



Centre for
Community
Journalism

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Briefing note:

A contestable funding scheme for hyperlocal news in Wales

Centre for Community Journalism, Cardiff University
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About the Centre for Community Journalism

The [Centre for Community Journalism](#) (C4CJ) is the main networking, training, research, mentoring and advice organisation for community and hyperlocal publications, both online and in print, in the UK. The Centre is responsible for launching the UK's only representative body for the sector, [The Independent Community News Network](#) (ICNN).

ICNN, which is currently 55 members strong, is committed to supporting and championing new sustainable forms of local digital and print journalism across the UK. Our focus is at the hyperlocal level; the place where journalism is most valued but also most at risk.

The C4CJ is part of Cardiff University's School of Journalism, Media and Cultural Studies. It developed out of our long history of high-quality professional training and research, our commitment to local journalism, and our wish to support it in all its forms as it goes through major changes.

The C4CJ has made repeated calls for public funding for the community and hyperlocal news sector. Centre Manager Emma Meese, and Dr Andrew Williams (of Cardiff University's School of Journalism, Media and Culture) both gave evidence at the Culture, Welsh Language and Communications Committee (CWLCC) inquiry into News Journalism in Wales. They put forward the case that Wales was in a unique position to find innovative ways to address the withdrawal of legacy local journalism, and support the rise of grassroots community journalism. As such, we welcome the Welsh Government's recent announcement of funding for the sector in the recently-announced budget.

This document proposes what we believe would be the best way of shaping and administering such a fund: **a contestable funding scheme**.

It draws on our research- and practice-led knowledge about the local news sectors in Wales and the wider UK, as well as our knowledge of analogous funding schemes for local news in the UK and beyond. Irrespective of whether these suggestions are taken on board, we would be happy to meet with, discuss, and/or consult with the Welsh Government as it shapes its new policy and we believe we would be useful and suitable partners or advisors in this process.



A contestable funding scheme for hyperlocal news in Wales

The benefits of a contestable funding model:

Along with others in the field¹, and having considered the outcomes and evaluations of existing schemes, we believe that a range of relatively small investments could have a great impact on local journalism, local enterprise, and social cohesion as the tools to innovate and publish local news are now widely available at low cost. The contestable funding model of investment could create a virtuous circle by addressing the decline in local news, and nurturing further investment from those who would otherwise not have participated in this sector.

There are several reasons why contestable funding is a powerful tool for change, but principle among them is that criteria can be drawn up to make sure funding is allocated to only the best news providers, and only those which are able to provide local news in the areas of greatest need. General benefits of contestable funding models include²:

- Identifying and rewarding excellence;
- Influencing public perception of the importance of public interest news;
- Focusing communities on public interest areas such as governance, or on specific local issues;
- Mobilising new talent in the sector, and bolstering public interest provision at a time of legacy news industry withdrawal;
- Strengthening problem-solving in communities, and aiding in the generation of communications skills;
- Educating individuals and communities; and
- Mobilising capital, and helping with the generation of new and sustainable models of news production.

¹<http://mediastandardstrust.org/wp-content/uploads/2014/10/Positive-Plurality-policy-paper-9-10-14.pdf>

²<http://mediastandardstrust.org/wp-content/uploads/2014/10/Positive-Plurality-policy-paper-9-10-14.pdf>



Areas of need and potential nature of support given:

There are numerous areas of need that a programme of contestable funding of local news could address, but among the most important are:

- filling deficits in existing public interest news coverage (local politics, courts, public services, the environment);
- experimentation with a plurality of funding and delivery models and platforms (e.g. advertising and other commercial models, non-profit, charity-funded, co-operative, membership, and/or donation-based schemes);
- encouraging/facilitating community/citizen participation in media production (through collaboration and/or community media/journalism training);
- encouraging media-based community action; and
- using new technology to innovate in the production or dissemination of local news;

Grants applied for under a flexible contestable fund for Wales could conceivably fund a range of useful and necessary interventions, including in the following areas:

