Review of local media in the UK

Part 1: Initial findings

Published 24 July 2024

Contents

Section

1. Overview

1.1 Local media plays a valuable role in the lives of people across the UK and in society more broadly. Its means different things to us all, depending on our background, personal interests and where we live. The geographic areas we think of as local also differ, depending on the news story or the information we seek.

1.2 As the local media landscape evolves there are concerns that the sustainability of the sector is under threat and a risk that the needs of citizens and consumers may not be met. As Ofcom has a range of duties in this area, it is important that we maintain an up-to-date and comprehensive understanding of the sector. We therefore launched a two-stage review of local media at the end of 2023 covering local news and information sources on TV, radio, print, online and social media.

Purpose of this interim report

1.3 This interim report updates stakeholders on the progress of our review. It builds upon the considerable amount of work previously undertaken looking at local media - including the Cairncross Review published in 2019 and the Department for Culture, Media & Sport (DCMS) Committee inquiry into the sustainability of local journalism published in 2023, as well as many academic studies into the sector.

1.4 The report includes a snapshot of the availability of local media, particularly local news, across the UK and gives insights into how people are using it, as well as including findings from our new qualitative consumer research into local media in the UK, and the key themes that have emerged from our discussions with stakeholders. It also provides more information about the work we will do in the second phase of the review, ahead of our final publication in November.

1.5 Our final report will consider any changes we identify that could positively support the sector, including any relevant recommendations. It will also address in detail the recommendations made by the Government in January 2024 in its Mid-Term Review of the BBC. In its report, the Government recommended that we publish our view on the BBC's position in the local news sector and set out our approach to considering the competition impact of future changes to BBC local news services.

Our initial findings indicate that:

The role and usage of local media

1.6 **Local media still has a vital role to play in the social fabric of the UK.** Local media, and particularly the local public interest news it produces, can help to deliver important benefits to society by supporting local democracy and holding councils and other local institutions to account. Research suggests that areas with higher levels of local newspaper circulation also report higher turnout at local elections, which could suggest a link between local news availability and stronger democratic engagement.[1]

[1] Research into recent dynamics of the press sector in the UK and globally, p.7. Plum Consulting, 2020.

1.7 Our new qualitative consumer research into local media in the UK indicates that some people recognise the potential civic benefits local media can deliver but generally tend to place greater personal value on the immediate, tangible benefits of day-to-day news and information, such as traffic and weather. While it is less front of mind, people also value local media's ability to provide them with a sense of community connection. Both stakeholders and research participants also continue to associate local media with contributing to local economies, aiding social cohesion and providing a voice for all parts of local communities. It is evident that where there is a vacuum of credible local information, misinformation, disinformation[2] and division[3] can thrive.

1.8 **While most people in the UK continue to have an appetite for, and rely on local media, they now tend to favour online content sources over traditional ones.** Ofcom's 2023 local media survey showed that 92% of UK adults use local news or information, with 89% of this group now accessing this online, including over half via social media. 53% of adults using local media use nations or regions TV news bulletins, 34% listen to local radio and 22% read print versions of local newspapers.

1.9 **The UK public perceives and uses "local media" in a flexible and nuanced way.** Whether people think of a platform or place as "local" changes, depending on the kind of information they are looking for. Large geographic areas covered by nations/regions TV news, through to neighbourhoods, villages or streets targeted by hyperlocal online groups or messaging apps, may all be considered "local" by consumers, in different circumstances. Our new research found that people will also adjust their choice of content platform based on the level of urgency or accuracy of the content they need – often trading their greater trust in the accuracy of traditional media sources, for the speed of social media or messaging apps where a situation is rapidly developing.

1.10 **Our new research also suggests a proportion of users' online consumption is passive and driven more by algorithms than personal decisions**, and our online news research indicates that online platforms have significant influence over people's news diets through the way that they curate and present news articles. These findings highlight the importance of media literacy and people having the knowledge, skills and behaviours to navigate local content.

The state of the local media landscape

1.11 **The local media sector is facing challenges resulting from changing audience behaviour and funding pressures.** Despite audiences moving online, the decline in print and TV advertising revenues has not been offset by digital advertising revenues, a proportion of which is captured by online intermediaries. In addition, research[4] indicates that willingness to pay for online local news and information in the UK is very low compared to other countries, despite some appetite for more news content and concern about a decline in investigative reporting. Rising costs in providing local media have also created

[2] . Addressing the decline of local news, rise of platforms, and spread of mis- and disinformation online: A summary of current research and policy proposals, p.19. David Ardia, Evan Ringel, Victoria Ekstrand and Ashley Fox, 2020.

[3]. Local News Deserts in the UK: What effect is the decline in provision of local news and information having on communities? by the Charitable Journalism Project - Steven Barclay, Steve Barnett, Martin Moore and Judith Townend, 2022.

[4] Ofcom's local media qualitative consumer research 2024 and Reuters Institute for the Study of Journalism, 2024. Reuters Institute Digital News Report 2024, p.51.

challenges, particularly for producing already expensive high-quality public interest journalism. Tech platforms, like Facebook and Google, also now play a significant role in the news value chain, and many local news providers feel there is limited transparency around these platforms' recommendation algorithms and search rankings, which can impact website traffic.

1.12 **Consequently some local providers have gone out of business, while others have been acquired by a few big media groups which now control a large proportion of the sector.** Consolidation has led to the closure of some local media outlets, while others have sought to cover a wider geographic area and/or reduce resources, including cutting jobs. These changes have the potential to dilute the local relevance of content, and risk reducing news plurality and the quality of content. For example, we have heard concerns that some local print and online outlets increasingly rely more on press releases and 'clickbait' content than investigative pieces, and that some radio stations no longer feel authentically local.

1.13 **There is increasing concern about the presence of local news 'drylands' or 'deserts' in the UK but this premise is contested by some parts of the sector.** While TV and radio continue to provide nations and regions level news (e.g. on BBC nations/regions radio services), there are reports that some communities now have little to no dedicated local news covering areas smaller than their county or equivalent. Such assertions are often contested by providers operating at some level in the vicinity. How stakeholders interpret the definition of "local" media in these situations is likely to be a significant factor in this debate.

1.14 **New small or community providers, who are keen to fill gaps in the market, often struggle to thrive.** They are frequently reliant on part-time, voluntary and freelance staff, often depending on a single passionate person at the centre. There are questions about whether such outlets can be sustainable across the country without support. These providers also often find they are unable to access important income streams which could help sustain this valuable aspect of the local media ecosystem, such as public notice funding[5] and government advertising revenues.

1.15 **Local media providers generally accept they must evolve to have a sustainable future.** Outlets of all shapes and sizes are looking for ways to reinvent their offering, attract audiences and diversify revenue streams. Most larger providers have tended to focus on consolidation to achieve economies of scale. Some are innovating – embracing newer distribution platforms and emerging technologies or experimenting with the type of content they provide, as well as branching into podcasts, video-content and user-generated content. Some providers are actively investing in producing quality long-form public interest news to entice paying subscribers, or selling stories to national titles, as well as offering training, seeking out philanthropic funding and grants, entering into partnerships or even achieving charitable status.

1.16 **The BBC continues to play a crucial role in the local media ecology.** The BBC has long provided local media output across TV, radio and online as part of its role to deliver for all audiences. Stakeholder and audience attitudes towards its output vary by platform. Some

[5] Local authorities are required by statute to publish public notices about certain types of legal proceedings, such as planning applications, in local printed newspapers to help bring such notices to the attention of local audiences. The money spent by councils on advertising these notices acts as a form of subsidy to local newspapers. See DCMS Committee report on sustainability of local journalism, pp.19-21.

commercial providers consider that their offering is very different to the BBC's or they reach an alternative audience. As a result, many view the BBC as a complementary source of news and information that contributes to plurality in the local media landscape. For example, the BBC nations/regions TV news and current affairs provision is generally accepted by stakeholders and audiences as fulfilling a vital role.

1.17 **The BBC's local online content is currently the area of greatest contention.** The BBC's decision to increase its online local news content has resulted in some regional publishers arguing that the BBC is duplicating their commercial output, putting them in direct competition for audiences and online search rankings, and placing additional pressure on their revenues. However other stakeholders felt the BBC's changes to its online local news have increased plurality and met the needs of audiences who are increasingly moving online. Academics noted the important role of the BBC in providing news that is impartial and publicly funded, particularly with the rise in online misinformation.

1.18 More broadly, across the sector, providers were concerned that staff they are training are leaving their organisations to join the BBC, suggesting it is often able to offer larger salaries. Some news providers from across the local media spectrum also felt that the BBC could play a bigger role in supporting the wider local sector, though many were wary of using part of the BBC licence fee to fund other local media providers. The BBC points to its investment in its own output, its existing partnership commitments and the need to balance this against the wide range of public service obligations it must also fund.

Supporting the sector

1.19 **A number of schemes are already in place to try and help bolster the provision of local public interest news.** Initiatives such as the BBC's Local News Partnership which includes the Local Democracy Reporting Service (LDRS)[6] have been set up to help fund, stabilise and sustain the provision of local public interest news content. Elsewhere, some media organisations have also chosen to partner with universities or work together to pool resources, and initiatives like the Google News Initiative and the Community News Project have also provided support and funding to the sector.[7]

1.20 **There is scope to do more to support the sustainability of local media and in particular local public interest news**. Our engagement with stakeholders from across the sector has shown there is an appetite in some quarters to innovate further. There may be more opportunities for collaboration across platforms and to build public awareness of the social and civic value of the sector, as well as market interventions that could help further support the sustainability of the ecosystem and the delivery of local public interest news. Areas flagged to us include: levelling the playing field for smaller providers and new entrants by overhauling legislation around public notices; expanding or reshaping the LDRS; rethinking the allocation of government advertising spend; requiring the BBC to do more to champion the smallest providers; better targeted subsidies and a greater focus on innovation funds.

[6] The LDRS is a public service news agency. A total of 165 Local Democracy Reporters are funded by the BBC licence fee and work within local news organisations to provide impartial coverage of the regular business and workings of local authorities and institutions in the UK. All of their content is created for and made available to the more than 1,000 media titles and outlets that have signed up to the scheme.

[7] The Community News Project aims to support quality local journalism and improve the diversity of UK newsrooms. It was a partnership between Meta, the National Council for the Training of Journalists (NCTJ) and regional news publishers, but Meta ended its funding for the project in 2023.

Next steps in this review

1.21 Towards the end of the year, we will publish the final part of our Local Media Review. In the coming months we will continue to:

a) look at trends in online news viewing for both BBC and commercial providers as part of our monitoring work;

b) consider the future sustainability of both the UK's local media sector generally, and its ability to provide local public interest news;

c) explore the scope for innovation, intervention and collaboration to secure sustained provision of local public interest news and information across the UK.

1.22 In doing so, we will draw on the rich evidence base and the many stakeholder views we have gathered for this part of the review. Our final report will include:

a) our assessment of any impact of recent changes to the BBC's local online services, which we are currently monitoring;

b) our view on the BBC's position in the local news sectors;

c) our approach to considering the competition impact of future changes to BBC local news services.

1.23 We will also build on the themes identified in this initial report and consider any changes that could positively support the sector, including any relevant recommendations.

1.24 If stakeholders consider there are additional points or evidence pertinent to these issues that are not already covered in the following chapters of this document or which have not been shared with Ofcom previously, we invite submissions to localmediareview@ofcom.org.uk by 5pm on 6 September 2024, to enable us to factor these into our final report in November.

2. Defining and reviewing local media

2.1 Ofcom has a range of duties relevant to local media, making it important that we maintain clear understanding of the state of the sector. These duties include overseeing the BBC's performance in delivering its Mission and Public Purposes and protecting fair and effective competition, as well as promoting the fulfilment of the purposes of public service broadcasting. In performing this role, we must apply our principal duties to further the interests of citizens and consumers, as well as a broader set of duties to maintain sufficient plurality of providers of different TV and radio services, and to secure the availability of a wide range of high-quality broadcast services. We also have a duty to promote the fulfilment of the objectives of public service broadcasting, in addition to duties relating to local TV, local commercial radio and community radio services.

2.2 We therefore published a terms of reference in December 2023, setting out plans for our review of local media. The Mid-Term Review of the BBC recommended that we publish our view on the BBC's position in the local news sectors and set out our approach to considering the competition impact of future changes to BBC local news. We have chosen to wrap this into our review.

What is local media and why is it important?

2.3 The scope and scale of the local media can be defined in different ways. It can mean news and current affairs, but also information about local weather, traffic and community events, as well as sport and creative output from local writers and artists. Local media provision can also vary in size of the geographic areas covered. In this report, we predominantly look at local media through the lens of local news and information.

2.4 Local media can be a means by which local governments, institutions, public services and politicians are scrutinised and held to account for their decisions and policies. This may become increasingly important as more power is devolved away from Westminster.[8]

2.5 Local media is also an important way for many communities to stay informed about local information and events, which in turn can help to promote social cohesion and community engagement. It can give a voice to people from a variety of backgrounds and beliefs, reflect an entire community back to itself and promote greater mutual understanding. It also has the potential to stimulate local economies by promoting local businesses and events that bring people into an area. As a result, effective local media provision has previously been described as an important element of the glue that can help build and bind communities together.

[8] In 1997, voters chose to create a Scottish Parliament and a National Assembly for Wales. In Northern Ireland, devolution was a key element of the Belfast (Good Friday) Agreement and was supported in a referendum in 1998 (see Devolution: Factsheet). Local government is a devolved matter in Scotland, Wales and Northern Ireland. The process of devolution of powers to local government within England has been ongoing since 2014 and over 64% of England is now covered with a devolution deal.

2.6 Traditional media sources like TV, radio and print continue to provide local output, but people can now also access local content online across a broad range of websites, apps and social media platforms. This gives consumers and citizens the choice and convenience to access different types of local content on different platforms, selecting content that resonates with them.

2.7 There is considerable variation in the local media available within each nation and region, and for different communities within them, for example between urban and rural communities, well as for people from different ethnic backgrounds or age groups. As a result, there are wide-ranging views on what makes content ‘feel’ local and whether people feel their voice is represented in their local media.

Ofcom’s approach to reviewing local media

2.8 Since publishing our terms of reference, we have undertaken a range of work to build our understanding of the local media landscape across the UK. We have identified a wide range of media providers and sources that can be considered local, recognising that they serve different needs and purposes. This variation is reflected in the wide range of stakeholders we have spoken to, including TV and radio broadcasters, publishers, online platforms, representative bodies, interest groups and academics.

2.9 We also commissioned new qualitative consumer research to build on our understanding of local media in the UK and what people need from it and value about it. This can be read in full in the accompanying research report. We have also analysed other relevant industry data and academic research.

2.10 This document sets out our preliminary findings based on this work, including a snapshot of the local media available across the UK and insight into how people consume and engage with it. We have identified challenges facing the sector in sustaining their local offerings, which have implications for how local media delivers for consumers and citizens – now and in future. Some of our findings are related directly to Ofcom’s role, whereas others are of wider relevance.

2.11 We also explain in this document how we plan to address the recommendations set out in the Government’s Mid-Term Review. We provide an overview of the assessment framework we use to consider the competition impact of changes the BBC makes to its local news services, and describe the further work we will undertake to address the recommendation from the Government – this includes our monitoring of online local news.

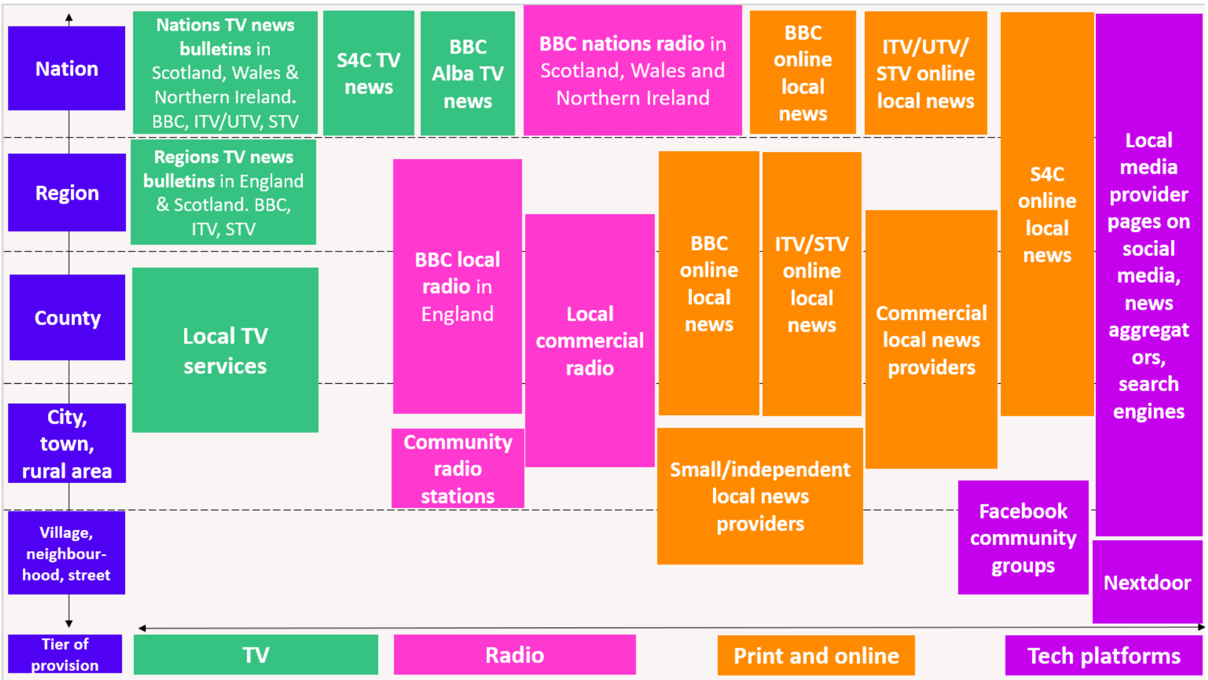
2.12 Our final report will state our view on the BBC’s position in the local news sectors for TV, radio and online, and set out our starting point for considering the competition impact for any future changes the BBC makes to local news services. We will also interrogate further the topics identified in our preliminary findings (including those from previous reviews) and set out any recommendations we may decide to make in relation to the wider local media landscape in the UK, including how these might be taken forward.

