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Communities and Local
Government Committee

Proposed Code of Recommended Practice on Local Authority Publicity

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The Communities and Local Government Committee

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The Reports of the Committee, the formal minutes relating to that report, oral evidence taken and some or all written evidence are available in a printed volume.

Additional written evidence may be published on the internet only.

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The current staff of the Committee are Huw Yardley (Clerk), Judith Boyce (Second Clerk), Josephine Willows (Inquiry Manager), Emily Gregory (Senior Committee Assistant), Nicola McCoy (Committee Assistant), Stewart McIlvenna (Committee Support Assistant) and Hannah Pearce (Media Officer).

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Summary

The draft *Code of Recommended Practice on Local Authority Publicity* issued for consultation in September 2010 is intended to give effect to the Coalition Agreement commitment “to impose tougher rules to stop unfair competition by local authority newspapers.” Ministers have variously described these newsheets as “council Pravdas” used for “propaganda on the rates”.

Local authorities themselves, on the other hand, point out that they are required to account to local residents for how they take decisions and how they spend council tax revenues; and that they have a duty to communicate effectively enough with local residents that they have adequate awareness of how to access and use local services. They complain that the proposed Code, as currently drafted, will compromise their ability to do so. Of particular concern is the provision of the Code which would restrict local authorities to a maximum of four issues of a newsheet per year, which is designed to prevent such publications competing unfairly with local independent newspapers.

We found that there is little hard evidence to support the view of the commercial newspaper industry that council publications are, to any significant extent, competing unfairly with independent newspapers at present, though there is concern that such competition may escalate in future. We endorse the recommendation of the Culture, Media and Sport Committee in the last Parliament that the Government commission an independent inquiry to assess competition in the local media market and quantify the impact of council publications on commercial entities operating in their locale.

The Code contains provisions which are intended to prevent local authorities from publishing newsletters, newsheets or similar communications which seek to emulate commercial newspapers in style or content; restricting them to material that is directly related to the business, service or amenities of the authority concerned or other local service providers; and requiring them to be clearly marked as published by a local authority.

We believe that, if properly enforced, the provisions in the proposed Code relating to cost effectiveness, content and appearance are sufficient to deal with the excesses of certain council papers, which are in any case confined to only a very few examples. We consider that a local authority’s needs to communicate information to residents would usually be satisfied by no more than quarterly publication, in line with the principle of cost effectiveness contained within the Code. We have doubts, however, about the need to specify a maximum frequency of publication within the Code, especially in the context of the Government’s professed commitment to greater ‘localism’.

We recommend that the Government review the publication requirements for statutory notices, with a view to making them more cost-effective and better able to take advantage of new means of publication such as the Internet.

We also consider the provision of the proposed Code which sets out to prevent local authorities from hiring ‘lobbyists’. We are persuaded that the issue of the use of public money on political lobbying is an important one which central government needs to

address. However, we are not persuaded that a code of practice on local authority publicity is the correct tool by which to apply constraints upon such activity. We recommend instead that the Government should work with stakeholders to develop guidance on the use of lobbyists sufficient to enable close adherence to best practice and detailed attention to cost effectiveness by all councils.

1 Introduction

Why do local authorities publish periodicals?

1. Across England and Wales various levels of local government spend more than £113 billion every year providing around 800 different services to more than 50 million people.¹ In 2005 independent research by IPSOS Mori for the Local Government Association found that two thirds of the general public knew nothing or next to nothing about local government, and even less about how money is spent by elected councillors and local authority executives on behalf of council taxpayers.²

2. The results of this survey informed what became the LGA's 'Reputation Campaign', an initiative that encouraged local authorities to improve their communications with local residents. One activity promoted strongly by this campaign was for every principal local authority to publish a regular in-house newspaper or magazine and deliver it to every local household. As the LGA told this inquiry, "if you want to establish a title and an understanding by local people that [your newsletter] is something to read, you do it regularly enough so that they recognise it and want to read it."³

3. Meanwhile, under the provisions of the 'quality parish or town council' arrangements, third tier local authorities seeking to acquire that form of external validation have also been told they must publish a regular newsletter to reach every household at least four times a year.⁴

4. Local authorities are required to account to local residents for how they take decisions and how they spend council tax revenues. They also have a duty to communicate effectively enough with local residents that they have adequate awareness of how to access and use local services. As several recent surveys have found, local authority publications now vary greatly in format and frequency—from booklets or magazines published twice a year to a regular newspaper published once a month or more.⁵ All set out to provide basic information about how to access services and to inform residents about how their council tax is being spent. A typical local authority periodical will include content such as opening times for popular services like libraries, information about activities provided by the council for groups such as the elderly or children, details about consultations with residents on issues such as road closures, a listing of useful contact numbers and, in some cases, a raft of statutory notices concerning issues such as licensing and planning applications. The

1 LGA response to consultation on the proposed Code of Recommended Practice on Local Authority Publicity, Department for Communities and Local Government, September 2010.

2 Ipsos MORI—The Business Case for the Reputation Project 2005, as cited in LGA's consultation response.

3 Q5 Richard Kemp for LGA.

4 Q 14 John Findlay for NALC.

5 Both the Newspaper Society (in 2009) and the LGA (2009 & 2010) undertook detailed surveys of their membership to gain a better understanding of the scope and nature of local authority periodicals. Findings were similar and keydata gathered by each organisation was echoed also by research completed by the Audit Commission towards the end of 2009.

code would restrict council publications to information for the public about the business, services and amenities of the council or other local service providers.⁶

5. In recent years there has been an increasing trend towards local authorities publishing and distributing a regular free news publication to every household. In 2010 over four fifths (84%) of respondents told an LGA survey they produce their own newsletter rather than relying solely on other forms of local independent print or web media because an in-house publication will reach many more households than the local papers.⁷ An LGA survey of local authority publications in 353 English local authorities conducted in April 2009 confirmed that most (94.5%) of respondents published a periodical. A second LGA survey of 375 authorities in August 2010 produced a comparable figure of (91.7%).⁸ In late 2009, the Audit Commission concluded that over 90% of local authorities publish a periodical.⁹

6. Some local authorities have replaced more common four-page information sheets stitched or inserted into an independent newspaper four or six times a year with more frequent quarterly or monthly publication that is delivered to letterboxes directly and is designed to look and feel like a magazine or newspaper. Certain authorities have gone further, developing more frequent publications that look and feel like a local paper with non-local authority content such as local sports news, TV listings or display and small paid-for advertising. The proposed Code seeks to curtail such developments by preventing the publication of newssheets which “seek to emulate commercial newspapers in style or content.”¹⁰

Concerns about council publications

7. While the development of local authority publications looking and feeling like independent local newspapers remains limited, they have set precedents sufficient to give rise to persistent vocal criticism from newspaper organisations in the local commercial press. The key arguments made against such publications by the Newspaper Society and others are:

- Insufficient distinction between council publications and independent newspapers;
- Diversion of advertising spend away from the commercial press, not least through the inclusion of public notices only in council publications where published fortnightly.
- Content insufficiently objective or independent (allegations of “council propaganda”)¹¹.

6 Proposed Code of Recommended Practice on Local Authority Publicity (hereafter ‘Code’), para 28, as detailed in the consultation paper.

7 LGA response to consultation.

8 From information supplied by the LGA to the committee and in their consultation response.

9 Letter from Stephen Bundred, Chief Executive of the Audit Commission to Rt Hon Stephen Timms, Minister for Digital Britain, 22.1.2010.

10 Code, para 28.

11 Fourth Report of the Culture Media and Sport Committee, Session 2009–10 (HC 43), *Future for local and regional media*, para 60.

8. Very few council ‘newspapers’ are published as frequently as a commercial title. In January 2010 the Audit Commission reported that while 91% of principal authorities published a periodical, only 5% of these were published more than once a month.¹² In its most recent surveys, the LGA found only one local authority producing a weekly newspaper (London Borough of Greenwich), and less than three per cent (13 of the authorities responding to the survey) publishing a title fortnightly. The most popular frequency (for 36% of the survey sample) remains quarterly, with many publishing even less frequently than this.¹³ The proposed Code would prevent publication more frequently than quarterly¹⁴.

9. This relatively limited expansion of council newspapers has, however, taken place in a period when the local newspaper sector has been through what the Newspaper Society described as “a bleak period of unprecedented economic and structural challenge” during the biggest downturn seen in the last 30-odd years.¹⁵ The strongest drivers of this process have been changes in reading and news consumption habits of consumers that have accompanied the development of the internet and the arrival of broadband from 2003. Consumer shopping patterns have also changed. Less frequent visits to a large supermarket replacing many trips to smaller local shops has also cut purchases of local newspapers. Over the past decade the internet has also overtaken the local (and national) papers as the primary market place for display advertising in areas such as recruitment, motoring and property. The loss of newspaper advertising revenue this provoked then accelerated dramatically with the recession of 2008.¹⁶

10. Perhaps as a consequence of these changes, by the end of 2008 considerable national and local media attention had begun to focus on the small number of local authorities employing professional journalists to produce either a weekly or a fortnightly publication that closely resembles an independent local newspaper. In most cases these periodicals carry not only the council’s own statutory notices but also a variable amount of commercial paid-for advertising (display, small ads and recruitment) and, in some cases, a significant amount of non-council related ‘newspaper type’ content such as TV listings and local sports coverage.

Independent reporting of local authority business

11. A Press Association survey in 2009—of how local independent newspapers were faring during the recession unleashed by the banking crisis—found that nearly two-thirds of such titles were using fewer local government resources (from press releases to meeting papers) than ten years previously, and more than one in five were employing fewer council reporters. Redundancy in the commercial newspaper sector left many local journalists looking for new opportunities. This partly explains why, as the National Union of

12 Appendices to a letter of 22.1.10 from Stephen Bundred, Chief Executive of the Audit Commission, to Rt Hon Stephen Timms MP, then Minister for Digital Britain.

13 Cited in the consultation response of the LGA.

14 Code, para 28.

15 Q40 Simon Edgley for The Newspaper Society.

16 See Fourth Report of the Culture, Media and Sport Committee, Session 2009-10 (HC 43), *Future for local and regional media*, particularly paras 19–41.

Journalists told us, the union now represents around 800 people working in press and PR roles for local government and why “the vast majority of those are people who worked on local newspapers and now work on council publications”.¹⁷ The employment of journalists by some local authorities (especially in London) illustrates the development of council ‘newspapers’ which go beyond the provision of basic information about council services in a format that could be seen to be in competition with the private sector.

12. The NUJ argues that over this period the news value of many local papers was also systematically undermined by a rapid push for greater profits within that sector (much of it owned by US media companies, hedge funds or private investment vehicles). The NUJ claims that a process of cost cutting (leading to more than 1500 job losses) eroded both the quantity and quality of local newspaper reporting by forcing the amalgamation of many local titles into sub-regional newspapers (often produced at some distance from the areas they aim to serve).¹⁸ Its response to the Government’s consultation on the proposed code of practice on local authority publicity suggests that the worst forecasts predict that by 2013 between one third and one half of all UK local and regional newspapers will have closed compared to those existing in 2006.

13. The Newspaper Society rebutted both the NUJ’s arguments concerning the quality of local newspapers and its predictions for closures of local newspapers, noting that the analyst who made that prediction has now publicly retracted this forecast, claiming it was unduly pessimistic, and confirming that 2010 saw more launches than closures of local papers.¹⁹ Nevertheless, the Society also confirmed that the closure of at least 60 local newspapers—some 5% of the UK total—took place during the period May 2008–9.

14. Against this backdrop, local authority papers have expanded into gaps left by the closure of a local commercial press. The NUJ claimed that there was a “correlation between that decline and the expansion of a whole number of different council publications”. Many of these publications are produced by professional journalists employed on a better salary than they earned before they were made redundant by the closure of an independent local paper.²⁰

15. A 2010 research paper based on evidence from the Newspaper Society and Freedom of Information requests direct to local authorities gathered by James Morrison, Senior Lecturer in Journalism at Kingston University, argued that some commercial newspapers were facing what he described as “a strong commercial threat from the competitive recruitment, advertising, and editorial policies adopted by a new generation of professionally produced, council-funded publications,” such as *East End Life* (Tower Hamlets), *Greenwich Time*, *Hackney Today* and *H&F News* (Hammersmith & Fulham).²¹ In his analysis, Morrison argued that cabinet-style decision making introduced by the Local Government Act 2000 has increased the opportunities for councils to take policy

17 Q74

18 NUJ response to consultation.

19 Q49 Lynne Anderson for the Newspaper Society.

20 Q40 Jeremy Dear

21 http://www.psa.ac.uk/journals/pdf/5/2010/612_322.pdf ‘Spin, smoke-filled rooms, and the decline of council reporting by local newspapers: the slow demise of town hall transparency’, James Morrison, a paper presented to the 60th Political Studies Association Annual Conference, April 2010.

decisions in private and as a consequence downgraded the political relevance and therefore newsworthiness of council meetings. This, argued Morrison, has provoked many local newspaper editors (facing ever-tighter budgets and 24-hour deadlines for their web operations) to cut down significantly on council coverage. In James Morrison's not overcautious nor typically academic conclusions, this has increased the likelihood that for an increasing number of local residents "the most prevalent interpretation of many councils' policy decisions and their effectiveness is the inherently one-sided, invariably positive, yet increasingly journalistic output flowing from their own spin machines" on to the pages of a "local authority 'Pravda'".

16. This analysis is, as might be expected, contested from both sides of the debate over the proper role of council publications. In its evidence to us the Newspaper Society argued that although the arrival of cabinet-style council meetings may have changed the manner in which local government reporting is done, and readers' tastes and attitudes have also changed, "the independent media have not stopped covering town halls and remain the only voices who can hold local authorities to account".²² Speaking for local authorities, the Mayor of Hackney and Chair of London Councils, Jules Pipe, bluntly told us that local authorities do not set out to pretend that publications like his own *Hackney Today* are independent. Moreover, a town hall newssheet "is not meant to be reflective of the generality of life in their locale; that is the job of the local newspaper, and the many websites and blog sites that there are," along with lifestyle magazines or commercial papers distributed by independent publishers entitled to be critical of anything a local council does.²³

Unfair commercial competition?

17. By the General Election of May 2010 the debate about council newspapers also began to crystallise around the costs of local authority periodicals. In particular, the Newspaper Society had by then been running a strong campaign for more than a year arguing that 'in-house' council titles funded out of council tax revenues with an advertising reach far in excess of most independent newspapers (because they are delivered to every local household for free) should *not* be allowed to compete with local newspapers produced on a commercial basis for a paying readership by an independent press reliant on advertising revenues.

Proposed code of practice

18. Responding to these issues, the new Government's Coalition Agreement contained a commitment "to impose tougher rules to stop unfair competition by local authority newspapers". In pursuit of that commitment, Eric Pickles, the Secretary of State for Communities & Local Government, issued a consultation paper in September 2010 proposing a replacement 'code of recommended practice on local authority publicity' for

22 Q40 Lynne Anderson for The Newspaper Society.

23 Q6 Jules Pipe

local authorities in England to replace and strengthen provisions first put in place some 25 years ago.²⁴

19. The Government's proposals provoked a strong response; nearly 350 organisations or individuals replied to the consultation and vigorous debate took place in the national media, led partly by the Secretary of State²⁵ and fed by various other commentators.²⁶

Focus of this inquiry

20. We decided to conduct a short inquiry directed at the following issues:

- a) how far the proposals contained in the proposed code of practice are a response to persuasive evidence that local authority newspapers are having a direct and detrimental 'competitive' impact on the free press;
- b) to what extent these proposals are likely to work with or against the freedoms and flexibilities envisaged under the Government's reinvigoration of localism;
- c) whether the provisions in the code will support or undermine the implementation and promotion of the aspects of the Government's programme which have come to be known as the 'Big Society' agenda;
- d) how far, in the face of financial constraints, the code's provisions will affect the ability of councils in each tier of local government to meet the demands they face from council tax payers for information about community events, public services and local decision making;
- e) whether measures to constrain the use of lobbyists by local authorities belong within a code focused on publicity practices;
- f) whether an adequate enforcement mechanism exists to ensure compliance with the revised code.

21. In the limited time available for this short inquiry we opted not to call for written evidence. Rather, we took as our starting point the responses made to the consultation about the government's proposed revisions of the code. Within this considerable body of material we opted to focus on submissions made by each of the key representative groups—commercial newspapers, journalists, so-called 'principal' or 'first or second tier' local authorities and 'third tier' town or parish councils. We also invited these stakeholder groups and a leading independent commentator on trends and developments in the UK media industry to attend a single session of oral evidence.

22. We would like to thank all witnesses for participating at short notice; James Morrison of Kingston University for background information; and the London Borough of Tower

24 <http://www.communities.gov.uk/documents/localgovernment/pdf/1727384.pdf> - Consultation, September 2010, concerning a Code of Recommended Practice on Local Authority Publicity (hereafter 'Condoc').

25 *E.g. Town hall freesheets are undermining proper journalism*, Eric Pickles. *Observer/Guardian*, Sat 26 June 2010.

26 <http://www.thisislondon.co.uk/standard-business/article-23679090-council-papers-are-bad-for-local-journalism-and-democracy>.

Hamlets for providing us with a diverse selection of sample publications along with information about local authority print contracts with the newspaper industry.

2 About the code

23. A ‘code of recommended practice on local authority publicity’—setting guidelines about the content, style and distribution of such materials—was first introduced in 1988 under the Local Government Act 1986.²⁷ It was amended subsequently in 2001.²⁸ Under section 4(1) of the same legislation local authorities are required “to have regard to” the provisions of such a code in coming to any decision on publicity.

24. Section 6 of the Local Government Act 1986 Act defines publicity as “any communication, in whatever form, addressed to the public at large or to a section of the public”. The code therefore applies to all decisions by local authorities relating to paid advertising and leaflet campaigns, the publication of free newspapers or newssheets and the maintenance of websites, including the hosting of material created by third parties.

Proposed revisions

25. As the Government’s consultation paper published in September 2010 states, “The Coalition Agreement, *Our Programme for Government*, contains a commitment “to impose tougher rules to stop unfair competition by local authority newspapers’.”²⁹ Likewise, the stated underlying objective of the revised code “is to ensure proper use of public funds for publicity”.

26. The introductory notes to that consultation paper also state that the Secretary of State believes “the existing rules on local authority publicity have resulted in taxpayers’ money being wasted and the free press being undermined”. The same notes add: “The Secretary of State considers that, over time, commercial newspapers should expect *less* state advertising as more information is syndicated online for free, but at the same time the free press should not face competition from a local authority publication passing itself off as a newspaper”.

27. Seeking to restructure the existing codes, the revised code groups guidance under seven principles that require local authority publicity to be lawful; cost effective; even handed; objective; appropriate; issued with care during periods of heightened political sensitivity; and showing regard to equality and diversity.

28. In pursuit of these principles, the revised Code sets specific rules about the appearance, content, frequency and branding of local authority newspaper or magazines:

- Local authorities should not publish newsletters, newssheets or similar communications which seek to emulate commercial newspapers in style or content;
- Such periodicals should not be issued more than quarterly;

27 DoE Circular 20/88.

28 DETR Circular 06/2001.

29 Condoc, para 2.

- Such periodicals (along with their web editions) must only include material that is directly related to the business, service or amenities of the authority concerned or other local service providers; and
- Such titles should be clearly marked as published by a local authority.

29. In addition, and somewhat beyond the scope of any previous code or revision, the proposed new code includes a section that is designed to prohibit the use of lobbyists. Specifically, clause 26 states that “Local Authorities should not incur any expenditure in retaining the service of private specialists, contractors or consultants (“Lobbyists”) with the intention of the publication of any material designed to influence public officials, Members of Parliament, political parties or the Government to take a particular view on any issue”.

3 Unfair competition?

30. The most basic presumption built into the proposed new code is the notion that council publications divert readership and, in particular, advertising expenditure away from the traditional press, not least because they have a larger captive audience made up of every local household; and that this is being done with subsidy from local authority budgets. As the consultation document proposing the new code makes plain, the Secretary of State believes that “the existing rules on local authority publicity have resulted in taxpayers’ money being wasted” and the free press undermined.³⁰ Likewise, in his oral evidence Minister for Local Government Grant Shapps told us “there is a real problem out there that needs to be tackled by a framework”,³¹ “too many authorities” are producing “propaganda published on the rates [...] off the back of hard pressed council tax payers”.³²

31. The section of the revised code addressing the principle of ‘appropriate use of publicity’ (clause 26–30) therefore specifies that local authorities should:

- Not publish news periodicals which seek to emulate commercial newspapers in style or content;
- Not issue newssheets more frequently than quarterly;
- Not include material other than information for the public about the business, service and amenities of the council or other local service providers; and
- Ensure that all publicity material is clearly identified on its front page as a product of the local authority.

