



New Investment Options for Public Interest Media:  
Campaign for Real Journalism

As a supplement to the brief on new funding options, this document sets out four distinct areas of investment that we believe will help sustain the kind of news vital to the democratic health of society in an otherwise uncertain future. They will also contribute to growth and employment within the media industry, especially at local level.

Our research and deliberation to date - conducted by a wide and varied pool of experts from media civil society groups - has shown that meaningful support for public interest journalism need not require a large scale investment of public funds. Any of the funding uses outlined below can in principle be sustained by any of the funding options outlined in the preceding brief. Moreover, the uses outlined below are clearly limited to those areas of journalism currently underserved by the market, negating arguments that public support may crowd out commercial players.

Nor do they require direct support by the Treasury using taxpayer's money which to some marks an unavoidable incursion into press autonomy. As the authors of a recent Reuters [report](#) argue, public support for the media that operates through a series of mechanisms including subsidies and promotion of public interest media has the 'clear advantage of being able to be instituted in a viewpoint-neutral fashion that does not give politicians or government bureaucrats ways of discriminating against particular publishers.'

In principle, new funds for public interest journalism can be both raised and invested without the strong arm of the state. Any use of public money must also be transparent and open to effective challenge. Interventions have to ensure that there are proper ways of accounting for public money and, above all, that the end product of public support is to enhance diversity of expression in the country. This must also be applied to the composition of any new bodies that allocate funds for public interest journalism which must include individuals with different views and from different backgrounds. Neither markets nor bureaucratic control have delivered and sustained the journalism we need. Interventions also have to ensure that there are proper ways of accounting for public money (also in line with the EC state aid framework) and, above all, that the end product of public support is to enhance diversity of expression and a system of news that operates without fear or favour.

With these considerations in mind, we have put forward the following ideas. As with the preceding document, they should be considered as a guide to potential policy options rather than fully fledged proposals. The CCMR is able to conduct further feasibility studies on any or all of the options presented.

### Option 1: Cooperative news

This option focusses on an alternative model of ownership with potential to reinvigorate professional journalism at the local level. There are two options for mutualisation:

- Conversion of existing titles into community-owned newspapers
- Creation of new platforms or titles run as community-owned ventures

To make these happen, a ‘Supporters Direct’- style body (based on principles of community ownership and member participation) could be created to advise communities on how to create a community-owned media outlet and either make a bid to take over an existing newspaper or create a new one from scratch. Such a body would look to create a model which was financially robust and investigate all the possibilities of co-production and multi-media approaches. That body would be given funding to exist and control a fund to provide either grant or loan finance to enable community groups to own or create community-owned newspapers.

Public support along the lines discussed above might be further enhanced by the following legislative and fiscal levers:

- 1) Regional newspaper conglomerates should be required to offer local titles to the community/workforce as a first option before closure or merger. This could be a condition of a further relaxing of regional cross-ownership rules.
- 2) ‘Right to buy’ legislation should be added explicitly into the Localism Act.
- 3) Workers who have been made redundant should be given tax breaks provided the money is turned into capital for an employee buy-out (modelled on the Italian employee-ownership provisions).
- 4) Communities which invest in local media should be given tax breaks if investment is rooted through a cooperative structure.

Long-term sustainability may depend on readers’ support through cover price, subscription or membership fees (in the case of reader-owned co-ops) to supplement declining advertising revenues in the sector. But readers will likely be offered something extra in return, namely enhanced accountability, transparency and security.

There are currently two examples of employee-owned local newspapers in the UK – the Camden New Journal and the West Highlands Free Press – with one recent start-up in Port Talbot. All three present very different local contexts and variations on employee-ownership models. They might therefore provide useful case studies for further feasibility research. Other publications which are cooperatively owned include the New Internationalist and Ethical Consumer, both of which have been established for many years (as has the Morning Star since 1948).

### **Summary**

#### *Advantages*

- Might help ensure the survival of established local titles under threat of closure
- Existing precedent exists in three diverse regions
- Experience in related industries suggests that cooperative news organisations likely to be more accountable to their readers and more likely to promote public interest journalism than commercially owned titles.

#### *Disadvantages*

- Long-term viability may depend on the willingness of readers to pay

- Sustainability likely to be contingent on specific local contexts

### Option 2: Journalism jobs

In light of the disappearance of many journalism posts, a direct subsidy to local news organisations (both offline and online) could fund a single ‘on the beat’ reporter. The subsidy would cover the salary of one journalist who must be dedicated to coverage of local issues—in the town hall *and* in the community. The jobs should be paid for at the entry level with the intention of providing job creation opportunities for young journalists as well as improving democratic accountability and debate at local level. This is similar to the [direct subsidy scheme](#) of young journalists in the Netherlands.

