Review of the Media Ownership Rules

Ofcom's report to the Secretary of State under Section 391 of the Communications Act 2003

Statement

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Annex

1. Overview

1.1 The media ownership rules were put in place by Parliament to protect the plurality of viewpoints in television, radio, and newspapers, to give citizens access to a variety of sources of news, information, and opinion, and to prevent undue influence by any media owner.

1.1. These rules include:

a) **the national cross-media ownership rule**, which broadly prevents large newspaper groups from owning a Channel 3 licence;[1]

b) **the Channel 3 appointed news provider rule**, which requires the regional Channel 3 licensees to appoint a single news provider;

c) **the Media Public Interest Test**, which allows the Secretary of State to intervene in media mergers to determine whether the merger might result in harm to the public interest; and

d) **the Disqualified Persons Restrictions**, which prevent certain bodies or persons from holding broadcasting licences to protect broadcasting services from undue influence by these entities, and other entities from holding broadcast licences, unless Ofcom has determined that it is appropriate for them to do so.

1.2. Ofcom has a statutory duty to secure and maintain a sufficient plurality of providers of TV and radio services. We also have a duty to review, at least every three years, the operation of the media ownership rules and report to the Secretary of State on our conclusions, including recommendations as to whether the Secretary of State should use any of their specific powers to change them.[2] We are now publishing this report on the discharge of our duties.

1.2 We published our last review in November 2021 (2021 Review), [3] for which we conducted an extensive consultation and recommended changes to the existing rules. In particular, our 2021 Review recommended that the Secretary of State exercise their powers to:

a) broaden the scope of the existing Media Public Interest Test framework beyond print newspapers and broadcasters to capture a broader range of online 'news creators'; [4] and

b) repeal certain categories of the Disqualified Persons Restrictions, including the discretionary prohibition for religious bodies, the prohibition on advertising agencies, and the prohibitions for publicly funded bodies.

[1] Ofcom, Channel 3 (ITV, STV, and UTV), 2024. There are 15 national and regional Channel 3 licences, and one licence for the UK-wide breakfast-time service. Parts of the Channel 3 schedule will be different depending on where audiences live, most notably the news programmes. Channel 3 licences are held by subsidiaries of ITV and STV.
[2] Section 391 of the Communications Act 2003.
[3] Ofcom, The future of media plurality in the UK (2021 Review), 2021.
[4] In our 2021 Review, we introduced the term 'news creators' which was meant to encompass all entities who have editorial control over the creation and publishing of news material by journalists, irrespective of platform (Ofcom, 2021 Review, 2021, pp. 25-32).

1.3 In light of the ongoing market changes, and noting the consultation published by Government on 6 November 2024 to expand the Media Public Interest Test,[5] in this Review we are reiterating the need for these previously recommended changes to the media ownership rules without proposing any new recommendations.

1.4 Our 2021 Review also identified important changes in news consumption habits and launched a research programme to understand the role that online intermediaries, such as social media, search engines and news aggregators, play in the news sector and what this might mean for media plurality.

1.3. Our research shows that these online intermediaries have taken on a significant role in different parts of the news value chain including distribution, discovery, prioritisation, interaction, and monetisation of news online. Our evidence also identifies risks and potential concerns related to the growing influence that these services have over the news that people see. [6]

1.4. Over the last three years we have continued to engage with stakeholders and gather evidence relevant to this wider programme of work that investigates the risks posed to a trusted media environment by online intermediaries and emerging technologies.[7]

1.5 While this work constitutes an important backdrop for our Review, the nature and wider scope of the identified risks go beyond the existing media ownerships rules, and we are considering them as part of our Public Service Media (PSM) Review, our Review of the UK's local media landscape, and our Making Sense of Media and related media literacy work.

1.6 Alongside this work, there are various developments at both an Ofcom and Government level which we expect to impact how news is regulated in the UK, especially in relation to online news providers and digital markets. Thus, our next review may take into account the impact of this changing policy and regulatory context.