3. Who makes up the local media sector?

There are a wide variety of local media providers across the UK, covering TV, radio, print and online

3.1 As set out in Section 2, local media content is available from an array of different providers across a range of platforms. It is also offered at a number of different local geographic 'tiers', ranging from hyperlocal output for streets and neighbourhoods at its most granular, up to content aimed at entire regions or nations. Figure 1 provides a non-exhaustive illustration of this.

Figure 1: Indicative and non-exhaustive snapshot of the tiers of UK local media provision



Provision by Platform

TV

The BBC and Channel 3 services are required to provide TV news programmes for the nations and regions

3.2 The BBC Operating Licence requires the BBC to provide, across BBC One and BBC Two taken together, programmes which are of National or Regional Interest,[9] including

[9] Paragraph 5.1 of the Operating Licence states that a programme is of "National or Regional Interest" if: (a) it is of particular interest to persons living in any one of the following nations or regions – (i) Northern Ireland; (ii) Scotland; (iii) Wales; (iv) any region of England in relation to which there is a regional variation of the television service concerned; and (b) it is included in the variation of the service that relates to that nation or region.

regional news programmes.[10] The Operating Licence also requires the BBC to provide news on BBC Scotland, and news and current affairs on BBC One Scotland, BBC One Wales and BBC One Northern Ireland. The BBC has 12 separate regional news programmes in England,[11] and nations level programmes for Scotland (*Reporting Scotland* and *The Nine*[12]), Wales (*BBC Wales Today*) and Northern Ireland (*BBC Newsline*). On weekdays, there are regular short bulletins within *BBC Breakfast* on BBC One for each nation/region, with longer nations/regions bulletins after the *BBC One O'Clock News* and a half-hour programme after the *BBC Six O'Clock News*, as well as a short nations/regions bulletin after the *BBC News at Ten*. On weekends, nations/regions news programmes feature alongside the UK-wide network news programmes. The BBC also provides politics programmes for Scotland, Wales and Northern Ireland, and the 12 English regions, typically broadcast on Sunday at 10:00.

3.3 The Operating Licence also requires the BBC, in respect of BBC Alba, to provide live news programmes each weekday evening, including at peak viewing times, as well as a longer news review at the weekend.[13]

3.4 The Channel 3 Regional Licences require regional news programming to be provided across the nations and English regions. ITV's nations and regions news licences comprises 18 nations, regions and sub-regional services across England, Wales, Northern Ireland, southern Scotland and the Channel Islands.[14] Nations/regions bulletins feature three times during *Good Morning Britain* on weekdays and ITV's flagship weekday early evening regional news programme provides half-hour news bulletins from each of the 18 regional services. Regional news also appears alongside ITV national and international news at lunchtime and the *ITV News at Ten*, as well as 15-minute bulletins in early evening on weekends. ITV also provides a current affairs programme each Friday night at 19:00 for each nation.

3.5 STV provides national news for Scotland (*STV News*) in the afternoon and evening each weekday and on weekend evenings across Scotland. STV also provides regional news through its flagship news programme *STV News at Six*, which is split into programmes for STV North, which comes from Aberdeen, and STV Central, which comes from Glasgow. Each of these programmes includes a five minute opt-out, with the STV North opt-out covering Aberdeen or Dundee and the STV Central opt-out covering Glasgow or Edinburgh, depending on where the audience is viewing from. STV also broadcasts

[10] Condition 4.31 of the Licence includes the following: "In respect of BBC One and BBC Two taken together, the BBC must ensure that: in each Calendar Year, at least 5,000 hours are allocated to programmes which are of National or Regional Interest; those programmes include a suitable range of programmes (including regional news programmes); …".

[11] The 12 regional BBC news programmes are North West Today/Tonight, Look North (Yorkshire), Look North (East Yorkshire and Lincolnshire), Look North (North East and Cumbria) Midlands Today, Points West, East Midlands Today, South Today, South East Today, Look East, London, and Spotlight (covering South West England). The BBC also provides a regional news programme for the Channel Islands.

[12] The BBC announced in February its intention to change its news offer in Scotland that would see *The Nine* replaced by a new news programme on the BBC Scotland channel. Ofcom consulted on its decision to provisionally agree to the related change to the Operating Licence in May 2024.

[13] Condition 4.48 of Operating licence for the BBC's UK Public Services.

[14] These licences and sub-regions are Anglia (East and West), Central (East Midlands and West Midlands), London, Border, Meridian (East, South and Thames Valley), Granada, Tyne Tees, Westcountry (South-West and West), Yorkshire and Lincolnshire (East and West), Wales Cymru, UTV and Channel TV.

Scotland Tonight, a Scottish news and current affairs programme, on Monday to Thursday.

S4C provides Welsh-language TV news programmes covering Welsh, UK and international news

3.6 S4C has annual quotas to provide national (Wales and UK) and international news and current affairs programmes, both during the day and at peak time.[15] On weekdays, *Newyddion S4C* (S4C News) typically broadcasts four, five minute bulletins throughout the afternoon and in the evening, with a longer 30-minute bulletin usually shown at 19:30. On weekends, it typically broadcasts a 15-minute bulletin in the evenings, covering news and sport. As part of the strategic agreement between the BBC and S4C, BBC Cymru Wales provides around 10 hours of programming per week for S4C, which includes the news but also other programming such as daily soap *Pobol y Cwm*. S4C also broadcasts current affairs programmes *Y Byd ar Bedwar* and *Y Byd Yn Ei Le* throughout most of the year, as well as additional programming to cover Senedd Cymru and Westminster elections.

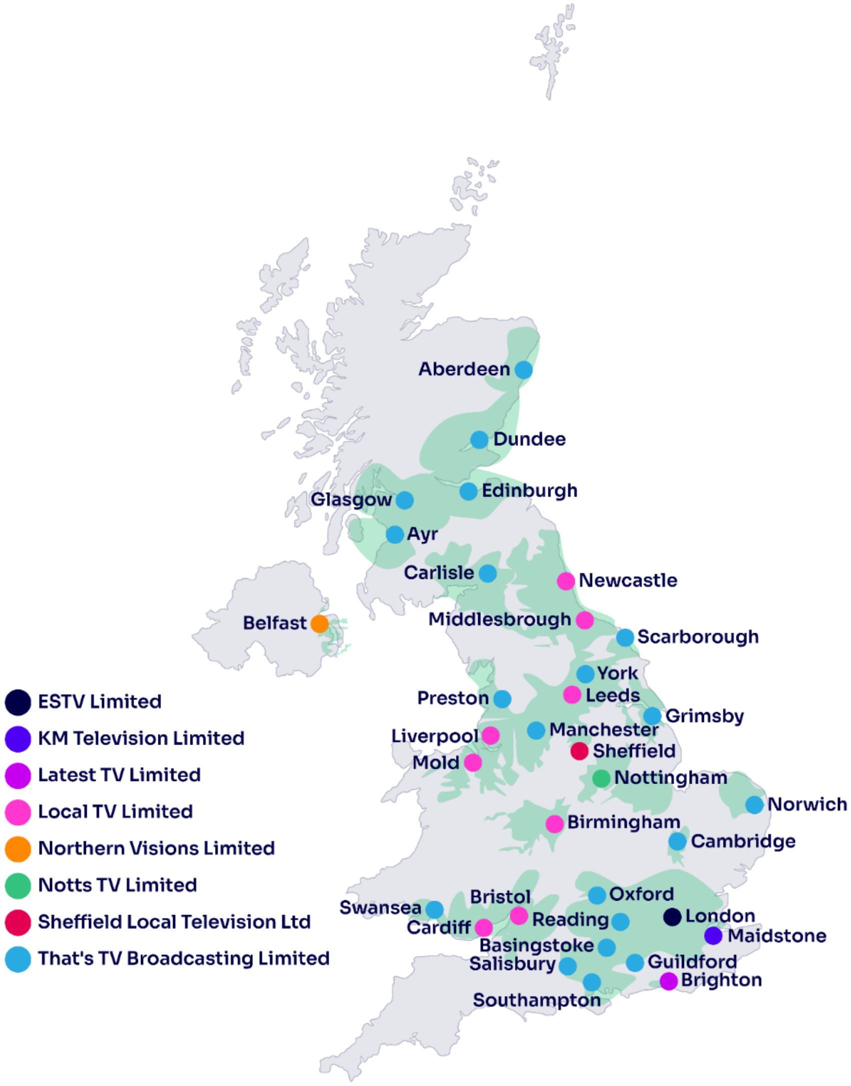
There are 34 local TV stations on-air in the UK

3.7 All local TV stations have enforceable programming commitments, including to deliver local news and current affairs. The amount of local programming required differs between different licensees, from seven hours per week up to 37 hours per week. In March 2024, following a monitoring exercise to understand how licensees were meeting their programming commitments, Ofcom issued a reminder to local TV licensees setting out our expectations for local TV services. This included guidance on how they can ensure they are fulfilling their obligations and delivering a service which meets the statutory criteria.

3.8 Sector consolidation means that 28 of the 34 licences, as shown in Figure 2, are now held by two licensees (That's TV Broadcasting Limited and Local TV Limited). Both networks broadcast a spine of national programming across all of their stations, supplemented by opt-outs for local programming on each local service at different times of day. The local content broadcast on local TV largely consists of local news bulletins, although some licensees also show other local programming, such as sports and arts.

[15] S4C's annual quotas for national and international news are 200 hours (all day) and 150 hours (peak time). For current affairs, its quotas are 60 hours (all day) and 30 hours (peak time). See Ofcom, 3 August 2023. PSB Annual Compliance Report.

Figure 2: Map of local TV stations across the UK, including coverage



3.9 Local TV stations are broadcast to around 55% of households across the UK, though coverage varies by area. For example, London Live is available in around four million homes, while the local TV licence for Salisbury covers around 27,000 homes.

Radio

The BBC is required to provide radio content for the nations and regions

3.10 The BBC Operating Licence requires each BBC local radio station for the English regions to broadcast news bulletins and information of particular relevance to the area and communities it serves at frequent intervals throughout the day, including a significant amount of relevant news and information during the breakfast peak.[16] In England, the BBC currently operates 39 local radio stations, as well as stations for Guernsey and Jersey.

3.11 The BBC also provides national radio services in Scotland, Northern Ireland and Wales. BBC Radio Scotland is required by the Operating Licence to provide news bulletins

[16] The Breakfast Peak for BBC local radio stations in England means 07:00 to 08:30 on Mondays to Fridays.

throughout the day, and several regional opt-outs each weekday, offering news, sport and information, and some regional opt-out community programming in the evenings. BBC Radio Shetland and BBC Radio Orkney, which provide localised programming as part of the broader BBC Radio Scotland schedule, also broadcast news bulletins throughout the day. Scottish Gaelic station BBC Radio nan Gàidheal is also available across Scotland and must provide news regularly throughout the day. BBC Radio Ulster is available in Northern Ireland, with an opt-out service[17] (BBC Radio Foyle) available in the Foyle area. Both services must provide news bulletins regularly at frequent intervals throughout the day. In Wales, the BBC provides BBC Radio Wales and BBC Radio Cymru, which both must provide news bulletins at frequent intervals throughout the day. In January 2024, Ofcom approved the BBC's proposal to extend the number of originated Welsh-language hours offered by BBC Radio Cymru 2, so that it became a new UK Public Service. BBC Radio Cymru 2, which is broadcast across Wales on DAB, must provide daily and regular news bulletins Monday to Saturday and daily news bulletins on a Sunday.

3.12 In October 2022, the BBC announced proposed changes to its local radio services in England.[18] It introduced greater programme sharing on local radio at times of the day when listening is lower, while protecting local news bulletin services across the day on all local stations, as well as maintaining live sports programming. The BBC began making these changes from September 2023, which are now complete, publishing information on the changes and new schedules as they launched. As set out in our 2023 Annual Report on the BBC, we will continue to monitor the impact of these changes to BBC local radio on listeners, and we plan to include initial findings from this monitoring in our 2024 Annual Report on the BBC.

There are nearly 250 licensed local analogue commercial radio services broadcasting across the UK, with many digital services also available

3.13 There has been significant consolidation in the local commercial radio sector since the early 1990s, with the two largest commercial radio groups – Global and Bauer – now holding around 60% of the 247 local analogue licences. There is widespread networking by these two large groups, with many local stations broadcasting under the same brand names (such as Heart, or Greatest Hits Radio) and sharing most of the same music-based programming. These stations are delivered via local transmitters and include national content with local news, information and advertising inserted.

3.14 The rest of the sector is mostly made up of smaller networks, such as Nation Broadcasting, operating several services, many of which are in Wales; Into Media Group, which provides a number of services across Northern Ireland; and Lyca, which provides output for Asian British audiences. There are also some independent local stations, which are more common in rural areas and parts of Scotland, such as Argyll FM, which serves Kintyre, Islay and Jura, and Original 106 and Kingdom FM operated by DC Thomson in north-east Scotland. Together these smaller local stations reach around 6.9% of the UK

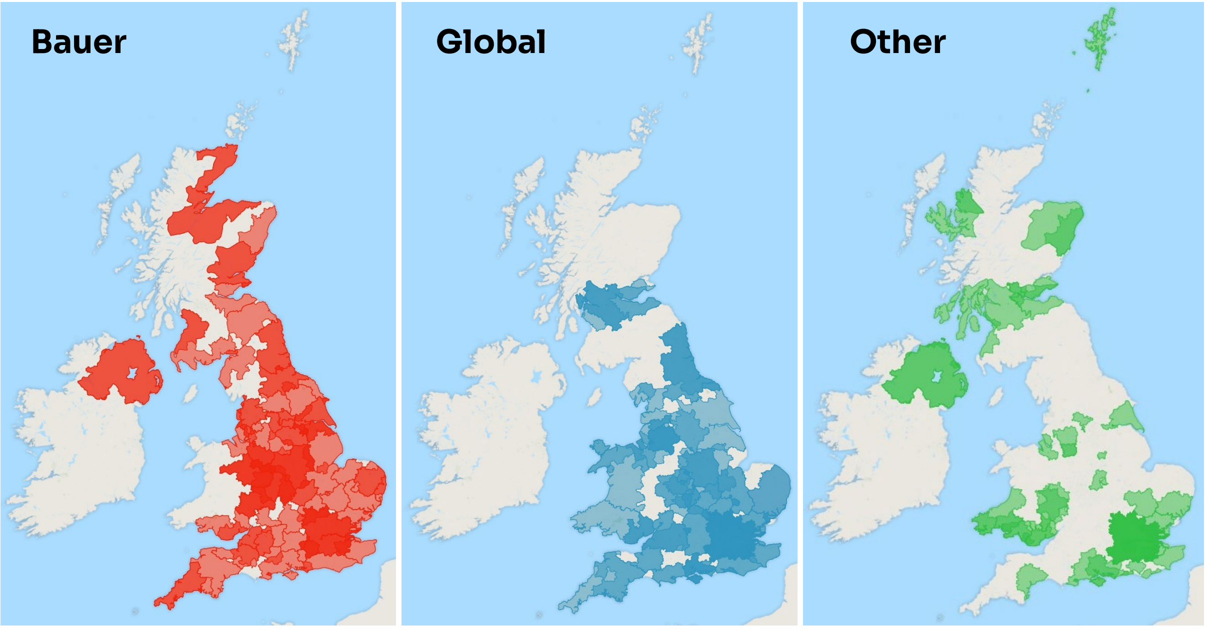
[17] An opt-out refers to when a nation or region splits from the main national or network output.
[18] The BBC published an update on its plans in January 2023.

population, compared to 22.9% for Bauer's local services and 30.4% for Global's local services.[19]

3.15 Ofcom has a specific duty to ensure local analogue stations continue to provide locally-made programming and local news and information, although the Media Act will amend this duty when it comes into force.[20]

3.16 The majority of local commercial radio stations broadcast on DAB digital radio are simulcasts of analogue services, although the recent establishment of small-scale DAB has seen the emergence of new locally focused services.

Figure 3: Maps showing approximate coverage of local commercial radio stations owned by Bauer (red), Global (blue) and other commercial radio stations (green)



Source: Mediatel. Darker shade indicates more than one station covers that area. Note: includes stations with local licences which use the national brand name but have locally relevant content (i.e., Capital, Heart, Smooth, Radio X for Global and Greatest Hits Radio, Hits Radio, Free Radio, KISS and Magic London for Bauer).

Some audiences are also served by community radio stations

3.17 The community radio sector was established in 2005. Community radio stations typically cover a small geographic area and are run on a not-for-profit basis. They are designed to be local services to serve local people, either a geographic community or a community of interest, such as particular ethnic or age groups, and programming should reflect the needs and interests of the community.[21] Stations can also generate community benefits such as community news and discussion, volunteering and training opportunities which can also contribute to the talent pipeline for the wider sector. The Community Radio Fund can provide funding to help with the core costs of running an Ofcom-licensed

[19] RAJAR; Q4 2023; Adults 15+.
[20] Under the Media Act, stations will no longer be required to broadcast local programming as they are at present, but will be required to broadcast regular local news and information, which must include locally-gathered news. Ofcom plans to consult on its plans for implementing these measures, including new licence conditions and guidance, later this year.
[21] The importance of community radio was noted in the House of Commons Welsh Affairs Committee's Broadcasting in Wales report, published in October 2023.

community radio station, including funding for community outreach. There are currently 309 analogue community radio stations – 255 in England, 30 in Scotland, 15 in Northern Ireland and nine in Wales. The recent rollout of small-scale DAB multiplexes has allowed for the launch of new digital community radio stations – 30 in England, five in Scotland, and two each in Northern Ireland and Wales.

