



NUJ briefing on the impact of Covid-19 on the Scottish media

June 2020

The National Union of Journalists is the voice for journalism and journalists in the UK and Ireland. It was founded in 1907 and has more than 30,000 members working in broadcasting, newspapers, news agencies, magazines, book publishing, public relations, photography, videography and digital media.

Introduction

Scotland has a long and proud journalism tradition, but the Covid-19 crisis has hit an industry with underlying health conditions. Some of these iconic Scottish newspaper titles had already been hollowed out by cuts to journalist numbers and a lack of investment in journalism before the virus appeared. Quality journalistic content has been a much lower priority for their managements than the interests of stakeholders, the requirements of investors and the pursuit of profits. When the going was good, the publishers creamed off profits of 20-30 per cent, rather than investing in the future. Buy-outs and mergers proliferated, severely denting media plurality in Scotland, to leave just three main newspaper publishing groups; one of which, JPIMedia, is desperate to sell up.

The decline quickened as printed publications started to lose classified advertising to the internet and while owners moved their journalism to digital, the advertising did not follow; particularly hitting local newspapers. Since then Facebook, Google and the other tech giants have taken the newspapers' content without paying for it and thanked them by hoovering up all the advertising. As the 2019 Cairncross Review reported, the number of full-time frontline journalists working in the UK had fallen from 23,000 in 2007 to 17,000. In that period, newspaper annual advertising spend dropped by 69 per cent (£3.2 billion) and annual circulation revenue declined by 23 per cent (£500 million). The job losses and lack of advertising is now much worse. As the government's Covid-19 aid schemes are run down, the union is expecting an avalanche of redundancies and newspaper closures.

1. The output of media organisations across broadcasting, print, radio, new media and other platforms has continued to some extent during the pandemic crisis. Broadcasts that were done in studios are now done from journalists' homes. The production, design, subbing and commissioning of journalism for print media has moved from studios and newsrooms to knees and spare bedrooms. That journalism has continued is a testament to the skills and flexibility of our members. The pandemic has shown a real need and thirst for trustworthy and reliable news. Viewers and readers have flocked to newspapers, websites and TV, but unfortunately the advertising they depend on tanked at the same time. Then, newspapers found coronavirus stories were being blocked on digital platforms because of algorithms governing where stories and adverts are placed.

The NUJ surveyed of all its members at the end of April/beginning of May 2020 and found that 45 per cent said their employer had furloughed editorial staff. Of those, more than half (52 per cent) had not had their pay topped up by their employer. A fifth (22 per cent) said their employers made up the full 20 per cent difference between the amount paid by the government. The Westminster government's furloughing scheme has been widely deployed in Scotland. At Newsquest's Herald & Times group, around 13 of its 60 editorial staff were placed on furlough on 10 June. Across Reach's Scottish regional titles, about one journalist from a team of typically three or four across 17 titles will have been furloughed, with a similar number furloughed across the firm's Scottish national titles. The only employee-owned newspaper in the UK, the West Highland Free Press, has placed most of its staff on furlough and has stopped print production. Its managing director, Paul Wood, tweeted: "The temporary halt in printing will continue until August. The financial realities which forced our decision to halt publication in April have not changed. Despite warm words in Scotland on local news being a vital sector worthy of support, it remains fact the only financial help available to local news outlets is the UK Job Retention Scheme. Until there's a change in either the support offered or economic realities under Covid we can't return to print."

2. Our members have had pay cuts imposed on them – mostly without any consultation with recognised unions. At Reach, JPIMedia, Newsquest and PA cuts of between 10 per cent and 15 per cent have been made. These have hit our members hard at a time of lockdown, especially after years and years of below-inflation pay rises. At the time of writing the union is backing action by members at Reach titles who are challenging the necessity of these cuts when the union believes the company's cash reserves are £20m.

3. STV placed all staff on furlough, but in strict rotation, so that no member of staff feels singled out. It has also topped up furlough payments to 100 per cent of normal pay and consulted with the union throughout. It cancelled its shareholders' final 2019 dividend payment and postponed 2019 performance bonuses, and agreed a voluntary 25 per cent pay cut for board members.