Advertising

32. As the Newspaper Society told us, third party advertising is “incredibly important to the local newspaper industry”;³³ they argued that publications funded by the council tax payer “are competing on an entirely unfair basis, when we are running a business on a commercial basis and they are not”, and so threaten the survival of a healthy and independent free press. In an article he wrote for the Observer Eric Pickles (Secretary of State for Communities and Local Government) was forthright in condemning “weekly town hall Pravdas” arguing that they should not be “swallowing much-needed advertising revenue from local papers.”³⁴

33. In 2009, the Office of Fair Trading had noted “broad concern amongst stakeholders about the potential threats to commercial newspapers’ revenues from [local authority] publications” in a review of the local and regional media merger regime,³⁵ and had

30 Condoc, para 2.

31 Q81

32 Q85

33 Q41

34 Town hall freesheets are undermining proper journalism, *Observer*, 26 June 2010.

35 http://www.offt.gov.uk/shared_offt/mergers_ea02/oft1091.pdf.

recommended that the Government review this area further. Subsequent to this, in a pledge in the *Digital Britain* report,³⁶ the last government asked the Audit Commission to look at “the relationship between advertising in local authority and commercial newspapers, the prevalence of this practice, its impact; and to make recommendations on the best practice and if restraints should be placed on local authority activity in this field”.³⁷

34. The Audit Commission refused this request on the basis that its remit did not lend itself to examining the health of local newspapers or the impact of council activities on commercial entities. It was suggested that competition issues in the local media market would be better suited to the expertise of regulators with a specific competition remit. Instead the Audit Commission considered council periodicals within the general context of council spending on communication with the public.³⁸

35. After what the Newspaper Society told us it regards as “a lot of buck passing and delays”,³⁹ in January 2010 the Audit Commission made its report. It found that over 90% of English councils published a periodical, but that “few of these have characteristics to commercial newspapers” because less than one in twenty of them are published more than once a month. It did however find that 47% of council periodicals in England took some private-sector advertising.⁴⁰ Further information about local authorities’ earnings from advertising came from an LGA survey (see below).

36 *Digital Britain*, June 2009 (a major industrial policy report that outlined the Government's strategic vision for ensuring that the UK is at the leading edge of the global digital economy and which presaged the Digital Economy Act 2010) <http://www.official-documents.gov.uk/document/cm76/7650/7650.pdf>.

37 Review of Council Spending on Communication with the Public, Audit Commission, Jan 2010.

38 Letter, 22.1.10 from Stephen Bundred, Chief Executive of the Audit Commission to Rt Hon Stephen Timms MP, Minister for Digital Britain (concerning findings from the Review of Council Spending on Communication with the Public).

39 Q62

40 Letter, 22.1.10 from Stephen Bundred, Chief Executive of the Audit Commission to Rt Hon Stephen Timms MP, Minister for Digital Britain (and appendices).

How much do local authorities earn from advertising sold in their own periodicals?

In its submission to the consultation the LGA states that in 2009/10 just under 60% of respondents to its latest survey confirmed they receive advertising revenue and that this averaged £61,000 per authority in this group.

Publications produced by more than half of all respondents to their most recent survey⁴¹ either carried no advertising at all (33.7%) or reported that adverts comprised less than 10% of the publication.

The same LGA survey also confirms that a small number of council publications attract significantly higher levels of advertising expenditure: notably that London borough publications earn roughly four times as much in advertising revenues (£215,000 on average) as the next highest earning groups of authorities (Counties at £45,000) and almost eight times as much as the highest earning group of unitary authorities (which average £28,000).

LGA's 2009/10 survey also confirmed that across all 353 local authorities in England average advertising revenue figures stood at £33,000 per authority, implying a total revenue probably in excess of £11.6 million across the country as a whole—a figure up by nearly a third on an estimate of £8 million generated by previous LGA survey for 2008/09.

36. While the Newspaper Society considered the Audit Commission's finding to be *prima facie* "evidence that council publications are in direct and damaging competition with independent local papers"⁴² the Audit Commission saw things differently: it suggested that "few council publications are published sufficiently frequently to be viable media for most local advertising".⁴³

37. The Newspaper Society then wrote to the Office of Fair Trading to demand it follow this matter up. Subsequent to this however the OFT's Chief Executive, John Fingleton, told the Culture Media and Sport Committee's inquiry into Local and Regional Media that he did not think local authority publications and competition for advertising was an issue which fell into the OFT's statutory remit.⁴⁴ Nonetheless, the OFT had evidently seen enough about the issue to cast doubt on the contention that competition from local authority publications posed a serious problem for local newspapers:

The extent to which this is a really harmful problem in the market is something we have struggled to understand. The local newspaper market is about £3 billion a year. Our estimate is that there is about £50 million of local authority expenditure in this area, so that might be a measure of the size of the self-supply, and the decline last year I think was close to half a billion in the local newspaper advertising, and about a billion over the last five years, so that decline is quite rapid. So I think there is a risk that the issue about what local authorities are doing in this space, while contributing to the

41 2010 LGA local authority newspaper/ magazine survey, as detailed in the LGA response to the consultation on the proposed code.

42 Newspaper Society consultation response.

43 Letter, 22.1.10 from Stephen Bundred, Chief Executive of the Audit Commission to Rt Hon Stephen Timms MP, Minister for Digital Britain (and appendices).

44 HC (2009–10) 43, para 67.

problem, is not in fact as big an issue as the internet and the decline in demand generally facing newspapers.⁴⁵

38. Having secured action by the new Government in the form of proposals to revise the code the Newspaper Society appears to have dropped its demand for an investigation by the OFT.⁴⁶ Nevertheless, in its response to the consultation on the proposed Code the Newspaper Society pledged that its members would be describing the local problems faced in their submissions to the consultation.

39. Of all the responses to the consultation from news organisations (as classified by the Department), only half a dozen (out of more than 75) independent newspapers had provided specific business data in their response to demonstrate loss of advertising revenue or audience reach as a consequence of competition from a local authority periodical. Moreover, of these, three originated from different parts of the same media publisher.

40. During oral evidence, therefore, we pressed the Newspaper Society to provide more evidence in support of its claims relating to unfair competition and hard data to show that loss of advertising revenue has not just been symptomatic of the recession and other trends in publishing such as those mentioned by the Chief Executive of the OFT.

41. On both these points the Newspaper Society appeared to us evasive. Firstly it confirmed only that the worst year of local paper closures was 2009 (consistent with the height of the recession). Next it admitted that in 2010 the sector has seen more launches than closures. Then it mentioned that the consultancy that previously warned that half of the industry's titles would close down in five years' time (Enders Analysis) "has now publicly retracted that forecast, saying that it was unduly pessimistic" and told us that "we need to put things slightly in perspective in terms of the so-called decline".⁴⁷

42. As media commentator and Professor of Journalism at City University Roy Greenslade confirmed to us after this exchange, "to be absolutely frank about it, there is no data" to confirm or refute whether local authority publications are competing with the traditional independent press for scarce advertising revenues and, if so, to what degree.⁴⁸ Referring to *East End Life*, published by the London Borough of Tower Hamlets (one of the few titles for which there is concrete data to show a council publication depressing the sales and revenue of a thriving commercial paper, the East London Advertiser), he suggested that

[...] what has really concerned The Newspaper Society and the commercial sector is that it represents the thin end of the wedge. If we allow *East End Life* to stand and do what it does, it will be emulated elsewhere; at least at the moment by fortnightlies but maybe by weeklies in future [...] The main problem here appears to be about six or seven publications of which *East End Life* is the leader. It is that that concerns the industry so much. Around the rest of the country, it is not at all as prevalent.⁴⁹

45 *Ibid*, Q387.

46 Q62 Lynne Anderson

47 Q49 Lynne Anderson

48 Q51

49 Q45

The concern of The Newspaper Society is not just the (relatively small) number of local authorities which currently publish frequent newspapers, but that if no action is taken then other local authorities will follow this lead.

Production contracts for local authority publicity

43. The production of local authority newssheets arguably supports the local newspaper industry, inasmuch as that industry is well-placed to compete for contracts for the printing and distribution of local authority material. The manufacturing division of Trinity Mirror, for example, has a large contract to print a significant number of council publications in Greater London.⁵⁰ When asked how many of the newspapers published by councils are currently printed by its members, the Newspaper Society said it did not have the figures.⁵¹ The Society, however, chose to stress that “the strength of feeling in the industry towards these competing publications is such that they would be willing to forgo that revenue from frequent publications, because the fundamental principle at stake here is that local authorities should not compete with independent local papers”.⁵²

Conclusion

44. **Very scant evidence has been presented to this inquiry, and to previous inquiries, which would sustain the claim that local authority publications have contributed significantly to the decline of local newspaper advertising revenues or sales. There do appear to be isolated examples of where there may be a local relationship between the development of a local authority publication and the decline of a commercial publication, but these examples are extremely limited. There is no evidence of a widespread problem of unfair competition on this basis.**

45. **However, there is a clear concern that some local authorities are using council taxpayers’ money to promote their local politicians or policies. While there is clearly a case for individual politicians and parties to state their position on particular issues, this should be at their own expense. It is appropriate that the proposed Code should prevent such activities being undertaken at taxpayers’ expense.**

50 Q58 Simon Edgely

51 Q70

52 Qq 69, 70.

4 Issues raised by provisions in the Code

Localism

46. No witness to this inquiry criticised the seven core principles set out in the revised code; indeed most were actively supportive of them. Such principles are well established in current best practice and feature strongly in the professional codes of conduct operated by both the National Union of Journalist (for journalists) and the Chartered Institute of Public Relations for (other) professionals working in public sector PR.

47. Nonetheless, every witness to this inquiry representing local government—both principal authorities and lower tiers—argued that certain provisions in the revised code undermine and run counter to the localism agenda. Cllr Richard Kemp, speaking for the Local Government Association, argued, “It is surely hypocritical for a Government to say that its priorities are localism, localism, localism, and then try to define in a whole number of ways, including this one, precisely how we should carry out our business”.⁵³ Hackney Mayor Jules Pipe, representing London Councils, made the same point in more forthright terms: “Local council publications have been described as town hall Pravdas, but in scope this diktat [the proposed code] is worthy of North Korea.”⁵⁴ Meanwhile John Findlay, Chief Executive of the National Association of Local Councils, suggesting that the scope of the proposed code of practice “is very much aimed at principal authorities” rather than parish or town councils, warned that the Government “would need to ensure that the localism and big society agenda is not constrained in any way by these proposals.”⁵⁵

48. The Minister for Local Government, Grant Shapps, clearly disagreed, suggesting that “perhaps most people misunderstand what is meant by localism. It does not mean, for example, that Government simply ignores what is going on and turns a blind eye to reality on the ground; it actually means that the Government puts in place a framework to make sure that localism can flourish”.⁵⁶ He continued, “One of the ways we need to do that in this particular instance is ensure that local democracy itself—freedom of speech and the ability of local publications to produce what they see as the truth about local services—is not snuffed out by state-sponsored so-called journalism. It is very important that as Ministers we take seriously the responsibility to set the framework and put in place something that enables local authorities to communicate perfectly reasonably but, at the same time, does not enable them to compete with publications that presumably present a much fairer and more balanced profile of what is going on in the community”.⁵⁷

49. Echoing numerous other responses to the consultation, the LGA stressed that “Most councillors have a major desire to communicate effectively with our constituents in our wards, our neighbourhoods and across the council area as a whole”, and will do this using a

53 Q3 Richard Kemp for LGA.

54 Q4 Jules Pipe for London Councils.

55 Q4 John Findlay for NALC.

56 Q80

57 *Ibid.*

wide range of methods or media including their own news publications, especially when they need to reach all parts of their local community.⁵⁸

50. All three representative bodies (the LGA, London Councils, and NALC) presented evidence that local authority publications fulfil a role disseminating information that traditional newspapers do not perform. No evidence was presented to us indicating that local residents *dislike* local authority newspapers. The LGA's Richard Kemp argued that recent government research (commissioned by a Home Office working group of which the LGA was a member) indicates that the most cost effective way for local authorities to communicate with people remains that of opting to "put a message on a piece of paper and stick it through someone's letter box".⁵⁹

51. In January 2010 the Audit Commission concluded that "commercial newspapers remain the most important source of information about the performance of local public services".⁶⁰ A recent Ofcom study of Local and Regional Media in the UK published in September 2009 also concluded that council periodicals continue to be less valued for 'news' in general than other independent sources.⁶¹

52. There is little disagreement, therefore, about the appropriate and separate roles of the local independent press, and of local authorities' own publications. There is, as we have noted, also broad acceptance of the principles which the proposed Code claims to espouse, which should work to support and enhance those roles. As we note above, a typical local authority periodical will include information about the services and activities of the local council and its partners: this is an entirely appropriate use of local taxpayers' money.⁶² It is those periodicals which look and feel like a local paper and contain non-local authority content such as TV listings and small paid-for advertising which the Code, rightly, aims to prevent.⁶³

53. Notwithstanding the Government's avowed commitment to 'localism', **we are satisfied that it is appropriate to produce a Code to regulate the production of local authority publicity. However, we are concerned that some of the changes proposed in the revised Code of Recommended Practice on Local Authority Publicity run counter to 'localist' principles and have potentially negative implications for local democracy.** The question must therefore be whether there is evidence that the concerns which have been raised about the publicity practices of certain local authorities are sufficient to justify the detailed restrictions imposed by the proposed Code—as opposed to the promulgation of some guiding principles.

58 Q3 LGA

59 Q7

60 Letter, 22.01.10 from Stephen Bundred, Chief Executive of the Audit Commission to Rt Hon Stephen Timms MP, Minister for digital Britain.

61 <http://stakeholders.ofcom.org.uk/binaries/research/tv-research/lrmuk.pdf>.

62 Condoc, para 4

63 Condoc, para 6

Frequency

54. Of the four provisions noted in paragraph 31 above, it is the proposal to constrain the frequency of local authority publications to which councils object most seriously.⁶⁴ As responses to the consultation and several witnesses to this inquiry have made plain, the proposal to restrict council newssheets to no more than four issues per year has little if any support at any level of local government.

55. The LGA estimates this restriction will affect around one in five local authorities. It warned that for many first or second tier councils “focus newsletters would be bad value for money if published as infrequently as four times a year,”⁶⁵ and suggested three quarters of authorities who responded to its latest survey of council periodicals believe this constraint will push up costs by forcing them to use more advertising and to print more leaflets for direct mailing to reach every resident.⁶⁶ London Councils went further, arguing that this restriction “suggests that CLG Ministers do not recognise the need or value” of town hall newspapers either to local councils or their local partners—including hospitals, PCTs, police authorities, voluntary groups or community organisations—which also use such publications.⁶⁷ Citing his work as Mayor of Hackney, London Councils chair Jules Pipe told us

I have spent the past five years moving £62 million worth of money from back-room office and efficiency savings into the frontline, improving, changing and expanding services while keeping the council tax frozen. Residents needed to be informed about all those changes to services and that could not be done just once a quarter. Distributing an additional leaflet to houses every time an individual service changed for a particular area would be far too expensive. Local newspapers won’t and can’t be expected to carry that volume of information to local residents.⁶⁸

56. Speaking for parish and town councils, John Findlay of the National Association of Local Councils warned that its members—many of which put out a monthly newsletter—“would not want to see that restricted by a central direction”.⁶⁹ When challenged on this particular point the Minister appeared to backtrack, telling the committee he agreed there was a need “to separate out the parish councils” on the basis that a parish newsletter “does not carry much of what might be described as propaganda”.⁷⁰

57. Mayor Pipe concluded his evidence on this point by telling us, “The question I would ask of the Ministers behind this is: if we abide by all the rest of the points in the code of conduct, why is the restriction on frequency necessary?”. The Minister’s answers to that question relied heavily on the claim that the content of newssheets was “propaganda”:

64 Qq 4, 8.

65 Q5 Richard Kemp for LGA.

66 LGA consultation response.

67 Q4 Jules Pipe for London Councils.

68 Q5

69 Q4 John Findlay for NALC.

70 Q84

[...] four times a year does not seem to me to be terribly restrictive. I would have thought that if a local authority communicated twice, three or even four times a year, in addition to its leaflets that go out with the council tax and the numerous other ways it has to get information out to its citizens, that is not overly restrictive and would enable them to push whatever sensible messages about bin collection they need to get out to residents. [...] Four times a year still feels quite regular if you are a resident and something is stuck through your door. It is enough to be remembered from one moment to the next. As I am sure politicians in this room including myself know, if it is much more than four times a year, you are operating an incredible delivery service. The truth is that too many authorities produce that delivery service off the back of their hard-pressed council taxpayers. We simply cannot carry on having propaganda published on the rates.⁷¹

58. We consider the issue of “propaganda” to be dealt with adequately by the provisions in the proposed Code relating to format and content. The evidence suggests that a local authority’s need to communicate information to residents is commonly satisfied by no more than quarterly publication. We have doubts, however, about the need to specify a maximum frequency of publication within the Code and question whether such a prescription sits well alongside a strong commitment to localism. We would nevertheless expect councils to abide by the principles of cost-effectiveness contained within the Code.

Statutory notices

59. The implications of the frequency restriction contained in the proposed code for the cost of publishing statutory notices provoked a great deal of comment in the responses to the consultation. Local authorities have an obligation to publish notices relating to range of applications (especially those related to planning, licensing law and road closures) in at least one local newspaper that appears no less frequently than once a fortnight. Survey data from the LGA (supplied in its consultation response) suggests that the vast majority of local authorities still currently place most if not all their statutory notices in local newspapers, at considerable cost to the local taxpayer. LGA estimates the councils currently spend around £40m year on statutory planning notices alone, and around £67.85 million (or an average of £181,000 per authority) across the whole sector—a level of spending the LGA points out represents “a significant contribution to the commercial newspaper industry’s turnover”.⁷²

60. Some councils—especially those in urban areas where land use intensity ensures a higher than average number of such notices must be published—opt to place such notices in their own periodical. London Councils stated in its consultation response that this was the rationale commonly cited for local authority publications published more than once a quarter, especially those that are fortnightly. As Hackney’s mayor, Jules Pipe, explained further:

⁷¹ Qq 83, 85.

⁷² LGA consultation response para 11.

The gross cost of putting a year's worth of statutory notices in our local paper according to its rate card—this organisation does not discount its rate card for local authorities, because we have checked—would be £543,000. The gross costs of producing 25 copies of our newspaper this year—I am not trying to do any clever accounting by taking off any income from adverts or anything—is £448,000 [...] Therefore, certainly for us, the value for money argument is absolutely clear: it will cost us several hundred thousand pounds more if this code is implemented as is.⁷³

Later, he made clear that the publication of statutory notices was the main rationale for the frequency of the publication of his authority's paper.⁷⁴

61. Recent Local Government Association research shows that an average council will pay its local newspaper just over £100,000 per year to print public notices which are routinely published online (and circulated in council newsletters).⁷⁵

62. When questioned on this issue, the Minister cited the work of the Audit Commission which found in 2009 that on average only 5% of council periodicals contained statutory notices, and less than 1% outside London.⁷⁶ He failed to draw the conclusion from this, though, that it is a significant issue in London itself. London borough newspapers which appear monthly or more often will usually carry statutory notices. As the Hackney figures show, this provision of the Code has the potential to cost certain local authorities very significant sums of money.

63. As London Councils points out in its consultation response, the placing of statutory notices in the independent press can also raise significant issues of equality and diversity, especially in areas where the independent paper is not read by large parts of the local community. Publication in a local authority newssheet is likely to ensure much greater reach than publication in an independent title which, for commercial reasons, may not be circulated through a whole borough and will therefore fail to reach some parts of the community.