Print and online

The number of print local newspapers has declined significantly over the last two decades

3.18 Many audiences have turned to online sources for local news and information, and the decline in print circulation and advertising revenue has put significant pressure on traditional print titles. Estimates suggest that between 2005 and 2022, there was a net loss of 271 local print titles. However, the rate of decline appears to have slowed in recent years, and there has been an increase in digital local news sites, with at least 41 launched between September 2020 and July 2022.

Many publishers now provide local news and information in print, online or both

3.19 Across print and online, the Media Reform Coalition (MRC) estimate there to be nearly 1,200 local print or online newspaper titles available in the UK. Of the nearly 1,200 local titles, the MRC estimate that the three largest publishers – Newsquest, Reach plc and National World – represent over half (57%) of all local and regional titles in the UK, with 680 titles between them. These publishers operate a large number of print titles, but have also launched online local news sites, funded by a mix of advertising and subscription models, while some sites also require users to create a free account to view stories in full. Reach plc operates online brands such as Wales Online, Belfast Live and the Manchester Evening News, while National World's 'World Network' includes online sites for Bristol, Glasgow, Liverpool, London, Manchester and Newcastle. Newsquest also operates a range of online titles across the UK.

3.20 The local media market in the UK also includes smaller publishers which operate across print and online such as Iliffe Media, which has 63 titles across South East England, the East of England, East Anglia and the Midlands, and Tindle Newspapers, which has 55 titles across England and Wales.[22] Other regional publishers include DC Thomson, which operates predominantly in the North East of Scotland, and Alpha Newspaper Group, which publishes a number of titles across Northern Ireland.

3.21 There are also many independent small and hyperlocal titles available across the UK. For example, The Manchester Mill, an online newspaper launched in 2020, provides a mix of free and subscription content covering Greater Manchester, while The Ferret provides investigative journalism for Scotland, funded by paying supporters. Other examples include Nub News, which operates a network of hyperlocal news websites in over 150 towns across the UK, supported by advertising, and Papurau Bro, a network of hyperlocal Welsh-language community papers that provide ultra-local news and information. Golwg 360 and Nation Cymru also provide online news coverage in Wales, both supported indirectly by funding from the Welsh Government. There are also many individual operations, often run voluntarily on a part-time basis by people living in a local area.

[22] Media Reform Coalition, 2023. Who owns the UK Media?, p.16.

PSBs also provide local, regional and nations news via their websites and apps

3.22 ITV provides online news for its nations/regions news programme areas, and many of its nations/regions news services also have a podcast focusing on stories in the area. STV has regional sites for Glasgow & West, Edinburgh & East, North East & Tayside and Highlands & Islands. S4C also provides Welsh-language news online covering Wales, UK-wide and international stories. It also provides short-form current affairs content for its *Hansh Dim Sbin* platform across social media and for S4C's digital news services, in partnership with ITV Cymru Wales.

3.23 The BBC provides online news for each nation, including Scottish Gaelic and Welsh language output.[23] There is a single news area or "index" for Northern Ireland, while online news is provided for six index areas in Scotland and five index areas in Wales. England is divided into nine regions, each split into smaller areas totalling 46 indexes. For example, the East Midlands region includes indexes for Derby, Leicester, Northamptonshire and Nottingham. As part of its plans to improve its local services, the BBC has recently launched four new indexes covering Bradford, Wolverhampton, Wear and Peterborough. The BBC national and regional bases also produce local podcasts for BBC Sounds, which features a 'local to me' rail providing a bespoke mix of content unique to the users' local area.

In recent years, local news and information has become increasingly available on social media and other tech platforms

3.24 Many local media providers are present on social media sites. For example, providers can have a Facebook page to share links to their articles, which direct users to read the article on the providers' website. Some Facebook users will actively seek out this content, while others will see articles through suggested links in their "Feed". In the past, Facebook users could access news through the dedicated Facebook News tab, but this was deprecated in the UK in 2023.

3.25 People can also access local news and information via Facebook community groups for their local area. Facebook announced in 2017 that it was shifting its focus towards groups, with the goal of creating "meaningful communities" for users to join. Research published in 2021 estimated that globally 1.8 billion people use Facebook groups every month, and more than half of Facebook users are members of five or more active groups.

3.26 Content on local community groups is typically user-generated, posted by local people, covering topics such as planning applications, recommendations for local businesses and community events, and can provide a space for discussion and debate of local issues. Hyperlocal app Nextdoor, which launched in the UK in 2016, also allows people to post, access and discuss local information and news focused on their local neighbourhood, including from public services that have partnered with the platform in some areas, such as local police forces. Messaging apps like WhatsApp are also used by smaller groups of people, such as neighbours, family members or common interest groups, to share news and information about their local communities.

3.27 Audiences can also seek out and access local news and information using search engines or curated aggregation services like Google News Showcase to view stories and "follow"

[23] The BBC also provides online local news for the Crown Dependencies – the Isle of Man and the Channel Islands (split into Jersey and Guernsey).

news providers.[24] Google has stated that local newspapers make up 93% of the more than 240 titles signed up to the News Showcase which launched in 2021, and it has partnered with the Independent Community News Network (ICNN) enabling 45 independent titles to sign up to the Showcase. News publishers signed up to the Showcase must provide three stories a day, which, it has been suggested, can prohibit some small independent publishers from taking part.

Local media provision across the UK

3.28 As shown above, the majority of the largest local media providers operate across the UK. These include the BBC and ITV/UTV/STV, Global and Bauer, and Reach plc, Newsquest and National World. There are also a wide range of smaller local media providers operating in different parts of the nations and regions.

3.29 As a result, there are considerable differences in provision, consumption and perceptions of local media in different parts of the UK and within different communities. For example, both the size and affluence of a particular area may impact on whether local providers can achieve a sustainable level of paying customers and/or attract advertising. It may be easier for local media providers to attract and retain audiences in larger cities, and more challenging to sustain local media provision in small towns and sparsely populated areas. As audiences increasingly turn online for local news and information, this picture continues to evolve, with individual local media ecosystems and their audiences impacted in a range of ways.

3.30 Some areas of the UK remain well served by a range of local outlets across different platforms and tiers, but others have been flagged as examples of possible 'news drylands' or 'news deserts'. In these cases, TV and radio continue to provide nations and regions tier news (e.g. on BBC nations/regions radio services), but research suggests there is little to no dedicated local news provision news covering areas smaller than the county or equivalent in some areas.[25] Our 2024 qualitative research also found that some audiences also noticed a provision gap at the 'mid-local' level, meaning city/town/village/rural area (as opposed to a more specific local neighbourhood or wider county/region level), which respondents attributed, in part, to the decline of local print newspapers. However the premise of news deserts remains contentious and would benefit from further research. Below, we provide a general summary of the local media provision available in each nation.

3.31 **England:** Both the BBC and ITV provide every English region with its own TV news service. Audiences are also widely served by BBC and commercial local radio services. However, below this tier of provision, the availability of local news seems to differ widely between areas. The research that PINF and other organisations have carried out indicates that there are parts of England, such as Lewisham and Gateshead, which appear to have little or no dedicated local news provision, while other areas such as Somerset, Cornwall and Bristol appear to be are served by a large number of local news outlets.[26] There are also many diverse communities across England, particularly within its cities, who are looking

[24] What is Google News Showcase?
[25] Local News Deserts in the UK: What effect is the decline in provision of local news and information having on communities? 2022 by The Charitable Journalism Project - Steven Barclay, Steve Barnett, Martin Moore and Judith Townend. PINF Local News Mapping Report, April 2024.
[26] PINF Local News Mapping Report 2024.

for different things from local media, and providers can play a role in reflecting and amplifying the breadth of voices, while also bringing them together.

3.32 **Northern Ireland:** Local media in Northern Ireland has benefited from its unique characteristics, in particular, its strong sense of identity and its status as a small nation with a national government in an area of a similar size to, or smaller than, many regions in the rest of the UK. Northern Ireland also has widespread availability of Republic of Ireland newspapers, online news output and broadcast services that also provide some relevant local content to audiences. As a result, relatively larger media outlets in Northern Ireland may be a little more insulated from the issues generally facing the sector, but smaller local news providers face many of the same challenges as those in the rest of the UK. Where England (on ITV and BBC) and Scotland (on ITV) have regional news provision, Northern Ireland's TV news bulletins on BBC and UTV are provided at the nation-level (i.e. for the whole of Northern Ireland). BBC Radio Foyle provides some local content specific to the Foyle area.

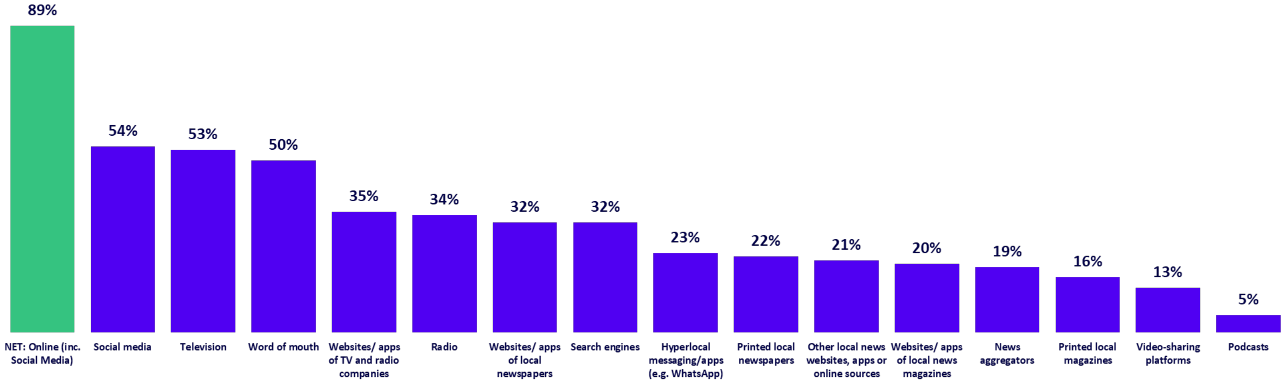
3.33 **Wales:** The local media ecology in some areas of Wales is facing significant challenges. Recent research indicates that local media coverage in some parts of Wales has declined to the extent that some local authorities, such as Merthyr Tydfil and Neath Port Talbot, have very little dedicated local news provision, while output provided by the BBC, ITV and S4C for audiences in Wales is largely offered at the nation-level. However, at a hyperlocal level, Papurau Bro (Welsh-language community papers) offer unique value to some communities, and were highlighted by respondents in Ofcom's recent qualitative research.

3.34 **Scotland:** The picture in Scotland is generally more positive than the rest of the UK, particularly compared to England and Wales, with most areas having a range of dedicated local news coverage. Recent research appears to support this, showing that all local authorities in Scotland had at least one print or online outlet covering each local authority more than three times per week, with the large majority of local authorities served by three or more providers. Audiences in Scotland can also access regional TV news bulletins, such as programmes for STV North and STV Central, as well as a range of local and regional radio services. However, the wider local media sector in Scotland is not immune from the challenges felt elsewhere in the UK.

4. How are people's local media choices developing?

4.1 Ofcom's 2023 local media survey found that 92% of UK adults use local news or information, including weather and traffic. Of this group, 89% access local news and information online, including over half via social media. They also access local news and information through a range of other means including TV (53%), radio (34%) and print local newspapers (22%).

Figure 4: Use of different platforms for local news and information



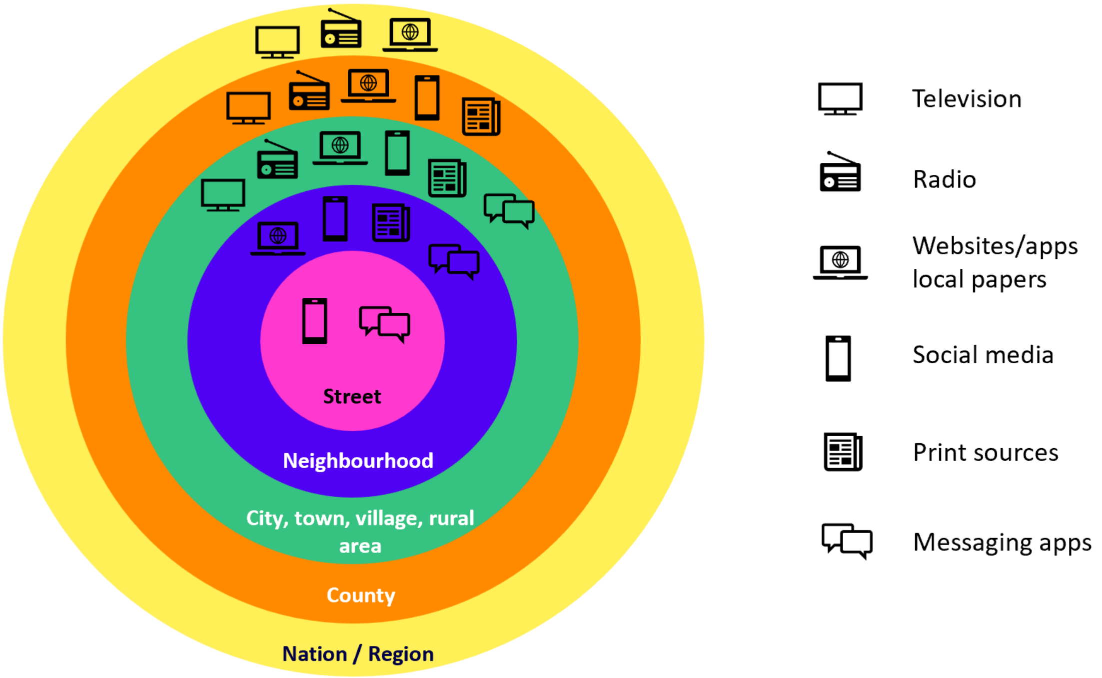
Source: Ofcom Local Media Survey 2023. Question: Q2 Which of the following platforms do you use for local news and information nowadays? – i.e., in the last month or so? Base: All respondents using local media (2548).

4.2 On average, people used around two different sources for each category of local news and information.[27] This varies by category of local news and information with fewer sources used for the most common content types, such as weather (average of 1.3 sources) and traffic and travel (1.5 sources), and a greater range for the less used types of local information such as documentaries about a local area (2.3 sources) or local campaigns (2.5 sources).

4.3 Our research also highlighted that people select different platforms for different types of local news and information. TV and radio are typically used to get news about wider geographic areas, such as news about a 'nation or region' or 'county'. Local newspapers (print and online) and social media tend to be used for news about smaller geographic areas like the 'area, town or city'. Hyperlocal messaging apps are more commonly used to get news about peoples' immediate neighbourhood.

[27] Ofcom Local Media Survey 2023. This included 2,660 online respondents, plus an additional 118 via telephone. Note: the number of sources is likely to be higher as a number of different specific sources could be included in a category selected by participants such as 'Local groups or accounts on social media'.

Figure 5: Local news and information use by different platforms and areas



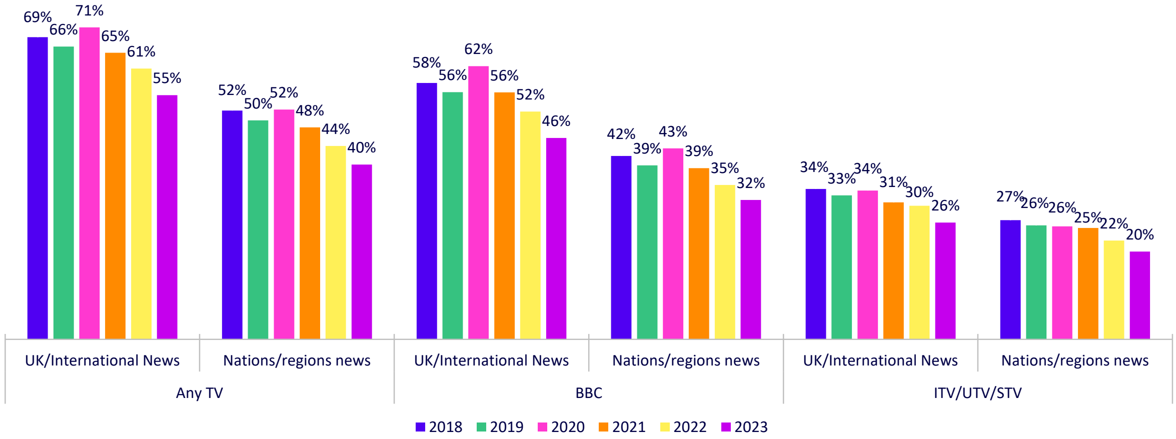
Source: Ofcom Local Media Survey 2023, Q2b. Which of these types of local news and information do you get from the platforms you use?
Base: All respondents using each service for local news and information.

TV bulletins for nations/regions news reach significant audiences but are in decline

4.4 Our research also found that among all adults, TV is the most used platform for news about a nation, region and county (this was overtaken by social media for smaller geographic areas). [28] However, along with TV consumption more broadly, viewing of nations and regions TV bulletins has fallen. In 2023, 40% of UK adults on average watched news bulletins for the nations and regions on either BBC or ITV/UTV/STV each week – 32% on BBC and 20% on ITV/UTV/STV. This was a comparable rate of decline to that seen with national / international news.[29]

[28] Ofcom Local Media Survey 2023. 'TV' includes any TV coverage of local content.
[29] Barb, adults 16+, all transmissions, 28-day consolidated, average weekly reach 3+ mins %, Genre: nations/regions news.

