impact they could have as a team of three or four. A relatively small amount of funding can go a long way, in the right hands.

Local news needs reporters who are embedded in the communities they serve, not filing remotely from the other end of the country. Geographic proximity delivers

nuance, accountability, and better journalism. It helps build trust between journalism and local people. Something that is needed now more than ever.

It's time to start looking at the big picture and provide funding to those who really can make a difference: hyperlocal and community news publishers.

Instead of ignoring the individual contributions of these relatively smaller publishers, it is the recommendation of C4CJ and ICNN that governments and public bodies start to realise the potential of the sector as a whole and its capacity to affect positive change in communities.

Money shared between several grassroots publications across Wales could have a much bigger impact and genuinely helped revive journalism at the local level.

The [NJ News Commons](#) is a groundbreaking initiative established to connect news organisations throughout the state of New Jersey. It reflects the commitment of Montclair State University and its innovative Center for Cooperative Media at the School of Communication and Media to ensure that New Jersey's news ecosystem is healthy, vibrant and dynamic. A project which is this inquiry may be interested in looking at is [The NJ Story Exchange](#). It is an initiative to facilitate sharing within the New Jersey news ecosystem. The Story Exchange is powered by [iCopyright](#), which allows news organisations to offer their content for embedding on other sites for free (with ads) or for payment (without ads). iCopyright also helps publishers brand and sell reprints of their stories.

There are advantages to sharing content: views you receive on embedding sites counts toward your overall web traffic; click-throughs bring you new readers; there is no Google indexing penalty for stories running on other sites; and you can send ads with your content.

Another project of interest is [The Knight Foundation](#), which funds journalism projects in the USA. Wales has no equivalent offering seed corn funding for small start up news organisations. Like any other sector, journalism start-ups need support in order to be sustainable and viable.

Hyperlocal media is already an established part of the Welsh media ecology. We believe all that is needed is a perception change about the value it adds, so that not only communities and publishers are actively aware, but that businesses, potential advertisers, public bodies, funders and governments are too.

