



## **NUJ response to the BEIS committee inquiry into the impact of coronavirus on businesses and workers**

**May 2020**

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

### **Introduction**

1. It was the union's freelance members, a third of the membership, who first felt the impact of Covid-19 as their work dried up virtually overnight with the end of sports, arts and other events to report upon. Within two weeks of lockdown, almost 1,000 employees (not all editorial) at the UK's largest newspaper and magazine publisher Reach were put on a furlough and this was followed by the other two major publishers Newsquest and JPIMedia. As the Economist has reported, at JPIMedia some of its titles have lost as much as 80 per cent of advertising revenue: "Almost all ad-sales staff have been furloughed. So have dozens of journalists. The rest have taken pay cuts of 10-15 per cent rising to 20 per cent for board members." And the papers have become noticeably thinner.
2. Elsewhere, titles have been closed or moved to digital-only and pagination is down. This has all happened as the thirst for news has rocketed and digital traffic increased from between 20 and 50 per cent. With newsstands and shops such as WHSmith shut and paper boys and girls forced to stay at home while the issue of permits was resolved, sales of physical newspapers have plummeted. Then, newspapers found coronavirus stories were being blocked on digital platforms, because of algorithms relating to where stories and adverts are placed. Research firm Enders Analysis forecast that advertising revenue could fall by almost a third and estimated that 5,000 journalists and dozens of publishers were at risk.
3. At the end of April, the trade magazine Press Gazette reported that the Guardian's reader revenues had grown to record rates with recurring payments up by almost a quarter on the previous year. Even print subscriptions to the Guardian, Observer and Guardian Weekly were up 3 per cent to a record high of 111,000. The Guardian was

found to be doing the best job in covering coronavirus out of all print/digital news media (not including broadcasters) by a Reuters Institute for the Study of Journalism survey this week. However the Guardian furloughed 100 of its (non-editorial) staff and the company postponed pay rises for all UK staff and reduced pay for the management team – including Katharine Viner, the editor-in-chief – by 20 per cent for the next six months. Despite the increase in readers, the company expected a decline in revenue of £20m over the following six months. The Financial Times – which has more than a million paying subscribers – revealed that 80 senior managers would be taking a 10 per cent pay cut. It has also temporarily halved its pension contributions, matching staff payments into retirement plans rather than its usual practice of double-matching. The Daily Telegraph has made non-editorial employees take 20 per cent pay cuts and work four-day weeks. The Independent has furloughed staff and said all employees earning more than £37,500 would have their pay cut by 20 per cent. Almost every major news publisher in the UK has now imposed substantial cost reductions. ITV scrapped its director bonuses and its board took a 20 per cent pay cut. STV News put half of its top anchors on furlough and other cost-saving measures have included shareholders' final 2019 dividend payment being cancelled, the postponement of 2019 performance bonuses, and a voluntary 25 per cent pay cut for board members.

4. The industry welcomed the Job Retention Scheme (and its extension to October), the £35m public information advertising campaign and the bringing forward of the abolition of VAT on digital publications. But the future looks bleak. This is because the newspaper industry is one with underlying health problems. That is why Theresa May's government brought in Dame Frances Cairncross to review the sustainability of the quality press. It was the failure of the government to take up some of her sensible recommendations and also the lack of boldness in her approach that led the NUJ to bring out its own News Recovery Plan, which looks at measures and interventions to get the industry through the present crisis, but also looks to create a vibrant, diverse and more pluralistic media of the future.

5. The NUJ is concerned about the future of public service broadcasting. Again, while viewing figures have never been higher as people flock to hear the government's announcements and look for trustworthy news sources, advertising is tanking and studio production has stalled on shows from Love Island to the Archers. ITV has reported record viewing figures for its news bulletins while at the same time seeing a 42 per cent drop in advertising revenue during April. The slide in revenue is far worse than the 10 per cent fall previously forecast. Around 800 production staff have been furloughed.

6. The BBC has risen superbly to the challenge, providing non-stop news, advice, information and entertainment. It offered families forced to home school more BBC Bitesize content and a daily educational programme for different key stages or year. Its local radio initiative Make a Difference co-ordinated support for the elderly, housebound and those at risk. But this has all come at a cost. Deferring the payment of

TV licences by the over-75s is costing £40m a month and putting back planned cuts of £40m in news and delaying the Red Button text news and information service will all lead to a financial reckoning. It is estimated the BBC will need to save an extra £125m as a direct result of Covid-19. The creative industries are worth more than £110bn to the UK economy and the BBC is a major driver, creating the most original content and as the major trainer and innovator in broadcasting. Netflix and Disney will not be filling the gap of news or investigative documentaries when the BBC is forced to make swingeing cuts.

7. As a public body the BBC is not eligible to access the furlough scheme – this has hit hard several thousand freelancers who were paid by the PAYE system while working for the corporation. Following pressure from the NUJ the BBC agreed to set up a hardship fund. This entitles freelancers to a borrow up to £1,000 a month which is offset against future work over the following 12 months. More support is urgently needed for these PAYE freelancers who play a key role at the BBC.

