Review of Public Service Media

Terms of reference

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Public service media is vital for audiences

Public service media (PSM) holds a unique place in UK society. It provides trusted and accurate news, content that reflects the whole of the UK and brings audiences together. Traditionally, viewing of PSM has been to the public service broadcasters (PSBs) – BBC, ITV, STV, Channel 4, S4C and Channel 5. Their role includes providing a wide range of informative and entertaining programmes that reflect the diversity of the nations and regions of the UK and are freely available to all. Our research shows that audiences value this content and they still turn to it whether it is for day to day news and entertainment or significant national and international events.

Much of the content that the PSBs commission is made by the UK's thriving production sector. This hugely successful industry, which is internationally renowned, is worth billions to the UK economy[1] and has driven significant inward investment from global media companies. However, PSBs remain central to its overall sustainability.

The cornerstone of the PSBs' remit is to deliver trusted and accurate news that helps people understand the world around them. It supports democracy by holding government and institutions to account at a local, national and UK level and may help counter the impact of the proliferation of mis- and dis-information online. Audiences across the UK have also told us they value knowing about local news and events.[2] Levels of trust in these providers are high compared to most other news sources, although they are in decline.

Audience consumption continues to move online

Audiences are watching and listening to content across a much broader range of services and some of this programming is similar to that public service media content provided by our PSBs. Sky News and others provide high quality UK and international news and many global streamers, like Netflix, offer high end drama and documentaries that are made by the UK production sector and very much appeal to UK audiences.

Around half of all viewing is now to video on demand services and video sharing platforms, with three in five of us using YouTube each week.[3] Radio listening as a share of total audio, is also declining (although at a slower rate than broadcast TV) as listeners turn to music streaming services and podcasts.[4] These trends are particularly acute for children and young people who spend more time on services such as YouTube and TikTok than broadcast TV and radio.

The trend towards online services is particularly evident for news, where trusted and accurate PSM news faces unprecedented competition for audience attention. More UK adults now consume news online than any other source and more than half of us get our news through social media.[5] Global

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[1] DCMS estimated that the film, TV, radio and music sector contributed £21bn to the UK economy in 2022.
[2] Ofcom, Review of local media in the UK: Terms of reference, December 2023, page 2.
[3] Among UK adults age 4+ in 2023. Ofcom, Media Nations: UK 2024, page 27.
[4] Total radio listening declined from 72% in 2019 to 61% in 2023/24 but online radio listening increased from 5% to 11% over the same period. Just over a third of listening for 15-34s is to radio, while 45% is to streamed music. Ofcom, Media Nations: UK 2024, page 59.
[5] 71% online, 70% TV and on demand. Ofcom, News consumption in the UK: 2024, page 3.

online intermediaries have significant control over what news and other content users see on their platforms.[6]

Many people get their news online, from a wide range of sources including traditional news providers, social media influencers or other news outlets. Audiences clearly value this increased choice but some of these sources do not necessarily adhere to high journalistic standards and may have been recommended to them by algorithms. Audiences have limited control over what they see on their social media feeds and can be served a limited range of news topics.[7] In this environment, mis- and dis-information can proliferate quickly and spiral out of control and some find it difficult to identify what they can trust.[8] During the recent UK General Election, 60% of adults claimed they had encountered false or misleading information.[9] Our research also shows that that those who primarily use social media for news are more polarised in their views, less well informed and less trusting of democratic institutions than those who use traditional sources.[10] Users also rate social media significantly lower for accuracy, trustworthiness and impartiality.[11]

These seismic changes threaten PSBs' financial sustainability

Public service broadcasters are continuing to implement substantial reform, in response to the changes in audience needs. They are investing in their digital players to deliver content where audiences are, while continuing to fund the delivery of linear services many continue to watch.[12] They are also prioritising high impact content that appeals to both digital and linear audiences. PSBs are increasingly using video-sharing platforms like YouTube and Tik Tok to connect with younger viewers and have started to create content to specifically appeal to these viewers, such as short form videos. These new and evolving strategies are costly.

In addition, PSBs are facing significant competition for audiences and advertising revenue from global players which is putting additional pressure on their finances. While traditional TV advertising revenues fluctuate in line with macro-economic conditions, they have also been impacted in recent years by Covid and the decline in linear audiences.[13] Although PSB online advertising revenues have been growing, this is not sufficient to offset linear losses. While the BBC is much less affected by the advertising market, its licence fee revenue has declined in real terms over the last decade.[14]

Therefore, as we set out in our last PSM review – small screen: big debate – there are serious risks to the scale of the future provision of PSM content in light of the financial challenges facing PSBs. Many of the recommendations we made in our last PSM review have been adopted in the Media Act 2024. We welcome this vital regulatory reform and once implemented,[15] it will help PSBs to better meet

[6] Our research showed that the ranking of news articles in social media feeds strongly affects its likelihood of being viewed and remembered. Ofcom, Online news research update, 2024, pages 10-12.
[7] Ofcom, Online news research update, 2024, pages 17-19.
[8] Ofcom, Adults' Media Use and Attitudes Report, 2024.
[9] In the previous week. Ofcom, UK General Election news and opinion-formation survey 2024.
[10] Ofcom, Media plurality and online news: Discussion Document, 2022.
[11] Ofcom, News consumption in the UK: 2024, page 10.
[12] Ofcom, Future of TV distribution: Early market report to Government, 2024.
[13] Ofcom, Media Nations: UK 2024, page 31.
[14] The BBC said its licence fee revenue declined by 30% between 2010 and 2020 (see BBC Group Annual Report and Accounts 2023/24, page 9). As part of the 2022 licence fee settlement for the remainder of the Charter, the licence fee was frozen for two years and is now increasing annually in line with CPI inflation.
[15] We have set out a Roadmap for implementing the provisions of the Media Act.

audience needs across their linear and on-demand services. It will also ensure they remain readily available to audiences through greater prominence of players on connected TVs.