Figure 6: Weekly reach of nations/regions news on TV vs. UK/international news, total vs. BBC vs. Channel 3

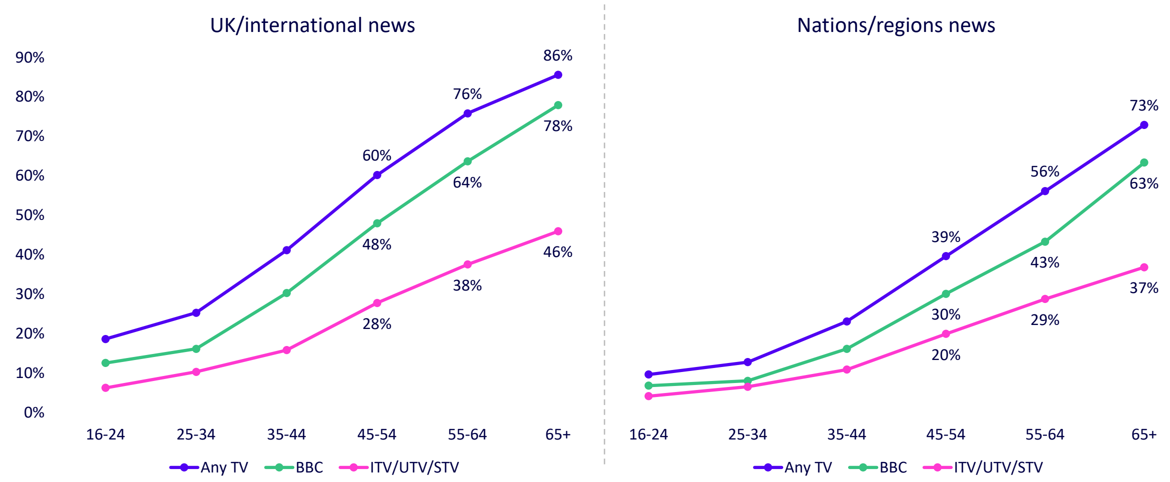


Source: Barb, adults 16+, all transmissions, 28-day consolidated, average weekly reach 3+ mins %, Genre: nations/regions news; UK/international news.

4.5 The downward trend in TV news consumption was briefly reversed in 2020 as the Covid-19 pandemic saw weekly audiences viewing UK/international news on any channel increase from 66% to 71%. Nations/regions news also increased but to a smaller degree, from 50% to 52%. However, the downward trend resumed for both types of news from 2021 onwards.

4.6 Nations/regions TV news is more popular with older viewers. As Figure 7 shows, just 10% of 16-24 year olds watched any nations/regions TV news each week compared to 73% of those aged 65+. However, there is a notable difference in the age pattern between BBC nations/regions news and ITV/UTV/STV nations/regions news. Reach to viewers aged over 55 is particularly high for the BBC, with reach to those aged 65+ 20 percentage points higher than for those aged 55-64. This compares with an eight-percentage point increase in reach between these two age groups for ITV/UTV/STV.

Figure 7: Weekly reach by age of nations/regions news on TV vs. UK/international news, total vs. BBC vs. Channel 3, 2023[30]

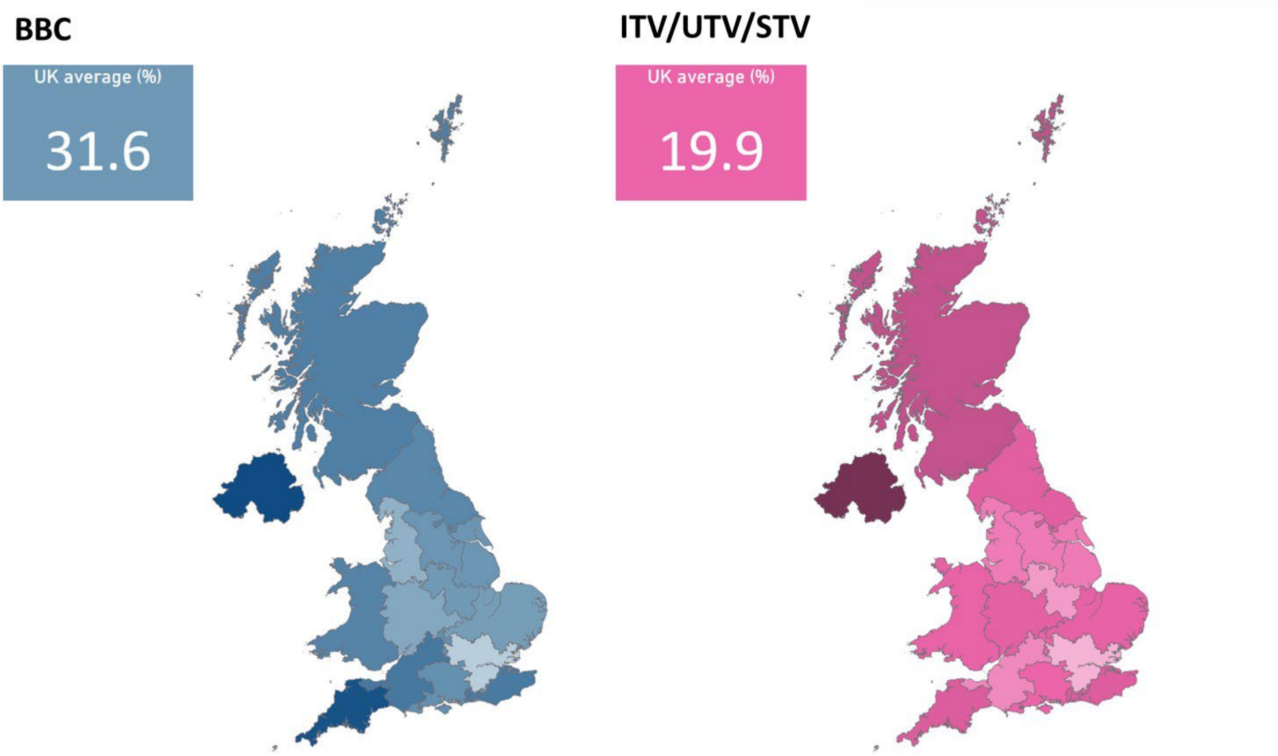


Source: Barb, all transmissions, 28-day consolidated, average weekly reach 3+ mins %, Genre: nations/regions news; UK/international news.

4.7 The BBC's 18:30 weekday nations/regions bulletins achieve a collective average audience of 3.37 million, higher than the 18:00 BBC national network news average audience of 3.15 million. ITV, STV and UTV similarly see the 18:00 nations/regions bulletin attract a collective average audience of 2.44 million, higher than the 18:30 national network news average audience of 2.24 million. While adults in England (+49%) and Wales (+91%) are more likely to watch the BBC's early evening nations-level news bulletins at 18:30, adults in Scotland (+24%) and Northern Ireland (+16%) are more likely to view the STV/UTV bulletins at 18:00.

[30] The majority of local TV services are not reported on Barb or do not have sufficient sample. We have therefore not included any Barb data here as we it cannot provide an accurate reflection of viewing figures for this sector.

Figure 8: Average weekly reach (%) to BBC nations/regions news vs ITV/UTV/STV nations/regions news, 2023



Source: Barb, all transmissions, 28-day consolidated, average weekly reach 3+ mins %, Genre: nations/regions news. Shading denotes the comparison to the UK average with darker colours achieving a higher than average UK reach and lighter shading lower than average.

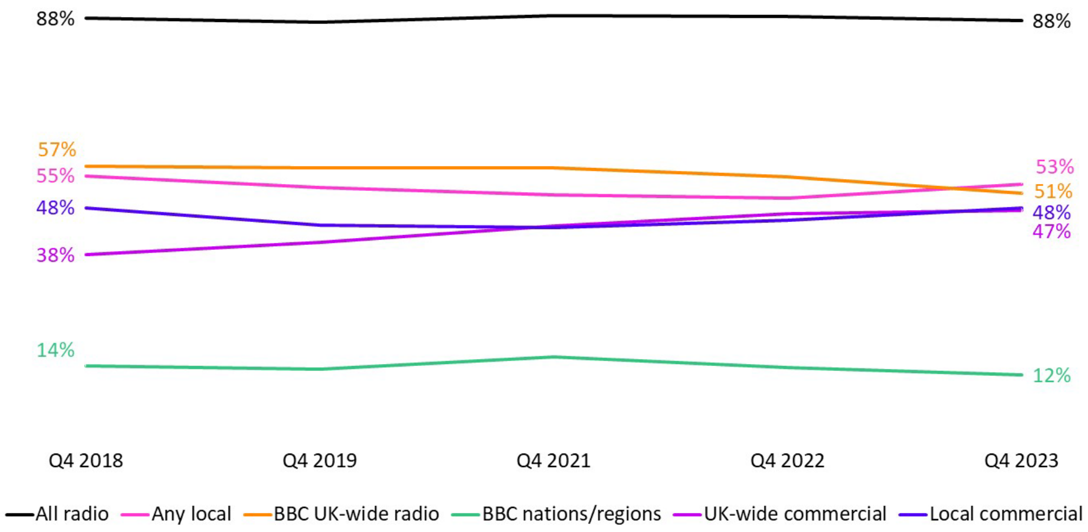
4.8 Adults in Northern Ireland are more likely to watch any type of news compared to the UK average, and are also 76% more likely to watch UTV/ITV for nations/regions news compared to the rest of the UK (and 34% more likely to watch BBC regional news).

4.9 Local TV channels have struggled to increase their reach and viewing share since they launched, despite their availability on Freeview and prominent EPG slots. A report by Enders Analysis estimated in 2018 that local TV reached fewer than 1 million households each week (with London Live accounting for over half).

In the last five years, the reach of local commercial radio has remained stable, while BBC stations have seen a slight decline

4.10 There has been a small fall the reach of local radio overall, driven by a decline in audiences listening to BBC nations/regions radio in the past five years. 12% of adults tuned into BBC nations/regions radio stations in Q4 2023, down from 14% in Q4 2018. Reach of local commercial radio has returned to the same level as in Q1 2018 and is four times higher than that of BBC nations/regions stations. BBC UK-wide stations have also seen a drop in audience numbers and now reach fewer people each week than UK-wide commercial stations, which have successfully attracted listeners with the launch of new digital stations.

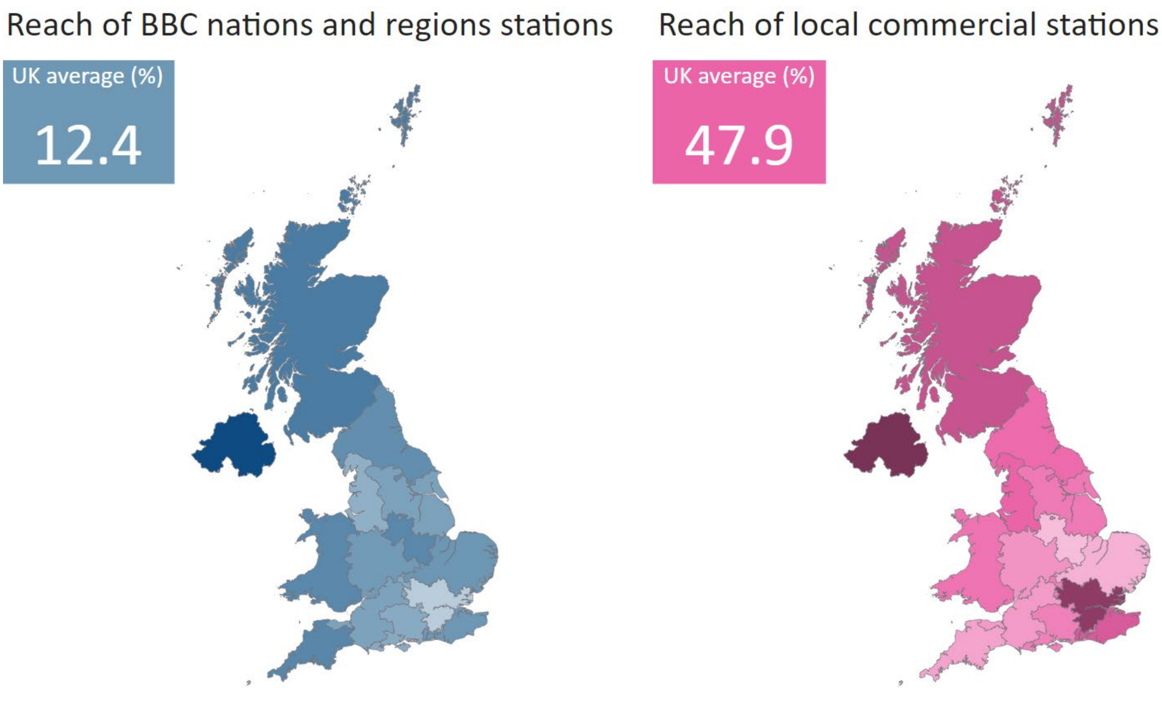
Figure 9: Weekly reach by radio sector



Source: RAJAR; All adults 15+. Dotted line indicates suspension of fieldwork from the end of Q1 2020 until Q3 2021 due to the Covid-19 lockdowns. This led to subsequent changes in methodology, so comparison with previous quarters should be made with caution.

4.11 54% of adults listen to local radio each week across the UK, but this varies when looking at the different nations. The popularity of local radio is highest in Northern Ireland where 80% of adults listen each week, followed by Scotland where it reaches 60% of the population, falling to 55% in Wales and 53% of adults in England.[31]

Figure 10: Average weekly reach (%) to BBC nations/regions radio and local commercial radio stations



Source: RAJAR; Q4 2023; Adults 15+

[31] RAJAR Q1 2024.

Note: shading denotes the comparison to the UK average, with darker colours achieving a higher than average UK reach and lighter shading lower than average.

4.12 As is the case for nations/regions TV news, those who listen to BBC nations/regions radio tend to be older than the average local radio listener (an average age of 56, compared to 48 across all local radio and 46 for local commercial radio) and listen to more stations per week. The average radio listener tunes into three stations per week, while local radio listeners tune into 3.6 and people who listen to BBC nations/regions radio listen to an average of 4.1.

4.13 Only one community radio station currently subscribes to be named as part of RAJAR, the industry audience measurement body,[32] so it is not possible to monitor listening to this part of the sector in the same way as BBC nations/regions stations and local commercial stations. However, as part of the DCMS Digital Radio & Audio Review, RAJAR analysed listener diaries and estimated the weekly audience for the community radio sector to be around 1 million adults (c.1.8% of the UK population).

Fewer people than ever are reading printed local newspapers

4.14 Research by IPA indicates that around 9% of adults in Great Britain now read local newspapers each week in print or online; this has dropped from 17% in 2018.[33] In Ofcom's 2023 local media survey, which asks about usage in the past month, 22% of adults who use local media reported using local newspapers for local news and information, indicating there are those who still use this source, but less regularly. Print local newspapers are most popular for news about respondents' particular town or city. For those aged 65+, print is the method they use most for getting news about their town and city, and for news about their neighbourhood.[34]

4.15 A report by Enders Analysis indicates that local newspaper circulation may have more than halved in the decade to 2022 and, in the past five years, circulation of regional weekly and daily titles has declined 19% and 15% per annum respectively. Ofcom's News Consumption Survey similarly records that the proportion of adults using local and regional print newspapers halved between 2018 and 2024. This trend reflects the longer-term decline in reach of newspapers overall. Ofcom's News Consumption Survey also suggested the Covid-19 pandemic may have exacerbated an existing decline in total newspaper circulation, with reach of print newspapers dropping from 35% in 2020 to 24% in 2022.

But online local news options are popular

4.16 Despite the decline in circulation of printed local newspapers, local newspaper providers continue to reach a significant number of adults via their online presence. In April 2024, regional Reach plc titles were visited by 58% of online adults aged 15+, followed by Newsquest titles (28%) and National World titles (27%).[35] When asked about use in the

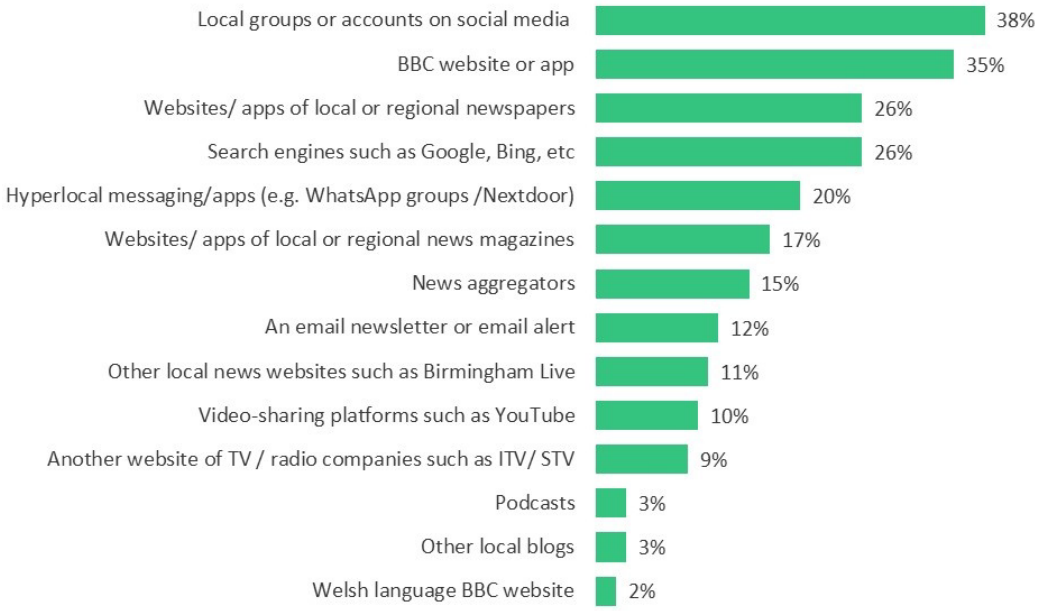
[32] The Voice has subscribed to be named on the RAJAR diaries since Q1 2019. As of Q4 2023 it reaches an average of 12,400 adults each week.
[33] IPA TouchPoints 2023 023 SuperHub (W2 2022 + W1 2023); IPA TouchPoints 2018.
[34] Ofcom Local Media Survey 2023.
[35] Ipsos Iris, reach of 15+ online audience. Reach excludes nationals (Express, Star) but includes, for example, Liverpool Echo, Daily Record. Newsquest excludes New European, Exchange and Mart but includes, for

past month, 26% of adults recalled using websites or apps of local newspapers for local news and information, while 17% also claimed to use the websites or apps of local magazines over the same period.[36]

4.17 The BBC website is also popular, with 35% of adults claiming to use it for local news in the past month. Adults in Scotland and Northern Ireland were more likely to use the websites of the BBC and other TV or radio websites like STV/ITV for local news than adults in England or Wales.