4. In Scotland, in addition to the Herald & Times group, Glasgow Times and national titles, Newsquest owns 21 regional titles. JPIMedia has 19 regional titles, plus the Scotsman group, and Reach controls 16 weekly papers along with its Record/Sunday Mail/Express and Star brands. While these regional and weekly titles play an important role in their communities, covering local democracy, courts and events, they have been starved of investment and many run on a skeleton staff. Assets such as offices in the heart of the community have been sold and journalists have been moved further from the communities they serve, losing the essential connection with their communities.

5. The buyout of smaller newspapers and newspaper groups by larger ones does not guarantee either investment or success. In 2015, The Buteman sold between 1,800 and 2,000 copies to a population of 6,300. After being taken over by Johnston Press, editorial coverage was transferred to two journalists based 90 miles away in Edinburgh and circulation fell by 75 per cent; after 165 years, the title was closed in June 2019.

6. At the Herald & Times group in Glasgow the latest proposed round of job cuts was stopped only when NUJ members balloted for industrial action in December 2019, arguing

that the quality of the journalism would be irreversibly harmed. That ballot expired in June, and we believe further cuts to the editorial staff are likely later in the year.

7. JPIMedia, whose predecessors owned the flagship Scotsman buildings, now does not own a single office in the UK and is currently undertaking a review to reduce use of its offices further by expecting staff now working from home because of Covid-19 to continue to do so. Working in your boxroom/bedroom/kitchen table may be possible during an emergency but not as a permanent work arrangement for many. At the end of last year JPIMedia attempted – and failed – to sell its titles. It is reasonable to assume that any newspaper group would find it even harder to find a buyer in the current climate.

8. Freelance journalists have been hit very hard, work has dried up overnight with the cancellation of sport, arts and similar events such as the Edinburgh Festival leaving little to report upon. The NUJ survey revealed freelancers fear the impact on their livelihoods will be felt keenly for many months to come – a third said they did not think their income would improve until 2021; 39 per cent said they did not expect work opportunities to increase for three to six months; while 16 per cent said they did not expect to make a living from journalism at all following the pandemic. Many freelancers have also found that they have fallen foul of the criteria needed to gain access to the Westminster government's Self Employed Income Support Scheme. A key group is made up of PAYE freelancers and those who have PAYE income. During the past 30 years, freelancers doing shifts for newspapers, broadcasters, magazines and publishers have been forced by companies, often under the direction of HMRC, to be taxed at source via the PAYE system. These individuals remain self-employed/freelance for the purposes of employment law, with no protection or employment rights such as sick pay or maternity leave yet are forced to pay tax and National Insurance Contributions (NICs) at an employee rate. This PAYE income is now considered by HMRC to be "employee" income, rendering those individuals ineligible for the SEISS scheme. Another affected group is made up of those who work via limited companies/personal service companies – often forced to by their employers – and have paid tax and National Insurance via PAYE or come under the off-payroll working rules (IR35) and are taxed at source, are also ineligible for support.

9. One other consequence of the emergency has been journalists finding it difficult to get information because press officers have been furloughed or fewer were taking on the same work, causing delays in responding to requests from reporters. This is causing concern because public organisations, including councils, hospitals and government, are not being put under the same scrutiny at a time when it is vital the consequences of Covid-19 are covered.

10. The BBC has risen superbly to the challenge, providing non-stop news, advice, information and entertainment. It offered families forced to home-school their offspring more BBC Bitesize content and a daily educational programme for different key stages or year. Its local radio initiative, Make a Difference, co-ordinated support for the elderly, housebound and those at risk. But this has all come at a cost. Deferring the payment of TV licences by the over-75s is costing £40m a month; postponing planned cuts of £40m in news; and delaying the Red Button text news and information service will all lead to a financial reckoning. It is estimated the BBC will need to save an extra £125m as a direct result of Covid-19. Huge cuts to jobs and programming are expected.