What we recommend – in brief

As a result of this three yearly review, we are not making any new recommendations to the Secretary of State, but we reiterate the need for the changes we recommended in our 2021 Review. We recommend that some rules should be retained as they are, while others should be repealed or modified as follows:

a) **Rules relating to Channel 3: Cross-Media Ownership and Appointed News Provider Rules**

We recommend that the Secretary of State should retain, for now, the Cross-Media Ownership Rule and the Appointed News Provider Rule as we consider that they still play an important role in protecting plurality.

b) **The Media Public Interest Test**

We reiterate our 2021 recommendation that the Secretary of State should broaden the scope of the existing Media Public Interest Test framework beyond print newspapers and

[55] DCMS, Media merger laws to be modernised for the digital age, 2024; and DCMS, Consultation on updating the media mergers regime, 2024.
[6] Ofcom, 2021 Review, 2021; Ofcom, Discussion Document: media plurality and online news, (Discussion Document), 2022; and Ofcom, Online news: research update (Online news), 2024.
[7] Ofcom, Discussion Document, 2022; and Ofcom, Online news, 2024.

broadcasters to capture a broader range of 'news creators'. We think that this would be more reflective of the way in which people access and consume news today.

We welcome the consultation published by Government on 6 November 2024 outlining plans to expand this regime to a broader range of 'news media', by which DCMS intends to capture online news providers alongside newspapers and broadcasters. As this consultation remains open, we will continue to monitor these legislative developments.

c) **The Disqualified Persons Restrictions**

We consider that certain restrictions on entities holding broadcasting licences should be retained, as it appears to us that the rationale for which they were introduced still holds.

We recommend that the Secretary of State should retain: the non-discretionary prohibition for religious bodies, the prohibitions for political bodies and local authorities, the prohibition for the BBC, S4C and Channel 4 Corporation, and the restrictions on who can hold analogue community radio licences.

However, we think that significantly increased consumer choice, wider availability of spectrum and protections provided by other regulation mean that some of the restrictions on certain entities holding broadcasting licences are no longer required to prevent undue influence. We therefore reiterate our 2021 recommendation that the Secretary of State should repeal: the discretionary prohibition for religious bodies, the prohibition on advertising agencies, and the prohibitions for publicly funded bodies.

The overview section in this document is a simplified high-level summary only. The decisions we have taken, and our reasoning are set out in the full document.

2. Background

Legislative framework

2.1. Parliament has put in place media ownership rules that focus on plurality as delivered to consumers by television, radio, and newspapers. In the interests of democracy, these rules are intended to uphold the public interest by promoting a plurality of viewpoints, giving citizens access to a variety of sources of news, information, and opinion, and preventing undue influence by any one, or certain types of, media owner.

2.2. Ofcom has a statutory duty under section 391 of the Communications Act 2003 to carry out regular reviews of the operation of the rules, at least every three years, and report to the Secretary of State on its conclusions. This may include recommendations for the exercise of the Secretary of State's specific powers to repeal or modify any of the rules outlined below. Ofcom is publishing this report to the Secretary of State in discharge of this duty.

2.3. More broadly, Ofcom is also required, in carrying out its principal duty,[8] to secure various ends including the maintenance of a sufficient plurality of providers of different TV and radio services, and the provision of a wide range of TV and radio services that are of high quality and calculated to appeal to a wide variety of tastes and interests.[9]

What are the media ownership rules?

2.4. In particular, the media ownership rules that Ofcom is required to consider in its Review include the following:

a) the **Channel 3 Appointed News Provider Rule[10],** which requires the regional Channel 3 licensees to appoint a single news provider among them. Individuals or organisations disqualified from holding a Channel 3 licence are also disqualified from being the Channel 3 appointed news provider. The Secretary of State has the power to amend or modify this rule and may also create an equivalent rule for Channel 5 if satisfied that the audience share for Channel 5 is 'broadly equivalent' to that of Channel 3.[11]

b) the **National Cross-Media Ownership Rule[12],** which prohibits a person who runs a national newspaper (or newspapers) with 20% or more of the national market share for print newspapers (individually or collectively across newspapers held) from holding a Channel 3 licence or having a stake that is greater than 20% in a body corporate who is a holder of a Channel 3 licence. The holder of a Channel 3 licence is also prohibited from holding an interest of 20% or more in a large national newspaper operator (i.e. an operator with national market share of 20% or more). The Secretary of State has a broad power to amend or repeal this rule.