64. The evidence we received suggests that the requirements for the publication of statutory notices are ripe for review. Cllr Kemp told us

If we take a statutory notice placed in the Daily Post in Liverpool, we will do something about a road closure. Frankly, we might as well stand on top of the Pier Head and chuck the money away, because how many of my constituents will see a road closure in the Daily Post or, for that matter, go through the classified ads to see the bit in the Liverpool Echo? We ought to be thinking very differently about how we communicate. The only people who are interested in a very small road closure are those who live in it and the two roads beyond. Why don't we send out a special leaflet to them? Well, we

73 Q5 Jules Pipe for London Councils.

74 Q29

75 LGA response to consultation.

76 Q84

do but we then put in a statutory notice that no one reads. [...] We waste a fortune on things that people do not read.⁷⁷

65. Lynne Anderson, speaking for the Newspaper Society, reminded us that “the reason why both the last Government and the Scottish Parliament in the past year rejected the idea of moving such statutory notices out of printed newspapers and have them just posted on council websites was that members of the public told them that they looked to their local papers for these statutory notices, and it is an important part of the public’s right to know and access information, and not just to have these things hidden away on a council website, where sometimes it might possibly be in a council’s interest to have it hidden from the public gaze.”⁷⁸ Nevertheless both she and her colleague Simon Edgeley, Managing Director of Trinity Mirror Southern, noted that local newspaper groups recognised that more cost-effective solutions to the need to get that information out were available, and were working with local authorities to come up with them.⁷⁹ The Minister also acknowledged the need for reform, conceding that “we will see a change in the way that the statutory notices are handled over a period of time.”⁸⁰ The Secretary of State himself is cited in the introduction to the consultation on the proposed Code as recognising that “over time, commercial newspapers should expect less state advertising as more information is syndicated online for free”.⁸¹

66. We consider it unsatisfactory that local authorities should feel compelled to produce fortnightly newssheets simply to meet the demands of statutory notice requirements. We recommend that the Government review the publication requirements for statutory notices, with a view to making them more cost-effective and better able to take advantage of new means of publication such as the Internet.

77 Qq 16, 19.

78 Q66

79 Q66

80 Q88

81 Condoc, para 3.

5 Lobbyists

67. Apart from the provision relating to the frequency with which local authorities may publish newssheets, the other provision of the proposed Code which has attracted significant adverse comment from local authorities was that relating to lobbyists. Clause 26 of the proposed code seeks to prohibit the use of ‘private specialists, contractors or consultants (“lobbyists”) commissioned with the intention to publish any material designed to influence public officials, MPs, political parties or the Government to take a particular view on any issue’. Clause 27 adds that ‘Local authorities should not incur expenditure to have stands or displays at conferences of political parties to issue publicity designed to influence members of political parties to take a particular view on any issue’.

68. Although recognising the force of the argument that councils should not be asking third parties to speak to Ministers for them, the local authority representative organisations described the provision on lobbyists as unnecessary and inappropriate. The LGA’s response to the consultation said:

Clearly it would be inappropriate for councils to spend money on lobbyists when their in-house communications staff could do a similar job, and all authorities should demonstrate that the use of external providers passes a value for money test. Bringing in expertise to work on a specific project—e.g. to campaign for local transport improvements—can result in significant economic benefits for an area, and is often cheaper than employing staff directly.

London Councils’ response, after noting the requirement to publish all items of expenditure over £500 online, commented

[...] local authorities and the communities they represent often have a direct interest in informing the development of national policy-making, and ensuring the workability of parliamentary legislation. There are therefore certain occasions when it is entirely appropriate for councils to inform their dialogue with government and other decision makers, and we do not believe that councils should be prevented from hiring external expertise or resources to support this work. The Department would not seek to ban local authorities from contracting out cleaning or catering services to the private sector if this were demonstrably more cost-effective for residents; it is unclear why such a distinction should be made for services which communicate policy. Indeed, for some councils these services would arguably be better suited to external contract, given their close correlation to time-defined political cycles.

69. The Minister’s argument in response to our questioning on this issue essentially rested on two points: first, approaching Ministers through lobbyists was ineffective, if not actively counterproductive; and second, without central intervention there was a risk of an “arms race” where if one authority hired specialists to promote its case for, for example, inward investment or regeneration expenditure, others would feel compelled to do likewise.⁸² He also argued that expenditure on lobbyists had “got out of control”, suggesting that the

82 Qq 119–134.

amount of money being spent on lobbyists had “grown very dramatically”.⁸³ This contrasted with the view of Cllr Kemp, representing the Local Government Association, that “this is not done very often [...] We can see from the Government’s own figures [...] that this is another sledgehammer to crack a nut.”⁸⁴

70. John Findlay for the NALC questioned whether the use of lobbyists should be addressed at all in a code about local authority publicity, suggesting that “it might be better addressed in a separate setting”.⁸⁵ Cllr Kemp, answering the same point, described the code as “not [...] coherent” and “cobbled together”.

71. The Secretary of State felt it necessary specifically to justify the inclusion of this provision in the code in the introduction to the consultation document. The Code is being promulgated under section 4 of the Local Government Act 1986, which grants power to do so in the following terms:

The Secretary of State may issue one or more codes of recommended practice as regards the content, style, distribution and cost of local authority publicity, and such other related matters as he thinks appropriate, for the guidance of local authorities in determining whether to incur expenditure on publicity.

“Publicity” is defined as “any communication, in whatever form, addressed to the public at large or to a section of the public” (section 6(4)). The consultation document says

The provision relating to the prohibition on the use of lobbyists appears in the proposed Code as a consideration that the use of lobbyists is related to the use of publicity, in that it is one of the methods by which authorities might spend taxpayers’ money to influence people one way or another in relation to political issues. It is therefore within the general ambit of the code of practice.⁸⁶

We find this argument unconvincing.

72. Similarly unconvincing were the Minister’s answers when pressed on what constituted a “lobbyist”. Small local authorities in particular may on occasion need to buy in information and advice about complicated issues on which they need to engage with Government. This provision of the Code would appear to risk preventing them from doing so, because it is not clear what is and is not caught by the terms ‘private specialists, contractors or consultants’. The Minister argued that “this is like having a conversation about the difference between a doctor and dentist. Everyone understands the difference between them.”⁸⁷ We are not, however, convinced that the distinction is so easily drawn. Any specialist brought in by a local authority to advise on a particular technical issue might be invited by that authority to produce material ‘designed to influence public officials, MPs, political parties or the Government to take a particular view’ on the issue concerned;

83 Q123

84 Q30

85 Q33

86 Condoc, para 12.

87 Q134

and we do not consider that it would necessarily be poor value for money for them to do so.

73. We are persuaded that the issue of the use of public money on political lobbying is an important one which central government needs to address. However, we are not persuaded that a code of practice on local authority publicity is the correct tool by which to apply constraints upon such activity. It is far from clear that the powers under which the Secretary of State may promulgate the code are sufficient to bring this issue within its remit; such a measure may therefore prove ineffective.

74. Nonetheless, we agree with the Minister that the hiring of political lobbyists by local authority to contact Ministers and Members of Parliament is a waste of public money. We recommend that different arrangements be made to address the use of political lobbyists by local authorities in a manner that employs the new register of political lobbyists created by the UK Public Affairs Council (UKPAC) in response to the recommendations made by the Public Administration Select Committee in the last Parliament.⁸⁸

75. We recommend that the Government work with representative organisations for all tiers of local government, with UKPAC and with the Chartered Institute of Public Relations Local Public Services Group to develop a Code of Practice for local authorities on the use of lobbyists. Such a Code should ensure close adherence to best practice and detailed attention to cost effectiveness by all councils.

76. We also consider that any future code of practice addressing the use of ‘lobbyists’ will need to clarify more precisely than current proposals where the use of consultants to give appropriate short term expert advice (or the employment of short term contractors to fill key technical or professional vacancies) will remain a legitimate course of action for a local authority. This code should also specify that the cost of hiring any such expertise be published, clearly identified, so that councillors and local electors can make a clear choice about whether such expenditure represents good value for money.

⁸⁸ <http://www.cipr.co.uk/content/news-opinion/press-releases/5845/ukpac-register-of-lobbyists-now-open>.

6 Conclusions

77. We are satisfied that there is merit in producing a new code of practice on local authority publications. However, some of the changes proposed in the revised Code of Recommended Practice on Local Authority Publicity are insufficiently supported by the evidence, and this has resulted in the production of a code which is inconsistent with the Government's declared commitment to localism. Its effect would be to deprive local authorities of the freedom to decide for themselves how to employ cost-effective publicity within a coherent communications strategy to inform residents about services and to engage stakeholders in challenging decision making.

78. The Newspaper Society appears to have persuaded the Secretary of State that a small number of local authority 'Pravdas' competing with a local commercial newspaper for advertising heralds some kind of seismic shift that poses a significant threat to the commercial survival of their industry. As this inquiry has found, solid evidence about the scale of this impact in support of this assertion remains scant and offers insufficient justification for the constraints on local authorities proposed in the replacement code. Nonetheless, there is concern that if no action is taken then other local authorities will follow the lead taken by the relatively few councils which currently publish frequent newspapers.

79. Council newssheets are not the most significant cause of the decline in the local independent press and do not represent the sort of threat to free speech implied by the use of terms such as "local authority Pravdas". We accept that, as our colleagues on the Culture, Media and Sport Committee found in their inquiry of last Session, there has been some abuse by a small number of local authorities producing publications which effectively pose as, and compete with, local commercial newspapers. The provisions of the proposed Code which seek to regulate the content and appearance of such publications will, if strictly enforced, in our judgement be adequate to address these isolated examples.

80. If the Secretary of State continues to believe that publication of any local authority newssheet more frequently than quarterly poses a significant threat to the local press, a much stronger evidence base is required to justify the inclusion of any such restriction in the proposed Code. Although the evidence suggests that a quarterly, or less frequent, publication will usually be sufficient to meet a local authority's need to communicate with residents, we doubt that it is necessary to specify a maximum frequency of publication within the Code. Before setting any replacement for the existing codes before Parliament, we recommend that the Secretary of State follow through a recommendation made by the Culture, Media and Sport Committee in the last Parliament. That is, that he commission an independent review to assess competition in the local media market and quantify the impact of council publications on commercial entities operating in their locale.⁸⁹

81. When a new Code is in place it will be important to monitor its effectiveness in stamping out the worst excesses of "propaganda on the rates". We recognise that it is

⁸⁹ HC (2009–10) 43, para 75.

important to evaluate over time whether the provisions in the code relating to content and appearance will prove sufficient to stem the creeping increase in the appearance of weekly or fortnightly 'Pravdas'. It remains open to Ministers to bring forward a revision to the code at a future date if the problem escalates and/or stronger quantified evidence suggests the issues of local competition are intensifying.

82. In the meantime, elected representatives or any commercial newspaper concerned about a local authority 'Pravda' should pursue a more assertive enforcement strategy, employing methods available under the current codes, if they believe it essential to rein back the activities of any council currently publishing publicity material of a kind they believe may fall outside the requirements of the existing codes.

83. At the same time, the local newspaper industry should be encouraged to continue to strengthen their local presence, to improve what they offer local communities through their independent scrutiny and reporting of local government.

Lobbyists

84. We agree with the Minister that hiring lobbyists in order to contact Ministers is not an appropriate use of council funds. We believe however that if hiring a lobbyist is as ineffective as the Minister claims, then local authorities will soon learn that lesson for themselves and stop doing so.

85. We are not persuaded that a code of practice on publicity is the right place in which to address this issue. There is also scope for damaging confusion about what does and does not constitute a "lobbyist" under the Code. **To prevent the excesses described by the Minister whilst allowing sufficient freedom to local authorities to hire in relevant specialist expertise when necessary, we suggest a better approach would entail work by the Government with representative organisations for all tiers of local government, with UKPAC and with the Chartered Institute of Public Relations Local Public Services Group to develop a new code of practice to more tightly govern the use of lobbyists by councils.**

Conclusions and recommendations

Unfair competition?

1. Very scant evidence has been presented to this inquiry, and to previous inquiries, which would sustain the claim that local authority publications have contributed significantly to the decline of local newspaper advertising revenues or sales. There do appear to be isolated examples of where there may be a local relationship between the development of a local authority publication and the decline of a commercial publication, but these examples are extremely limited. There is no evidence of a widespread problem of unfair competition on this basis. (Paragraph 44)
2. However, there is a clear concern that some local authorities are using council taxpayers' money to promote their local politicians or policies. While there is clearly a case for individual politicians and parties to state their position on particular issues, this should be at their own expense. It is appropriate that the proposed Code should prevent such activities being undertaken at taxpayers' expense. (Paragraph 45)

Localism

3. We are satisfied that it is appropriate to produce a Code to regulate the production of local authority publicity. However, we are concerned that some of the changes proposed in the revised Code of Recommended Practice on Local Authority Publicity run counter to 'localist' principles and have potentially negative implications for local democracy. (Paragraph 53)

Frequency

4. We consider the issue of "propaganda" to be dealt with adequately by the provisions in the proposed Code relating to format and content. The evidence suggests that a local authority's need to communicate information to residents is commonly satisfied by no more than quarterly publication. We have doubts, however, about the need to specify a maximum frequency of publication within the Code and question whether such a prescription sits well alongside a strong commitment to localism. We would nevertheless expect councils to abide by the principles of cost-effectiveness contained within the Code. (Paragraph 58)

Statutory notices

5. We consider it unsatisfactory that local authorities should feel compelled to produce fortnightly newssheets simply to meet the demands of statutory notice requirements. We recommend that the Government review the publication requirements for statutory notices, with a view to making them more cost-effective and better able to take advantage of new means of publication such as the Internet. (Paragraph 66)

Lobbying

6. We are persuaded that the issue of the use of public money on political lobbying is an important one which central government needs to address. However, we are not persuaded that a code of practice on local authority publicity is the correct tool by which to apply constraints upon such activity. It is far from clear that the powers under which the Secretary of State may promulgate the code are sufficient to bring this issue within its remit; such a measure may therefore prove ineffective. (Paragraph 73)
7. Nonetheless, we agree with the Minister that the hiring of political lobbyists by local authority to contact Ministers and Members of Parliament is a waste of public money (Paragraph 74)
8. We recommend that the Government work with representative organisations for all tiers of local government, with UKPAC and with the Chartered Institute of Public Relations Local Public Services Group to develop a Code of Practice for local authorities on the use of lobbyists. Such a Code should ensure close adherence to best practice and detailed attention to cost effectiveness by all councils. (Paragraph 75)
9. We also consider that any future code of practice addressing the use of 'lobbyists' will need to clarify more precisely than current proposals where the use of consultants to give appropriate short term expert advice (or the employment of short term contractors to fill key technical or professional vacancies) will remain a legitimate course of action for a local authority. This code should also specify that the cost of hiring any such expertise be published, clearly identified, so that councillors and local electors can make a clear choice about whether such expenditure represents good value for money. (Paragraph 76)

Conclusions

10. If the Secretary of State continues to believe that publication of any local authority newssheet more frequently than quarterly poses a significant threat to the local press, a much stronger evidence base is required to justify the inclusion of any such restriction in the proposed Code. Although the evidence suggests that a quarterly, or less frequent, publication will usually be sufficient to meet a local authority's need to communicate with residents, we doubt that it is necessary to specify a maximum frequency of publication within the Code. Before setting any replacement for the existing codes before Parliament, we recommend that the Secretary of State follow through a recommendation made by the Culture, Media and Sport Committee in the last Parliament. That is, that he commission an independent review to assess competition in the local media market and quantify the impact of council publications on commercial entities operating in their locale. (Paragraph 80)
11. To prevent the excesses described by the Minister whilst allowing sufficient freedom to local authorities to hire in relevant specialist expertise when necessary, we suggest a better approach would entail work by the Government with representative organisations for all tiers of local government, with UKPAC and with the Chartered

Institute of Public Relations Local Public Services Group to develop a new code of practice to more tightly govern the use of lobbyists by councils. (Paragraph 85)

Formal minutes

Members present:

Mr Clive Betts, in the Chair

Ms Heidi Alexander
Mr Bob Blackman
Mr Mike Freer
Mr David Heyes

Mr George Hollingbery
Mr James Morris
Mr Mark Pawsey

Draft Report (*Proposed Code of Practice on Local Authority Publicity*), proposed by the Chair, brought up and read.

Ordered, That the Report be read a second time, paragraph by paragraph.

Paragraphs 1 to 85 read and agreed to.

Summary agreed to.

Resolved, That the Report be the First Report of the Committee to the House.

Ordered, That the Chair make the Report to the House.

Ordered, That embargoed copies of the Report be made available, in accordance with the provisions of Standing Order No. 134.

Written evidence was ordered to be reported to the House for printing with the Report.

[Adjourned till Monday 7 February at 4.00 pm]

Witnesses

Monday 6 December 2010

Page

Richard Kemp, Vice-Chair, Local Government Association, **Jules Pipe**, Mayor of Hackney, Chair, London Councils, and **John Findlay**, Chief Executive, National Association of Local Councils Ev 1

Roy Greenslade, Professor of Journalism, City University, London, and media commentator, **Jeremy Dear**, General Secretary, National Union of Journalists, **Simon Edgley**, Managing Director, Trinity Mirror Southern, and **Lynne Anderson**, Communications Director, The Newspaper Society Ev 8

Rt Hon Grant Shapps MP, Minister for Local Government, Department for Communities and Local Government Ev 15

List of printed written evidence

- 1 Department for Communities and Local Government (LAP 01)

List of unprinted evidence

The Communities and Local Government Committee did not invite written evidence to this short inquiry, as it was able to review the submissions made to the Department for Communities and Local Government in response to its consultation paper. Copies are held by the Department, to which requests for inspection should be addressed, at Department for Communities and Local Government, Corporate Governance Division, Zone 6/G10 Eland House, Bressenden Place, London, SW1E 5DU (tel. 0303 444 0000; www.communities.gov.uk).

Written Evidence

Department for Communities and Local Government

When I appeared before the Communities and Local Government Select Committee on 6 December to give evidence about the Code of Recommended Practice on Local Authority Publicity (the 'Publicity Code') I promised to write to you with further details about the costs of producing 'Greenwich Time', lobbyists activity I had experienced and the timetable for the introduction of the Publicity Code.

I am still collating the information on the approaches I have had from lobbyists and will write with details of this as soon as practicable.

In a detailed survey into town hall newspapers, Andrew Gilligan noted: "Greenwich Time has a total gross cost of £708,000 a year, with at least £532,000 of that borne by the public purse" (Evening Standard, 27 July 2009). Greenwich Council's response to the Department's consultation on the Publicity Code did include a section on costs, which stated that 'The Council has worked hard to produce GT at the best possible price since it was first developed' but did not actually give the cost of producing the newspaper".

You asked about the timetable for the introduction of the Publicity Code. We are aiming to lay the Code by early January. If your Committee were able to report by the middle of that month, I imagine this would enable Parliament to consider your findings ahead of the debates on the Code.

*Rt Hon Grant Shapps MP
Minister for Local Government
December 2010*

List of Reports from the Committee during the current Parliament

The reference number of the Government’s response to each Report is printed in brackets after the HC printing number.

Session 2010–11

First Report	Local Authority Publications	HC 666
First Special Report	Beyond Decent Homes: Government Response to the Fourth Report from the Committee, Session 2009-10	HC 746

Oral evidence

Taken before the Communities and Local Government Committee

on Monday 6 December 2010

Members present:

Mr Clive Betts (Chair)

Bob Blackman
Simon Danczuk
Clive Efford
Mike Freer

Stephen Gilbert
David Heyes
Mark Pawsey

Examination of Witnesses

Witnesses: **Richard Kemp**, Vice-Chair, Local Government Association, **Jules Pipe**, Mayor of Hackney, Chair, London Councils, and **John Findlay**, Chief Executive, National Association of Local Councils, gave evidence.

Q1 Chair: Good afternoon. We will make a start on this one-session inquiry into the code of recommended practice on local authority publicity. For the sake of our records, please say who you are and the organisations that you represent.

Jules Pipe: My name is Jules Pipe and I am the directly elected Mayor of Hackney and also Chair of London Councils. Before I became Mayor of Hackney, I started my career in local newspapers and ended it in newspapers as a production journalist on two national broadsheet newspapers.

Richard Kemp: I am Councillor Richard Kemp from Liverpool and I am Vice-Chair of the Local Government Association.

John Findlay: I am John Findlay, Chief Executive of the National Association of Local Councils, which represents the 8,500 parish and town councils in England.

Q2 Chair: You are most welcome. I understand that Councillor Gerald Vernon-Jackson, Deputy Chair of the LGA, was due to be here but he has sustained an injury.