Any organisation that could provide evidence of attracting a reasonable audience in the locality should be able to apply for this funding and would have to demonstrate that the person employed was wholly dedicated to writing stories about political and civic life in the community.

This initiative is especially designed to help emerging hyper-local sites. As long as they could get their visitor numbers up to an agreed level (for example, 10,000 hits a day) they would be able to employ a full-time journalist, freeing up resources to focus on other activities to grow the organisation.

#### **Summary**

##### *Advantages*

- Adds to the news ecology, creates jobs and facilitates the coverage of local civic life at a time when this function is under threat
- Relatively easy to administer and evaluate based on cost-benefit analyses
- Recent precedent exists in The Netherlands

##### *Disadvantages*

- Does not address deeper structural problems in local news
- May be perceived as a constraint on editorial freedom if stipulations are made regarding the journalist’s coverage remit

### Option 3: Community Radio

Evaluation studies of the community radio sector undertaken by the Department for Culture, Media and Sport and by Ofcom have reached strongly positive conclusions about its effectiveness in contributing to social gain and community cohesion. It is precisely these values which are threatened by the closure of local newspapers. In its [Annual Report 2008/09](#) Ofcom described community radio as: ‘one of the great UK broadcasting success stories in the last few years’.

However, it is equally clear that the success of community radio has been built on rather weak economic foundations and that many of the UK’s community radio stations are operating under very precarious financial conditions. In order to address this, the Communications Act 2003 provided for a Community Radio Fund to support licensees. In March 2004, the government announced its intention to proceed with an initial commitment to the fund of £500,000 for 2004/05. Since then, however, there has been no further increase in the annual budget for the fund while the number of licensees has grown from 14 to over 200.

When the Community Radio Fund opened in 2005/06 there were only 17 applications and all received approvals of support from the fund, with an average grant per station of £26,119, representing around 20 per cent of sector income. In 2008/09 the Community Radio Fund received 117 eligible applications, against which only 30 grant awards were made, with the average grant per station being just £14,978. This needs urgently to be corrected if the social potential—including a well-resourced hyperlocal news service—of community broadcasting is to be realised.

### **Summary**

#### *Advantages*

- Builds on an established track record of a sector offering clear contribution to the goals of public interest journalism
- Relatively easy to administer and evaluate based on cost-benefit analyses
- A relatively uncontroversial measure given that some degree of public funding already exists

#### *Disadvantages*

- Does not target public interest journalism directly
- Does not tackle deficits in print sector where professional news is arguably most under threat

### Option 4: News Hubs

The recently published Lords Select Committee report on the Future of Investigative Journalism states emphatically:

We admire the non-traditional model of providing investigative journalism which originated in the USA with organisations such as ProPublica and we welcome its development in the UK with organisations such as the Bureau of Investigative Journalism. Whereas in the past investment in long-form investigative stories relied on support and continued investment from a newspaper proprietor or broadcaster; newspapers and television and radio stations are increasingly outsourcing this to—or responding to initiatives from—specialist organisations. We encourage UK broadcasters to support these organisations by working in partnership with them.

We believe that such forms of non-profit and non-traditional approaches to conducting journalism outside the bounds of commercial corporate structures may be just as effective and sustainable – if not more so – at the local level.

One example of such an approach is the idea of the ‘local news hub’ as proposed by the [Media Trust](#). The concept is based on the combination of citizen involvement in feeding and shaping stories, an emphasis on collaboration rather than competition, and the creation of local newsrooms run by professional local journalists.

A local news hub that functions across media platforms could be responsive to the need for an easily identifiable and visible centre for news gathering in the community. Where there is an existing local newspaper, the news hub can offer services in the form of in-depth, investigative, on-the-beat, or feature-based reporting – the kind of original journalism that local titles, which have been subsumed by regional news multiples and dislocated from the communities they serve, find it increasingly difficult to provide in-house. Where there is no existing local paper, hubs can produce their own news service to their communities, making the most of technology efficiencies and input from community volunteers.

Local news hubs could be funded through multiple sources, including advertising by local government and business, and commissions from established print and broadcasting outlets. But there is a crucial role for foundation grants and subsidies for new start-ups. A grant of £100,000 would likely be sufficient to rent premises, purchase equipment, set up a website and employ at least two full-time staff for a year. The lowest level funding option presented

in the preceding brief would be sufficient to fund 200 such start-ups in local areas around the country in a single year.

### **Summary**

#### *Advantages*

- Provides new local employment opportunities
- May stimulate further investment or funding from commercial or philanthropic sources
- May offer newsgathering cost-efficiencies for cash-strapped local news outlets

#### *Disadvantages*

- No established precedent at the local level, though national examples like the Bureau of Investigative Journalism may provide useful case studies for feasibility research
- May be perceived as a diversion of funds away from traditional news businesses at a time when they need it most although local news hubs will collaborate rather than compete with traditional outlets.