[8] Under section 3(1) of the Communications Act 2003, Ofcom's principal duty is to further the interests of citizens in relation to communications matters and to further the interests of consumers in relevant markets, where appropriate by promoting competition.
[9] Section 3(2)(c) and (d) of the Communications Act 2003.
[10] Section 280 of the Communications Act 2003.
[11] Section 283 of the Communications Act 2003.
[12] Schedule 14 of the Communications Act 2003.

c) the **Media Public Interest Test**[13], which allows the Secretary of State to intervene in certain qualifying mergers involving a broadcaster and/or print newspaper enterprise. [14] The Secretary of State may decide to issue an intervention notice that identifies a relevant media public interest consideration.[15] This triggers a review of whether the merger might result in harm to the public interest, in which Ofcom has a first instance advisory role. In relation to this rule, the Secretary of State has also powers to[16] redefine 'broadcasting' or 'newspaper'; add new media public interest considerations or modify the existing ones; and/or redefine the conditions for a 'special merger situation', which allows mergers that are too small to trigger competition merger control assessment to still be looked at for public interest purposes. The Secretary of State may also make orders amending other aspects of the Media Public Interest Test framework, but Ofcom does not have a duty to advise on this.

d) the **Disqualified Persons Restrictions**,[17] which are a series of restrictions on certain entities holding broadcasting licence. These entities are generally those that might be expected to have a singular aim or point-of-view on matters of public policy or public controversy, and the restrictions were therefore primarily intended to prevent undue influence over broadcasting services by these bodies. The Secretary of State has a broad power to amend or repeal these restrictions. The restrictions include:

- Religious bodies[18] are prohibited outright from holding licences for Channel 3, Channel 5, national sound broadcasting and multiplexes. For other licence types, such as digital television programme services, community radio, digital sound programme services or digital additional sound services, Ofcom is given discretion to determine if it is appropriate for that body to hold a licence.
- Advertising agencies[19] are prohibited from any holding any broadcast licence.

[13] Part 3 of the Enterprise Act 2002.

[14] A merger will meet these conditions for public interest intervention if it creates a 'relevant merger situation' or 'special merger situation' in accordance with sections 23 and 59(3) of the Enterprise Act 2002. A 'relevant merger situation' is created if: two or more enterprises have ceased or are proposed to cease to be distinct and where either the value of the turnover in the UK of the enterprise being taken over exceeds £70 million (the turnover test); and/or the merger would result in the creation or enhancement of at least a 25% share of supply of goods or services of any description in the UK or in a substantial part of the UK (the share of supply test). A 'special merger situation' will be created where two or more enterprises have ceased or are proposed to cease to be distinct and one of the merging parties has an existing 25% or more share of the supply of newspapers of any description or broadcasting of any description in the UK or in a substantial part of the UK. Once in force, Part 2 of the Digital Markets, Competition and Consumers (DMCC) Act 2024 will amend section 59 so as to retain the existing jurisdictional thresholds.

[15] The existing media public interest considerations are set out in section 58 of the Enterprise Act 2002 and include, among others, the need for a 'sufficient plurality' of views in print newspapers, and of persons with control of broadcasting and print newspaper enterprises. The Secretary of State may however intervene in a merger on grounds not yet set out in section 58, as long as she lays legislation before Parliament to add the new consideration.

[16] Sections 44(11), 58(3) and 59(6A) of the Enterprise Act 2002.

[17] Schedule 2 of the Broadcasting Act 1990.

[18] A 'religious body' includes a body whose objects are wholly or mainly of a religious nature, or certain bodies or individuals affiliated with or controlled by such bodies, as specified in Schedule 2 of the Broadcasting Act 1990.

[19] An 'advertising agent' is defined as a person who "carries on business involving the selection and purchase of advertising time or space for persons wishing to advertise" (section 202(7) of the Broadcasting Act 1990).

