

## Enders Analysis calls for Government support for news and magazine media

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Quality news media is a public good, and in the extraordinary circumstances of COVID-19 the sustainability of information and news provision should be **ensured at all costs**.

COVID-19 has given new urgency to protect the supply of local and national news. News media, perhaps particularly local news media, is a critical information service for a vulnerable population, many of whom are confined at home. In the context of the findings of the Cairncross Review, the pandemic is intensifying rather than abating the sector's decade-long commercial crisis due to a clutch of inter-related structural changes.

Many recent initiatives – including the Cairncross Review itself, the Nesta Future News fund and the Public Interest News Foundation – rightly focused on a framework for developing long-term sustainable models for news media. Government needs to shift the focus to managing an emergency; not just for our country's health, but our citizen's provision of quality news and information. Right now, we need to mobilize Government funding to make quality news a public service.

There are two huge, immediate – existential – threats:

- ***Collapse in advertising***. If publisher advertising declined by 30% this year, not an inconceivable idea, some **£330m** will fall out of the sector (**£450m** if the magazine sector is included, which is another critical and trusted information medium for households and businesses)
- ***Print distribution***. Distribution to retailers who may decline to take 'non-essential' inventory (we have heard Asda is taking this stance); and citizens, particularly older citizens, are unable to get out to shops that do carry newspapers. We envisage newstand sales could decline 50% in the very near term, creating an *annualised* revenue shortfall across the newspaper industry in the region of **£110m** (if the magazine sector is included this figure rises to **£150m**)

This brief paper outlines Key Asks that we, as an independent analyst firm, consider necessary for a critical industry with existential threats during the nation's health and economic emergency. We share them in the spirit of the Government's commitment to do whatever it takes.

### **Enders Analysis' Key Asks**

1. ***Emergency fund for journalism***: an emergency fund needs to be provided and co-ordinated immediately.
  - Government should backstop an interest-free line of credit for accredited news media, including small and independent services, including, but beyond, the local Independent Community News Network
  - This will allow news outlets to access necessary cash to keep going. We assume the Government will design measures to help industries like auto and airlines. It needs to do the same for news media
  - Government to remove all ambiguity about funding journalists. Funding cannot be provided via the furloughed worker scheme, which would require journalists to stop working, exactly the wrong outcome<sup>1</sup>
  - Publishers do not want to stop working, they want 'key worker'—and essential service—status to be reinforced, and funding to support that status to be provided

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<sup>1</sup> <https://www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19/covid-19-guidance-for-employees>

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- In terms of local media, citizens need information on where and how to find health and basic services, this information must be accurate and up-to-date. Platforms like Google and Facebook are very helpful but they can never be as immediately reliable as local, human-checked knowledge; and the content can never be 'owned' locally in the same way as it is by people in the local community and in its locally-based media
  - At the most and direct level, local media can help to trace infected population clusters. Local media can identify where and when infected people have been working/staying in order to facilitate screening
  - At a social and emotional level local media needs to stitch the community fabric in this time of crisis
  - Cash grants should be immediately provided for smaller publishers, where even £10,000s would be meaningful
    - *A cash grant per journalist (FTE) would be ideal, £5k per journalist*
    - *Given the above summary regarding the scale of the damage to critical media, we would recommend an emergency fund in excess of £100m is required*
2. **Government to commit to its own advertising across the national, regional, local and magazine press.** The Government should massively increase its public service advertising throughout the COVID-19 period across all print and news publisher media. These media are highly trusted environments, with incomparable reach if applied simultaneously across national and local, print and online. Agree with news media that they have a responsibility to help address and alleviate people's fears. This is a fast, effective way to inject cash into accredited media outlets. Agency fees should be removed (paid for by Government), and payment should be immediate, not after 30 or 60 days
3. **Government to pay for local business advertising for the duration of the crisis.** Government to pay for the normal run-rate of local business advertising in the news media in order to ensure communities, local businesses and local media are all supported through this crisis
- Google and Facebook have exceptional SME marketing platforms, but it is also critical that at this time local media and local businesses are supported *together*, on the ground within the communities that they both serve
  - Ideally, with full Government funding, the local news industry would launch an SME marketing solution for both print and online local business marketing during this period when such marketing has paused or collapsed for local media
  - The risks of not doing this are that many more local businesses will fail along with some local media
  - It also addresses one of the themes of this paper: that community needs the nexus of households (including older cohorts), local businesses and local media to work together to create a virtuous circle (with the risk that failure will generate an opposite outcome)—and a Government intervention to support that circle right now
4. **Essential service status.** This is critical and should be applied to publishers and journalists, but also to the distribution network necessary for delivering print newspapers around the country (distribution; wholesale; retail). This entire supply chain is very fragile, and the Government should agree to fund it if the risks of it falling over grow further
- Journalists should have access to fast-track COVID-19 testing, as health workers do
  - Journalists, but also distributors (including so-called 'paper boys') should be given 'freedom to roam' even if and as confinement tightens
  - Supermarkets and online supermarkets should be informed that news media are 'must carry' essential inventory, not non-essential inventory
5. **Home delivery funding.** Publishers and newsagents are funding home deliveries of newspapers to overcome the challenge of confinement
- *The Government should step in and fund all this activity, with immediate effect*
  - Local media play a critical role in local communities, a role that will prove to be even more important than normal in the weeks and months ahead
  - Older citizens (who prefer and want to read printed media, not screen media) are also critical for the fabric of local communities

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- The Government should support the local media to *help* and to *calm* communities around the country
  - The Government should look at this *opportunity* creatively, for example it might fund delivery supply chains for a range of essentials, *including* morning newspapers
  - And/or, could the Government purchase local newspapers to be delivered with every online food delivery or through the local distribution network described above? For subscribers, their existing terms would simply be extended for the period of such a Government intervention
6. **Financial holidays.** A series of holidays from the normal costs of doing business, not to be provided as loans but as a temporary cessation to business requirements.
- 100% business rates holiday for news media (following those offered to restaurants and retail), including their premises
  - Employer taxes – PAYE and National Insurance contributions – defer for all news media businesses
  - Pension recovery plan deferrals
  - VAT zero rating. This has already been announced by the Chancellor for online payments. We assume this change would be applied to all consumer payments of online news, and not just discrete digital editions of online newspapers; in other words for all subscriptions, membership, donation and pay-as-you-go schemes. This change should be implemented immediately (and ideally backdated to the start of the year as Q1 2020 will not yet have been paid)