Richard Kemp: He has a trapped nerve. I thought he had nerves of steel but apparently not.

Q3 Chair: Richard, you are here in his place. Let me start off with a very difficult question. Do you think that the code as currently drafted, which will require local authorities to behave in certain ways with regard to their publicity, goes somewhat against the Government's localist agenda?

Richard Kemp: How do I follow such an introduction, Chair? It would be almost exactly the same as I would have said myself. It is surely hypocritical for a Government to say that its priorities are localism, localism, localism, and then try to define in a whole number of ways, including this one, precisely how we should carry out our business. Most councillors have a major desire to communicate effectively with our constituents in our wards, our neighbourhoods and across the council area as a whole. We do that on radio and television; we email; we have websites; we blog, as do our councils. We even tweet sometimes. Of course, we use the local press. We all have a symbiotic relationship with our local press, but the latter does

not reach all the parts we need to reach as a local authority. Therefore, sometimes we do things ourselves.

Q4 Chair: If you are all in agreement you do not have to add anything.

Jules Pipe: I am in absolute agreement. Local council publications have been described as town hall Pravdas, but in scope this diktat is worthy of North Korea. Essentially, I think everyone can agree with much of the code. There is one key sentence in it that is most objectionable and is quite North Korean in scope. I refer to the sentence in the middle of paragraph 28 that dictates that councils can only communicate on a large scale with its residents four times a year. That is the key problem for councils. That one sentence suggests that CLG Ministers do not recognise the need or value of local councils and their partners, hospitals, PCTs and voluntary and community sector organisations, which also use the same publications. It is clear that those Ministers do not value or recognise the need or necessity of that communication.

John Findlay: I would broadly agree, although I qualify it slightly by saying that we very much support the principles set out in the code. Nobody could really question them. I think the problem arises in terms of application and scope. To be absolutely honest, I think the scope of the proposal is very much aimed at principal authorities. We as parish and town councils in particular have a problem with the application of some of its provisions to our sector. I certainly agree that we need to ensure that the localism and big society agenda is carried forward and is not constrained in any way by these proposals. I am worried to some extent that the proposals could restrict on a practical level the achievement of the big society agenda particularly on relatively minor things about the frequency of publication. Many of our councils put out a monthly newsletter. Some do it more often; they may do a weekly website as a piece of information. We would not want to see that restricted by a central direction.

Q5 Stephen Gilbert: We have begun to touch on something that I would like to explore a little further.

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You say that many local authorities put out publications maybe once a month and in some cases more than that. The proposal in the code is that that goes down to four times a year. Can you explain why you do not feel that quarterly communication would be sufficient to keep your electorates informed?

Jules Pipe: There are two very good reasons. One is the need to communicate and the second one is value for money. If the Committee bears with me for just a moment, I would like to read a couple of sentences that I think encapsulate the need to communicate. It quotes Matthew Engel, who wrote recently in the *Financial Times*. He in turn quoted Peregrine Worsthorne. Peregrine Worsthorne once posed the question: "Which part of a newspaper was more truthful: the news stories or the adverts?" He answered his own question by saying: "In adverts for airlines, planes always land safely; in news stories they crash. Adverts show happy families sitting round the fire; in news stories the house burns down. Most planes do not crash; most houses do not burn down, ergo adverts are more accurate."

There is something relevant there to local authority publications. In local papers generally libraries only shut, nurseries are only under threat and bins go unemptied, but the reality is that services open, expand and change all the time. Libraries open; nurseries introduce new services; bin rounds change as more is collected through recycling. I have spent the past five years moving £62 million worth of money from back-room office and efficiency savings into the frontline, improving, changing and expanding services while keeping the council tax frozen for five years. Residents needed to be informed about all those changes to services and that could not be done just once a quarter. Distributing an additional leaflet to houses every time an individual service changed for a particular area would be far too expensive. Local newspapers won't and can't be expected to carry that volume of information to local residents. My local newspaper, which is no longer based in the borough—it is two local authorities away in distance out in Essex—now sells only 8,000 copies a week. They do not even qualify for ABC (Audit Bureau of Circulation) audited circulation, and that compares with the 100,000 copies that we publish.

I think there is something relevant in that to the Government's agenda as well because the big society was mentioned. All sorts of Governments, Labour, Tory or coalition, always want to use local Government as an administrative arm for delivering their agenda. Whether by exhortation or by nudging, they want to get their message out. Therefore, when Andrew Lansley wants to do something on obesity or anti-smoking—all those kinds of things—it will be done through the local NHS. Those messages get out through local authority publications, not via the local press.

I have one other quick point on value for money. We are one of the authorities that puts its statutory notices in its own newspaper. I have brought copies of one for the Committee. The gross cost of putting a year's worth of statutory notices in our local paper according to its rate card—this organisation does not discount its rate card for local authorities, because we have

checked—would be £543,000. The gross costs of producing 25 copies of our newspaper this year—I am not trying to do any clever accounting by taking off any income from adverts or anything—is £448,000. Therefore, if we are forced to abandon our approach—you have to publish every two weeks for it to qualify under the law to be able to run statutory notices—we will have to find several hundred thousand pounds' worth of additional savings from other services so we can pay the local newspaper to carry those rather than publish them in our own newspaper. Therefore, certainly for us, the value for money argument is absolutely clear: it will cost us several hundred thousand pounds more if this code is implemented as is.

Richard Kemp: I would add a couple of things to that. First, we have to listen to what our constituents say. Probably what your constituents say as well is, "We don't know what's going on. You don't inform us enough. Why don't you tell us what you're doing?" We try to do that in a whole variety of ways, but the fact is that even the free news-sheets do not go out to more than a third of my city. If we are not telling people, no one will tell them; certainly people do not read the local papers more.

Second, if you want to establish a title and an understanding by local people that that is something to read, you do it regularly enough so that they recognise it and want to read it. You will do this, Steve, with something called a Focus newsletter. Labour have Labour Rose; I cannot remember what the Conservatives used. But we use consistent messaging so that people say, "Oh, that's the stuff about local news for my ward." If that were done four times a year, no one would recognise it, so there would be no continuity and it would be bad value for money, in addition to the reasons Jules has given you.

John Findlay: I suspect our context is slightly different because we are much smaller and very local. Our task is to get the message out, as my colleagues say, to all our constituents, but we are talking here of neighbourhoods, villages, small towns, medium-sized market towns and so on. It is therefore much easier for us to get the message out to local people at very low cost, so we do not face quite the same problems. I am sure we provide value for money.

If you talk to people on the street about their perception, what they like and what interests them is what is local. Even someone like me who takes a great interest in these things will read things at county or district level with interest, but I know that most of the people where I live want to know what is happening in their locality—who has made an application for a supermarket in a particular area and so on? These things will be covered by my colleagues. But the most important thing is to make sure that what do informs and engages, and that is best done at the most local level.

Q6 Stephen Gilbert: I have two quick follow-ons, one specifically to Mr Pipe. Accepting your point that the truth in a newspaper is somewhere between the editorial and the advertising, if I flicked through *Hackney Today* I am not sure I would find one story that is critical of the borough. It might give the

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impression that nobody has ever made a complaint to Hackney Council and all services are working fine. Do you think that reflects the reality of residents' lives in Hackney?

Jules Pipe: It is not meant to be reflective of the generality of life in Hackney; that is the job of the local newspaper and the many websites and blogsites that there are. There are numerous magazines in Hackney, such as *N16*, which is distributed free throughout just for the Stoke Newington area. There are many websites and blogsites that are independent and therefore critical of the things that the council does. Therefore, there are all these other avenues. If we try to pass that off as an independent publication—because it clearly says on the front “Produced by the Council”—we would have a hard job convincing anyone. If we added a few critical letters that would not do the job either, because it would not have any credibility. Therefore, it does not pretend to be an independent publication.

Q7 Stephen Gilbert: My point is that it is no more an accurate reflection than the advertising/editorial balance that you talked about earlier. To move on, you talked about the other available avenues. You referred to blogs and websites in Hackney and obviously local newspapers as well. In this day and age, why aren't websites sufficient to promote these kinds of services and engage with people in a much more cost-effective way?

Jules Pipe: I put this directly to the Secretary of State, because it would take away 50% of the argument that I am making today. The rest of the argument about the need to communicate still stands, but the financial argument would be removed at a stroke. I put this to the Secretary of State, but he thought there needed to be a period of grace to allow local newspapers to adjust because it is inevitable that, if we did have to put this information on a website alone, no council would pay its local newspaper the hundreds of thousands of pounds it would cost to publish it. I would agree with your point.

Richard Kemp: I suspect that in 10 years' time this might be a very different argument. There are still lots of old people like me around who like to read a newspaper. I do blog and go on the website, but I like to pick up a paper and read it. Interestingly enough, last year I was a member of a Home Office working group that commissioned some research on the most effective way to communicate with people. Louise Casey announced it to all and sundry. The best thing to do, apparently, is to put it on a piece of paper and stick it through someone's letterbox. I thought, “Well, that's my last 42 years vindicated, isn't it?” That is the Government's own research; that is how you communicate in the most cost-effective way.

Jules Pipe: And there is a huge digital divide in communities like my own that would mean that is the most effective way to communicate.

John Findlay: There is also the simple human reaction: to go onto a website to look at something requires a proactive step on the part of the individual, whereas if something comes through the door, we all pick it up and have a quick look at it, even if not for very long. Clearly, website access and so on will

develop further. We are particularly interested in some of the ideas that have been developing, for example Rory Stewart's idea about having local community TV, so that when you switch on your TV to watch your favourite programme there is also immediate access to what is going on in your neighbourhood, village or town. That is something you can quickly look at. You might catch the news headlines before you go to the main programme. That may be a longer way forward. The problem with the proposals before us is that they are not broad enough to address those sorts of issues.

Q8 Clive Efford: How do the rules on content and frequency contained in the code affect the cost-effectiveness of your publications?

Jules Pipe: It wouldn't at all other than in terms of the frequency. We need the fortnightly frequency to be able to carry the statutory notices unless all the laws related to planning are changed. But we do not do sports reports, TV listings or have property or motoring sections; we do not take classified adverts, paid for advertorials, or four-page wrap-arounds around the outside of things. We do not do any of that. Our advertising space is more expensive than that of a local newspaper. To go back to your question about commercial competition with local newspapers, I do not see us being in competition with them at all. Some local authority publications do cross that line and that is a matter for them to justify, but sitting here I do not seek to justify that. I am sitting here trying to justify a publication that tries to get information across to residents. I come back to an earlier point. Yes, it does not say “on the one hand or on the other”, but there are other people saying “the other”. We are saying just what the council does and what it offers, and also what is offered by our partners: the voluntary sector; health; police and the rest.

Richard Kemp: We have a regular need to communicate. Increasingly, that will make us do even more “advertising” in our community. For example, a Bill was published last week that gives us more power over licensing, which means we have to communicate with people more regularly. The Decentralisation and Localism Bill means we will have to communicate more regularly over planning issues. If we do not have regular budgeted newsletters that are cost-effective in terms of delivery and production, we will spend a lot more money on irregular communications, which will cost more to print and organise than a regular stream of productions in which we can deal with the big issues and can simply localise to meet the needs of neighbourhoods, communities and wards. This will cost local councils money in a variety of ways.

Q9 Clive Efford: You say that your advertising space is more expensive than that of commercial newspapers. Is that a matter of choice? What forces that price?

Jules Pipe: It is just the price that people are willing to pay for the greater coverage. I can give a good example. In the copy that I handed around there is a half-page advert from the local community college. It will become one of the new university technical colleges. Its deputy head of marketing says: “We like

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to advertise our adult courses in *Hackney Today* as we get a good response rate, better than when we advertised those same ASL courses in the *Hackney Gazette*. The fact that it does go door to door means that people are more likely to browse through it and, therefore, see the adverts, whereas people who purposely pay for the newspaper tend to focus on the news side.” That is the person who wants to place the ads, who is willing to pay the £807 for a half-page as opposed to the *Hackney Gazette* cost, which was £475. In fact, they do both; they put that advert in both the *Hackney Gazette* and *Hackney Today*, but they feel that the reach to every household is more useful to them as a local community college.

Q10 Clive Efford: Is yours the only freely distributed door-to-door newspaper?

Jules Pipe: It is the only one that covers the whole borough. There are other magazines and newspapers delivered free through doors in the borough, but they do not cover the entire borough.

Q11 Clive Efford: So, the fees you charge are a commercial decision based on coverage?

Jules Pipe: It is what it will bear. The key thing is that often the charge is that local authorities undercut local newspapers with their rates for classified ads, which we do not take, and display ads, and put them out of business. My point is that the charge is almost twice the rate of the local newspaper, so in no way can it be said that we are somehow undercutting or commercially damaging the local newspaper.

Q12 Clive Efford: You said that the cost of statutory notices would be over half a million a year if you were forced to cease publication fortnightly. What other subsidies are there that you are allowed to provide by making savings in producing your own newspaper?

Jules Pipe: Being able to put all the different service changes that I have outlined in one single publication, at a known cost for 36 pages a fortnight, rather than doing it by individual newsletters, means huge savings. I confess I do not have the figures. It would be hard to guesstimate how many newsletters would be required; it would be quite a job in itself to work out every different publication you would have to produce instead of that. It would have to look very much like a leaflet so we did not fall foul of the new code. But I would have thought the cost would run to hundreds of thousands. I believe someone made a rough estimate that it would probably cost about £1 million instead of the £440,000 to do it in a single newspaper.

Q13 Clive Efford: What sort of surveys do you do of local people to determine whether they are happy with it?

Jules Pipe: We do readership surveys once a year. For example, the copy before you has something in it about London and Hackney in bloom. Yes, the council is heavily involved in that, so it is a legitimate story to include in it, but that kind of story also gets added just to make it attractive to read. Obviously, you want to encourage people to read it. We do make sure that

it is an attractive read for people and that is why we do readership surveys rather than just publish it in black and white and make it look something like a copy of *The Times* from the 1890s. One of the key things to come out of those surveys, and also came out in an independently done survey commissioned by Ipsos MORI a couple of years ago, is that people regard this as the main way in which they get their local information. Also key was the fact that in the MORI survey people were asked about their preferred method of receiving information. They listed things like leaflets, local newspapers, the web and everything. A paper produced regularly by the local authority put through the door was far and away the most popular choice, even more than door-to-door leaflets, which surprised me. One might have guessed that a leaflet about an individual subject might be their preference, but it was not; their preference was for a general newspaper.

Q14 Clive Efford: Mr Findlay, how do you believe the content and frequency rules imposed by the code will affect the ability of local authorities to promote and support the expansion of the big society?

John Findlay: For our sector, town and parish councils, it is hugely important. We are already required under the provisions of the quality parish and town council arrangements to make quarterly communication with every household in the area. Many of our councils, in some areas most councils, do it far more frequently than that. It is really important to us. I accept that we are a different kettle of fish from my colleagues here. With the very local, close communities that I am talking about, it is important to have something not quarterly but something monthly, ideally weekly. If it were electronic, you could do a weekly bulletin to every household about what is going on. To repeat what I said before, people are interested in what is happening locally on their patch, whether it is events but also developments. If it is a planning question, we may see more of that in the forthcoming Decentralisation and Localism Bill, but all the things that are happening directly on their patch that affect them personally are terribly important. From our point of view, the most important thing to do is to have very regular contact with communities to explain what is going on. We are different from principal authorities in that respect. I am sure they would like to do some of the things I am talking about, but I am talking about something that is very local indeed and where people would be receptive to having that sort of information. To restrict that to quarterly news would be entirely inappropriate; it really needs to be monthly or, ideally, weekly.

Q15 Mark Pawsey: Perhaps I may return to the point raised earlier by Mr Pipe: the role of statutory notices. The code of conduct currently obliges local authorities to place these in newspapers and will continue to do so. The LGA argued that is about £40 million a year but it seems to me that if £548,000 is spent in Hackney then the national figure must be rather larger than that. Is that obligation an unfair burden on local authorities? Does it contradict localism and the attempts by local Government to get value for money,

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or, realising that the independent press is a useful alternative to the council view that is coming through from your newspapers, is it an effective and useful form of support to local newspapers that they would not otherwise have and might otherwise cause many of them to go out of business?

Jules Pipe: I would answer a simple “yes” to all of your questions apart from the last one, where I would question whether it is appropriate for public money to be used to support private enterprise in that way to keep local newspapers going. I would say, however, that we are in effect helping them to keep going because it is the local newspaper industry that prints our newspaper. We and about seven different local authorities have a contract with the same publisher who owns our local paid-for newspaper. They are the ones receiving the income to print it, but they are not getting the additional revenue for buying the advertising space. There is a help to the industry there, but perhaps not as much as it would like.

I would definitely dispute that such publications are the cause of the demise of local newspapers. If you go back 20 years, the *Hackney Gazette* sold about 20,000 to 22,000 copies. Its decline was at a much faster rate for the first 10 years than it has been in the most immediate 10 years, and the *Hackney Today* in this form has been going for less than 10 years. So, even before this publication, *Hackney Gazette* suffered its worst decline in sales. I think that is because there are alternatives; free things are put through the door; there are many websites and blogs. People choose to get their information in different ways now, and that is what dictates the decline in local and national newspapers. Look at what people are considering, like mini-*Independents* and smaller, more compact newspapers, and the online market for those newspapers. That is what changes things, not the publication of things like our paper.

Q16 Mark Pawsey: And the local newspaper is not currently receiving your statutory notice expenditure?
Jules Pipe: Not in Hackney.

Richard Kemp: But we must also seriously look at what a statutory notice is. If we take a statutory notice placed in the *Daily Post* in Liverpool, we will do something about a road closure. Frankly, we might as well stand on top of the Pier Head and chuck the money away, because how many of my constituents will see a road closure in the *Daily Post* or, for that matter, go through the classified ads to see the bit in the *Liverpool Echo*? We ought to be thinking very differently about how we communicate. The only people who are interested in a very small road closure are those who live in it and the two roads beyond. Why don't we send out a special leaflet to them? Well, we do but we then put in a statutory notice that no one reads.

We have to think about communications and how we do it effectively. This will become particularly important with the big society and the other changes. On the one hand the Government says it wants to communicate more; on the other hand it says it wants us to communicate less, unless it is on its terms. It does not add up. If you look at the other side of it and how much paid advertising from outside these

newspapers have, with one exception, which is the one that produces weekly and has all the inserts to which Jules referred, the whole of our sector attracts £1.2 million worth of advertising. Anyone who seriously suggests that that will stop the decline in local newspapers is living in cloud cuckoo land.

Jules Pipe: To support what Richard has said, the back pages of our paper show the madness of exactly what he was talking about. There are three solid pages of notification of street closures, narrowings, yellow lines and everything that we are obliged by law to put in. No one is really interested in those. There are people who by postcode will check what is going on in planning to see what is happening locally. Also key is the one on licensing when people want to know what licences are coming up for review. I know many people who actively look for those, but not the three pages of traffic notices about yellow lines and change to timings of CPZs—controlled parking zones.

Q17 Mark Pawsey: How about recruitment advertising? Is all of your recruitment advertising through your own publication, or should you be casting your net wider and using the media?

Jules Pipe: We do.

Q18 Mark Pawsey: And how effective is your own publication in getting to your target audience?

Jules Pipe: There are a few jobs in our paper with the local authority, and sometimes other local providers like the PCT, that are likely to be able to be filled locally, and it would be desirable to fill them locally to encourage local employment, but obviously if it was of significant seniority it would be mad to fish only in the pool of our own borough, so, yes, they all go into the appropriate places. We tend not to do national newspapers but we do the professional journals, for example, that are most likely to be read by senior social workers or whatever.

Richard Kemp: One of the gems of wisdom we got from Mr Pickles earlier this year was that we should not advertise them at all; it should all just be on our website, thus ignoring the fact we need to have a professional reach outside. According to him, everything should go on the website. That would just rule out large numbers of people who do not have access to computers to get jobs with our councils.

John Findlay: I agree that people need to know about planning application lists—whether they are in the local newspaper or wherever—but it is the most dreadful way to do it. I am sure it is right, but nobody actually reads them.

Richard Kemp: Civic societies read them.

John Findlay: Yes, but the population at large don't. People need that information but they must be better ways to deliver that. At the end of the day, this really should not be a debate about what councils are doing and the extent to which it should be restricted. It should be an opportunity to rethink methods of engagement. It is not just about the council reporting things; it is about feedback as well. We need to have mechanisms that provide for dialogue and interchange between the community and their council at whatever level. That is crucially important.