4.18 Social media has also proven to be a popular information source for local issues. In Ofcom's 2023 local media survey, 38% of adults used local groups or accounts on social media for local news and content. A further 26% of adults reported using search engines such as Google for local news and information, while 20% used messaging or neighbourhood apps and 15% accessed news aggregators, such as Apple News.

Figure 11: Consumption of online sources of local news and information



Source: Ofcom Local Media Survey 2023. Question: Q3. Thinking specifically about online sources, which of the following do you use for local news and information nowadays – i.e., which have you used in the last month or so for news? Base: All adults 16+ (2778)

4.19 Ofcom's News Consumption Survey indicates that younger adults (aged 16-34) are twice as likely to use social media for local news as adults aged 55+. Our recent qualitative research also indicated that older adults were less likely to use social media forums than younger participants.

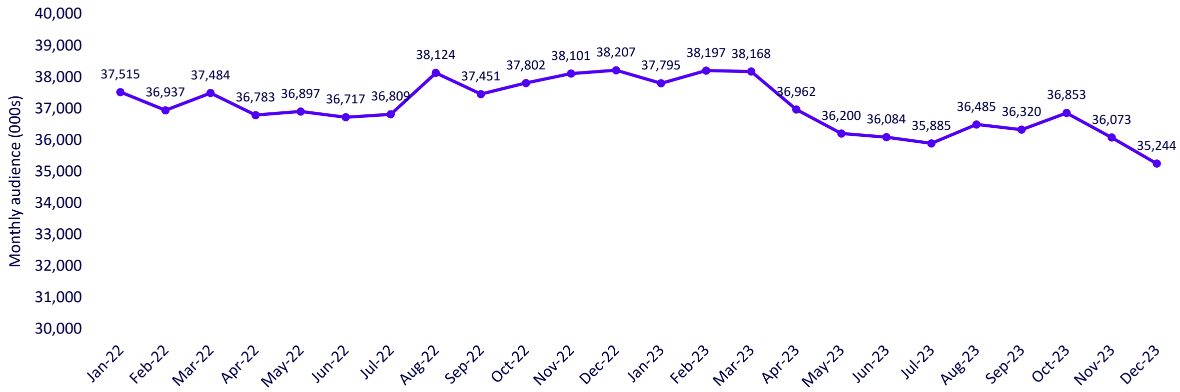
4.20 Figure 12 below shows the reach of local news in aggregate for the BBC and commercial websites using Ipsos Iris.[37] It shows local news stories were accessed by 35 million UK adults in December 2023, a decline from March 2023. As discussed in Section 6, we will explore trends around online local consumption further in our final report later this year.

example, Northern Echo and York press. National World (was JPI media) excludes national titles (Farming Life, 3 Added Minutes) but includes, for example, Lancashire Post, Glasgow World.

[36] Ofcom Local Media Survey 2023.

[37] This data is based on additional tagging of Ipsos Iris local sites, and does not include local news on the BBC News app.

Figure 12: Monthly audience visiting BBC or commercial local news sites: January 2022 – December 2023



Source: Ipsos Iris, Online Audience Measurement Service, age: 15+, UK.
Visitors to either commercial news sites or apps, or BBC local news sites, not including local news on the BBC News app.

People value different sources of local media for different reasons

4.21 As set out above, people prefer to use different platforms to access different types of local news and information, depending on their needs. Our new qualitative research also underlined this, with people telling us they valued particular elements of the different types of local media, with each type offering its own benefits. Choice was dependent on context, people's habits and which source was most appropriate to their specific information need.

4.22 **TV:** For many, particularly older people as well as those with families, the evening regional news bulletin on BBC or ITV/UTV/STV was often valued as a relaxing, collective experience, and for some it was this experience as much as the content that was appreciated. Some participants described watching the news during "downtime". This was sometimes part of a well-established evening routine that marked the end of a busy day. The familiarity and opportunity for a shared experience was valued by audiences, in addition to features such as local weather forecasts. However, participants made little mention of the role of local TV stations during our research.

4.23 **Radio:** Local news and current affairs was more likely to be a reason people chose BBC local radio compared to local commercial stations, where music was often the main driver for listening. In both cases, traffic and travel updates were also important and people mainly listened while driving.

4.24 **Online:** The main reasons people chose to use online sources were convenience and immediacy, with the ability to look when suited them and seek out the most up-to-date information. Additionally, the ability to read online news stories and media content multiple times and have time to take in information was valued by some. Respondents also felt that it was more localised than traditional media sources and valued being able to provide more granular detail, including through interaction with other users in comment sections. Some said they liked using online sources as they had control over what they saw, because they could curate their own feeds and only click on stories of interest.

4.25 Content being generated by local residents was seen as a positive, though people were aware they could not always believe everything they read and local news and information on social media was sometimes treated with scepticism by users, until verified elsewhere. This also echoes the lower levels of trust in news on social media in general, highlighted in other research.[38] People were more likely to consult a range of different sources if the issue was serious, complicated or if they simply had more time or a specific interest in it. Where this was the case, they were willing to invest time to seek out multiple sources, and recognised that trustworthy information can take time to verify. For issues that were considered low stakes, they were more likely to conduct a less detailed or focused search.

> "Facebook is where I get local information. I follow the local paper and local area pages. This way I see content that's super local as often things don't go on the main news outlets. I live in the highlands and so this is the best area to source local information from people in the local area" (Female, 25-34, Scotland)

4.26 Participants also described some explicit benefits of hyperlocal messaging apps or groups, which were valued for real-time alerts from people in their community about specific community-level news and information, although they expressed the same concerns around reliability as for social media. Participants accepted the risks around this type of information but argued these could be mitigated by platform moderation. There was generally willingness to accept the risks of using social media for news, given the perceived benefits.

> "We never used to have a WhatsApp group or Facebook group page but now we do which is great because we have people in the community constantly updating us with what's going on even if it's not the biggest news." (Female, 24-34, London, England)

4.27 Our research found that where a situation was rapidly developing and changing, participants valued the speed of social media or messaging apps over the accuracy of traditional media sources like regional TV bulletins, local radio stations or local print newspapers.

4.28 Some participants said they liked using online sources as they had control over what they saw, because they could curate their own feeds and only click on stories of interest. However, despite this feeling of control, in completing a diary exercise, participants found they were not necessarily aware of how much local media they were actually consuming online. This suggested some level of passive, rather than active, consumption, driven more by algorithms than by personal decisions.

4.29 **Print:** Fewer of our research participants were regular local print news consumers, but these people were very strongly attached to their local newspapers, feeling they were more local than other news offerings. They also liked that local papers seemed to offer a more rounded picture of what was happening in their area. Participants felt they would miss reading about local stories and community events if they did not have these sources.

4.30 While many participants valued online sources highly (and to a lesser degree messaging apps), the more digitally disadvantaged participants did not necessarily feel that they

[38] Ofcom, 20 July 2023. News consumption in the UK 2023: Research findings, p.10-11.

were missing out by not having these. They felt they had their own ways of finding out what was happening locally, mainly by talking to people, listening to the radio, watching the regional TV news, or by reading the local newspaper.

Trust in local media content also varied by platform

4.31 Participants in our qualitative research were most likely to trust traditional media sources, such as regional TV bulletins and local radio stations, to provide accurate news and information, with perceptions of their larger audiences and resource pools, and to some extent the presence of regulation, identified as underpinning this trust. This sentiment was echoed in our wider news consumption research, with news on traditional media platforms (TV, newspapers and radio) deemed to be more trustworthy than news on social media.[39]

> "I trust sources more that have to adhere to standards. Second hand information from social media and messaging groups can always have a bit of 'he said she said' and also be tainted towards personal views." (Male, 35-44, Northern Ireland)

4.32 Research participants tended to trust printed versions of newspapers over their online counterparts because there was a perception more time would be taken to fact check news and information before publishing (given many were weekly publications) and once printed, the news and information could not be amended or deleted. By contrast, they felt that online newspapers, because of their need for 'clicks', would be more likely to exaggerate and sensationalise stories, although they also recognised that online newspapers frequently updated news and could amend or remove any inaccuracies.

4.33 As noted above, people often saw a trade-off between trust and/or accuracy. Generally, in an emerging situation, participants were more willing to trade speed for accuracy. If the issue was important to them, they would invest time in seeking out multiple sources to verify and learn further details.

People felt that local media contributed to social cohesion

4.34 Although it was not always top of mind, audiences recognised and valued local media's role in contributing to community cohesion. Audiences felt that local media could help build this by creating a sense of connection, making up for a loss of face-to-face interactions. It was also seen to play a role in instilling a sense of pride in an area, helping people feel safer, generating local economic benefits, and bringing people together. Our participants felt that social media could both add to and detract from community cohesion, but on balance, the positives (e.g., enabling hyper-local communities and greater interaction) outweighed the negatives (e.g., a potential for misinformation or a 'lynch mob' mentality).

4.35 For many participants there was no obvious link between local media and local democracy, with younger participants in particular not actively looking for this type of information. A smaller number of respondents felt a decline in investigative journalism would be detrimental and result in local institutions not being held to account and there was concern that people would be exposed to a narrower range of stories. Despite this,

[39] Ofcom, 20 July 2023. News consumption in the UK 2023: Research findings, p.11.

there was no appetite to pay for local news content, with most feeling local content was not of sufficient value for them to become a paid subscriber to a specific outlet.

> "I want the story and I want it for free and I want it in a nice website or a nice app and I'm not paying for it." (Face- to- face group, Newcastle, England)

People were broadly satisfied with their experience of their local media ecosystems but identified a few drawbacks

4.36 Most of our research participants felt that their expectations and needs in relation to the quality, quantity and relevance of local news and information were being met. Most people were confident that they could get relevant news and information about where they lived through the range of media sources available to them, and that their local area was represented and fairly portrayed.

4.37 It was only after some consideration that a minority identified that there may be some gaps in the provision of local news and information. Participants' main concerns related to the potential risk of missing important news stories for three main reasons:

a) Their own consumption habits – meaning that they typically only see a narrower range of stories that appear in their social media feeds, and that this self-curated bias would be further compounded by the impact of algorithms. They also pointed to people mindlessly scrolling through social media feeds without really taking in information.

> "I think having completed the media diary it surprised me how much time I spent online yet didn't really know what was happening directly in my local area." (Man, 25-34, Northern Ireland)

b) The fact that some stories are no longer being reported on – some people were of the view that local newspapers had undertaken more investigative journalism in the past and provided greater scrutiny of local issues and local decision making. There was a perception that the current versions of local newspapers (offline and online) no longer provided this insight and instead focused on stories that are easy to produce such as writing up local events based on press releases or celebrity news that was designed as 'clickbait'.

c) Geographic gaps in coverage of detailed local news at the 'mid-local' level, particularly amongst those who did not live near major urban areas or lived between regions (e.g., on county borders) – local newspapers had previously delivered this content, and the impact of their decline was further compounded by changes in relation to local radio meaning that this output had also become less local.

4.38 Participants were aware of the impact of changes in the local media landscape that have developed over time. For example, participants identified that since the rise of online sources, fewer local print newspapers are available, and are more difficult to find. Some respondents also noticed that local newspapers and radio stations were being taken over by larger organisations and felt the output was becoming less local as a result. Most were either unconcerned or sanguine about the decline of traditional media. The minority of people who were concerned were often older, active in the community, and had experience of local issues they felt were important not being covered by local media.

4.39 Although there was some concern about older audiences being left behind by a continual shift to online, digitally disadvantaged participants largely did not feel that they were missing out, although in some cases they were becoming more reliant on their families and surrounding social networks to keep them connected.

4.40 Generally, participants were positive about the benefits of online news sources and social media. While they identified potential downsides of these news sources – in terms of lower levels of trust and accuracy, as well as allowing space for a 'lynch mob' mentality and discouraging disagreement – they thought the benefits – immediate, relevant and up-to-date news and information about their local areas – outweighed the risks.

> "Now we have so many different platforms at our fingertips we have the power to choose what, when and how we see what is happening in our area. I think that locals in every area of the country now have a much better understanding of what is happening in their community as a result of the different sources of information available. The only downside is sometimes the information available on some platforms is not accurate as it is reported incorrectly or by people with an opinion that may be biased." (Woman, 34-44, East Anglia, England)

5. Can local media continue to deliver for audiences?

5.1 To gain a clearer picture of the local media landscape in the UK, including the challenges it faces, we have also met with a wide range of stakeholders from across the UK's local media sectors to supplement our data analysis and audience research. These include broadcasters and publishers, from large groups to independents, as well as trade bodies, not-for-profit organisations and academics. Below we reflect on the key themes that have emerged from these conversations, as well as from our qualitative research and other research undertaken on the local media sector.

Local media can provide a unique value to consumers and wider society which should be protected and fostered

5.2 Stakeholders passionately described the value that local media can and should bring to individuals and communities across the UK. In particular, stakeholders noted the unique value of 'public interest news' to local communities. PINF's definition of 'public interest news' can be summarised as high-quality, impartial news and information which provides benefits to the public, including: to inform people about matters relevant to their role and responsibilities as citizens; to support the democratic process; to engage local communities in common concerns; and to build community cohesion. These qualities were also reflected in our consumer research, which found two of the most important functions of local media to be: informing people's behaviour and opinions, and connecting people by bringing communities together and instilling a sense of belonging.

5.3 Local media has previously been characterised as glue that can help bind communities together; creating connections, a sense of pride and a feeling of safety. Any local area will include people with a range of interests, backgrounds and beliefs, and their local media can play a role in promoting a variety of voices that reflect both the diversity of that community back to itself, as well as its common values and interests. Local media providers can also highlight local events, sports and experiences, encouraging people to come together, which can in turn further promote social cohesion and community engagement. Research commissioned by DCMS cites a number of studies which draw a connection between local newspapers and community engagement, a sense of place and less polarised political behaviour. Participants in our qualitative research and other stakeholders identified that promoting local businesses and events could help to stimulate local economies, bringing people into the area to spend money.

5.4 There is also an essential role for local media providers to play in holding local government, institutions and public services to account where they would otherwise have little oversight, for example, in how local people's taxes are being spent. Some hyperlocal news publishers highlighted that while stories interrogating local councils may seem mundane on the surface, they are important in focusing public attention on local government activities and investigative work has the potential to lead to positive change in local services. For example, highlighting inefficiencies or poor governance could in turn save money and contribute to the prosperity of local areas.

5.5 Similarly, local media, particularly public interest local news, was seen to be valuable in developing democratic and civic engagement. The same DCMS research found a positive and significant correlation between local newspaper circulation, particularly of daily newspapers, and turnout at local elections. This, along with our discussions with academics and stakeholders, suggests that a strong local news presence can boost democratic literacy, meaning local people are better informed about local issues and more likely to engage with the democratic process, for example by voting in local elections or standing as local councillors. However, as noted above, our qualitative research found that many participants did not see an obvious link between local media and local democracy and younger participants in particular were not actively looking for this type of information. There may be opportunities for collaboration across platforms to build public awareness of the social and civic value of the sector.

5.6 Some stakeholders also raised the increasing challenge of local misinformation, disinformation and division being propagated through social media sites like Facebook, particularly where reliable local media sources are scarce,[40] and highlighted the important role that high-quality and accurate local media could have in providing an antidote in the form of balanced and trusted local news sources. Similarly, our work on media plurality and online news found that people who most often use social media to access news are less likely to correctly identify important factual information, feel more antipathy towards people who hold different political views and are less trusting of democratic institutions, than people who use TV and newspapers most often as a source of news. We did not find that these outcomes are generally associated with the use of search engines or news aggregators, both of which were perceived by users to provide higher quality, more accurate news than social media.

5.7 This highlights the importance of people of all backgrounds being media literate – possessing the knowledge, skills and behaviours to be able to navigate local media, identify misinformation and disinformation and critically understand content of democratic importance.

Some stakeholders felt there has been a decline in both the volume and quality of public interest news and the relevance of local news

5.8 Public interest news and investigative journalism are expensive and take time to produce. The Cairncross review noted that as revenues have fallen, publishers have been forced to cut costs and we have seen a significant decline in the number of journalists employed by local newspapers in the last couple of decades. These cuts are likely to have had a particularly negative impact on public interest journalism and investigative journalism. Ofcom's News Consumption Survey indicates that users of specific local news services generally remain satisfied with those specific services.[41] However the Reuters Institute's

[40] Research by the Charitable Journalism Project carried out by Steven Barclay, Steve Barnett, Martin Moore and Judith Townend, June 2022. Local News Deserts in the UK: What effect is the decline in provision of local news and information having on communities?.
[41] News consumption in the UK 2023: Supporting data p. 29

2024 Digital News Report found that while there was a relatively high level of interest in local news in the UK (62%), fewer people felt their information needs were being met in this area (57%) compared to other countries with high levels of interest in local news. For example, in the Netherlands the same proportion of people were interested in local news as the UK (62%), but a greater proportion (71%) felt their information needs were being met in this area. The UK was therefore identified as a market where local news needs were being relatively less well served. This, along with our own qualitative research, suggests some consumers may be satisfied with the individual sources they use, but not with the offering of the local news market as a whole.

5.9 We heard divided views on this issue. Some stakeholders and academics raised concerns that content provided by some of the larger local media outlets has declined in relevance to local audiences, as they look to target bigger geographical areas or broader interests to grow their reach. However, larger publishers contended that scale was an important factor from a business perspective and that there are practical economic limits on the size of communities that can be sustainably covered. A medium sized town may be the minimum viable scale for an online local news model to cover, given that digital revenues are lower than print. Others argued that subscription models are more flexible and can be sustainable for providers of different sizes in both larger and smaller areas.