- Political bodies,[20] such as political parties or issue groups, are prohibited from holding any broadcast licence.
- Local authorities[21] are disqualified from holding broadcast licences except to operate a broadcast service solely to provide information on their functions and services within their area.
- Bodies which receive more than 50% of their funding from UK public funds, such as some universities or museums, are disqualified from holding most radio licences but are permitted to hold all types of TV licences.
- The BBC, Channel 4 Corporation and S4C are prohibited from holding Channel 3 and Channel 5 licences.
- General disqualification on grounds of undue influence by political bodies and local authorities for all broadcast licences, and by publicly funded bodies for radio licences.
- Analogue community radio services can only be held by corporate bodies and cannot be held by those holding certain other kinds of broadcast licence.[22]

Our 2021 Review and online plurality research

2.5. We published our last Review of the media ownership rules in November 2021. Our 2021 Review recommended that many of the media ownership rules be retained in their current form, and that the Secretary of State exercise their powers to:

a) broaden the scope of the existing Media Public Interest Test framework beyond print newspapers and broadcasters to capture a broader range of online 'news creators'.

b) repeal certain categories of the Disqualified Persons Restrictions, including the discretionary prohibitions for religious bodies, the prohibition on advertising agencies, and the prohibitions for publicly-funded bodies.[23]

2.6. Alongside the last Review, we launched a programme of research to understand what impact changes in the market for news might mean for media plurality, looking beyond the existing regulatory framework and investigating the role of online intermediaries in the online news media landscape.[24]

2.7. Following the Call for Evidence launched in 2021, we continued this programme of work by engaging in research, stakeholder engagement, and on-going policy development.

[20] A 'political body' includes any "body whose objects are wholly or mainly of a political nature". Section 321(3) of the Communications Act 2003 defines 'objects of a political nature' as including objects aimed at influencing or bringing about a change in laws, elections, policies, or decisions in the United Kingdom or elsewhere.
[21] A 'local authority' includes in England, the council of a county district or London borough, the Common Council of the City of London, and the Council of the Isles of Scilly; in Wales, a county council or county borough council; in Scotland, a council constituted under section 2 of the Local Government etc. (Scotland) Act 1994; and in Northern Ireland, a district council (Schedule 2 of the Broadcasting Act 1990).
[22] Community Radio Order 2004 (SI 2004/1944). Any broadcast licence other than the following: a community radio service; a digital sound programme service; a restricted service; a radio licensable content service; a restricted television service; and a television licensable content service.
[23] Ofcom, 2021 Review, 2021, pp. 33-42.
[24] Ofcom, 2021 Review, 2021; Ofcom, Discussion Document, 2022; and Ofcom, Online news, 2024.

2.8. Our research reveals that online intermediaries, and in particular social media, have impacts on both news providers and people. The research set out in our 2022 Discussion Document 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, compared to people who use TV and newspapers most often as a source of news.[25]

2.9. Our more recent work published in our 2024 'Research Update on Online News' also confirms that people still have limited understanding of how online intermediaries, in particular social media, can affect the news they are shown, and that they have a limited ability to control what news is shown to them.[26]

2.10. We also pointed to growing evidence that shows that social media could have incentives to deliver news that lacks a diversity of viewpoints and contains material that is polarising or false.[27] In addition, the growing use of advanced forms of AI by news providers and online intermediaries presents new challenges and opportunities for news distribution, discovery, and access of news online.[28]

2.11. This body of evidence combined with the ongoing evolution of the news media market, which we discuss in the next section, suggests that the existing regulatory framework may not be sufficient to address the identified risks and new tools may be required.

2.12. While this work constitutes an important backdrop for our Review, the nature and wider scope of the identified risks go beyond the existing media ownerships rules, and we are considering them as part of our PSM Review, our Review of the UK's local media landscape, and our Making Sense of Media and related media literacy work.

Relevant Government and Parliamentary initiatives

2.13. We acknowledge that the recommendations made in our 2021 Review, and which are reiterated in this Review, are a matter for Government to consider, and we are mindful that since 2021 the news and media regulatory landscape has evolved.

2.14. We understand that Government intends to take forward our recommendation to expand the scope of the Media Public Interest Test to include online news providers (in addition to newspapers and broadcasters).[29] On 6 November 2024, Government published a consultation on two statutory instruments that would broadly implement the policy intention underpinning this recommendation, subject to minor changes.[30] While this consultation remains open, we welcome and will continue to monitor these legislative developments.

2.15. We do not have any more specific update on the status of our recommendations with regards to the Disqualified Persons Restrictions, which are also reiterated in this report.