- seed-corn funding for new local news organisations in specific localities;
- journalists covering new/under-served public interest beats from local/regional angles as freelancers, or at existing news organisations such as newspapers, online news outlets, or news agencies (beats might include local/regional/national government, the environment, public institutions, etc.);
- “bridge-funding” for existing independent local news organisations (e.g. training, developing and/or growing/diversifying a business);
- training and development of community journalists in core (and transferable) journalism skills;
- platform and software creation that supports and enhances innovation in the provision of public interest local journalism;
- specific projects which create open-source, and/or collaboration-based journalism in the public interest from which existing news outlets can benefit (e.g. an investigative local/regional news outfit which works in partnership with existing legacy/community news outlets on individual stories, bolstering their outputs in this area, or a unit focusing on exploiting publicly available data for producing local and regional news stories in the public interest).



Additional considerations:

Setting up a scheme like this is a complicated matter, and a number of further considerations should be borne in mind to avoid future problems, and head off potential critique.

- *Eligibility and “Additionality”*: We believe these projects should be open to all applicants – whether they are existing news organizations looking to innovate, or new entrants to the field. However, the track record of those organisations and/or individuals providing public interest local news needs to be carefully considered; as do areas of need, and the principle of “additionality” (i.e. bids to this scheme should be shown to add to areas of existing deficit, either in the form of news content not already provided by an existing news publisher, or in relation to geographic areas relatively under-served by local news to date – this is important to ensure that existing publishers do not use this as an opportunity to cut existing costs, and/or that the scheme is funding interventions in areas of greatest need);
- *Independence and expertise of the administering organization and judging panel*: given the obvious and justifiable worries about maintain journalistic independence while in receipt of state funding the independence of the organization administering the fund, and the judges who allocate monies, from politicians and government is of paramount importance. We recommend that politicians should have no hand in the allocation or distribution of funds. Judges should be drawn from a pool of international (not only Welsh-national) experts in the media and local news industries, academia, and relevant civil society organizations, and should include people with relevant experience of working on previous or existing contestable funds;
- *Transparency*: The awarding of monies should be done as part of a fully-transparent process, with details of applications, judges considerations, and outcomes all being fully accessible to the public. The monitoring of outcomes should also be as transparent as possible to the public, for instance, all formal evaluation should be public, and there should be a compulsion on grantees to operate an updatable public dashboard which indicates the progress of outputs based on what has been promised;
- *Open source/open rights*: Any technology developed using public monies granted under the scheme should be made available open source to the public and others in industry. Likewise, some consideration will need to be given to who owns content of news produced, and with priority given to a commons-based approach (in some instances it may make sense to make all content produced available to all for free immediately, in others it may be more advisable to allow grantees to commercially exploit intellectual property close to publication, but others should be allowed to re-use it at a later date).



Existing public funding for news in Wales and the UK: subsidy for legacy news media, previous contestable funding for newer, online players

Despite the fact that many legacy commercial news publishers have tended to resist calls for public subsidy for local news there is already quite a bit of it in the UK, and commercial news companies already benefit from lots of it, for example:

- Councils paying for statutory notices in printed local newspapers costs them around £26 million a year according to the LGA.³ Such subsidies, or equivalents, are not open to newer online news providers.
- The VAT tax break that newspapers get from printed news products is estimated to be in excess of £500 million annually, with a significant proportion going to local and regional titles. There are no analogous tax breaks for online news providers, or smaller, less regularly-produced newspapers.⁴

This, along with the recent public funding of Local TV projects, shows the principle of subsidy for local news is not an alien one in the UK context. It also shows that current subsidy for local news is, in the main, targeted at legacy media players, and often excludes support for newer digital news providers.

In Wales the Welsh Books Council continues to fund Welsh-Language news. The Welsh Government, then, has already innovated in this field, having recently announced an extension to the additional funding of £200,000 (2016/17) to support the Welsh-language press.⁵ The new online news and current affairs service, Golwg 360, was established with this funding. Morgan Jones has shown that this funding has had numerous positive effects on the provision of news in Welsh.⁶ The scale of the withdrawal of English-language professional journalism from Welsh communities in recent years⁷ suggests that the need for broader intervention is at least as compelling, if not more so in the English language sector.