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Q19 Mark Pawsey: So, you are saying that the form of statutory notices needs to be looked at? The principle in many cases is sensible, but it is worded in a way that people do not understand it?

Richard Kemp: We waste a fortune on things that people do not read.

Q20 Mark Pawsey: But nevertheless it is useful, in your view?

Richard Kemp: Some are more useful than others. Again, it is useful to list them in a way that all the civic societies and professional societies get them, but, in terms of informing people down the street, they are probably useless. That comes back to the challenge to the newspaper industry. We engage with the newspaper industry; we all know that we provide them with stories; they provide us with cover. There is a relationship between politicians, councils and local newspapers, but they need to up their game. I talk to councillor after councillor and find that no one from the local paper comes to a full meeting of the council. Perhaps that is because of our lack of oratory, but there are really serious issues that they don't cover. They do not get the reach into all the places that need them. We need to consider how we use them, but they need to up their game and make better offers about the way they scrutinise us, because they could do a lot better than they do, and get out to the communities we need to talk to. If they were more positive, we would perhaps be more positive towards them.

Jules Pipe: I agree with everything Richard said, but even if they achieved that zenith, they still would not cover all the information that we really ought to get out there that many people find useful.

Q21 Bob Blackman: One of the assertions that would probably be made if the Secretary of State were sitting here posing these questions is that a large amount of advertising that goes into council publications from a wide range of public bodies, be it councils, statutory notices, elements of the council, the health service and so on, deprives local newspapers of, reportedly, £11 million a year in advertising revenue. How would you counter that?

Richard Kemp: If we put all our money into those local papers, in my own city at least one third of the people would not see them at all. As a council we have a duty to communicate with all our citizens. In Liverpool the very poor areas do not get those newspapers because the advertising is not worth taking to them, and the very rich areas do not get them because the drives are too long to make delivery of the free newspapers worthwhile. We can put all that money in and still have to find other ways to communicate—in our case with at least one third of local people. Frankly, if you look at our free newspaper, it has so little news that it is more an advertising sheet than a newspaper anyway.

Q22 Bob Blackman: Taking the case of Liverpool, do you as a council and do the other public bodies advertise in the free newspapers?

Richard Kemp: Very little. We choose not to take that route, so we do our statutory advertising.

Q23 Bob Blackman: So, is it fair comment to say that, because you put this in your council publication, you are depriving those commercial newspapers of that advertising revenue?

Richard Kemp: No, because we wouldn't use them for that purpose, because they don't have the reach to get to people.

Q24 Bob Blackman: You would not advertise at all?

Richard Kemp: We produce a magazine, not a newspaper. It is full of information that would not be an interesting story, so it would not attract editorial. It might attract advertorial—that is what they call it—where we paid for advertising, but it still would not get the reach we do and it would be more expensive.

Q25 Bob Blackman: But presumably you could, perfectly reasonably, give it to a commercial organisation and say, "Here is the stuff we want in; here is the cost of it. You add to it what you wish," and they could put out a new free newspaper throughout the city.

Richard Kemp: They could choose to do that anyway. In our case it is the local free newspaper that delivers our newspaper, but we pay them to go into the areas they do not normally go to, so they could get a cheaper newspaper because they'd get part of the delivery cost covered if they did it with ours. They choose not to do so. Clearly, there are commercial reasons for that. I do not criticise them for making these commercial decisions, but we have a communications responsibility that is different from theirs. Their job is to sell newspapers, ours is to communicate with our citizens. Where we can work with them we do; where we cannot, we have to find alternative routes.

Q26 Bob Blackman: But clearly if that advertising was going into those newspapers, and parts of the advertising going in was that there was the reach into those areas, they would then have a commercial reason for doing so?

Richard Kemp: Again, you have to consider what the readability is of these so-called newspapers. The amount of attention they give to public service is remote. I check this regularly. For example, *MerseyMart* for the past four elections—you might think that is a fairly important civic activity—has not even carried a list of the local candidates. If you want us to pay a lot of money, change their editorial and make sure there are lots of articles about local Government, we might as well say, "Oh, he does that. We might as well have a municipal newspaper," because we would have to take over their service which, frankly, is quite poor.

Jules Pipe: I would add to that.

Q27 Bob Blackman: I just want to ask one more thing. I think I am right in saying that relatively few local authorities publish a newspaper every fortnight.

Richard Kemp: I think there are seven.

Bob Blackman: So, relatively few do that.

Richard Kemp: One does it weekly and six do it every two weeks.

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Q28 Bob Blackman: Perhaps I may ask this of you and Mr Findlay as well: if the reins came off completely and you could publish as often as you wanted, how often would councils publish such an organ, as it were?

Richard Kemp: That is what localism is all about, isn't it? The circumstances you have heard from Hackney are very different from those in Liverpool and those experienced by a town council. If you believe in localism and accept that there is a need and duty on councils to communicate, you must expect them to come up with a communications plan that is right for their area and will include their own publications, special leaflets, websites, blogsites and all the local existing media, paid and unpaid. Therefore, what you should be looking for is a competent communications plan with the public sector. Certainly, this argument has been looked at only in terms of councils. When I look at some of the really poor leaflets from other parts of the public sector that come through my door, I think we would do better for managing all the public sector together. But what is the communications plan between the public sector and our constituents? What you should do is look for the quality of that and not ask us to dictate what should happen in each council area.

Q29 Chair: I am conscious of the time, so we need to keep responses reasonably brief.

Jules Pipe: If the issue about statutory notices was lifted, then I would certainly review whether it was necessary to do it every two weeks, because then it would purely be about the issues raised earlier about whether it was frequent enough for people to recognise that that is the information source, but that would not necessarily have to be every two weeks.

John Findlay: It is simply a matter of capacity. Our councils vary like any other sector. Some are very good and some are not very good at doing it. Those that are good at doing it, which we would encourage, would love to put something out every week or two weeks to inform. We are talking here about simple newsletters or maybe something on a website, e-bulletins and things like that, which could be done very frequently, but there are limits to capacity. I can only reiterate that the key here is about getting maximum information out to communities and then being able to respond to it.

Q30 David Heyes: The Government is looking to use this code of practice to impose a ban on the use of paid lobbyists by councils. Why do councils need to use paid lobbyists?

Richard Kemp: They might in specific circumstances. My council has never used a paid lobbyist, but if for example—I'm just thinking aloud—I were a council near Heathrow, I might have wanted to involve someone from the aircraft or airport industry who knows more about it than I would expect my staff to know. This is not done very often. We can see from the Government's own figures—I cannot remember now what they are—that this is another sledgehammer to crack a nut. Sometimes you might need very specialist knowledge for some things.

Jules Pipe: I totally agree with Richard. We have never used them ourselves, but I think that would be an example where it was legitimate.

Q31 David Heyes: Is that John Findlay's view?

John Findlay: Our councils do not use lobbyists; they cannot afford to use them. It is important to distinguish between lobbyists and specialists. Whether it is a small parish council or town council, if a new housing estate is proposed, they may well get somebody in to look at the transport, housing or retail shopping implications as part of the case, but that is a very different matter. When we talk here about lobbyists, we are talking about people who are commissioned to present a case on a paid basis for a public authority.

Q32 David Heyes: But is the suggested wording in the code of practice clear enough for you to be able to make that distinction when you make your decision?

John Findlay: Yes.

Q33 David Heyes: To push it further, is the code of practice the right place to seek this kind of control over lobbying?

John Findlay: If I may comment first, in principle I agree with it. I admit that the bit about lobbying in the proposed code sits uncomfortably. It is a valid issue but I am not sure it is about local authority publicity. It might be better addressed in a separate setting.

Q34 David Heyes: Do your colleagues have a view on that?

Richard Kemp: Lobbying is something councils do all the time. I am sure everyone who is or has been a Minister is accustomed to people saying that they are not given enough money and asking about this or that law. It is what we do. Frankly, this has been cobbled together. It was an idea about newspapers and it was thought that perhaps a few more things should be put in. This is not a coherent document. I find it very hard to take the document seriously, to be honest. I have tried to keep a straight face, particularly with the Chair's opening question.

Q35 Chair: Can you give any example at all of the existing code being enforced in any way?

Jules Pipe: That would require someone to complain to the district auditor and the latter intervening. No, I am not aware of an example where that has happened.

Richard Kemp: By and large, we do what is required by local circumstances. We get on with it. I have never seen a complaint come in.

Jules Pipe: The question I would ask of the Ministers behind this is: if we abide by all the rest of the points in the code of conduct, why is the restriction on frequency necessary?

Q36 Clive Efford: I am lucky to get in *Greenwich Time* once a year and it is published every week, so there is a restriction there that is a self-denying ordinance by my colleagues on the council. Are we talking about local newspapers or information sheets?

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Jules Pipe: To my mind, they should be local information sheets. I do think they do effectively compete. Even if they carry all the rest of it, I do not think they are responsible for the demise of local newspapers. That aside, I do not think they should even look like they are doing so and carrying that extra information.

Q37 Chair: But *Hackney Today* does look a bit like a newspaper.

Jules Pipe: It is a newspaper in style; it is printed on newsprint admittedly, but it does not carry all those things you would expect to see in a local newspaper, from local sport to TV listings to classified ads. None of those things are in there and never have been.

Q38 Chair: So, it is the content rather than the appearance that you believe distinguishes it?

Jules Pipe: Yes; it is about content.

Chair: Thank you all very much indeed.

Examination of Witnesses

Witnesses: **Roy Greenslade**, Professor of Journalism, City University, London, and media commentator, **Jeremy Dear**, General Secretary, National Union of Journalists, **Simon Edgley**, Managing Director, Trinity Mirror Southern, and **Lynne Anderson**, Communications Director, The Newspaper Society, gave evidence.

Q39 Chair: Good afternoon and welcome to our inquiry. For the sake of our records, could you please begin by introducing yourselves and the organisations you represent?

Professor Greenslade: I am Roy Greenslade. I am Professor of Journalism at City University, London. I write a media blog for the *Guardian* and a weekly media column for the *London Evening Standard*.

Jeremy Dear: I am Jeremy Dear, General Secretary of the National Union of Journalists, which represents people who work for council publications and local newspapers.

Simon Edgley: Good afternoon. I am Simon Edgley, Managing Director of Trinity Mirror Southern. We publish a range of about 30 to 40 local newspapers and websites around the M25 area.

Lynne Anderson: I am Lynne Anderson and I am Communications Director at The Newspaper Society. We represent about 1,200 regional, local and independent newspapers.

Q40 Chair: You are most welcome. You probably heard some of the evidence we have already had from local government. One thing they raise is that these days local newspapers give very little coverage to affairs in their local councils. I can remember being a councillor in Sheffield in the 1970s and 1980s and there would be reports of sub-committee meetings, let alone committee meetings, and now there is hardly a mention of the council meetings themselves. Do you think that is a legitimate criticism and one that opens the way for councils to do more in terms of information?

Simon Edgley: No, I don't. The way people source their information now is very different from 10 or 15 years ago. From my perspective and certainly within my own newspaper group we have a significant number of journalists who still attend council meetings. Quite clearly, they are not able to do that in ways they used to. The newspaper industry has gone through an incredibly difficult time in the last three or four years. We have just been through the biggest downturn we have all seen in the last 30-odd years. We still have front-line journalists in our particular patches. One thing it is important to state is that we have had a lot of criticism for not having offices in local areas. One of the gentleman mentioned that

earlier. In our own organisation we have just turned all our journalists remote, so they spend more time in the patch now than they ever used to because they are given technology to be more local than they used to be. I do not take that as a criticism. We are still at the heart of everything local and we intend to continue to be so.

Jeremy Dear: I disagree entirely. Council publications cannot replace independent local journalism, but the fact is that 68% of editors in a Society of Editors survey believe that they now cover council functions less than they used to, so it is a fact that there is less coverage. When I was a working journalist rather than a trade union official I covered sub-committees; I covered planning committees. The vast majority of the stories we got were from council meetings and council coverage. It is just not the case that there are people dedicated to doing that. Despite the best efforts of newspaper companies and journalists, they simply do not have the staff any more to be able to cover it in the way they did. You see the correlation between that decline and the expansion of a whole number of different council publications.

Lynne Anderson: The industry still employs about 10,000 journalists and they still cover council activities and decisions as their bread and butter. There has been a documented change in terms of the Local Government Act 2000, which introduced Cabinet-style council meetings where we are told a lot of decisions are taken behind closed doors. To have a local Government reporter sitting in council meetings just to get perhaps one small, down-page story is quite unproductive. The way councils are covered has changed; readers' tastes and attitudes have also changed, but they are still out there doing it and they are the only voices who can hold local authorities to account. Certainly, council newspapers are not capable of doing that themselves.

Q41 Chair: Where residents do not have a local newspaper, isn't it reasonable that the council in its effort to communicate with its electorate, its citizens, should produce information in some form, whatever that form might be; otherwise, those local residents will have nothing in writing about what is happening in their local council?

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Simon Edgley: I think that is a key point. As a local newspaper publisher, we have absolutely no issue with a council's statutory right and indeed it should be able to communicate with its residents on issues of council business and information. We believe the issue becomes clouded where councils have weekly publications that are effectively weekly newspapers that cover gardening, what is on and all that type of thing. That is where the issue arises. The issue becomes stronger where they start to compete with us for local advertising. They are able to run these publications on a completely different model from any commercial organisation. In my own area, you may be aware that we have been at the forefront of a campaign against *Hammersmith and Fulham News*, which is a publication that costs the ratepayer a significant amount of money and is out there. I was interested to hear earlier the figure of £1.2 million worth of advertising going to council publications. Hammersmith and Fulham claim that its number alone will be something like £400,000 in 2010–11.

Q42 Chair: You have made a point about weekly papers, but there are only two weekly council papers in the country. That is a small number of examples but the code deals with everything and every authority.
Simon Edgley: There are certainly more than two in London; it is a significantly greater number.

Q43 Chair: I am told there are two weeklies and seven fortnightlies.
Simon Edgley: Seven fortnightlies give rise to the same issue, don't they, because they are competing?

Q44 Chair: It is still nine councils?
Simon Edgley: Yes.

Q45 Chair: So, we shouldn't generalise on the nine, should we?
Simon Edgley: But the point I make is that there is a significant number of council publications that take third-party advertising. Third-party advertising is incredibly important to the local newspaper industry. Therefore, they are competing on an entirely unfair basis, when we are running a business on a commercial basis and they are not.

Jeremy Dear: It is important to look at the whole relationship. The figure I have is that £68 million of advertising goes from local authorities into local newspapers, and print contracts are worth about £80 million across the UK. Simon's company, Trinity Mirror, has a £4.1 million print contract for eight publications in London for councils, including one of the ones he is complaining about, presumably *East End Life*. There is very much a mutually beneficial relationship as long as there are restrictions—I agree with him on those points—about some of the content and nature of the publications that try to emulate local newspapers. They should not be able to do that.

Professor Greenslade: The problem here is that *East End Life* is a unique publication. What has really concerned The Newspaper Society and the commercial sector is that it represents the thin end of the wedge. If we allow *East End Life* to stand and do what it does, it will be emulated elsewhere; at least at

the moment by fortnightlies but maybe by weeklies in future. I know that Barking and Dagenham council saw that as very much a template. You have to see *East End Life* as a template. It is quite clear from all we know that *East End Life*—in fairness, this is the only example I can find—has had as marked effect on the sales and revenue of a major commercial newspaper, the *East London Advertiser*, a paper I remember from my youth that was once very successful. But we know that *East End Life* is in that sense unique. For instance, I came across a situation in which one of the reporters at *East End Life* had sought to obtain a pass to cover a royal event by claiming that they represented Trinity Mirror. How did they do that? Trinity Mirror happened to be the printers of *East End Life*. There is an irony involved in this. The main problem here appears to be about six or seven publications of which *East End Life* is the leader. It is that that concerns the industry so much. Around the rest of the country, it is not at all as prevalent.

Q46 Mike Freer: I go on to the issue of what drives the decline in local newspapers. Several years ago, Trinity Mirror, or rather Newsquest, its American owners, had a policy of deliberating disengaging from print and going to an online version. They encouraged residents to post their own stories, and to move away from print was marked strategy. Therefore, are you not a victim of your own success?

Simon Edgley: In spite of what others have said before me, our life is about maximising audience. People choose to gather their information in very different ways from the way they did before. As to paid-for newspapers, there is the very good example in Mr Blackman's constituency of the *Harrow Observer*. That has traditionally been a paid-for title, and as a result of ensuring that we maximise our audience in that borough, we have just turned that paid-for newspaper into a free newspaper. Our strategy in a borough like Harrow is to make sure we reach the maximum audience both by the printed word that goes through the door and through our websites. Effectively, the strategy of most publishing companies now is to move to a model where they reach audience by a combination of platforms. It is very interesting to hear the public notice argument at the moment. Our belief is that we have to deliver information in whichever way people require and wish to receive it. The public notice argument is incredibly important. There will be people who would want to receive that type of information online; equally, there is still a significant number of people out there who would wish to read that in their local newspaper. When two or three years ago we lost the public notices to Newsquest from the *Ealing Gazette* we received a significant number of phone calls from residents asking where the public notices were. We must have the ability to deliver that information in whichever way people require it. But our strategy going forward is to maximise audience as far as possible. That is both an online and print strategy.

Q47 Stephen Gilbert: If I may explore an issue with you, Jeremy, on page 2, second paragraph, of your

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submission you say: "But there has been an inevitable reduction in quality and local focus leading to a spiral of declining sales amongst local newspapers." It may be there is a regional difference in this, but that is just not a picture I recognise in my constituency. I am blessed to have five weekly titles, three are Northcliffe and two independent. There is healthy competition. The two independents are fairly recent entrants to the market. The journalists are unrelentingly local and imbedded in all the local issues, often attending not just full council meetings but others. In most cases the year-on-year sales of the newspapers are going up. All five of them are excellent ambassadors for what a good local newspaper should be. I would say that, wouldn't I? The question is: is there regional variation in the picture you describe? Is some of this a London or urban-centric issue, and the more rural parts of the country and places like I represent have thriving local newspapers with journalists doing their job?

Jeremy Dear: With the best will in the world, all of us wherever we come from would probably recognise that there has been a significant decline in the numbers of sales of newspapers; certainly, there has been a significant decline in the numbers of journalists over the past three or four years for the reasons Simon mentioned: the newspaper industry has been through an extremely difficult time. We would put different reasons for that. We believe there is less local ownership of newspapers. We mentioned the American ownership of Newsquest but there is also now City, hedge fund and private equity ownership of groups of newspapers that are less local and therefore less accountable. But wherever you have these five competing papers with increasing sales and more journalists, it is some kind of paradise that is not reflected in the vast majority of the rest of the industry. We have given some figures about the thousands of journalists' jobs that have gone recently and the titles that have merged. Titles have been closed down or taken out of the areas they represent. Some towns now have no local newspaper covering them, so it is a very difficult time for the industry. I do not recognise what you are saying as being the norm.

Q48 Stephen Gilbert: So, there may be regional variations, which is the point I am trying to make?

Jeremy Dear: There may very well be.

Professor Greenslade: By the way, where do you live?

Stephen Gilbert: Just to the north of Newquay.

Q49 Mike Freer: A lot of the thrust of this evidence is that it is unfair competition by local authorities, but what the Committee looks for is data and evidence, not anecdote, which it has yet to receive according to my understanding. First, can we be provided with information that precedes the current burst of local authority activity and clearly shows a correlation between the fall in advertising as well as readership and this activity by local authorities, or that the decline started long before local authorities became more active? Second, in terms of advertising revenues, can we be provided with hard data to show that the trend is not just symptomatic of the recession? When I speak on a regular basis to the editors of my local

papers, the *Hendon Times*, *Finchley Times* and the *Barnet Press*, they tell me that their biggest loss of revenue is estate agencies and car sales, which is recession-driven and not local authority-driven because a local authority publication does not take paid advertising. Therefore, can we have hard evidence to prove your case on those points?

Lynne Anderson: I do not think anyone suggests that local authority publications are responsible for all of the challenges that face the newspaper industry. There are 1,200 regional and local newspapers and they cover every part of the UK. The industry has faced significant challenges during a crippling recession, but even in the worst year of closures, which was 2009, we saw a net reduction of 60 titles out of 1,200. That was approximately 5% of the total. Nearly all of those closures were free weeklies that were second or third in their local marketplace. This year we are seeing more launches than closures of local papers. There has been a lot of publicity about the prediction by Enders Analysis that half of the industry's titles would close down in five years' time. They have now publicly retracted that forecast, saying that it was unduly pessimistic. We need to put things slightly in perspective in terms of the so-called decline.