2.16. Separate from our 2021 Review recommendations, Government has introduced a new foreign state intervention regime (FSI Regime) that prevents foreign powers from owning,

[25] Ofcom, Discussion Document, 2022.
[26] Ofcom, Online news, 2024, pp. 13-14, and 21-23.
[27] Ofcom, Online news, 2024, pp. 14-18.
[28] Ofcom, Online news, 2024, pp. 6, 14, and 21.
[29] DCMS, Media merger laws to be modernised for the digital age, 2024.
[30] DCMS, Consultation on updating the media mergers regime, 2024.

influencing or controlling UK newspaper enterprises.[31] Government explained that the intent of this legislation is "to preserve the freedom of the press, recognising the risks that foreign state ownership of, or control or influence over, the UK's newspapers and news magazines could pose to democracy and to free speech".[32] This followed the Secretary of State's public interest intervention in the proposed acquisition of Telegraph Media Group by RedBird IMI and RB Investco Limited, which we discuss in Section 4 in relation to the Media Public Interest Test.[33]

2.17. The FSI Regime requires the Secretary of State to intervene in mergers involving a 'newspaper enterprise' (including any periodical news magazine)[34] which will result in a foreign power being able to control or influence the policy of the person carrying on the newspaper enterprise.[35] An intervention notice will be given to the Competition and Markets Authority (CMA), which must advise the Secretary of State as to whether a foreign state newspaper merger situation has been created or is in progress.[36] If the CMA advises that this is the case, the Secretary of State must make an order that reverses or prevents the merger.[37]

2.18. While these are relevant regulatory developments, Ofcom does not have a role in the FSI Regime, nor does it form part of the existing media ownership rules that are subject to review by Ofcom under section 391 of the Communications Act 2003.

The impact of our review

2.19. This Review reiterates the need for the recommended changes made in 2021 and does not make any additional recommendations to change other aspects of the media ownership rules. In Annex 1, we have set out considerations relevant to the impact of our 2021 Review recommendations and Ofcom's growth duty and summarise our equality impact assessment and Welsh language impact assessment.

[31] Chapter 3A, Part 3 of the Enterprise Act 2002. The FSI Regime was introduced by the Digital Markets Competition and Consumer Act 2024; see section 130 and Schedule 7.
[32] Hansard, DMCC Bill, HL Third Reading, HL vol 837, 26 March 2024.
[33] See para 4.28 in this document.
[34] The regime adopts the definition of 'newspaper enterprise' in section 44(10) of the Enterprise Act 2002, which will incorporate relevant amendments to this definition proposed in Government's 6 November Consultation (see para 2.14 in this document).Under section 70F of the Enterprise Act 2002, the section 44 definition is to be read as if it includes any periodical news publication (not limited to newspapers) circulating wholly or mainly in the UK or a part of the UK.
[35] Section 70A(1) and (3) of the Enterprise Act 2002. 'Foreign power' is defined in section 70E and the circumstances in which a foreign power may be able to control or influence the policy of a person carrying on the newspaper enterprise are set out in Schedule 6B.
[36] Section 70B of the Enterprise Act 2002.
[37] Section 70C of the Enterprise Act 2002.

3. An evolving news media sector

Media plurality remains a pillar of democracy

3.1. The UK has a high quality and richly varied news media landscape, which is one of the cornerstones of a well-functioning democracy. It is anchored by trusted, duly accurate and duly impartial news from our public service broadcasters (PSBs) and other regulated broadcasters, and it is bolstered by a strong tradition of incisive investigative journalism and insightful commentary from news providers across all forms of media.

3.2. There is a highly competitive news media industry, where reduced barriers to entry and new technological advances have also enabled the emergence of new players, while well-respected news brands have adapted and developed their business models. Supported by the UK's media plurality regime, this means that there is the opportunity to access a wide range of views from a variety of sources, and that no one media owner or voice has too much influence over public opinion or the political agenda.

3.3. However, the news and media landscape has also profoundly changed over the years and concerns remain over how to safeguard media plurality not only on broadcast and print but also online. These ongoing developments form the context for our recommended changes to the existing rules as they highlight the need to update the media plurality regime.