However, the ongoing pace of change means it is imperative that we continue to assess what further reform might be needed to protect essential public service media for UK audiences: trusted and accurate news, content which reflects the whole of the UK and content which brings audiences together.

Our 2025 review of PSM will be in two phases

Securing media we trust and value is one of Ofcom's priority outcomes. In this review we will be building on our work across Ofcom, drawing on the wealth of market information and research we undertake on an ongoing basis.

How PSBs have delivered and the challenges to future provision

The first phase will explain how the PSBs have delivered for UK audiences over the last five years (2019 to 2023).[16] We will also examine how other providers of news and entertainment have contributed to PSM provision, including other relevant online and broadcast services.

In examining how shifts in audience behaviour will impact the future consumption and financial viability of PSM content, we will explore the challenges to its provision over the next decade and beyond. We will look at how PSB providers plan to monetise their content online and whether different audience groups such as children and young people and those in the nations and regions will continue to connect with PSM content.

Recent events have highlighted the importance of trusted and accurate local and UK news being readily available on the services and platforms that audiences use. We will examine the impact that changes in the news ecosystem have on audiences and set out the implications for PSM news reaching audiences online and its sustainable provision.

Future opportunities for a vibrant PSM system

Our second phase will build on the significant and ongoing changes to audience habits and technology that we have identified and will consider opportunities to support the sustainability of public service media and the availability of high quality and accurate news that audiences can trust.

We will assess:

- How we can support audiences to have ready access to UK content that reflects the diversity of the UK, wherever they want to watch and listen to it?

[16] This review is conducted under section 264 of the Communications Act 2003 (the Act). We are required to carry out a review of the extent to which the PSBs have provided relevant television services that collectively fulfil the PSB purposes over the period of our review and report on our findings with a view to maintaining and strengthening public service television broadcasting in the UK. In doing so, we must also consider the extent to which content provided by other media services have contributed to objectives identified as desirable for public service broadcasting, such as comprehensive and authoritative news and current affairs (see section 264A and section 264(6) of the Act).

- How can providers of PSM content connect with children and younger audiences, given their changing viewing habits?
- How can we support audiences' ability to find high-quality news, including local reporting and investigative journalism, given the increasing role of online intermediaries and algorithms?
- How can broadcasters and platforms support the media literacy of audiences to help them mitigate the impact of mis- and dis-information?
- How can we support the sustainable delivery and production of a broad range of UK content, including national and local news, given the funding challenges?

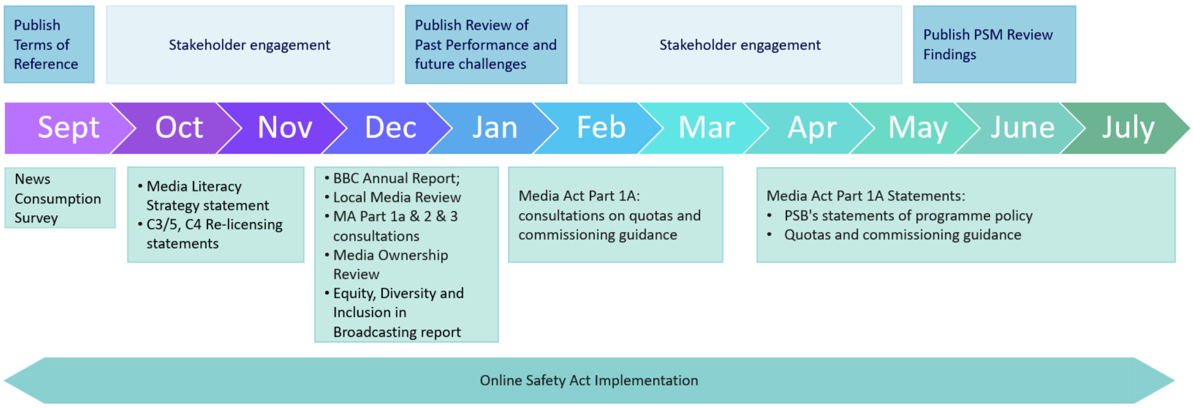
As a converged regulator we will draw on our wide range of powers and duties under broadcasting and online legislation to help support a flourishing media sector, for example, by making changes to our rules, where relevant. We may also identify areas where further Government intervention is needed. Where this is the case, we will set out options to address any concerns raised in our 2025 findings document.

Next steps

We will publish our review of past PSB performance in winter 2024/25 and the findings document in summer 2025.

We are keen to explore these issues with stakeholders and to hear their ideas for the future sustainability of public service media in the UK. Please contact PSMReview2025@ofcom.org.uk if you would like to be involved in the conversation.

Timeline of the PSM review and related projects[17]



[17] We will be publishing an updated roadmap for delivery of our online safety duties in the autumn.