There have certainly been job losses among journalists but I would say that other job functions have been much harder hit. I know that publishers endeavour to keep front-line reporting jobs particularly wherever possible. Our statistics show that the proportion of editorial jobs to the total workforce has grown quite significantly over recent years. In the past 12 years it has grown from about a quarter of editorial staff to approximately one third. To put that in perspective in terms of the industry and what it is going through, we do not want to wait, as Roy said, until we have versions of *East End Life* across every borough and locality in the UK. In a crippling ad recession, with all the other challenges that are well documented—Google and various other threats from the internet—you do not need your local council competing with you for scarce advertising revenues. Those are the very advertising revenues that keep those journalists in their jobs. We would say that councils should not be in the business of competing. Some hard evidence of this emerged from the Audit Commission, which admittedly did not have very much financial data in this area. It said that it could not in its report really look at the impact, but it did show that 150 council publications in England alone took private-sector advertising. That is advertising that could have gone into local papers and that is unfair, damaging competition.

Q50 Mike Freer: Those are 150 council publications out of how many?

Lynne Anderson: I believe it said it was roughly half of all English council publications. I believe it said that 90% of all councils in England produced some sort of periodical and approximately half took private sector advertising, which obviously could have gone to the independent local media and is competing with it. I stress that The Newspaper Society and its members have absolutely no objection to the traditional type of council publication like an A-Z of

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council services or newsletters published up to four times a year. I am slightly curious about why quarterly is not sufficient, when the Local Government Association's own submission said that the majority of council publications are quarterly or less, so obviously it works for them.

Q51 Mike Freer: To clarify that point before we move on, there is not a correlation. You are concerned that it does not get worse but you do not blame all of the ills of the newspaper industry on local Government?

Lynne Anderson: No; we never have.

Professor Greenslade: Mr Freer, to be absolutely frank about it, there is no data. There are two examples, one of which I have quoted, *East London*. But you would need to correlate those figures and I have not done that. The other is probably Hammersmith and Fulham, although I think you would agree that the local paper there started from a very small base. Therefore, I do not think those data exist.

Q52 Mike Freer: I just wanted to make it clear before the Minister came in.

Professor Greenslade: We do not want to get in a pickle.

Jeremy Dear: Tabloid editors, eh. What can you do?

Q53 Clive Efford: Local authorities want to get their message out to people in the areas they represent. They would say that their distribution is better than yours and more extensive, so why should they rely on very minimal coverage of bought local newspapers? What is your answer to that?

Simon Edgley: The numbers that I heard quoted earlier of about 20% to 30% are not ones that are familiar to us. We cover a market in a variety of ways, as I described earlier: through websites or through paid for or free. As a general rule of thumb—again, I quote Harrow as an example—we cover about 60% to 65% of households in that particular market. Interestingly, at the moment in Hammersmith and Fulham we cover 92% of households in that market. As you probably know, we had a particular objective in that market and it appears we are moving forward on that, but the vast majority of local newspapers have significant coverage in their particular localities. It varies regionally. As you know, in London, where the issue has arisen in particular, a significant number of local newspapers have now gone to the free model. You can look at what we have done in Hammersmith and Harrow. To quote another example of one of these types of newspaper, *Greenwich Time*, that publication has about a 60% to 65% penetration of the market.

Q54 Clive Efford: I know Greenwich very well because I am a Greenwich MP. The council beats the free local newspapers hands down in its coverage. I can talk to my constituents and they will have read *Greenwich Time*. Many of them do not get the free newspapers.

Simon Edgley: Yes. As you know, the local newspaper in that particular area used to have the contract to distribute *Greenwich Time*.

Q55 Clive Efford: And lost it because they could not provide the coverage.

Simon Edgley: Just because we don't happen to distribute a newspaper through a particular door, we have the ability to do service distribution as well. I hear what you say, but I do not think coverage is a complete argument in terms of saying we cannot reach the ratepayers that you wish to reach.

Professor Greenslade: Mr Efford, do not forget that *Greenwich Time* has a record of being, to use the Minister's own phrase, a town hall Pravda in the sense it does not cover, fairly and honestly, local matters. We have to come back to content on this question, too.

Q56 Clive Efford: I have been quoted locally as saying that I would not describe it as a local newspaper because, for instance, it is restricted in the number of times that I can be in it.

Professor Greenslade: But does it purport to be a local newspaper?

Q57 Clive Efford: I would not have thought so. In terms of Trinity Mirror, don't you want your cake and eat it? You want the revenue from the advertisements but also the income from printing local Government newspapers. As we heard in earlier evidence, the poor old local taxpayer would have a bigger bill because they would have to pay you for statutory notices and other items but still would have to pay the cost of producing various information sheets that would have to go out. Are you not asking for more money from the local taxpayers?

Simon Edgley: I make two points. The number quoted earlier of £543,000 seemed an extraordinary number. In my 30 years of working in newspapers that is not a number I have ever heard a local authority spending. It is fine to discuss the rate card rate for a particular set of public notices, but I have been in negotiation with various councils for a significant amount of time about what they should pay for their public notices and clearly the negotiated position I get to is very much adrift of the rate card. I would be surprised if a newspaper group continued on that front. Perhaps you would repeat the second part of the question.

Q58 Clive Efford: The second part of the question is that it is the ratepayer who gets hit.

Simon Edgley: Trinity Mirror's position is that we are a contract printer; the contract printing business is there obviously to sell business and to take on business that comes its way. Quite clearly, as pointed out earlier, the manufacturing division of Trinity Mirror does have the contract for a significant number of council publications, but it almost adds strength to our argument. To say we fully support the code that suggests that these publications go out a maximum of four times a year, which would represent a significant hit to Trinity Mirror's revenues, demonstrates how strongly we feel about this point.

Q59 Clive Efford: Would you support the idea of a review by the Office of Fair Trading of the impact of local authority publications on independent publications?

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Lynne Anderson: The OFT has already noted the adverse impact of local authority publications in its report in, I think, June 2009. The subsequent Digital Britain Report asked the Audit Commission to look into it. The commission did not really want to; it said it could not look at impact. Finally, after a lot of buck passing and delays, its report came out in January of this year. We have already experienced significant delays on this. I do not think that an OFT review would add much; it would take us right back to square one.

Q60 Clive Efford: You say that the OFT has already commented on it.

Lynne Anderson: Yes; in its local media review in the spring of 2009.

Q61 Clive Efford: Was that based on an inquiry? Did it take evidence?

Lynne Anderson: It took evidence from various parties.

Q62 Clive Efford: The information before us is that, in the last session of the Select Committee on Culture, Media and Sport, the Chief Executive of the OFT, John Fingleton, said he did not think there was a case for the OFT to consider with regard to local authority publications and competition for advertising.

Lynne Anderson: As I said, there was quite a lot of buck passing at the time and no one was willing to grasp this and take control of it. At the time we were looking for an OFT review because that would have been great, but now it seems that the Coalition Government is trying to tackle this issue through the publicity code and we have come closer to dealing with the problem of competition.

Q63 Clive Efford: So, you are happy with the code and do not see the need for an OFT review?

Lynne Anderson: As long as the code can be enforced, yes.

Professor Greenslade: I take the opposite view, which I think is the basis of Mr Freer's original question: no proper impact assessment has been done.

Jeremy Dear: From our point of view, the most comprehensive work that has been done has been that undertaken by the Audit Commission, and that does not support the argument that is being made. I think an OFT investigation would be good and we support it.

Q64 Clive Efford: Do the restrictions imposed by clause 28 of the code relating to the style, content and frequency of local authority periodicals deal adequately with issues such as web-based publishing and third-party advertising?

Professor Greenslade: We have not touched much on the web, although the local Government witnesses did. The truth is that we are moving towards a much more unmediated coverage of all sorts of things in our world. I was pleased to hear today that Southwark council has decided to allow people to record both video and audio of council meetings. I put that on my blog and I hear immediately that they already do that in Bristol, Cardiff and Cornwall. This means that we are seeing greater transparency. If you can then obtain

audio and video clips, they can be put up by anyone. Southwark has been pushed to do this by a website, not the local paper, and it has been working with the council to do it. I think we shall see—of course this is not a popular view with The Newspaper Society—a huge new range of media starting up that will use these new tools to do that. This can go onto council websites as well; there is no reason why council websites cannot put up speeches, in favour or against, in the council chamber. One needs to make an appreciation of that. Whatever is decided here, over the next five or 10 years we will see a huge change, as in the previous five years, in the way we see media develop. We need to keep that in mind as we decide whether or not suddenly to take this sledgehammer to crack a nut.

Jeremy Dear: We agree with some aspects of clause 28. They should not seek to emulate local newspapers in style or content. That is something on which we all clearly agree, but there is an unnecessary attempt to restrict them to quarterly. There are regional variations in media and to use one size fits all simply does not seem to us to do the job that people are trying to do here, which is to stop those who are abusing their position and make sure that there can be both a viable local independent media but also council publications where they are necessary.

Q65 Mark Pawsey: Perhaps I may go back to statutory notices. I note Mr Edgley's remarks that he is significantly adrift of rate card but it is still a guaranteed income. Recognising that at this time of recession the industry is in a difficult position—there have been title losses—it must be very useful to your industry to retain that guaranteed income being paid for by Government. What is the case for your keeping it, and what are the consequences if you lose it over time, which presumably you must expect to happen as the new media come to the fore and it is no longer there?

Simon Edgley: It goes back to the point I made earlier. The industry has an absolute commitment that it needs to be more creative going forward in terms of the way we deliver that audience. If you go back 15 years, in most paid-for newspapers public notices would have reached 70% to 80% of the market. That is what paid-for newspapers do. Our challenge with public notices is that I think there is a challenge on rate—in other words, cost—and also a challenge on delivery, which is ensuring that we reach a similar number of eyeballs as we have in the past. That is the challenge. It takes us back to Roy's point. People choose to access information in a very different way from the way they used to. We need to be able to take local information that we have as a core strength and deliver that across a set of platforms, and I think we will have to do that in the case of public notices as well.

Q66 Mark Pawsey: Have you made any representations about putting that data in a form that is more user-friendly?

Simon Edgley: Absolutely. We are currently working with various local authorities, including Harrow, to present their public notices both in print and online.

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Lynne Anderson: And that is the case across the industry, where local newspapers are sitting down with their local councils to try to come up with the most cost-effective and effective solutions. It is important to remember that the reason why both the last Government and the Scottish Parliament in the past year rejected the idea of moving such statutory notices out of printed newspapers and have them just posted on council websites was that members of the public told them that they looked to their local papers for these statutory notices, and it is an important part of the public's right to know and access information, and not just to have these things hidden away on a council website, where sometimes it might possibly be in a council's interest to have it hidden from the public gaze.

Professor Greenslade: That is the situation at the moment but it will change over time. It is quite clear that if the Government moves broadband out in the way Jeremy Hunt suggests—I say that name very advisedly—and what he says is true, then gradually we will see a huge expansion in the take-up. As we see that expansion it will need to change. In fairness to The Newspaper Society, it also recognises that in what it has just said.

Jeremy Dear: I think you have found the one issue on which we are in complete agreement.

Q67 Mark Pawsey: Would the loss of this business at the margin lead to a loss of titles in your view?

Professor Greenslade: We will lose titles whatever happens.

Q68 Mark Pawsey: Will it contribute to it?

Professor Greenslade: Look, we are seeing a huge squeeze on advertising. Somebody has already mentioned real estate. We have not even got into sex ads, but they are now gradually being taken away from newspapers, quite rightly, and we see statutory notices under the gun. The only revenue at the moment for newspapers that is significant, especially in an era when you see more free newspapers, is advertising itself. That is a huge strain. But if newspapers can gradually transfer their brands from print, which is hugely costly both to print and distribute, to online there is no reason why in a digital future they should not still prosper.

Q69 Bob Blackman: We have had some evidence on this but I want to clarify the position: how many of the newspaper publications produced by councils are now produced by members of The Newspaper Society, that is they are printed and distributed by them?

Lynne Anderson: In terms of all types of publications?

Q70 Bob Blackman: I refer specifically to newspapers. What we are talking about now is whether a council newspaper outweighs a local newspaper compared with, say, a quarterly magazine produced by a council that clearly is not a newspaper. We are talking about competing priorities here.

Lynne Anderson: I do not have numbers, but I have always been encouraged that local newspapers, where

they have a contact print facility, sit and work with their local authorities and help them with their communication needs. If that is a quarterly magazine, that is absolutely right; or, if it is something stitched into the local paper that works very well. Some of these publications have evolved into monthly, fortnightly, even weekly, and, yes, the local papers often still have the print contracts. I do not have the actual figures, but, as Simon said, the strength of feeling in the industry towards these competing publications is such that they would be willing to forgo that revenue from frequent publications, because the fundamental principle at stake here is that local authorities should not compete with independent local papers.

Q71 Bob Blackman: Presumably, taking your position, Mr Edgley, if you felt so strongly about this as a company, you could say to Hammersmith and Fulham or whoever, "We don't want your business and we won't bid for it. If you can get it printed somewhere else, good luck, but we don't want your business."

Simon Edgley: We could do so.

Q72 Bob Blackman: If you feel so strongly about it?

Simon Edgley: To pick up Lynne's point, we publish in Reading. We have a very strong and close relationship with Reading Borough Council; indeed, we publish monthly its council information sheet within the title. We do not have an issue with that because there is not an issue with content because it is very much newsletter-type. We also do not have an issue with it because it does not vie for third-party advertising. One important thing to understand, which goes back to Mr Freer's point, is that in the vast majority of cases most local newspapers have very good relationships with their local authorities. In my experience—I deal with about 11 or 12—I have regular meetings with the chief executives of those local authorities and the relationship is incredibly good. We do a lot of partnership things together for the good of the borough. At the end of the day we are in the same business of doing great things locally. That is what we do and why we have a good relationship.

Q73 Bob Blackman: You are moving from the sale of newspapers to free newspapers, which is where the industry is going generally, but is it not the case that that is to get coverage for advertising in general but also the newspaper might be doing reasonably well?

Simon Edgley: Yes, absolutely. It is regionally different. We publish in Guildford where we still sell 22,000 copies of the weekly paid-for newspaper. London is a very different model. If anybody sitting here 10 years ago had suggested that somebody would sit outside a tube station and give away the *London Evening Standard*, he would have been regarded as completely barmy. The model is changing. You are right that it is about audience because at the end of the day if we can deliver audience, we can then commercialise that with advertising revenue, which is what keeps our industry going and employs all the journalists to whom Jeremy referred earlier.

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Q74 Bob Blackman: Mr Dear, you represent journalists who work for the newspapers and also now councils. How many journalists have been taken on by councils to produce these newspapers?

Jeremy Dear: We represent about 800 people who work in those different functions. How great the density of membership is in those I cannot be absolutely clear, but the vast majority of those are people who worked on local newspapers and now work on council publications. First, generally they are slightly better paid on council publications; but, second, knowing that I was to give evidence some people wrote in to say that they had become enormously frustrated at not being able to cover a whole number of things in local areas because of lack of resources. In some cases they have those resources in council publications that they do not have in local newspapers. Our argument is to try to create that balance, not take away statutory notices that mean newspapers have to close down but, equally, not to say that the vast majority of council publications cannot perform a complementary function to what local newspapers are doing. There must be a balance there.

Q75 David Heyes: The Secretary of State said he was determined to strike a blow for freedom of the local press and produced a code of practice. Is that powerful enough for The Newspaper Society in particular? Will it be enforceable in the way you want to see?

Lynne Anderson: We have raised concerns about how enforceable it will be. The spirit of it seems to acknowledge the threats and anti-competitive aspect of what some local authorities are doing. I hope that loopholes will be filled and it will be enforceable.

Q76 David Heyes: What should be done? What are the loopholes and what should be done to fill them?

Lynne Anderson: We have talked about an overarching principle. Government has advised local authorities in the past that it should not duplicate or compete with existing services that are provided by commercial companies. We need some sort of principle that makes that clear. We are assured that that can be enforceable. We understand that some local authorities might view it as advisory rather than regulatory and would seek to ignore it or find ways round the guideline, so it is a legitimate concern.

Q77 David Heyes: It is a continuing concern?

Lynne Anderson: Yes.

Q78 David Heyes: Are there any other views on that?

Jeremy Dear: I think the seven principles in the code are good. The question is: how do you put those into practice? For example, to restrict frequency seems to me not to match some of the other principles that are in the code. The principles are good but the practice would unnecessarily restrict council publications.

Professor Greenslade: We do not want to see council publications that take a single point of view, and there are odd examples of that in some of the papers in London, where they quite definitely deserve the Pravda nickname, but spin is always a subjective matter. Complaints continuously come into my blog from journalists to say that they are forced by their commercial owners to spin things in a certain way. Simon talks about working together, but there are plenty of councils that complain to me that the local papers are far too negative in their coverage. One of reasons for town hall papers, as they are called, is that they redress the balance. The area that you have touched on is the most difficult to police in a sense, because to decide what is impartial, objective and neutral is the most difficult thing for any of us to do. That takes us to the subject of enforcement. It seems to me that what is not in the consultative document is what would happen if any council defied this particular code.

Q79 David Heyes: Some would argue that the existing code has been defied already.

Professor Greenslade: I am not out of sympathy with that point of view. That is one of the interesting things about whether or not one needs this code. Frequency is one thing but content needs a closer look.

Jeremy Dear: One thing that is missing from the code is the protection afforded to people who work on local authority publications to be able to resist pressure put on them to be partisan and political because they do not have access to the district auditor to complain; they need a workplace remedy, be that a conscience clause in a code of conduct. The Chartered Institute of Public Relations has a code; we have a code of ethical practice to allow people to say that they are being asked to do party-political work and that they should be able to refuse to carry it out, rather than work about the council as a whole.

Chair: We will have to draw things to a conclusion at this point. The Minister is to come in, and one or two points you have raised with us we will put to him directly. Thank you very much indeed for your evidence.

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Examination of Witness

Witness: **Grant Shapps MP**, Minister for Local Government, gave evidence.

Q80 Chair: Minister, welcome to our evidence session. Thank you very much for coming. I suppose the obvious first question, which you might have anticipated in your pre-briefings, is: if the Government really is committed to a localist agenda—the Secretary of State said that localism, localism, localism, is one of his priorities—does it not seem rather contrary to that for the Secretary of State or Minister to sit behind their desk in Whitehall and decide how often a local council should be allowed to put out an information sheet to its residents?

Grant Shapps: First, thank you for the welcome; it is great to be before the Select Committee again. I start by saying that perhaps most people misunderstand what is meant by localism. It does not mean, for example, that Government simply ignores what is going on and turns a blind eye to reality on the ground; it actually means that the Government puts in place a framework to make sure that localism can flourish. One of the ways we need to do that in this particular instance is ensure that local democracy itself—freedom of speech and the ability of local publications to produce what they see as the truth about local services—is not snuffed out by state-sponsored so-called journalism. It is very important that as Ministers we take seriously the responsibility to set the framework and put in place something that enables local authorities to communicate perfectly reasonably but, at the same time, does not enable them to compete with publications that presumably present a much fairer and more balanced profile of what is going on in the community.

Q81 Chair: But what has come across to us from evidence provided by local Government, newspaper owners and journalists is that there are very few examples of weekly council newspapers. There are two in the country that have been drawn to our attention. Seven come out fortnightly. Most of the rest of the councils, therefore, publish on a more infrequent basis. This is particularly a London problem where the examples of most concerns have been drawn to our attention. Therefore, as the Local Government Association and London Councils ask: why is it necessary to be so restrictive about how frequently councils can put out publications? The key issue about which people have a real gripe is frequency, when so few councils do it more frequently than monthly.

Grant Shapps: I know that you are taking evidence from a wide range of different bodies, so I will draw your attention to a letter from the Audit Commission back in January that went to previous Ministers. That shows that, if you take as the threshold four and above, there are dozens of local authorities that produce more regularly. I would argue that there is a real problem out there that needs to be tackled by a framework. I can supply a copy of the letter from the Audit Commission if required. Looking at some of these weekly publications, I have right here Tower Hamlets' *East End Life*.