8. The NUJ asks that the government heed the House of Lords Economic Affairs Finance Bill Sub-Committee's report, *Off-payroll working: treating people fairly*, which concluded that the planned roll-out of IR35 to the private sector was “riddled with problems, unfairnesses, and unintended consequences”. Its introduction was delayed by 12 months owing to the coronavirus crisis, but Jesse Norman, financial secretary to the treasury, indicated that the government will proceed as planned with the roll-out in April 2021. The NUJ, together with the Federation of Entertainment Unions, had warned ministers that the introduction of IR35, which is supposed to tackle tax avoidance by “false freelancers”, was fraught with problems and will try to persuade the government not to include the reforms in the Finance Bill, now in Parliament. IR35 already operates in the public sector. Many witnesses told the peers’ committee that the rules have made them “zero-rights employees” with none of the rights of being an employee, or the tax advantages of being self-employed.

9. This submission to the BEIS committee’s inquiry into the impact of Covid-19 draws upon a survey, completed by more than 1,200 members, which gives a snapshot of how people working in the media sector have been affected. The union is particularly concerned that many of our freelancers have fallen through the cracks of the Self-Employed Income Support Scheme, plus those who were working PAYE for newspapers and magazines are out of work and have not been furloughed by the publication they worked for, often, for many years and the lack of support for those newly self-employed/freelance. The survey gives cause for concern for the next phase of the government’s plan to get people back to work; reports from those who are working in offices and on the road show the industry to be far from “Covid-secure”. The submission also draws upon the solutions put forward in the News Recovery Plan.

10. **The Survey** (1,219 members responded to the survey, carried out by SurveyMonkey from 24 April-10 May): two-thirds of UK media workers have suffered financially because of the pandemic and lockdown, with freelancers being hit especially hard and feeling unsupported by the government’s financial aid package.

11. The decrease in household income varied, but when the figures were broken down between staff and self-employed, a third of freelances said their work had dried up completely and a further third said it had decreased sharply. The overall figure for members losing 80-100 per cent of their income was 18 per cent.

12. NUJ members are also braced for further economic shockwaves, with more than one in eight (84 per cent) fearing the crisis will lead to redundancies at their workplace. The survey revealed that freelances fear the impact on their livelihoods will be felt keenly for many months to come – a third said they did not think their income would improve until 2021; 39 per cent said they did not expect work opportunities to improve for three to six months; while 16 per cent said they did not expect to make a living at all following the pandemic.

13. **Michelle Stanistreet**, NUJ general secretary, said: “This survey reveals how NUJ members are suffering severe hardship and anxiety as a result of cancelled work and deferred commissions, furloughs and pay cuts. For many, however, it feels like the eye of the storm, with more pain to come unless meaningful and urgent intervention is secured to support our industry and the journalists and media workers carrying out a vital public service. This crisis has underlined the critical role that quality journalism and news provision plays in our communities. Its survival cannot be left to the vagaries of the market, in an already broken business model; it’s now time to support public interest news and create a vibrant and genuinely pluralistic sector for the future.”

14. At the time the survey was taken, 45 per cent said their employer had furloughed editorial staff. Of those, more than half (52 per cent) had not had their pay topped up by their employer. A fifth (22 per cent) said their employers made up the full 20 per cent difference between the amount paid by the government.

15. Freelances on the PAYE system are eligible to be furloughed alongside their staff colleagues, but only 5.5 per cent said their employer was doing so. Nearly 13 per cent of freelances said they were paid via PAYE and eligible to be furloughed, nearly 2 per cent were agency/umbrella company workers and 0.23 per cent Limb B workers (providing a service as part of someone else's business).

16. Of those working, 42 per cent had their pay cut (23 per cent on a sliding scale depending on their salary and 19 per cent across the board). A quarter said they were also covering work of colleagues on furlough. Those surveyed reported very little consultation or explanation of why certain people were furloughed. There have been a number of cases when the union has had to intervene because companies have furloughed women because they were pregnant.

17. Almost half (48 per cent) of those on a furlough feared they were at greater risk of being made redundant at the end of the scheme.

18. Virtually everyone (97 per cent) said Covid-19 had led changes in work-practices at their workplace. Two-thirds of respondents said the changes imposed had not been agreed or negotiated with their trade union.

19. **Pamela Morton**, freelance national organiser, said: “The present crisis has lifted the lid on the complexity of the way people work and are paid. Our members have been pushed into working arrangements not out of choice which are now making them fall foul of the various criteria set down in the government’s aid package for freelances. Freelances are being treated badly by newspapers, magazines and other organisations which need them week in, week out but refuse to put them on the furlough scheme.”

20. Many individuals will be excluded from SEISS because their self-employed work (under self-assessment) is less than 50 per cent. The NUJ has suggested some form of tapering system to prevent people falling off the cliff edge. Many individuals will have taken time out for maternity or parental leave, illness or have caring responsibilities. Research has shown that the impact of coronavirus and the lockdown is already greater for those with protected characteristics.