5.10 Some stakeholders and academics argued that there is increasing evidence of local news 'drylands' or 'deserts' in the UK: communities that may be served by nations/regions TV bulletins and BBC local radio but have little to no dedicated local news that covers an area smaller than their country, district or equivalent. However, these claims are often contested by providers that offer news coverage which includes the area in question to some extent. The level at which something is considered to be "local" in these situations is likely to be a significant factor in this debate.

5.11 There was also a view that some local newspapers now contain more rewritten press releases and that local websites are hosting celebrity and 'clickbait' content, and fewer investigative pieces. These concerns were echoed by a minority of respondents in our qualitative research as set out in the previous section. There was also a suggestion that local institutions are increasingly inaccessible and unwilling to engage with journalists. Larger publishers also argued that local newspapers have historically had a broad focus and have always covered topics with mass appeal. They said that the larger local newspapers typically still reach the majority of their target communities and have a loyal following.

5.12 People's perceptions of the content available from local media providers may also be affected by how they are accessing content. The Cairncross Review found that, in switching to online news, people are less likely to see a mixed bundle of politics, finance, entertainment and sports news, and more likely to see an individual story. The Review found that this "unbundled" experience has implications for both the visibility of public interest news and for trust in news. There was a call for more research to examine the quality and localness of the stories on local news websites.

5.13 Some stakeholders felt that the perceived decline in 'public interest news' represented an opportunity for smaller, independent providers. However, these providers, which are often run on a volunteer basis, face financial challenges, and there are questions about whether smaller outlets can be sustainable across the country, particularly outside cities and in less affluent areas, without support.

The sector is facing challenges as it adapts to changing audience behaviour and funding pressures

5.14 As audiences increasingly turn online for news and information, and traditional funding mechanisms decline, local media providers are facing challenges to their sustainability as many attempt to transition towards digital.

There are now an increasing number of sources competing for audiences' attention, particularly online

5.15 As set out in Section 4, while local news providers now reach large numbers of people via their online sites, social media has also become an increasingly popular source for local news and information. The growth of online content more broadly, including through social media and on-demand streaming, offers audiences more options for how to spend their time. Among stakeholders, there was near universal acceptance of the importance of online platforms as a route to reach audiences with local news, now and in the future.

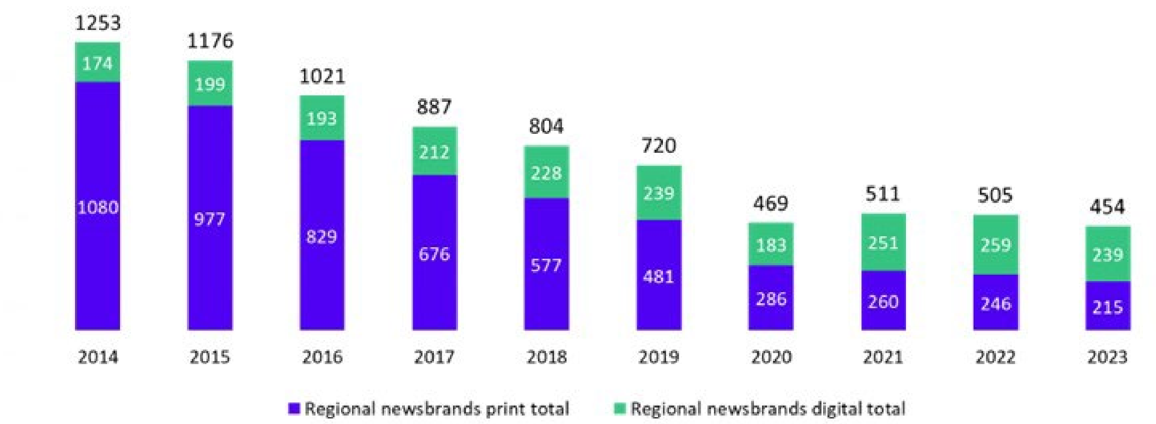
5.16 However, many we spoke to echoed the concerns of The Reuters Institute's Digital News Report that reaching younger audiences with news via any route is increasingly difficult and that a large section of the population is disengaging from or avoiding news altogether.[42] In addition, our recent research into online news found that the digitisation of news has led to other structural problems for news publishers. For example, where news is delivered as a post on a social media service, newsrooms have a more distant relationship with their readers. This means it can be more difficult to access data on readers' behaviours and preferences, to bundle content together, and to maintain a strong brand.

Despite the shift online, digital advertising revenues have not offset the decline in print and TV advertising revenues

5.17 Analysis of advertising revenues for regional news brands provides further evidence of the challenges in following audiences online. While the picture varies somewhat among publishers, there has generally been a downward trend in revenues over the past decade. In aggregate, revenues have declined by c.64% - from £1.25bn in 2014 to £454m in 2023. Traditional print advertising has become less attractive to advertisers, in part due to the fall in circulation; Enders Analysis has estimated that local newspaper circulation may have more than halved in the decade to 2022. While digital revenues now make up over half of regional news brands advertising revenues, this has not offset the steep decline in print revenues since 2014, as traditional news organisations have lost out to more targeted forms of online advertising.

Figure 13: Regional news brands total advertising revenues: print vs digital, £m.

[42] Reuters Institute for the Study of Journalism, 2024. Reuters Institute Digital News Report 2024, pp. 21-22, and p. 27.



Source: AA/WARC Expenditure Report. Figures are nominal.

5.18 In the local TV market and for regional TV news, cost inflation across the UK's TV production sector[43] has placed further pressures on providers, on top of the loss of broadcast advertising revenues.[44] In the local commercial radio sector, stakeholders said there has been an increasing level of competition for both listeners and advertisers, alongside increases in the cost of creating local content. Between 2017 and 2022, local commercial radio advertising revenues fell from £140m to £102m, though this was also partly due to Covid-19-related effects.[45]

5.19 Some stakeholders also highlighted challenges in finding skilled journalists, with many suggesting there was declining interest in journalism as a career. Increasingly challenging working conditions, harassment on social media and alternative better paid careers have been cited as potential reasons for this, as well as the reduction in smaller outlets where new journalists can get training and experience.

Local media providers outlined the impact of tech platforms on website traffic and revenues

5.20 As set out in our media plurality and online news discussion document, while the creation of news content continues to depend on newspaper publishers and broadcasters, search engines, social media platforms and aggregator services have taken on an increasingly significant role in other parts of the news value chain, including the curation, discovery and monetisation of news. Our recent online news research using eye tracking technology shows that the ranking of an article in a social media feed has a significant impact on both the likelihood that an article will be read, and the amount of attention it receives. Our qualitative research also suggests there is a proportion of online consumption that is passive and driven more by algorithms than active personal decisions, echoing previous Ofcom research. Many stakeholders we spoke to felt there was limited transparency into tech platforms' decisions regarding their local news recommendation algorithms and search rankings, making it difficult for local online news

[43] Oliver & Ohlbaum Associates, August 2023. Understanding the UK's TV production sector, p.22.
[44] Ofcom, August 2023. Media Nations, pp. 32-33.
[45] Ofcom, August 2023. Media Nations, p. 47.

and content outlets to reliably reach audiences and plan for the future. Some platforms, such as Google, publish resources to help website owners make their content more discoverable.

5.21 The DCMS Committee inquiry into the sustainability of local journalism noted that changes to platforms' algorithms can affect the prominence of news content and the amount of traffic it receives. In its evidence to the inquiry, Newsquest described how "a tweak of the algorithm by Facebook can result in a significant traffic drop" and that it felt "beholden to the power of their algorithm for much of [its] digital audience and for much of [its] programmatic advertising revenues". This view was echoed more widely in our stakeholder discussions.

5.22 Several reports published in the last year show that referrals from Facebook to news publishers have fallen over time.[46] As noted above, in December 2023, Meta removed the Facebook news tab in the UK and it also appears to have been deprioritising news over a longer period, such as in ending its funding for the Community News Project, both of which could affect awareness and viewing of local news. In addition, X (formerly known as Twitter) has also made changes to news on its platform and some news publishers have been turning to other platforms as referrals have declined. The challenge of reaching audiences on Facebook in particular, in the wake of algorithmic changes, was voiced in our discussions with publishers, and in recent research among independent publishers. The Reuters Institute 2024 Digital News Report suggests these changes in strategy are contributing to increased fragmentation of attention for news across different digital platforms, including a shift towards video-based networks such as YouTube, TikTok and Instagram.

5.23 Stakeholders also raised concerns about the proportion of online advertising revenues taken by the tech platforms. Some argued that there would be enough advertising revenue in the sector for people not have to have to pay for local news if such a significant cut was not taken. In 2020, the CMA found that online intermediaries (the largest of which is Google) capture at least 35% of the value of advertising bought from newspapers and other content providers in the UK.

Local publishers are trying to build new revenue streams, but many readers do not want to pay for news

5.24 Many providers, both print and online, told us the importance of building revenues from subscriptions on top of advertising, but raised concerns about the low willingness to pay for news, particularly among younger people. Research from the Reuters Institute found that only 8% of adults in the UK paid to access to online news. It also found that 69% of non-subscribers in the UK would not consider paying anything for online news, the highest proportion of the 20 countries included in that part of the study. Our own research also found little appetite among participants to pay for local news, despite some perceptions of a gap in provision and concern among a minority about a decline in investigative reporting.

[46] Press Gazette, 4 May 2023. As Reach warns of traffic slowdown: How Facebook referrals to publishers have plummeted, Reuters Institute, Journalism, Media, and Technology Trends and Predictions 2024, and Enders Analysis, 29 April 2024. Life after Facebook: Quo vadis for news distribution.

5.25 The lack of established reader payment models has likely contributed to the challenge publishers face in converting print readers to digital subscribers. Some stakeholders felt that the decision by UK publishers in the early years of the internet to make their content freely available online, supported only by advertising, has contributed to a low willingness to pay for news online. It was also suggested that publishers have more work to do in communicating the value of subscription-funded local news to audiences.

5.26 However, some publishers have grown their online subscriptions and see this as an area of future focus. For example, in 2022/23, DC Thomson reported an annual increase in digital subscriptions revenues of almost 50% (although these remain only 4% of all circulation revenues). Local news publishers are also looking to broaden their range of revenue streams through supplementary product offerings such as podcasts and newsletters.

5.27 Small and independent local news providers also continue to draw on other sources of revenue. In its most recent Index of Independent News Publishing in the UK, PINF found that advertising remains an important revenue stream for independent publishers, but that there is a common perception that local businesses are cutting back on local advertising. We have also seen independent outlets use cooperative membership models and crowdfunding to fund themselves. These providers are often critical of their perceived exclusion from particular revenues streams, such as public notices or government advertising spend. Staffing often makes up publishers' largest expense and independent local news publishers are, in many instances, very small operations embedded in communities that rely on part-time, voluntary and freelance staff, often existentially dependent on a single person at their centre. PINF found that average staffing at an independent publisher is two FTE employees, down from three in 2023, and that the sector, including for-profit publishers, is relying on volunteers more than ever.

Overseas, local media providers are facing similar challenges

5.28 Media providers in the EU are also finding it difficult to compete with online platforms for advertising revenues and most EU citizens have become accustomed to consuming news online for free. This gap between the value associated with news content and its monetisation is a key challenge to the economic sustainability of news media outlets throughout the Europe. In the US, print newspapers are in sharp decline and digital alternatives remain scarce despite an increase in philanthropic funding. A report by the Local News Initiative found that consolidation in the US market has seen the largest groups – which are often owned by or indebted to investment firms – shaping the landscape, buying and selling newspapers and shutting down unprofitable ones that cannot be sold. It also found that more than a fifth of citizens now live in so-called news deserts or in communities at risk of becoming one.

Local media providers are responding to these challenges in a variety of innovative ways

5.29 The local TV, radio and print sectors have seen significant consolidation in recent years.[47] This has allowed businesses to reduce operating costs and gain economies of scale through greater centralisation and sharing of corporate functions and infrastructure. Greater scale and audience reach can also be more attractive to advertisers and enable innovation. It can however also result in a reduction in the range of content and voices available to audiences.

5.30 Many of the stakeholders we spoke to told us about their shift towards online, and how they are experimenting with different kinds of content to understand what works best, including shorter form video content, user-generated content and more in-depth pieces. Print and online stakeholders talked about the attempts they had made to shift their focus from declining advertising revenues towards subscriptions, highlighting the importance of content that engages readers for longer periods.

5.31 There was an acknowledgement that there will also be new opportunities for local news publishers as AI becomes more widespread, such as supporting content creation across different media platforms. For example Newsquest has built an AI application using ChatGPT technology, used and overseen by 13 AI-assisted reporters, that can rewrite press releases and council meeting minutes in the style of a local Newsquest story. It is argued that these tools could free up journalists to undertake more 'boots on the ground' journalism. However, some stakeholders are sceptical about this claim and have voiced broader concerns about the use of AI in news, including risks to jobs, the quality of content and the potential for AI to facilitate the creation and dissemination of 'fake' content, increasing the risk of exposing people to online mis- and dis-information.[48]

5.32 Some stakeholders also highlighted an entrepreneurial group of 'green shoots' providers, a number of whom have been able to build passionate paying subscriber bases and secure philanthropic funding, despite seeing the same challenges around sustainability. These are typically independent and nonprofit news outlets that have a particular focus on providing public interest news to the communities they serve, such as The Manchester Mill, The Bristol Cable and the Social Spider Community News publications in North London. Several stakeholders also raised the Charity Commission's decision to grant charitable status to local news provider The Guildford Dragon, with the purpose to provide public interest news. This may represent a new route smaller outlets can take to benefit from tax breaks and philanthropic funding that are limited to registered charities, though this comes with caveats around political activity.

[47] For example, in the print sector, National World acquired JPI Media (previously known as Johnston Press) for £10m in January 2021, The Rotherham Advertiser in May 2023 and Midland News Association, (which was one of the UK's largest independent regional news publishers) for £11m in September 2023. In March 2022 Newsquest acquired Archant, adding a further 50 weekly titles and four daily titles, in addition to regional magazines, to its current portfolio of over 250 local news brands. In the radio sector, in 2019 Bauer Media Group acquired all of the local radio licences held by Wireless Group, Lincs FM, Celador Radio and UKRD.
[48] See also Ofcom, 15 September 2023. Submission of Evidence to the House of Commons Science, Innovation and Technology Committee's inquiry into the governance of artificial intelligence; and Hsu and Thompson, The New York Times, 2023, Disinformation Researchers Raise Alarms About A.I. Chatbots.

5.33 The importance of diversifying revenues streams was mentioned by a range of stakeholders across the local media sectors. Strategies include: supplementing advertising and subscription revenues by selling stories to national titles; enhancing their social media presence; offering training; applying for grants and entering into partnerships. For example the Public Interest News Gateway (or Ping!), run in collaboration with the ICNN and supported by the Google News Initiative, opens a new revenue stream for independent community journalists and increases the reach of their content by making it easily available to traditional national and regional publishers. Some smaller providers are also using newsletter platforms like Substack to provide local news with lower overheads.

5.34 Stakeholders also mentioned a range of partnerships they had entered into to access additional funding and resource, including the Local News Partnership between the BBC and regional news providers, which is discussed in more detail below. In addition, since 2022, Google News Showcase has paid participating publishers to curate their stories that appear in Google's news products, such as Google News and Discover. The Google News Initiative also offers tools, training and funding to help news organisations innovate and build resilience. A number of local media outlets have also partnered with universities to train and work with student journalists, for example KM Media Group and the University of Kent partner on the KMTV local TV channel, while others offer their own training schemes. A few stakeholders noted that working across the print, radio and television sectors meant they could benefit from shared resources and increased brand awareness, though this was not the norm.

The BBC plays an important role in providing local media output across the UK

5.35 It is the BBC's mission to serve all audiences and it is required to provide impartial news and information at local, regional, national, UK and international levels. It also contributes to plurality in all areas of news. Given the important societal value that local public interest news provides, and the potential for it to be underprovided by the commercial sector in some areas, the BBC has an important role to play in ensuring that audiences across the UK can continue to access high-quality and impartial local public interest news within its local output.

5.36 The BBC has long provided local and regional news across its TV, radio and online services. It also works in partnership with other news providers to support the wider local media landscape. The Local News Partnership sees the BBC and more than 200 local media organisations, representing over 1,100 print, online or broadcast outlets, come together with the aims of supporting public service reporting, sustaining local democracy and improving skills in journalism.

5.37 The Local News Partnership includes the LDRS, with the BBC licence fee funding the employment of up to 165 Local Democracy Reporters within local media organisations to report on local councils and other public services. These reporters upload around 1,200 local stories each week to a central portal, which can be accessed by any outlet signed up to the partnership. The Partnership also includes a News Hub, which gives external media organisations access to BBC video material for use online, and a Shared Data Unit, which provides data journalism to news organisations using public data sets, on topics such as local council debt. More broadly, the BBC has partnered with community radio stations through the Community Media Association. This partnership has allowed the sharing of BBC local radio content with community stations during the Covid-19 pandemic.

5.38 As part of its plans to adapt to changing audience habits and become a digital-first public service media organisation, the BBC is modernising some of its local services by reducing expenditure on its traditional local broadcast services and reinvesting this into online content. As set out above, the BBC has recently made changes to its local radio services in England, introducing greater programme sharing at times of the day when listening is lower, while protecting local news bulletins and live sports programming. The BBC also closed the local television news programmes in Oxford and Cambridge in 2022. The BBC is using savings made from these changes to invest in and increase local online news output across the BBC News website and app, including its four new local online indexes for Bradford, Wolverhampton, Wear and Peterborough. It has also invested the money saved from these changes into multiplatform investigative journalism through 11 regional teams and a central Longform Investigations Team, which the BBC states it has tasked with delivering agenda setting journalism locally and across England.

5.39 However, as the BBC modernises and makes changes, it must ensure that the public value associated with a change justifies any adverse impact on fair and effective competition. We explain our approach to considering the competition impact of BBC changes in Section 6.