Q82 Chair: That has been drawn to our attention; it is one of the examples that people are most upset about.

Grant Shapps: It is certainly thicker than my local newspaper. It has 40 pages or so and contains horoscopes and sudoku. It is all there. It strikes me that it certainly competes with the commercial press. In the case of that publication, its staff is 50% larger than that of the local newspaper.

Q83 Chair: That is an extreme example.

Grant Shapps: There are other examples. I have here *Greenwich Time*, which again has a very large budget. The Committee may be interested—this has not been drawn to its attention—that this costs a whopping £708,000 a year to produce. Before you think of all the advertising in it, which after all is competing with whatever the Greenwich local advertiser is called—these are real adverts from real businesses—you should be aware that the taxpayer is funding over £532,000, more than half a million pounds a year, towards producing *Greenwich Time*. I have just come from a debate in the Chamber where cuts to local Government finance are being discussed in great detail and arousing great passions. If you happened to live in Greenwich, I think most residents would be pretty appalled to hear that half a million pounds is going to fund the local town hall Pravda. It just isn't on. As to providing guidelines, four times a year does not seem to me to be terribly restrictive. I would have thought that if a local authority communicated twice, three or even four times a year, in addition to its leaflets that go out with the council tax and the numerous other ways it has to get information out to its citizens, that is not overly restrictive and would enable them to push whatever sensible messages about bin collection they need to get out to residents.

Q84 Stephen Gilbert: Minister, we have received lots of evidence from local authorities saying that their publications fulfil a role that the traditional newspapers do not perform; it is to do with information about services, access to services, the kind of stuff that does not make good copy. In particular, parish and town councils have referred to the way in which regular local newsletters can help promote community cohesion and spirit and play a role perhaps in the realisation of the big society on the ground. Do you see a role there for council publications, whether it is a principal authority or town council, helping to generate that kind of community cohesion on which the Government is so keen?

Grant Shapps: Yes, I definitely do. In all of this we need to separate out the parish councils. There are probably 10,000 parish councils out there and they have a particular role that is very close to the ground. The parish newsletter in my local area is four pages; it is an A4 sheet folded in half, or maybe they are two A4 sheets of paper stapled together. It is clearly about local stuff and does not carry much of what might be

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described as propaganda for the parish council. I think that is perfectly sensible. I am sure the Committee will be reassured to know that we do not intend that this new code of conduct should cover parish councils in restricting them in the way they keep in touch in a very reasonable way. My local parish council sticks its newsletter out with the local church newsletter; it is at that sort of level.

But you make the interesting point: is there not a role for these publications? Are they not doing something that somehow the local newspapers or other media cannot do? I was really struck by data which shows that only 5% of these council periodicals carry statutory notices, which is often the excuse used for having to publish these things on a regular basis, and only 1% outside London, so they are not being used in the way some would have you believe to provide some service that cannot be produced any other way. People really want to know when their bins are to be collected and that is the sort of information that local authorities should be putting out.

Q85 Bob Blackman: We have heard evidence that in large parts of the country there is no such thing as a local newspaper. They have gone out of business and they are no longer around. Indeed, in parts of London there has been a steady reduction in the number of titles. Do you accept that is the position and therefore there is a gap in the whole market?

Grant Shapps: It is certainly the case that local newspapers have been under enormous pressure. If you have a chat with your own local newspaper, you will know this. What is the solution? To our mind the solution is not to say that local newspapers are under tremendous pressure and council ones should be published instead to put them under even greater pressure. The really important point here is that the amount local authorities have been spending on their own publicity to pump themselves up in the eyes of their residents grew to £430 million, doubling in the period from 1997. It seems to me that that figure needs to be halved and halved again to get back to amounts that are really about servicing local people.

We are not against there being some communication. Four times a year still feels quite regular if you are a resident and something is stuck through your door. It is enough to be remembered from one moment to the next. As I am sure politicians in this room including myself know, if it is much more than four times a year, you are operating an incredible delivery service. The truth is that too many authorities produce that delivery service off the back of their hard-pressed council taxpayers. We simply cannot carry on having propaganda published on the rates.

Q86 Bob Blackman: What would be your advice to a local authority, such as Hammersmith and Fulham, where there is no local newspaper now other than the publication produced by the council? How do they get out statutory notices and other such information?

Grant Shapps: I am not a London MP but I read the *London Evening Standard* quite a bit. I always see Hammersmith and Fulham mentioned in there. It is clearly a newspaper that covers with great interest what that local authority does, and all the other

boroughs as well. Hammersmith and Fulham has been producing some kind of publication. I am pleased to hear that it will cease to do that next year. It realises in these straitened times that the last thing it wants to do is spend, as Greenwich does, over half a million pounds of taxpayers' money pumping out town hall propaganda.

Q87 Bob Blackman: So, how do they get out their statutory notices and other information?

Grant Shapps: We have already heard that typically the statutory notices are not going out in those publications; they are not timely enough even when they try to do it each month. They are not commercial organisations producing them on a weekly basis at least, so it is not being used much for that. They have their websites; they can use those; they have the ability to put these notices out around the local area where statutory notice is required. Most times we are talking about planning permission. The reason there are not more statutory notices published in the local newspapers—just 1% outside London—is that it is not a particularly useful place to say that Mrs Miggins is thinking of having a loft extension done. You need to post it around half a dozen houses in the local area. It is something of a myth that there is a constant flow of information that local authorities need to publish.

Q88 Bob Blackman: Do you accept that there is a need to reform the position of statutory notices, for example, where at the moment the authority has to publish those across the authority even though they are totally irrelevant to 99% of the people?

Grant Shapps: Yes, because my comments mix up planning notices with statutory notices. I think we will see a change in the way that the statutory notices are handled over a period of time. We live in the internet age but we have to recognise that in the mean time not everybody is on the internet, witness today's announcements about higher speed broadband. I think this is a gradual process that will do two things: first, it will get out of the way some of those authorities that abuse their ability to publish town hall Pravdas and provide sufficient transition to being able to publish things online, at the same time ensuring that some people who are perhaps the most vulnerable in society, or just do not have access to the online world, still get to see that information. If you are a town hall, why not make sure that every care home gets a copy to stick on its notice board? It is far more effective than putting junk mail through somebody's door.

Q89 Bob Blackman: How far do you think authorities should go in advertising their statutory notices and other such things just on their websites, ignoring the actual printing of anything?

Grant Shapps: There is often a lot of confusion about statutory notices. I cannot speak of every case, but recently I looked at statutory notices with reference to HMOs, which I know is a subject in which the Committee is interested. You have to publish it in a couple of places. For example, in the case of Manchester, statutory notices on homes in multiple occupation are published on their website and in their contact centre, and that is it. It is a scheme which

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affects everywhere in the city of Manchester. Therefore, the idea that statutory notices is now the reason we need one of these papers is completely blown away by the evidence that the Audit Commission presented about the amount of publishing of statutory information that you have to undertake, or rather how much of it actually appears in those publications.

Q90 Bob Blackman: So, do you think there should be different regulations for those areas which have high-speed broadband compared with those, possibly rural areas, that do not?

Grant Shapps: No; I would not go to that extent. But statutory consultation and notices usually require a certain level of coverage to be achieved. It very rarely says that you can achieve such coverage only by putting a newspaper through every single door, even in the area that is affected. Usually, statutory notices have more impact on a certain area. To go back to the example of Manchester and HMOs (Housing Management Organisations), the relevant information affects every area of Manchester but the council did not decide that the solution was to put a leaflet through every single door. But even if it were required, we do not argue that town halls should not communicate with their citizens; we just argue that they should not abuse their taxes whilst doing it, so publishing information four times a year would give them ample opportunity to do those types of things as well.

Q91 Chair: To tie together those two points, the Mayor of Hackney, who came in earlier on behalf of London Councils to give evidence, said that if he went to a local commercial paper the cost of publishing statutory notices would be higher than the cost of producing his council newspaper, so he is actually saving money. He can put the statutory notices in the council's newspaper only if it is a fortnightly production because that is the requirement. Therefore, taking away the fortnightly production ends up costing more and provides less information.

Grant Shapps: That is a completely extraordinary argument, and I am really surprised to hear it presented in those terms. I set up a printing company 20 years ago last month. I can tell you that, given the cost of paper and production, to produce a 40-page publication cannot possibly be cheaper than producing a single page leaflet. That is just not possible.

Q92 Chair: The Hackney publication is slightly less than 40 pages; it has 36 pages.

Grant Shapps: It just does not add up. Paper costs money. It is impossible for a 36-page magazine to cost less than a single sheet of paper. I know about printing and I am willing to take on the whole Committee on this subject.

Q93 Simon Danczuk: Do you have any evidence that the people of Greenwich or Tower Hamlets do not like the publications to which you point?

Grant Shapps: This is what I mean about setting a framework. The trouble is that it is very hard for somebody in Greenwich to express that opinion in a fair way. For one thing, their opinion will have been

biased by having 40 pages of propaganda stuffed through the door. If you live in a nation that is slightly less democratic than ours where perhaps the ownership of the media rests in particular hands, or in a communist country where the votes are not really free, and all you are provided with is propaganda from one side that tells you one thing, then, in the end, you may decide that the council is doing a great job.

Q94 Simon Danczuk: But the answer is that you don't have any evidence. The question is: do you have any evidence that the people of Greenwich or Tower Hamlets don't like these publications?

Grant Shapps: I just saw the MP for Greenwich in the Chamber, who is clearly very interested and concerned about the reductions in expenditure that will come his way, and all of our ways in the April settlement. The idea that his residents are delighted at the idea of half a million pounds of their council tax going to fund *Greenwich Time Pravda* is completely ludicrous. We need to set a framework here that still allows local authorities to communicate. We do not say they can never put newspapers through the door, but for democracy to flourish you have to leave space for the struggling local press, which, by the way, if you want to put out the message about what is going on and that the town hall is doing this, that and the other, is more than happy to fill its pages with that kind of information. I think it is largely counterproductive to do it in your own publication; you are much better off trying to use the local publications, but if you snuff them out through your own competition that route does not exist.

Q95 Mark Pawsey: Having heard from the likes of the Minister, the Mayor of Hackney and the newspaper industry, maybe we should do more work on the statutory notices. I want to turn to the question of advertising. We have heard from the local newspaper industry that it faces very tough times; it has lost estate agency, motor and recruitment advertising, and it fears that the advertising that currently is being diverted into some local authority newspapers is affecting their viability. I know that is a big issue in the code that has come forward. What evidence does the Secretary of State have to identify the amount of expenditure that is being lost to the free press and the threat that that presents to the free press?

Grant Shapps: It is an excellent point. We have already established via the data from the TaxPayers' Alliance at least that town halls spend £430 million a year on publicity. We know the Office of Fair Trading issued a warning on this last year, saying: "Local commercial newspapers are facing increasing competitive pressures from public-sector bodies, and local-authority publications should not be treated as contributing to the plurality of independent news sources." So, we know from an authoritative source, the OFT, that there is a genuine problem. As the Committee has discovered, it is quite difficult to pin down exact data. To go back to the opening question, to a certain extent localism dictates that perhaps you do not try to pin down every last penny, at least not centrally and not as Ministers. Maybe that is more your job and that of armchair auditors, but our

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responsibility is to have in place a sensible framework and then you know that it cannot be abused. That is what the new code proposes.

Q96 Mark Pawsey: Rather than restrict the number of editions of a newspaper, would it not be more sensible to place a limit on the amount of advertising revenue that a local authority can seek for its local publication?

Grant Shapps: The difficulty is one of monitoring all this, isn't it? If you go for how much it costs and how much a council gets in advertising revenue, etc, etc, you start to make it very difficult to do something that is quite straightforward for a resident. If the resident is being told that a publication is issued four times a year and if it is more he can ring the alarm bell and speak to the district auditor or whatever, that is pretty straightforward. If you expect the resident to carry out a P&L analysis of the advertising take over a 12-month period it just gets a bit too tricky.

Clive Efford: I should preface my remarks, "As the other Member of Parliament for Greenwich".

Grant Shapps: Indeed, yes. You could not be in two places at one time.

Q97 Clive Efford: I do not consider *Greenwich Time* to be a local newspaper; it is a magazine that informs people about local things because it restricts itself in the amount of time it reports on me. Therefore, in that respect it has a self-denying ordinance. You used *Greenwich Time* as an example. I challenged the local authority about how much it spent on *Greenwich Time*. I just point out to you that in its evidence to the consultation on the code of practice, taking into consideration the cost of advertising that it would have to pay for, *Greenwich Time* is produced "at nil cost to the council". How do you respond to that?

Grant Shapps: I can rely only on the data I have here. It may be worth making a cross-check.

Clive Efford: You have your own little Pravda.

Grant Shapps: For *Greenwich Time* I have a total cost of £708,000 and it is supported by public funds to the tune of £532,000. Whether the discrepancy relates to what happens with the advertising, perhaps I can write to the Committee and let you know. In a sense, either way this is a publication that carries sports reports and mainstream movie reviews. It doesn't carry what its local MPs are doing in sufficient volume. What greater arguments do we need that a free press would do this much better?

Q98 Clive Efford: The issue for local authorities, not just Greenwich, is value for money, is it not, and whether by doing what they are doing they are conveying information about the bins and other stuff at little or no cost to the local council taxpayer? Isn't that something we would encourage?

Grant Shapps: I just want to check this out. If I am a Greenwich resident and want to find out when my bins are being emptied, I can have a quick flick through here. I bet I can't easily identify that information.

Q99 Clive Efford: Would you expect the council to produce that information every week?

Grant Shapps: The information about bins? I do not know. If that is the case, how do you know in which edition you are supposed to look? If people want to know when their bins are being emptied, they will do what most people do: either they will go online and look at the council's website or pick up the leaflet put through the door at the same time as the council tax bill that sits on top of the microwave, at least in my house, or is pinned to the fridge that tells you it is a Thursday and that means that it is the glass that is being recycled. Is the idea that the only way they can get out their information about when bins are to be collected is to put this paper through the door every week, and that sometimes it might be in there?

Q100 Clive Efford: Why did the Government opt to propose a revised code without first asking the Office of Fair Trading to review the impact of local authority publications on independent newspapers, as recommended by the Select Committee on Culture, Media and Sport?

Grant Shapps: Quite a bit of background work had been done on this. The Audit Commission wrote to the previous Secretary of State in January of this year. The OFT has commented on the anti-competitive pressures previously. A code has been in existence for quite a long time and so we know how it is working. Ministers eventually have to make decisions about these things. Given that the evidence shows quite a lot of publications publish more than four times a year and the extraordinary pressures on the publication of local newspapers, the free press as you might term it, the idea of delaying for yet another review would be completely unacceptable. I want to see a free press flourishing at a local level in this country and every moment you delay is a newspaper killed, which is why so many of them have been going out of business.

Q101 Clive Efford: But if there has not been a proper analysis of the impact of advertising on local newspapers—we have had quite a lengthy discussion about that today—how can you know that that is what you will achieve through this code?

Grant Shapps: It would be impossible to argue that we would achieve the opposite, wouldn't it, if you remove a place locally where you can advertise that happens to be state-sponsored and published by the town hall?

Q102 Clive Efford: You would rather have state-sponsoring of private newspapers?

Grant Shapps: State sponsoring of their own newspaper. If you remove that as a source and these things do not exist as advertising outlets, I would have thought it stands to reason that, as night follows day, that they will switch their advertising to the other local possibility, which is the local newspaper. I refer to the Audit Commission. According to the commission, if I correctly understand this table of frequency of publication, 38% of councils publish four times a year; 30% publish five to nine times a year; 9% of councils publish 10 to 12 times a year; 1% publish 13 to 24 times; and 4% publish 25 to 52 times a year,

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presumably bi-weekly or weekly. Remove them and you remove a competitive place to go and advertise.

Q103 Clive Efford: But if the impact of that is that it does not save local newspapers because other factors are in play rather than just local authorities taking adverts, or not using the independent newspapers for its own advertising, what then? If there is no review of the situation, how can you be confident that you will get the outcome you want?

Grant Shapps: Every Government keeps every decision under review. This has been changed a couple of times in the past. It was up for review latterly under the previous Government, though with the intention of going completely the other way and liberalising the code. Of course we would always keep it under review to see what happens in reality. It is interesting that, if you survey people about what they appreciate reading about in the council magazine, it turns out that by far the most popular elements are finding out about when the bins are being collected and practical information about town hall services, and people do not feel that they need to turn to *East End Life* to get their crossword. That is not the way the public operate. In any case, I would not have thought that publishing four times a year was incredibly restrictive for them to carry out the activities that they think are appropriate.

Q104 Clive Efford: To finish off, you are to write to us to clarify your figures and I daresay Greenwich will as well.

Grant Shapps: No doubt Greenwich will as well.

Q105 Clive Efford: If the outcome is, as the local authorities say, that it will cost them more money, will you compensate them?

Grant Shapps: I am sorry; I did not hear their evidence, so in what way will it cost them more money?

Q106 Clive Efford: They are saying that by providing their own organ for statutory notices and other information that they have to supply, along with other leaflets that they produce of course, they are cost efficient and saving the local ratepayers money. If it turns out you are wrong and they have additional costs because of the code, will you compensate them?

Grant Shapps: I urge the Committee not to listen to this tosh about how 40 pieces of paper can cost less than one sheet of paper. It is just untrue.

Q107 Clive Efford: You are pointing at the most extreme cases and generalising right across the country. We have to be careful about that, have we not?

Grant Shapps: Of course, but even an average publication contains several pages and it can never be less expensive to produce several pages than one sheet just because of the cost of printing and paper. The idea that somehow it can be cheaper to produce a publication like this more than four times a year and the differential between doing that and putting out the occasional leaflet in, I imagine, very extreme circumstances when for some reason they do need to

inform everybody of something, which as we have discussed before as far as statutory notices are concerned is quite unusual, just seems to me to be beyond the credible. I just challenge the basis of that argument entirely. It is just untrue.

Q108 Clive Efford: On what basis?

Grant Shapps: As I explained, because you cannot argue that it is cheaper to produce this publication more than four times a year.

Q109 Clive Efford: You have a hunch?

Grant Shapps: No.

Q110 Clive Efford: Where is the evidence? That is what we are asking.

Grant Shapps: One thing I do know about is the cost of printing and paper and publishing. I can tell you that it is always more expensive to print on more sheets of paper than fewer and to print more often than less often.

Clive Efford: We will see that in your letter as well, will we?

Chair: We will have that information. Obviously, we will ask the councils to provide the information as well.

Q111 Mike Freer: Minister, I am struggling a little to nail down your objection, whether it is propaganda, the cost or the angle of unfair competition. You referred to unfair competition. Would it surprise you that none of the journalists or the newspapers who gave evidence today said there was any correlation between the decline in the free or paid-for local press and the advent or increase in local authority publishing?

Grant Shapps: To answer your initial comment—you said you were somewhat confused—it is all three. Those are the reasons. On the latter point, when you take evidence from journalists, obviously they work for both types of publication. If you are one of the 50% more journalists who work for *East End Life* than for the local newspaper and you are here to represent journalists, you would want to argue as passionately as possible that a journalist is a journalist and it does not matter whether he works for this or the local rag; it is the same thing. The truth is that logic dictates that the market is of a certain size and if you steal advertising from one location, there will be less of it left to the commercial market.

This is a big issue and all of us here who care passionately about democracy should be interested in it. Why should the taxpayer be paying excessive amounts of money to produce one-sided information that has not gone through any kind of journalistic filter? That is what these publications have to be. How often do you read in the letters page, if there is such a page in this one, “I am quite disgusted with my local authority. Tower Hamlets just doesn’t collect our bins properly”? It is not in there because they cannot be objective. That is why I think there has to be a fairer basis and that is what the code produces.

Q112 Mike Freer: Let us assume that the trade unionist is riding both horses. Both The Newspaper

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Society and the two newspaper representatives said that the decline in advertising revenue presaged the increase in local authority publishing and that the two biggest drops were in estate agency and motor vehicle advertising, which are more to do with the recession than with local authorities. The point I am trying to get to is: would you be surprised that that is their view because it seems to contradict your view?