11. **NUJ's News Recovery Plan:** the present crisis has shown just how vital it is to have a news media providing accurate information, how desperate people are for trustworthy content and how essential it is that the government and authorities are held to account. Michelle Stanistreet, NUJ general secretary, set out a bold set of measures and interventions to support and protect jobs and quality journalism in the UK and Ireland. Launching the plan in April 2020, she said: "This is not and cannot be about the preservation of the status quo. The emergency interventions needed now can only be the first steps towards a news reimagined. We need a triage plan of intervention and investment. That will involve action to stem the immediate damage being wrought, and longer-term measures to heal historic wounds. Our aim is to create a healthy diverse press, focused squarely on the public good, one that can be sustained now and into the future. That's why we want governmental commitments to a range of actions – some immediate and some when the worst of this crisis is over – that will create a news industry firmly rooted in public-interest journalism which will deepen public engagement in our democratic structures."

12. Central to funding such a plan is the immediate imposition of a windfall tax on the tech giants whose platforms suck up editorial content without making any contribution to its production. According to analysis by industry monitor, Techwatch, earlier this year, the top five tech companies generated more than £8.1bn from UK customers in 2018, but collectively only paid about £237m in taxes – an effective tax rate of just 2.9 per cent, meaning around £1.3bn in tax was avoided. Achieving this would be straightforward – the UK was to introduce a 2 per cent Digital Services Tax from April 2020 on the revenues of large businesses providing internet search engines, social media platforms and online marketplaces to UK users. Given the current crisis, that tax should be tripled to 6 per cent and the proceeds used to fund the NUJ's plan and ensure the tech giants play a significant role in the preservation of a sector that is vital to our democracy. The union is asking the Scottish government to back this windfall tech tax.

13. In response to one of the recommendations made by the Cairncross Review on the sustainability of quality press, the Department of Culture Media and Sport made £2m available, to be administered by the innovation foundation, Nesta, to provide grants for start-ups and news models of journalism. A similar fund could be made available for Scotland by the Scottish government.

14. One of the recommendations in the NUJ's recovery plan is for vouchers to be made available for young people so they can buy subscriptions to newspapers/websites. Scotland is well placed to pilot such a scheme, particularly as 16-year-olds have the vote. Media literacy is a very important aspect of the plan and introducing young people who have a stake in the democratic process, yet largely rely on Facebook and other social platforms for news and information, to more trusted sources of news would be of benefit. It would also make news organisations think more carefully about making their offering youth-friendly.

15. The News Recovery Plan sets out a list of short-term measures to sustain the press and media through the Covid-19 crisis, plus longer-term aims to reinvigorate the industry. The short-term items include:

- A windfall tax of 6 per cent on the tech giants, using the Digital Services Tax, to help fund the News Recovery Plan.
 - Tax credits and interest-free loans to support journalist jobs and to fund frontline reporters covering the Covid-19 crisis and recovery.
 - Ensure no public money is given to any firms making redundancies, cutting pay, giving executive bonuses or blocking trade union organisation.
 - Strategic investment in government advertising, including the hyperlocal sector, involving central and local governments and public bodies.
 - Further funding by the Nesta foundation's Future News Fund of innovative, public-interest journalism and to set up a similar scheme in Ireland
 - Free vouchers for online or print subscriptions to all 18- and 19-year-olds and tax credits for households with these subscriptions.
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16. Medium-term measures include:
- Establishment of a government-funded journalism foundation – as recommended in the UK's Cairncross Review – to invest in local news and innovative journalistic projects.
 - Confer “asset of community value” status on local newspapers – like community pubs – ensuring that titles are preserved for potential community ownership.
 - Tax breaks, rate relief and other financial support for local social enterprises and journalistic co-operatives taking over titles from major regional operators and running them as not-for-profit enterprises.
 - Employee representation of 25 per cent on executive boards in receipt of public funding.
 - Independent sustainable funding of public-service broadcasting that protects its universality and prevents government interference.
 - Nationwide media literacy strategy to tackle disinformation and fake news.
 - Reform of media ownership rules, with a strengthened public interest test.
 - Training that opens up access to journalism, including apprenticeships for school-leavers.
 - Protection for whistleblowers and monitoring of the impact caused by surveillance technologies planned in response to Covid-19 and the easing of lockdowns.
 - Support for a global framework to protect and promote journalism and improve press freedom.

From Health Crisis to Good News: a recovery plan for the news industry by the NUJ:
<https://content.yudu.com/web/3pylg/0A43xvo/NewsRecoveryPlan/html/index.html?origin=reader>
 Or download the pdf: <https://www.nuj.org.uk/documents/from-health-crisis-to-good-news/>