A number of contestable funding schemes relevant to the local news sector have been tried in the UK, but none, as yet, using government funds:

- *Carnegie UK Trust*: In March 2013, the Carnegie UK Trust awarded a pot of £50K to five projects as part of its Neighbourhood News scheme, with each of the five publications receiving £10K as bridge-funding.⁸ The aim of the scheme was to help ‘tackle some of the significant challenges facing the local news market in the UK and to examine how local news could be delivered differently and sustainably in the future.’ The project aims of the five ‘partners’ determined the varying outcomes of the scheme; training students; overhauling an existing community website; resurrecting in digital form a community news sheet; seed-funding a print edition; and creating a

³<http://mediastandardstrust.org/wp-content/uploads/2014/10/Positive-Plurality-policy-paper-9-10-14.pdf>

⁴<http://mediastandardstrust.org/wp-content/uploads/2014/10/Positive-Plurality-policy-paper-9-10-14.pdf>

⁵<http://www.cllc.org.uk/ni-us/ffeithiau-facts>

⁶<http://www.senedd.assembly.wales/documents/s63444/NJW01%20Bangor%20University.pdf>

⁷<http://www.senedd.assembly.wales/documents/s63454/NJW10%20Dr.%20Andy%20Williams%20Cardiff%20University%20-%20Local%20News.pdf>

⁸<https://www.carnegieuktrust.org.uk/carnegieuktrust/wp-content/uploads/sites/64/2016/02/pub1455011445.pdf>



brand new news website. It is testament to the scheme that four out of the five projects funded are now self-sustainable.

- *Nesta*: In March 2012, Nesta launched Destination Local, a £1m programme designed to understand and stimulate the development of a UK hyperlocal media sector.⁹ The programme was aimed at hyperlocal news projects seeking seed funding of up to £50,000. Some of these services are now available (such as SayIt from MySociety).
- *Google Digital News Initiative*: In addition, there is the Google Digital News Initiative (DNI), a large EU-wide fund offering grants from a 3-year funding pot of €150million, which has been the largest contestable funding project in the UK in recent years. Though it should be noted that there are few, if any, actual news publications funded this way.

Comparing the US with the UK's history of contestable funding

In the US, the Knight Foundation has invested over \$235m in the last eight years in journalism and media innovation. These are usually broken up into pots of \$2-400,000, and are, in the main, aimed at innovative software developments in journalism. The Knight News Challenge itself provided more than \$37 million in funding to 111 projects from 2007 to 2014.

As indicated in the Martin Moore *Positive Plurality* report, in the UK, £5m was invested in equivalent interventions over three years as compared to over \$400m overall in the US over two years.¹⁰ To date in the US there has been a greater recognition of the challenges to local news business models, and the consequent effects on journalism workforces, as well as the volume and quality of locally-oriented news than there has been here in the UK. **Given the relative weakness of the charity and foundation sector in Wales and the wider UK, the Welsh Government is in a unique position to be an innovator in this space.**

⁹<http://www.nesta.org.uk/news/million-pound-boost-develop-uk-hyperlocal-media-sector>

¹⁰ <http://mediastandardstrust.org/wp-content/uploads/2014/10/Positive-Plurality-policy-paper-9-10-14.pdf>



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We compiled the following document after consulting with numerous stakeholders in the field of local and hyperlocal news in the UK, and based on our in-depth knowledge of the community and local news sectors. People and organisations consulted in the compilation of this document included: Rob Taylor (Wrexham.com), Jonathan Shepherd (Deeside.com), Richard Gurner (Caerphilly Observer), Graham Breeze (MyTown Media), Matthew Barraclough (head of local news partnerships, BBC), Dr. Rachel Howells (formerly, Port Talbot Magnet), William Perrin (Talk About Local), Dr. Martin Moore (Kings College London), Dr. Gordon Ramsay (Kings College London).