Grant Shapps: No. To be absolutely reasonable about this, the recession has had an enormous impact on local newspapers. I had a chat with the editor of my local paper and it was made quite clear that the recessionary factors had been an enormous problem. But he has also contacted me separately in the past, before we were in Government, to say that the pressure coming on stream from other publications that are taxpayer supported was beginning to cause a problem. It stands to reason that it would. I know you have received evidence from lots of different bodies. Some want to go further than us and ban all advertising in local authority publications so that they are unable to accept any. We have had those representations as well. We do not think it should go that far; we think that if it can offset some of the costs that is fine, but let us have a framework—publications no more than four times a year—and then we know that at least it is not pulling away all of the potential income for the commercial free papers. It is only reasonable to accept that in large part it is to do with a long, deep recession with a difficult climb out; that is absolutely true. That does not mean you should make it worse by allowing local authority town hall Pravdas to finish those papers off.

Q113 Chair: To go back to the “Pravda” allegation, clause 16 of the code seeks to stop authorities influencing public opinion about the policies of the authority. That of itself might be an interesting concept to look at. On the other hand, clause 31 of the code recognises that local Government authorities should, where appropriate, seek to influence attitudes and behaviour such as around public health messages. On the one hand, they can influence attitudes and behaviour but not influence the public’s opinions about the policies of the authority on the other. Given that local authorities are to be given responsibility for public health, so it will be one of their own policies, do you think those two bits of the code sit together at all without some degree of conflict?

Grant Shapps: It is a really interesting point. We all have to balance these conflicts, don’t we? There are lots of areas of public policy and it is not unusual to find that tightrope being walked in codes or legislation. It is absolutely the case that we do not want to promote a “Isn’t our council wonderful?” publication through the door, but at the same time we think that local authorities have a role to play and, under the health proposals, an increasing role to play in areas like public health. The new health boards will want to ensure that they are able to join up with the local authority and push those agendas forward and nudge people in the right direction. You identify a valid point, but I think a sensible editorial approach will understand that to encourage a healthy lifestyle—use of the parks and so on and so forth—is quite

different from: “And here’s a picture of our fabulous Mayor, who has just done x wonderful thing for a grateful audience.” I think an editorial decision is to be made there that is perfectly compatible, but you are right to recognise that there are balances to be brought.

Q114 Chair: Surely, there are bound to be grey areas. A picture of the mayor opening something might tell people, “This is now here and available.” It is a perfectly reasonable way to get across a message. People might look at a picture when they would not look at the words.

Grant Shapps: Can I suggest the right balance then? As one of his first moves, the Mayor of London, Boris Johnson, scrapped *The Londoner* newspaper, which no doubt could have been full of pictures of the Mayor opening stuff had it wanted to be. It is a saving of £2.9 million. I am sure you have already taken that into account in your evidence. I think it was absolutely right to stop wasting Londoners’ money in that way. I have not noticed Boris not getting a lot of press doing lots of healthy things, like using his Boris cycles, Boris bikes or whatever else. The truth is—we all know it because as politicians we are expert in it—that we do not have a problem going out there and getting press. The idea that we must have our own local authorities to help us is ludicrous. We do not need that assistance. In exactly the same way, local authorities who will have these responsibilities and connections with the public health boards, for example, will want to make sure that they use all the different mechanisms available to them, no doubt from the existing free press in their area to viral online marketing, to get people to nudge them into having slightly healthier lives, or whatever it is they are trying to achieve. You simply do not require one of these papers to do it.

Q115 Chair: But there is information. All local authorities are saying, and presumably the Government accepts, that there can be a real need for them to communicate certain sorts of information that does not get in the press. It could be a list of summer activities for kids over the whole six-week period. All those details would not necessarily be in the mainstream press, so the authority could put it out.

Grant Shapps: Yes.

Q116 Chair: But a picture of the mayor beside it might just draw people’s attention to it, but does that become “influence”? If the council develops a new policy about how people respond to planning applications, again it is almost like saying to the public, “We think this is a great new thing the council is doing; it gives you a greater opportunity to be consulted.” Is that starting to influence people’s opinions about the qualities of the authority?

Grant Shapps: On the first point to which you half-alluded—the summer activities that are coming up—these things can still be published four times a year. There is no secret when the summer starts and ends, so they can predict this in advance and publish it in the newspapers. I accept there is a secret about when the weather will be good. Nonetheless, these activities

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are planned; you know where they are; you have a publication two, three or four times a year and you can stick it in there. That solves that issue.

To return to the latter point, you are right that there is a balance to be struck between what is good editorial and when a picture is included. I have had an experience similar to that of our other Member for Greenwich. I find it quite difficult to get into my local town hall publication; it is quite shy, careful and cautious, as well they should be, about publishing politicians too much. I had far more success getting into the local free press, and that is how it should be. We just think this is a question of reasonable balance and sensible application. The proposals build on guidelines that already exist; they are moderate and sensible. They cut off the weekly publications, and quite rightly, but four times a year should provide adequate opportunity to get the message across.

Q117 Chair: To go back to content, in the end there are grey areas, are there not?

Grant Shapps: Yes, there are. In our new world of transparency and openness in which all live, if a resident has a concern it should be put on record. They should get in touch with the auditor and make a complaint, and the council can be named and shamed and put to rights over it. Don't let your local authority get away with wasting your money in this way.

Q118 Bob Blackman: Obviously, a lot of the publicity put into these newspapers or magazines comes not only through the local authorities but the National Health Service, police and fire authorities, local charities and community groups. Do you accept that one of the consequences of this could be that it could drive up the cost of advertising for those organisations?

Grant Shapps: My experience of local newspapers, and I don't know whether everyone else finds this, is that they are under incredible pressure and universally they have had to reduce the number of staff. Therefore, if you are a police authority, the health service or a politician and you present a neatly created press release with a well-written full story, they will grab it out of your hands with open arms because they need to fill their pages so they can continue to produce their publication and attract advertising. Therefore, almost to the contrary, tough times provide a great opportunity to all of those bodies you mentioned to get the message out there through the free press and, nowadays, online with viral marketing, Twitter and all these other things. I was tweeting just before I came to the Select Committee to say I was coming in here. If I wanted to get a message out, that is the way I might do it. Councils will do the same thing once they get savvy to the idea that it is free to twitter, but this publication in my hand isn't free.

Q119 David Heyes: Why does a provision about lobbyists belong in a code of practice on local authority publicity?

Grant Shapps: That is a good question. As Ministers in this six month-old coalition Government, we have become concerned not only about the amount of expenditure on lobbyists but the amount of time spent

by lobbyists trying to sell the message of local authorities. By the way, it is completely counterproductive. If a lobbyist contacted me on behalf of Greenwich or anywhere else, that would not be a top priority. I would be far more likely to listen to the leader, chief executive or councillor within the authority who contacted us with a concern, so it is ineffective and also a counterproductive use of taxpayers' money.

Q120 David Heyes: Are you drawing a distinction between being lobbied by local authorities, individually or collectively, and being lobbied by paid firms of lobbyists?

Grant Shapps: Yes. If you are lobbied by an outside firm of lobbyists it is a terrible thing to do. It really proves that you are not really sure how to go about lobbying; it is very ineffective. Do not waste your money on it if you are a local authority and are paying outside lobbyists. Do it yourself.

Q121 David Heyes: There is no proposal in the current practice to prevent local authorities individually or collectively from lobbying the Government. As I understand it, the restriction is on paid lobbyists. You said you were concerned about the amount of money and time that went into it. The local authority witnesses who gave evidence earlier said there was little if any money spent on paid lobbyists by local Government. If you say you are concerned about the amount of money and time spent, where is your evidence?

Grant Shapps: Sitting on the other side of the table, I can tell you that on a daily basis letters from lobbyists stream in. If it is helpful to the Committee, I can ask officials to provide a collation for the past six months.

Q122 David Heyes: Are these lobbyists or paid lobbyists? Can you distinguish between them?

Grant Shapps: I am talking here about organisations outside the local authority that write to me. I can only assume, therefore, that they are not doing it for the love of it and are being paid. If it is helpful to the Committee, I will quickly tot up the number of letters I have had from lobbyist firms on behalf of local authorities in the past six months. I think we will see a reasonable body of evidence that this is costing taxpayers quite a lot of cash. It is completely counterproductive to the local authorities' cause.

Q123 David Heyes: Why shouldn't local authorities be free to spend the money in that way if it is cost effective and democratically justifiable and that can be evidenced?

Grant Shapps: I tried to stress that I think it is an extremely non-cost-effective way to go about things. If you tell me that somebody else has a problem with something I am doing, or would like more money from me or something like that, that is not as effective as it would be if that person came directly with his or her concern. It stands to reason that it just does not work that well. Again, in terms of setting an overall framework, in the same way we talked about the advertising code providing a framework, we are very

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keen that the framework on lobbyists should be established, partly because we think the whole thing has got out of control. The amount of money being spent on lobbyists has grown very dramatically. I can either dig out the figures here or forward them to the Committee to demonstrate exactly that point.

Q124 David Heyes: But our earlier witnesses suggested strongly to us that it just did not feel right in this code of practice. If you have these concerns, this is not the right vehicle to address them.

Grant Shapps: I am not sure why. We are keen not to have endless documents telling local authorities what to do; in fact we have been spending our time scrapping vast amounts of bureaucracy, documents and all the rest of it. This one already exists. It seems to us that, rather than create yet another, this is a code of recommended practice of local authority publicity. Lobbyists effectively publicise for the local authority, usually to central Government, but maybe to many other people, the workings of that local authority. I think we are being tough and fairly consistent on this. We sent a message during the party conference season even to lobbyists who paid to come to our conference. We said to them that local authorities needed to consider whether they were paying them in a sensible manner. This is by no means a partisan point; it is just that we do not think it is a good way to spend taxpayers' money in these straitened times. This seems to be a sensible place—it is a code about publicity—to make that point.

Q125 Mark Pawsey: If residents in a local authority do not like the fact that it is wasting money on lobbyists and local authority newspapers, why can they not just vote them out?

Grant Shapps: That is absolutely right. I go back to the point I made earlier. In this country we accept that we have to have a framework. We have free elections. I am very attracted to your argument that, surely, they should just vote these people out. What we do accept in the country as a whole is that we must have a balanced broadcast media, so we pass laws to say that media must be fair and balanced. We then come to what we do about the state. We pass laws to make sure that the Government of the day cannot spend ridiculous amounts of money, or any money, promoting on a political basis.

We did have a problem with the fact that the previous Government spent half a billion pounds a year and became the second biggest advertiser in the country, and that no advertising break on TV was complete unless there were a few nannying messages from the state. An awful lot of money was going down the pan then. If we switch on the TV now you will notice that you can watch an entire advertising break, whole films or the 10 o'clock news on ITV, and not see the state telling you what to do or not to do. That money will help eventually to pay down the enormous deficit of this country.

We think it is fair to set guidelines on what can and cannot be done on a national level. There is no reason why those same guidelines should not apply locally. The danger is that, once you let this type of publication get out the door on a very regular basis,

not necessarily weekly, as *East End Life* is, or even monthly but perhaps bi-monthly or quarterly, at those kinds of levels you are in danger of tipping the balance in giving people this kind of warm, glowing feeling about how wonderful their local authority is when in reality they are the ones who happen to have your money to spend on telling you how wonderful they are. We cannot have that situation go on because it is anti-democratic.

Q126 Clive Efford: On the issue of lobbyists, do you not worry that in the way you have approached this you will prevent local authorities from being able to buy in expertise that they do not have in-house? To go back to the example of the local authority in Greenwich quoted earlier, having been on that local authority for 12 years, many years ago, I can remember lobbying for the millennium and the regeneration of the peninsula, which led to the Dome; I can remember lobbying for DLR to come to Cutty Sark Gardens in Greenwich; for the Jubilee Line to come to the peninsula right next to the Dome; and, more recently, for Crossrail. I could go on with many other examples. Without bringing in expertise that we did not have within the local authority and people who knew the right questions to ask, and the people to ask them of, we would have missed out.

Grant Shapps: Unwittingly, you almost highlight the point I want to argue here, because if you allow lobbyists to be brought in, rather than expertise being brought in to advise on technical aspects—I am talking about the communication/publicity side of things—to lobby the Government on every occasion, is it not the case that what happens is the same as has happens in US politics? Because you are allowed to advertise on TV, if you do not do it, the other guy will and you will be put at a disadvantage. Therefore, you have to advertise on TV and as a result expenditure on presidential as well as mid-term elections can run into the hundreds of millions, even billions, of dollars. Why? Because there is no rule to say you cannot do it. In exactly the same way, this code on publicity that bans across the board the hiring of lobbyists in order to lobby Government to publicise the needs of that local authority to Government will put everybody back to zero, unlike at the moment where everybody is on the same level but you have to pay lobbyists to be on that same level. You almost make a very good argument, which perhaps I had not considered previously, for a code of conduct for lobbyists to ensure everybody is on the same level.

Q127 Clive Efford: Have you ever been on a local authority?

Grant Shapps: No.

Q128 Clive Efford: Local authorities on behalf of their local communities deal with a great many things, and one of the most important is regeneration and economic development. When there are large projects, competition is quite often set up by Government departments where local authorities are required to compete with one another, so unless you present the case in a great deal of detail, your local community is likely to miss out.

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Grant Shapps: That is an excellent case in point. Money is restricted; sometimes you have to go through bidding and put together a bid. The argument here is not that you cannot bring in experts to work out how to put together an excellent bid on a technical basis but that you should not waste your money employing them to come and lobby Ministers. You ask if I have been on a local authority. No. Obviously, I have been around local authorities for many years, but I have sat on this side of the fence and I can tell you there in my mind there is nothing less effectual than a lobbyist contacting me to ask for a meeting on behalf of a local authority. I write the same answer every time: no. The principle is: it should not be down to who can spend the most money on lobbyists but who has the best technical story. By the way, it costs nothing to contact me via grant@shapps.com or the DCLG website. That is all it takes. You do not require a firm of lobbyists to get in touch with Ministers in our department. Therefore, there is no reason to go out for the publicity element and contact lobbyists. If no one is able to do this because it is banned under the code, then Greenwich will not need to spend the money in order to keep the same competitive advantage as its neighbouring authority that is spending that money. Neither will be able to do it. Clearly, this ensures that much less money needs to be wasted on lobbyists.

Q129 Chair: Can you define the difference between a specialist and lobbyist?

Grant Shapps: The bit we are interested in here are the people who on behalf of local authorities go out to sell the message of those local authorities.

Q130 Chair: You can employ someone as a specialist to advise you on how to present your case better as long as you present it yourself?

Grant Shapps: I would not advise it, personally; it is almost certainly counterproductive. Lobbyists are go-betweens, are they not? They think they are a lot more likely to attract your attention than a direct approach from a local authority to Government, often a Minister. The answer to go forth from this day is: it is not the case. You are wasting money; worse still, you are wasting your taxpayers' money.

Q131 Chair: The money cannot be spent on someone coming to Government on behalf of a local authority, but someone who advises a local authority about how to go to Government is fine?

Grant Shapps: Let me just repeat the advice: going to Government is easy. Email us; pick up the phone; ask your MP. It is very straightforward.

Q132 Chair: Small local authorities in particular may not have information and advice about complicated issues and on occasion it is something they may need to buy in. Therefore, to buy in that advice to help them present a better case to you when they come is acceptable?

Grant Shapps: To get this straight in my mind, are you telling me that if somebody is an expert on the Underground, say a specialist in train extensions, and they are technical in nature, that is the same as being

a lobbyist who contacts Government to try to get Government to buy their case? No, they are two completely different jobs. If you are a local authority that needs advice from an expert engineer, go and hire that expert engineer. That is not a lobbyist.

Q133 Chair: Is there to be a list of specialists you can buy in and those you cannot?

Grant Shapps: This is all pretty straightforward. I do not have the same difficulty in interpreting what a lobbyist is. I do not think an engineer is a lobbyist. Do you?

Q134 Chair: In the end it probably will not be your decision; it will be that of the district auditor or somebody else. Therefore, it is helpful for the district auditor to have it clearly understood.

Grant Shapps: To me, this is like having a conversation about the difference between a doctor and dentist. Everyone understands the difference between them.

Chair: A lot of lawyers end up being made very rich on the basis of those sorts of arguments.

Grant Shapps: This is a statutory code and there are proper procedures in place to monitor it. I cannot imagine anyone else will experience confusion about the difference between a lobbyist and, for example, an engineer.

Q135 Bob Blackman: This is published as a recommended code of practice. We already know from discussions we have had that some of the publications would appear to fall foul of the recommendations in this code of practice, so how is it to be enforced?

Grant Shapps: In line with localism, we would expect local authorities to adhere to it in the first place. I think that by and large they do abide by the current code, although there are some exceptions that of course are easier to highlight. Then local people—the armchair auditors—will be able to say that a publication is still coming through the door weekly and make a complaint to the local authority auditor. The auditor will wrap knuckles in public and name and shame the local authority.

Q136 Bob Blackman: So, it is the auditor who will decide whether or not the authority has breached the code?

Grant Shapps: Yes.

Q137 Bob Blackman: And will propose any appropriate action?

Grant Shapps: I always look at these things and imagine there must be a very complex system to ensure that local authorities adhere to everything that central Government asks them to do. One of the big surprises to me coming into Government is that for the most part that does not exist. For the most part local authorities consider that their number one duty is to comply with things like statutory codes; that is what they live for, and they do not go around routinely abusing them. I am no fan of Tower Hamlets or Greenwich council, but I would be very surprised if they carried on publishing more than four times a year

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once the statutory code is in place. If they do, it is up to any member of its local population, perhaps their local MP, to make a complaint.

Q138 Bob Blackman: To be clear, when you say “statutory code” you do not propose any primary legislation to introduce this code?

Grant Shapps: No. This code will be laid before Parliament before the end of the year and will come into force next year.

Q139 Bob Blackman: To be clear on time, you say by the end of 2010?

Grant Shapps: It will be laid before Parliament.

Q140 Bob Blackman: And it will come into force in the early part of 2011?

Grant Shapps: Yes, early 2011. Again, I can provide the Committee with the exact timeline if it does not have it. I cannot tell you the exact day it is to be laid before Parliament, but it is in our Department’s business plan that it will be in place by early 2011 and to meet that timeline we would have to lay it before Parliament before the recess.

Q141 Chair: You said that authorities had to adhere to the code. The wording, as I understand it, is that they must have regard to it. Therefore, is it not slightly less clear-cut about what they need to do?

Grant Shapps: How far you go with these things is an interesting point. I think I am right in saying—it will be interesting to read the evidence of the Committee as it writes up this investigation—that by and large the code is complied with. I have not seen widespread abuse of the code. It is the code that is to be announced rather than the fact that it is being widely abused. The balance is probably about right. I think it would be quite difficult to carry on publishing 12 times or five times a year once the code says four times a year. It will be embarrassing to be pulled up on these things by the auditor. This applies right the way across Government, particularly in its relationship with local authorities in many different ways. I refer to all the work on things that we have now scrapped, like the comprehensive area assessments and local area agreements. These things worked because local authorities spent their time trying to comply with the stuff that they were being asked to do. Fortunately for them, we are scrapping a lot of the stuff that they have been asked to do and

simplifying what is required of them, so it should be very easy for them to comply.

Q142 Chair: You say there is no problem with the current code as it exists, apart from the fact you do not like the fact it does not specify four times a year.

Grant Shapps: I am sure there are legitimate concerns. Someone may be pulled up in front of the Committee, but our argument is not that here is a code that is being abused in a widespread way but that here is a code that is so lax that it puts potential pressure on local publications, so damaging the free press and allowing town hall Pravda.

Q143 Chair: With regard to the timetable about which you said you would give us some information, obviously the Committee will produce a report on this inquiry. We will do it as quickly as we can. We have had just this one evidence session today. Is it possible for the timing to be such that the House will be able to have regard to our report before it comes to a decision on the code?

Grant Shapps: I will switch the question round and ask how quickly you will produce the report.

Q144 Chair: The end of January.

Grant Shapps: You will not produce the report until the end of January?

Q145 Chair: That would be realistic.

Grant Shapps: I need to come back to you in that case. I should mention that, as you already know, we had the consultation; it closed in November. The order of events is that you then announced your inquiry, but, as part of our departmental business plan, this code was to be in place—we may have named the date—certainly early in the new year, which means we planned to lay this before the recess. May I go away and consider what you have said and come back to you?

Q146 Chair: I think that would be helpful. The reason for the timing of our inquiry is that we wanted to take advantage of the consultation your department had undertaken rather than to call for a separate set of evidence.

Grant Shapps: I can see that would be sensible, in which case let me come back to you on that detail.

Chair: Thank you very much.

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