The BBC has been described both as a competitor and as a complement to other providers in the local media sector

5.40 We have heard two broad views of the BBC's position in the local media sector. It has been characterised as a competitor that crowds out commercial providers and as a complement that offers something different. Concerns around the BBC's most recent changes typically focused on its increased investment in online local news offerings.

5.41 Those who found the BBC output to be complementary across TV, print and online told us that the BBC either provides a different offering to them or serves a different audience. For example, the BBC was generally seen as reaching an older audience than many commercial providers. It was also seen to focus more on audiences at a national or regional level which do not tend to overlap with outlets that focus on smaller local areas. This was particularly true for smaller independent publishers with hyperlocal audiences. Others felt the BBC's content itself is different from theirs, perceiving the BBC to generally report on news stories as factual events, rather than telling stories about the people affected by them.

5.42 Radio providers were broadly content with the changes to BBC local radio in England and underlined the importance of speech content in differentiating it from local commercial radio. However, there were some concerns about the impact on audiences of the BBC's decision to introduce greater programme sharing for local radio services. It was noted that older audiences in particular are more likely to use BBC local radio and are likely to be impacted more by the changes.

5.43 Some also felt that the BBC increasing its online local news made sense as this is where audiences are moving and saw it as good for plurality. The academics we spoke to noted the important role of the BBC in providing news that is impartial and publicly funded, particularly with the rise in misinformation.

5.44 However, several regional publishers were concerned that the BBC is placing additional pressure on their revenues by offering an increasing amount of online written local news content, which they consider to be duplicative of the commercial sector. They felt that people are less likely to use news websites that carry advertising or sign up for paid subscriptions when the BBC offers content that audiences perceive to be similar for free and without advertising. Some of the larger regional publishers specifically mentioned this issue in the areas of England where the BBC has recently launched its new online indexes.

5.45 Concerns were also raised that the BBC covers the most popular stories from local areas and some suggested that the BBC appears higher up in online search results than commercial providers, which they felt, among other things, may be due to the BBC not carrying adverts. There were also calls for the BBC to better attribute stories it had sourced from third-parties and link more to local sources for further information.[49] Some argued that the BBC is chasing ratings or views when it should be focusing on high-quality local content that is not provided by the commercial sector. Several providers – large and small – were also concerned that the staff they are training are leaving their organisations to join the BBC, suggesting it is often able to offer larger salaries.

5.46 There was a general desire from some smaller industry and nonprofit stakeholders to see the BBC enter into more partnerships with local media outlets and share more resources and archive content.

5.47 Academics we spoke to said that evidence of the BBC's impact on the revenues of commercial providers had not been seen and was challenging to collect; this aligned with the views of some industry stakeholders. Others felt that there is not good evidence for the positive or negative impact of the BBC in the sector and that more research should be done. As discussed in Section 6, we plan to look at trends in consumption of online local news in our final report in November as part of our work monitoring the impact of the BBC's changes to online local news.

The Local Democracy Reporting Service is important to the sector and suggestions were made to develop it

5.48 The LDRS was raised by many stakeholders we spoke to and was largely seen as an important addition to the sector. There was agreement that the type of reporting covered by the service, which looks at local authorities and institutions, was of the highest public interest, but also one of the least commercially sustainable parts of the local news sector. The service was seen as providing an important baseline for local democracy reporting which the sector could build upon. However, some stakeholders raised concerns about how the service is run and recommended improvements.

5.49 Independent publishers observed that the majority of the LDRS contracts were with larger newspaper groups and argued that more should be a43warded to smaller outlets.[50] The overhead cost to the contract holder of having to support multiple LDRS

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[49] The BBC Operating Licence requires the BBC to provide adequate links to material provided by third parties in respect of BBC Online. The BBC published data on the links it provides on its online news sites in its report, Delivering our Mission and Public Purposes: the BBC's performance in 2022/23, p.11.

[50] The full list of allocated LDRS contracts and reporters shows that currently 99 of the 118 contracts are held by Reach plc, Newsquest and National World.

reporters was raised as a potential barrier for smaller publications, whereas large newspaper groups have newsrooms across the UK with editorial teams that are able to support a greater number of reporters. In response to this concern, the BBC has reduced the number of reporters required per contract and a greater number of independent outlets were awarded contracts in the last round in 2021. A number of stakeholders also highlighted that all articles written by LDRS reporters are made freely available to the more than 200 partner organisations signed up to the Local News Partnership scheme, whether or not they hold a contract for a reporter.

5.50 There have been calls for the LDRS to provide video and audio content in addition to the text-based content currently produced. While the BBC already shares video content on its News hub, there is low take up as advertising cannot be run alongside it. A multimedia LDRS reporter is currently being trialled with KM Media Group and advertising can be placed along with this content. We understand that a range of partners are making use of this resource.

5.51 We also heard calls for greater transparency around how money is spent on the service, given that it is publicly funded. A piece from the National Union of Journalists (NUJ) highlights the high rate of churn for LDRS reporters and questions whether they are all appropriately remunerated from the funding provided by the BBC. It also notes that the annual uplift to the BBC's funding is below that of inflation.

5.52 Some stakeholders also felt there could be better policing of the LDRS, raising concerns that reporters are covering subjects outside the service's remit. However, the BBC has said that it has oversight of the output of the LDRS reporters and investigates complaints it receives about their reporting. Other providers raised concerns that LDRS reporters were replacing existing journalists, particularly at the larger newspaper groups, rather than supplementing them to fill a gap in local democracy reporting. The BBC said that where a journalist already employed by the contract holder does move into an LDRS role, the BBC will not release funding until their previous role has been backfilled.

5.53 Some hyperlocal independent providers were critical of the LDRS, arguing that it duplicated local democracy content they already produced and that the funding could support them in more efficient ways. The need for a scheme to support local democracy reporting in the first place, however, suggests that situations like these are quite uncommon across the UK.

5.54 The Cairncross Review recommended that Government should encourage the refinement and extension of the LDRS and the sustainability of local journalism inquiry recommended that it be protected under forthcoming Charter negotiations, and encouraged the BBC to explore ways to widen the scope of the service. The importance of the scheme and many of the concerns around its implementation set out above are echoed in these two pieces of work.

There were a range of views on how the sector could be supported

Stakeholders highlighted several potential sources of funding or support

5.55 Many stakeholders felt that some form of external funding, in addition to commercial revenues, could safeguard the value that local media and local public interest news can provide to UK citizens. Several existing routes for direct and indirect public subsidy were raised, including the LDRS, tax breaks, government advertising spend and public notices. There was a perception from smaller publications and nonprofits that the larger newspaper groups receive the majority of this support. Consequently, there were calls for subsidy mechanisms to be more carefully targeted and for their outcomes to be monitored to ensure all sizes of local outlets can benefit from them.

5.56 In addition to the suggested improvements to the LDRS discussed above, there were calls for its funding to be increased to deliver more local democracy reporters. Others were wary of using the BBC's licence fee to fund commercial publishers and noted that the scheme currently exists to support local democracy reporting rather than to sustain the local media sector. As highlighted above, stakeholders across the local TV, radio and print sectors have also called for the BBC to make its wider audio and video content available to the local media sector more freely and without the caveats of the News Hub. Others also called for the BBC to better attribute stories they had sourced from third-parties and link more to local sources for further information.

5.57 There is also an ongoing concern that the criteria to determine where public notices are advertised is outdated and favours daily or weekly print newspapers, at the expense of digital-first and digital-only publishers and print titles who publish monthly or quarterly, even where they may have a higher reach in the local area. The DCMS Committee inquiry into the sustainability of local journalism recommended a review of these rules but it was not taken forward by the Government due to concerns about the impact on local print newspapers.

5.58 More broadly, a distinction was drawn between direct funding that simply pays content producers and funding which supports innovation; the former may tend to maintain the status quo and be required on an ongoing basis, whereas the latter has the potential to act as initial seed funding to improve output and sustainability. The recommendation from the Cairncross Review to introduce an innovation fund to improve the supply of public interest news was mentioned by several stakeholders in the print sector. In 2019, Nesta was asked by DCMS to deliver the Future News Pilot Fund to identify and showcase innovation in public interest news and test the ground for future investments. Nesta's End of Programme Report in 2020 found that 'shoots of a news innovation ecosystem' were forming but long-term public investment into innovation is needed to sustain public interest news. Stakeholders called for greater research and consideration of international examples of public subsidy of local news, and the creation of a repository of publicly available research and audience measurement was seen as useful for the sector.

5.59 We also heard calls to make it easier for local news outlets to gain charitable status, as discussed above, so they can benefit from the tax breaks and philanthropic funding that are limited to registered charities. Subsidising subscriptions to online or print news sources was also mentioned by some stakeholders, in particular for students and younger people. The value of support from the big digital platforms, such as the previously mentioned Google News Initiative and Community News Project was also flagged, though questions were raised about how much such initiatives can be relied upon in the light of Meta's decision to end its funding in this area. Some stakeholders also argued that the funding offered by digital platforms was significantly less than the revenue they generate from advertising alongside news publishers' content and that they could go further without damaging profits.

5.60 Stakeholders in the print and online sectors said they are hopeful the Digital Markets, Competition and Consumers (DMCC) Act will go some way to addressing the imbalance in bargaining power they face when dealing with large digital platforms such as Google and Facebook. They anticipate that it will help them secure fairer terms for the use of their content and mean greater transparency around referral traffic. In its draft guidance on the digital markets competition regime set out in the DMCC Act, the CMA explains that it may impose conduct requirements on firms with 'strategic market status' (SMS) in relation to fair dealing and transparency. The CMA will also be able to resolve breaches of conduct relating to payment terms between an SMS firm and a third party by exercising its power to adopt the final offer mechanism. Using this tool requires the CMA to choose one of the offers submitted by each party, as a last resort to ensure conduct breaches are resolved.

5.61 The importance of media literacy also came up in our discussions with academics. Ofcom defines media literacy as "the ability to use, understand and create media and communications across multiple formats and services". In our recent consultation on our Three-Year Media Literacy Strategy we set out the role of Ofcom to reflect the need to make media literacy everyone's responsibility and for Ofcom to act as a catalyst and convenor to promote best practice and amplify outcomes. Some of the issues we plan to focus on as part of the Strategy are of particular relevance to local media, including misinformation and disinformation and content of democratic importance.

Globally, local news reforms have been implemented with varying levels of success

5.62 The issue of providing fair compensation to news businesses when their content is made available on large platforms has led to the implementation of bargaining codes in Australia and Canada. The Australian News Media and Digital Platforms Mandatory Bargaining Code led to AU$200M being paid by Google and Meta to Australian news publishers in its first year of operation. Some Australian publishers invested the revenue they received in expanding their regional and rural operations by hiring new journalists. [51] Meta has since said it will not enter into new commercial deals with Australian publishers when their existing agreements expire, in line with the approach it has taken in France, Germany, the UK and the US.

5.63 Canada's Online News Act, which was passed in June 2023, has similar aims to the Australian Code but with some differences. For example, platforms operating in Canada are expected to demonstrate that deals reached with Canadian news publishers involve a

[51] Australian Government, November 2022, News Media and Digital Platforms Mandatory Bargaining Code: The Code's first year of operation.

portion of the revenue exchanged being used to support the production of local, regional and national news content. Meta said the Online News Act was flawed and stopped sharing news on its services in Canada when the legislation was passed. Google said it would take similar action but has since agreed a deal with the Canadian Government to create an annual fund of CA$100M for distribution to Canadian press publishers. Other countries such as Brazil, India, Indonesia and South Africa, are exploring legislative measures with similar aims to the Australian and Canadian models.

5.64 Local and community media in Canada and several EU countries are being supported by state subsidies. These come in a variety of forms, although common approaches include financial support for digital innovation projects, schemes that prioritise employability for journalists, VAT reductions for news produced in digital formats and tax credits for consumers taking out subscriptions. For example, in Austria grant schemes exist to support regional and small publishers with digital transformation projects, journalist training schemes and the production of quality journalism. France also operates several state subsidy schemes which include funds for local public interest media and community radio. A recent study found that state subsidies in EU countries have delivered benefits to local media, but financial support alone is not sufficient and a more rounded approach is required to address issues related to trust, news avoidance and media literacy.[52]

5.65 Across the EU, the same study found that public service media is generally faring well when it comes to regional and local coverage. However, reaching rural and remote areas is a common problem for both public service and commercial outlets, and there is a tendency among media providers to deliver regional coverage from urban centres, with desk reporting replacing on the ground newsgathering. Suggested interventions to address this issue include developing regulations to guarantee minimum salaries and social security schemes for local journalists, and guaranteeing public service media providers with adequate financial support to maintain local news branches and hire local correspondents.

We will consider these themes further in the second part of our review

5.66 Ahead of the publication of our final report later this year, we will look further at the themes identified above alongside any new evidence we gather, in considering the future sustainability of the UK's local media sector, including to inform any recommendations we may make on how the sector can be supported for years to come. Section 7 sets out the next steps of our work in more detail.

[53] In reaching a view on this, we expect the BBC to consider factors such as novelty, duration, usage and scale, as well as the factors set out in paragraph 4.41 of Ofcom's Guidance for Assessing the Proposed Impact of Changes to the BBC's Public Service Activities in assessing what falls into this category.

6. Assessing the competition impact from changes to BBC local news

6.1 In its Mid-Term Review of the BBC, the Government recommended that Ofcom publish annual summaries of our view on the BBC's position in the local news sectors, as well as how we would approach considering the competition impact of changes to BBC local news services, as we have previously done for the audiovisual and audio sectors.

6.2 We set out below our approach to considering the competition impact of changes to BBC local news services. We also explain the further work we will undertake to address the recommendation from the Government and the monitoring work around online local news that will inform our final report in November.

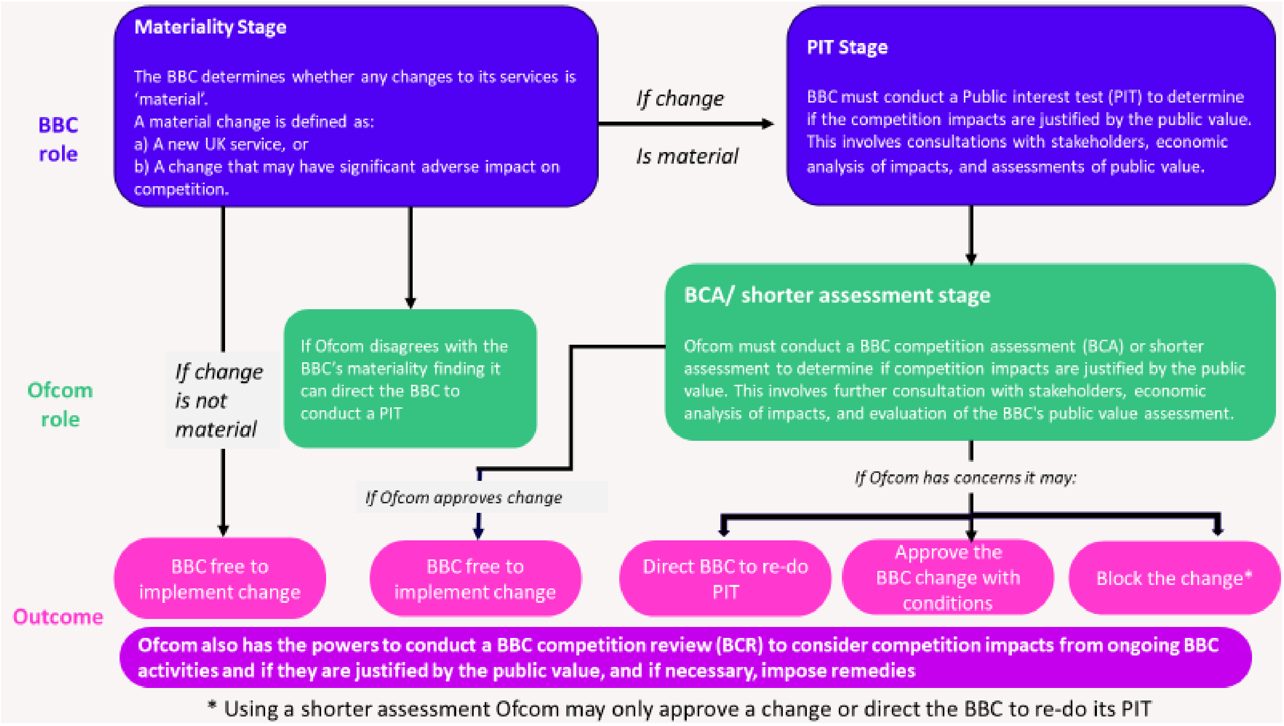
BBC competition assessments

6.3 Local news is important to citizens and consumers across the UK. Plurality in news reporting is important to provide diversity and choice, which creates vital roles for both the BBC and commercial organisations to play in providing local news. The first of the BBC's Public Purposes states the BBC "… should offer a range and depth of analysis and content not widely available from other United Kingdom news providers… so that all audiences can engage fully with major local, regional, national, United Kingdom and global issues and participate in the democratic process, at all levels, as active and informed citizens." The BBC has a long-established practice of providing local and regional news on TV, radio and online.

6.4 As audience needs evolve, it is essential that the BBC can adapt its services to stay relevant and continue to fulfil its Mission and Public Purposes. However, as a large, publicly funded organisation, some changes that the BBC might wish to make could have a significant adverse impact on competition in the wider local news sector. Therefore, there is a balance between allowing the BBC to make the necessary changes to its services to fulfil its Mission to act in the public interest and serve all audiences, and protecting fair and effective competition.

6.5 Figure 14 below provides a summary of the BBC and Ofcom processes for assessing the competition impact of prospective changes to the BBC's Public Services, as set out in sections 7 to 11 of the Framework Agreement. Sections 4 and 5 of Ofcom's Guidance for assessing the proposed impact of changes to the BBC's public service activities also set out the procedures and approach for considering BBC changes.