News habits and the news media industry continue to change

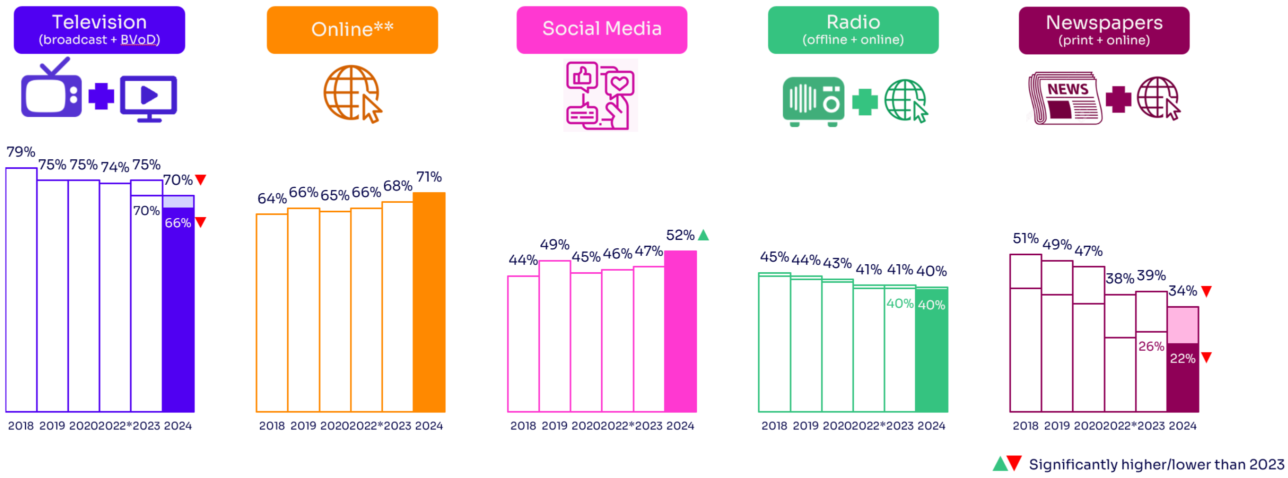
Younger adults are most likely to use social media for news, older adults still rely heavily on traditional sources

3.4. In 2024, an overwhelming majority (96%) of UK adults say they consume news in some form.[38] However, in recent years, the ways in which we consume news has changed significantly as consumption has been shifting from traditional news sources to online.

3.5. Until 2023, broadcast TV maintained its position as the most used platform for news. However, looking at reach figures among all UK adults (Figure 1), this year online news consumption (71%) is on par with TV news consumption (70%) when broadcast video-on-demand (BVoD) is included, but has moved ahead of linear TV when BVoD is not included (66%).[39]

[38] Ofcom, News Consumption Survey (NCS), 2024.
[39] Ofcom, NCS, 2024. 70% is the claimed reach for watching news on BVoD nowadays. According to Barb data, UK adult average weekly reach figures for news from broadcasters (on TV channels and BVoD across all devices) was 53% for the first half of 2024 (3+ consecutive minutes). Online includes Includes use of social media, podcasts, messaging apps, smart devices and all other websites/apps accessed via any device.

Figure 1. Use of main platforms for news nowadays: 2024 (All adults 16+, 2024)



Source: Ofcom News Consumption Survey 2024, combined F2F and online sample. Question: C1. Which of the following platforms do you use for news nowadays? Base: All Adults 16+ - 2024=5466, 2023=4556, 2022 W2=2792, 2020=4576, 2019=4691, 2018=4618. *2022 W1, and 2021, data not shown because face-to-face fieldwork was not possible during Covid-19 pandemic. ** 'Online' Includes use of social media, podcasts, messaging apps and other websites/apps accessed via any device. *** Online radio services, Messaging apps and Smart devices added in 2024; BVoD added in 2023.*

3.6. Among all those using broadcast TV for news, BBC One remains the most-used channel (65% of UK adults who use broadcast TV for news claim to use it), followed by ITV1 (45%), BBC News Channel (28%), Sky News channel (28%), Channel 4 (22%), BBC Two (12%), and Channel 5 (10%).

3.7. BVoD has become increasingly popular, with four in ten (43%) adults that use TV (broadcast or BVoD) for news claiming to use on-demand /catch up services. Among these, BBC iPlayer remains the most popular. This growth has not made up for the decline in overall usage of TV though.