21. Freelances are often forced to combine employed work with self-employed work (under self-assessment) straddling both systems part-time. A fifth of those who responded to the survey said they combined self-employed work with employed work. At the same time, the same amount said they were paid via PAYE “employed for tax purposes” income. As a consequence, if this other income is more than 50 per cent, they will be disqualified from SEISS. This will disproportionately affect women, the low-paid and disabled people who are more likely to have part-time work.

22. Companies often insist on paying via PAYE, explained one member: “For the past three or so years, the bulk of my income has come from shifts at newspapers. Though the companies deduct tax at source, at the emergency higher level, take off National Insurance and make payments for holidays, they go great lengths to ensure that individuals are not full employees. My work was ended prior to the government’s deadline of 28 February 2020.”

23. Those who have profits of more than £50,000 may also have seen all their work cancelled for the best part of the year. One member said: “As I pointed out to someone who said it won't all be fair, I don't want fair, but equitable. There will be professionals paid under PAYE who will earn considerably more and yet get the maximum allowed.”

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

25. **Safety at work:** many members who have been office-based throughout the lockdown raised concerns over the levels of care being taken by employers to guarantee safe working, including social distancing and improved cleanliness. A third of respondents said social distancing was not always being observed and two-thirds said they were not confident adequate cleaning is taking place in their workplace, posing questions about how media companies will ensure any return to office-based working will meet the threshold of being “Covid-secure”. Members were using the same

equipment, expected to share the same vehicles and one said: “Colleagues are very lax over social distancing and working in studios/production areas, it's virtually impossible to always maintain two metres from others.”

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

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

28. Journalists are not seeking handouts or compensation for the industry – we are looking for investment in our future to transform the media industry, make it fit for our collective purpose and truly serve the public good.

29. The News Recovery Plan sets out a list of short-term measures to sustain the press and media through the Covid-19 crisis and longer-term aims to reinvigorate the industry into a reimagined future. The short-term include:

- A windfall tax of 6 per cent on the tech giants, using the Digital Services Tax, towards funding a News Recovery Plan.
- Tax credits and interest free loans to support journalist jobs, for frontline reporters covering the Covid-19 crisis and recovery.
- No public money for firms making redundancies, cutting pay, giving executive bonuses or blocking trade union organisation.

- Strategic investment in government advertising, including the hyperlocal sector, involving central and local governments and public bodies.
- Further funding by NESTA’s Future News Fund of innovative, public interest journalism and a similar scheme in Ireland
- Free vouchers for online or print subscriptions to all 18-and-19-year olds and tax credits for households with subscriptions.

30. Medium-term measures included:

- Establishment of a government-funded Journalism Foundation – as recommended in the UK’s Cairncross Review – to invest in local news and innovative journalistic projects.
- Confer “asset of community value” status on local newspapers – like community pubs – ensuring that titles are preserved for potential community ownership.
- Tax breaks, rate relief and other financial support for local social enterprises and journalistic cooperatives taking over titles from major regional operators, running them as not-for-profit enterprises.
- Employee representation of 25 per cent on executive boards in receipt of public funding.
- Independent sustainable funding of public service broadcasting that protects its universality and prevents government interference.
- Nationwide media literacy strategy to tackle disinformation and fake news.
- Reform of media ownership rules, with a strengthened public interest test.
- Training that opens up access to journalism, including apprentices for school-leavers.
- Protection for whistleblowers and monitoring the potential impact of surveillance technologies being considered in response to Covid-19 challenge and easing of lockdowns.
- Support for a global framework to protect and promote journalism and improve press freedom.

## References

From Health Crisis to Good News: a recovery plan for the news industry by the

NUJ: <https://content.yudu.com/web/3pylg/0A43xvo/NewsRecoveryPlan/html/index.html?origin=reader>

Or download the pdf: <https://www.nuj.org.uk/documents/from-health-crisis-to-good-news/>

#ForgottenFreelances: a third say they do not expect their income to improve until next year: <https://www.nuj.org.uk/news/forgottenfreelances-a-third-say-they-do-not-expect-their-income/>

Two-thirds of media workers have suffered financially because of the pandemic; and fear worse to come: <https://www.nuj.org.uk/news/two-thirds-of-media-workers-have-suffered-financially-because/>

#ForgottenFreelances: as the scheme to support freelances goes live, a third of self-employed journalists could miss out: <https://www.nuj.org.uk/news/forgottenfreelances-as-the-scheme-to-support-freelances-goes/>

Letter from the NUJ to Rishi Sunak on problems for freelances having access to the Self-Employed Income Support

Scheme: <https://www.nuj.org.uk/documents/forgottenfreelances-letter-to-the-chancellor/>

NUJ backs peers' report calling for freelance tax IR35 to be reformed:

<https://www.nuj.org.uk/news/nuj-backs-peers-report-calling-for-freelance-tax-ir35-to-be/>