Figure 14: Processes for assessing competition impact of changes to BBC's Public Services



6.6 The BBC must first consider whether any change to its local news services is material. Material changes are currently defined as those which; i) introduce a new UK Public Service or ii) may have a significant adverse impact on fair and effective competition.[53] There may be proposed changes by the BBC which, while potentially high-profile, are simply part of its day-to-day business and not "material" in the specific sense of the term set out in the Agreement (e.g., individual programme scheduling decisions). In the case of public service activities, such changes leave the service's existing character and scale essentially unchanged. We recognise the scope for business-as-usual changes of this type to proceed without regulatory intervention. [54] Nevertheless, we expect the BBC to engage appropriately with us to keep us appraised of developments. When the BBC conducts a materiality assessment and finds a proposed change to be not material, we expect the BBC to send the materiality assessment to us for review.[55] The BBC is free to implement non-material changes.

6.7 For material changes to the BBC's local news services, the BBC must carry out a Public Interest Test (PIT). The PIT requires the BBC Board to be satisfied that the proposed change contributes to the fulfilment of the BBC's Mission and the promotion of at least one of the Public Purposes. The BBC must have taken reasonable steps to eliminate adverse impacts on fair and effective competition which are not necessary for that purpose and be satisfied the public value associated with the change justifies any remaining adverse impact.

[53] In reaching a view on this, we expect the BBC to consider factors such as novelty, duration, usage and scale, as well as the factors set out in paragraph 4.41 of Ofcom's Guidance for Assessing the Proposed Impact of Changes to the BBC's Public Service Activities in assessing what falls into this category.
[54] Ofcom, 2023. Guidance for assessing the impact of proposed changes to the BBC's public service activities: Annex 2, paragraph 4.10.
[55] See also paragraphs 4.42 to 4.54 of [How Ofcom regulates the BBC's impact on competition: Changes to guidance and requirements](#).

6.8 We will then carry out a BBC competition assessment (BCA), or shorter assessment.[56] Ofcom's BCA role includes:

a) a review of the procedures the BBC has followed in its PIT (including consultation with third parties);
b) a review of the BBC's assessment of public value, testing the BBC's analysis and the range of evidence relied upon to demonstrate the additional public value the proposal will deliver over and above its existing services;
c) our own assessment of whether the changes that would result from the BBC's proposal would have an adverse impact on fair and effective competition, gathering additional evidence and considering matters raised by other stakeholders as appropriate; and
d) a concluding assessment of whether, based on the specific facts of the case and taking into account all of our relevant duties and obligations, the public value of the proposal justifies any adverse impact it may have on fair and effective competition.

Our approach to assessing the market impact of changes to BBC's local news services

6.9 Competition is valued because it can produce good outcomes for consumers and for society in general. For example, competition pushes firms to make the best use of their resources and innovate to provide new and attractive services to win customers. Changes proposed by the BBC to its UK Public Services could have an impact on competition in the UK's media markets. Some of that impact may be positive, serving to stimulate investment or encourage innovation. However, some changes may also harm competition.

6.10 As part of our BCA process, we consider the potential competition concerns which could arise from a material change to the BBC's public services. These will depend on the context but, in the scenario where the BBC is increasing output, are likely to include the concern that the BBC 'crowds out' rivals. Crowding out refers to the BBC's activities replacing similar activities that could be provided by private sector firms. More specifically, when the BBC offers a new or improved public service, this may reduce the potential audience for commercial rivals. This could have an impact on the revenues of rivals which, in turn, could lower profitability. An adverse impact on competition could arise if a change made by the BBC reduces commercial operators' revenues and profits to such an extent that it affects their ability and incentive to invest in new services or improve the quality of existing services. Potentially it could also result in some operators ceasing to provide services or being deterred from entering the market. Ultimately this could harm audiences in the long run by reducing choice, quality and/or innovation.

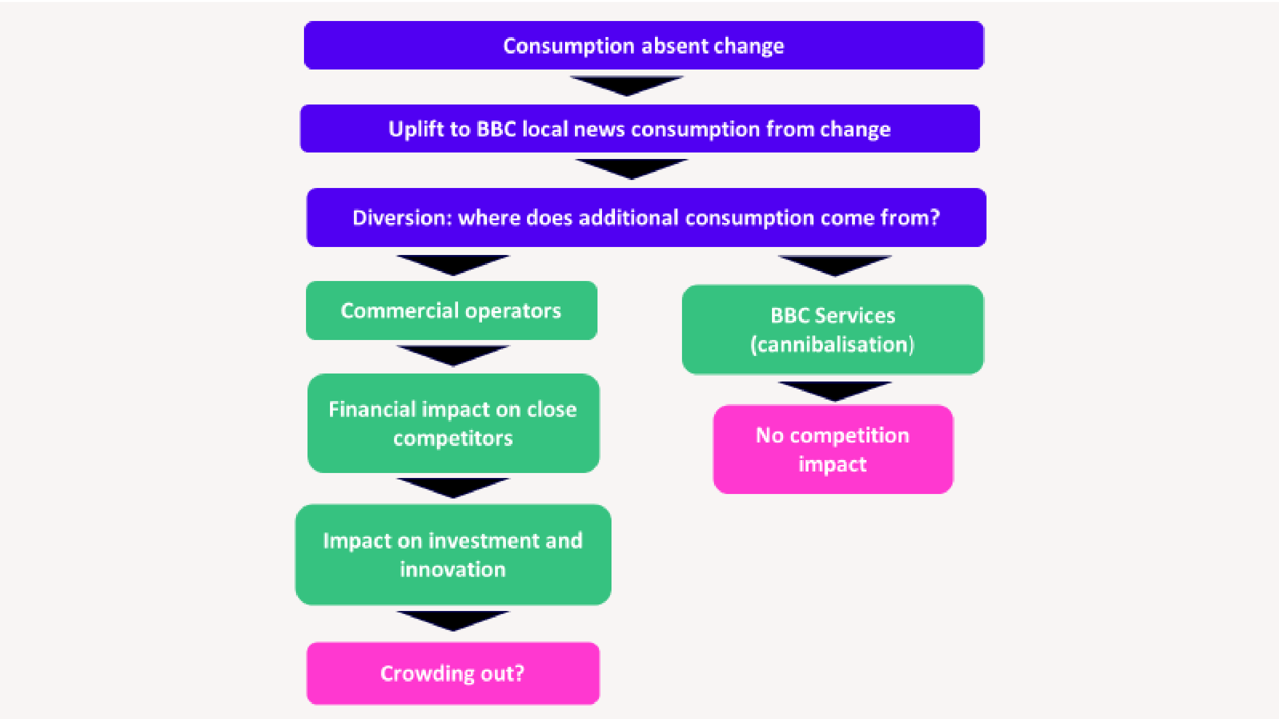
6.11 We recognise that crowding out is not the only way in which a BBC change could have an impact on competition. Another risk is that that BBC activity may cause harmful impacts elsewhere in the UK supply chain. For example, some stakeholders have argued that the BBC expanding online local news has had an impact on the job market for local news journalists, making it harder for commercial local news publishers to recruit and retain staff. When assessing future BBC changes, we will assess other possible harms where relevant, and we expect the BBC to do the same.

[56] Or we may carry out a shorter assessment considering elements of the BCA.

6.12 The rest of this section explains the framework we would expect to use for assessing crowding out if the BBC proposes a material change to its local news service in future. Figure 15 below sets out the high-level steps we would typically follow in our assessment. The assessment involves estimating impacts in the future, which is challenging as predicting the future is inherently uncertain. The details of the assessment may vary from case to case depending on the context and change being considered.

6.13 As provision of local news varies geographically (e.g., the number of commercial providers of local news varies from place to place), we would need to consider the appropriate size of the geographic area for each particular assessment. Where a change covers multiple areas, we would need to consider the possibility that the impact varies by geographic area. In deciding the appropriate geographic area for our analysis, we would need to consider the possible benefits from having a more granular view of differences in competitive conditions across areas versus the feasibility and practicality of gathering data and conducting analysis for potentially many geographic areas.

Figure 15: Overview of the assessment framework for crowding out



6.14 We discuss below each of the steps outlined in Figure 15. The purpose is to provide an overview of the process, so we have not covered each step in detail.

Consumption absent change

6.15 As a baseline for our assessment, we would first need to consider what consumption of local news (BBC and commercial) would be absent any change. It is possible that current consumption is the best proxy for future consumption. However, we may consider the impact of known market developments and any underlying trends affecting viewing and/or listening which are likely to persist (e.g., if consumption is steadily declining over time).

Uplift to BBC local news consumption from change

6.16 Next, we would need to estimate the increase in BBC consumption arising from the change. There are several possible approaches and the most appropriate will depend on the context. For example, the uplift to consumption could be estimated based on:

a) the additional budget and/or resources allocated to the service.
b) additional content produced (e.g., in the case of online local news, the number of additional articles published).
c) evidence from consumer research.
d) if relevant, evidence from the impact of previous changes.

6.17 We may draw on several of the approaches noted above. We will gather evidence to inform our view where possible, including information from the BBC on past changes where appropriate.

6.18 The BBC may initiate a change through a combination of additional spending and redeploying existing resources. In this case we would be concerned about the overall change in output (which will ultimately determine the competitive impact), not how it is delivered. We may also want to consider the impact any concurrent changes the BBC is making as part of 'business-as-usual' processes (see paragraph 6.6), if these are likely to amplify the impact of the change we are considering. For example, if the BBC changes its local news content at the same time as increasing its prominence on BBC iPlayer, BBC Sounds or the BBC app/website (where the latter is considered by the BBC as part of 'business-as-usual').

Diversion: where does additional consumption come from?

6.19 We would then consider where the additional BBC consumption is likely to come from, i.e., potentially affected services. This is likely to be drawn (diverted) from both other BBC services (cannibalisation) and alternative commercial competitor services. There are several factors that will affect the impact on consumption of rival services:

a) The degree of substitutability – services which are close substitutes (i.e., viewed by consumers as alternative ways of spending viewing time) are likely to be affected to a greater extent.
b) Whether additional consumption for the BBC comes from a wide range of services or is drawn from a few specific services. Where additional consumption is drawn from many services the impact on any individual service is likely to be more diluted, but where diversion is concentrated on a few services, the impact on each of these services is likely to be more significant.
c) Potential for market growth – if the BBC produces more local news output it is possible that consumers will allocate more time overall to consumption of local news, rather than reducing consumption of commercial sources of local news. In other words, consumers may increase time spent consuming local news at the expense of other activities such as consuming social media, reading national news etc. Where people increase the time they spend consuming local news in response to a BBC change, the impact on commercial providers of local news will be lower (there may be an impact on some other activities – although this is likely to be very diluted).
d) Cannibalisation – if consumption is drawn from other BBC services (e.g., viewing of BBC national or international news), there will be a lower impact on commercial services.

6.20 We may look at the characteristics of a service to inform the degree of substitutability between BBC and commercial services (for example, how similar are the services – to what extent do BBC and commercial providers cover the same local news in a similar style?). We will also draw on available information on peoples' actual usage and preferences.

6.21 It may be possible to undertake quantitative consumer research to provide evidence specific to the change in question. For example, asking people via a survey how much additional time they would spend consuming the changed service and, importantly, what they would do less to facilitate this. These surveys ask consumers 'hypothetical' questions so need to be interpreted with caution as claimed and actual behaviour may differ. However, they can provide a helpful indication of the relative impact on different services affected by a change. The BBC should consider whether it is appropriate and proportionate to undertake such research in the PIT stage to understand the impact on competitors.

6.22 We are likely to focus attention on commercial services where the impact of the BBC's changes are potentially significant, for example:

a) where the impact on consumption of the service is material, relative to the overall consumption of the service absent the change.
b) where the impact on consumption is likely to reduce revenues and, ultimately, profits (e.g., revenues are correlated to viewing).

6.23 There is unlikely to be a meaningful impact on competition where the consumption and/or revenue impact for potentially affected services is very small. Our assessment will therefore focus on services which we consider to be close competitors to BBC local news and/or where the impact could be material.

Financial impact on close competitors

6.24 We then need to translate the loss in consumption into a loss in revenues. To do this, we need to understand the relationship between consumption and revenues. Advertising and sponsorship are significant sources of revenues for commercial local radio, TV and local online news sites. Any reduction in viewing and/or listening is likely to directly impact on advertising revenues. However, the relationship is not straightforward and we need to consider factors relevant to the specific case in question. We also need to consider whether other sources of revenues such as subscriptions or donations (e.g., in relation to online local news) could be affected.

6.25 We will consider any revenues impacts in context, i.e., in relation to overall revenues.

Impact on investment and innovation

6.26 The ultimate purpose of our assessment is to consider whether a change to BBC services causes a reduction of commercial providers' revenues and profits to such an extent that their incentives to invest and innovate in new or existing services are significantly reduced.

6.27 The relationship between revenues/profits and incentives to invest/innovate is complex and requires a longer term view of development in the sector and the potential for rivals to respond to the BBC's changes. For example, it is possible rivals may be able to respond to a reduction in revenues by reducing costs or investment to maintaining overall profitability, or they may make additional investment to improve their offering to win consumption back. A change that leads to consumption shifting from commercial services to the BBC may lead to higher, lower or simply different investment by commercial providers. It may potentially undermine the viability of some competitors or deter others from entering. We are concerned about impacts that could harm audiences by reducing choice, quality or innovation.

6.28 As described in Section 5, local news providers are facing a number of challenges including pressures on revenues and profitability. If the BBC proposes a change to its local news services which is likely to have a significant impact on the profitability of commercial providers, we will assume it is likely to translate into a negative impact on investment and innovation unless there is clear evidence to the contrary.

Our upcoming work

Monitoring of BBC changes to local online news

6.29 In 2022 the BBC announced a suite of changes around its local services which included increasing local online news output across the BBC website and app for England and launching new online local news indexes in Peterborough, Wolverhampton, Bradford and Wear. We reviewed the BBC's materiality assessment and, based on the information available at that time, we agreed with the BBC that the change was not one that may have a significant adverse impact on fair and effective competition, and was therefore not a material change. We said we would monitor progress and gather information from the BBC and commercial operators to consider the actual impact of the BBC's changes on audiences. The changes to online local news have been gradually rolled out over 2023 and the first quarter of 2024. It is likely to take some time for the impact of the BBC's changes to be fully felt (e.g., as awareness of the new local indexes increases).

6.30 As part of our monitoring process, we will use data from Ipsos Iris (which measures viewing of digital publishers) and gather information from the BBC (regarding its local online news viewing) to look in detail at the trends in consumption of online local news from January 2022. This will include analysis of commercial and BBC online news viewing, both in aggregate across the UK and at BBC local index level. We will also look specifically at the four geographic areas where the BBC has introduced new local news indexes.

6.31 Over this period, the BBC has made other changes which it considered were 'business-as-usual'. In summer 2023, the BBC introduced a local news heading ("*News from* …") on the BBC News app landing page, which shows local news based on the postcode a user enters when they create an account with the BBC. We might expect this to increase the prominence of local news on the app which could increase viewing. The BBC also made it easier for users to follow local content, with the addition of a "*Follow*" button on local topic pages.

6.32 In addition, there are external factors which are likely to affect local news viewing more generally. As discussed in paragraph 5.22, there have been reports that referrals from Facebook to news publishers have fallen over time and in December 2023, Meta removed the Facebook news tab for UK users. Local news providers have also noted that changes to the platforms' algorithms, such as Facebook and Google, can affect the prominence of news content and the amount of traffic it receives.[57]

6.33 Given the number of changes affecting BBC (and commercial) local news viewing, it is unlikely we will be able to isolate the impact of the specific changes considered in the

[57] DCMS Committee, 2023. Sustainability of local journalism, paragraph 76.

2022 materiality assessment. Stakeholders have also highlighted the difficulty in isolating the impact of the BBC's changes because there are wider market changes happening at the same time. Rather, our monitoring will look at the trends in BBC and commercial online local news viewing and what this evidence indicates about the relationship between changes in BBC and commercial online news viewing.

How we will address the recommendation put forward in the Mid-Term Review

6.34 It is essential that the BBC adapts its services so that it can continue to deliver the Mission and Public Purposes. But in doing so it is important that the BBC does not have a significant adverse impact on fair and effective competition that is not justified by the public value that the change delivers. It is within this context that our final report in November will set out our view on the position of the BBC in the local news sectors (radio, online and TV) and how we are likely to approach considering the competition impact for any future changes the BBC makes to local news services. Our views will be intended to help stakeholders understand where we are likely to start from when considering questions about the BBC's impact on competition in the local news sectors.[58]

6.35 To inform our high-level view on the competitive conditions in the local radio, TV and online sectors, we will use industry metrics on consumption. This will include Barb (for TV) and RAJAR (for radio). As noted above, we plan to look in detail at trends in online news viewing using Ipsos Iris and BBC data as part of our monitoring work and this will help to inform our assessment. We will also draw on our discussions with stakeholders, consumer research and other relevant publications.

[58] Our views do not change the regulatory process which each of the BBC and Ofcom must carry out when assessing a proposed change to a public service. The BBC and Ofcom will still need to consider the competition impact of specific changes the BBC intends to make on a case-by-case basis and take into account how these specific changes will affect competitors.

7. Next steps

7.1 We will publish our final report in November 2024. Until then we will continue to:

a) look at trends in online news viewing for both BBC and commercial providers as part of our monitoring work;

b) take into account any new points or evidence submitted to us before the end of August 2024;

c) consider the future sustainability of both the UK's local media sector generally, and its ability to provide local public interest news; and

d) explore the scope for innovation, intervention and collaboration to secure sustained provision of local public interest news and information across the UK.

7.2 In doing so we will draw on the rich evidence base and the many stakeholder views we have gathered for this part of the review, to inform our conclusions.

7.3 The final report will set out: our assessment of any impact of recent changes to the BBC's local online services, which we are currently monitoring; our view on the BBC's position in the local news sectors; and our approach to considering the competition impact of future changes to BBC local news services. We will also consider any changes that could positively support the sector, and may make recommendations relevant to the local media sector as a whole. We will use the evidence set out in these preliminary findings as a starting point for exploring and interrogating the key issues, to help build our view.