3.8. The growth of online intermediaries as important sources of news is a key driver for these changes, especially social media which are used as news sources by just over half (52%) of UK adults (an increase of 4 percentage points since 2023). Facebook remains the most used social media source (reaching 30% of UK adults), but its reach has declined since 2019. YouTube is also a major player as it reaches 19% of UK adults, while TikTok has been growing in popularity as a source of news, reaching 11% of UK adults (a significant increase from 1% in 2020).[40]

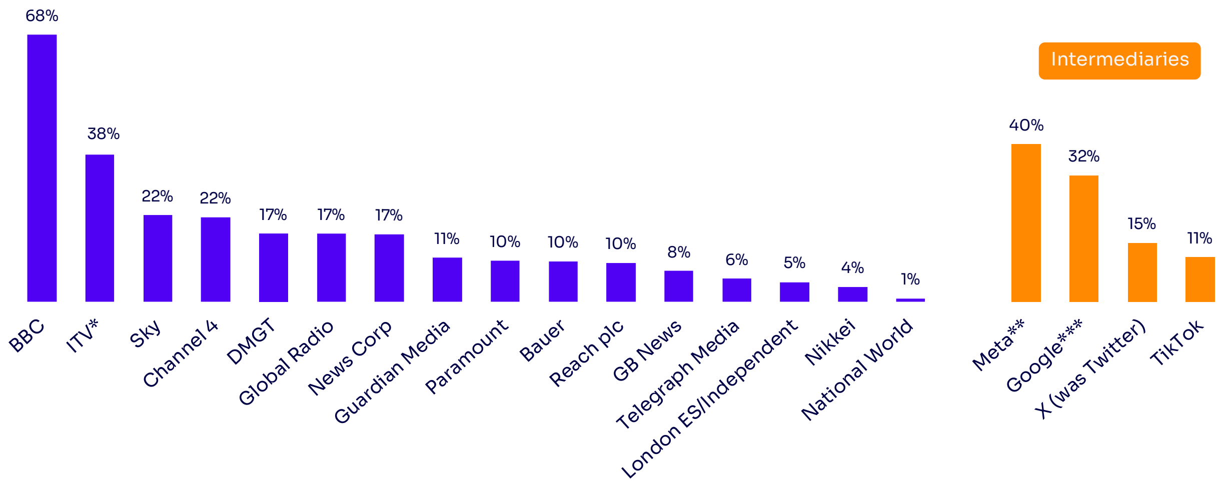
3.9. Despite the slight decline of Facebook as news source, in aggregate, Meta[41] is the second most important source by both reach and share of attention, [42] followed by ITV, Google,

[40] Ofcom, NCS 2024
[41] Ofcom, NCS in the UK 2024 Supporting Data, 2024, pp. 35-36. In 2023, the NCS showed that taken as whole Meta sources (Facebook, Instagram, Threads and WhatsApp) reach 40% of UK adults, whereas Google sources (Google news, Google, and YouTube) 32%.
[42] Share of attention is a measure of the potential influence of a particular news source over people as it calculates the relative attention given to a news source by a group of people. It is first calculated at the individual level; by measuring each individual's attention to a specific news source and then by expressing that as a share of the total amount of attention the individual has given to all of the news sources the individual used. These shares are then aggregated across individuals, to produce the news source's overall share of

and Sky. The BBC maintains the highest cross-platform audience reach and the highest share of attention (Figures 2 and 3).[43]

3.10. In addition, all search engines and news aggregators have seen an increase in the proportion of users using them to access news multiple times a day, and overall, these sources score better across a range of attributes than social media.[44]

Figure 2: Cross-platforms retail providers used for news nowadays: 2024 (all adults 16+)



Source: Source: Ofcom News Consumption Survey 2024, combined F2F and online sample. Question: D2a-D8a. Thinking specifically about <platform>, which of the following do you use for news nowadays? Base: All adults 16+ 2024=5466. ITV = ITV inclusive of UTV/STV/ITV Wales. Meta** = Facebook + Instagram + Threads + WhatsApp. Google*** = Google News + Google + YouTube. The information included in this chart is based on the most up to date information we have.*

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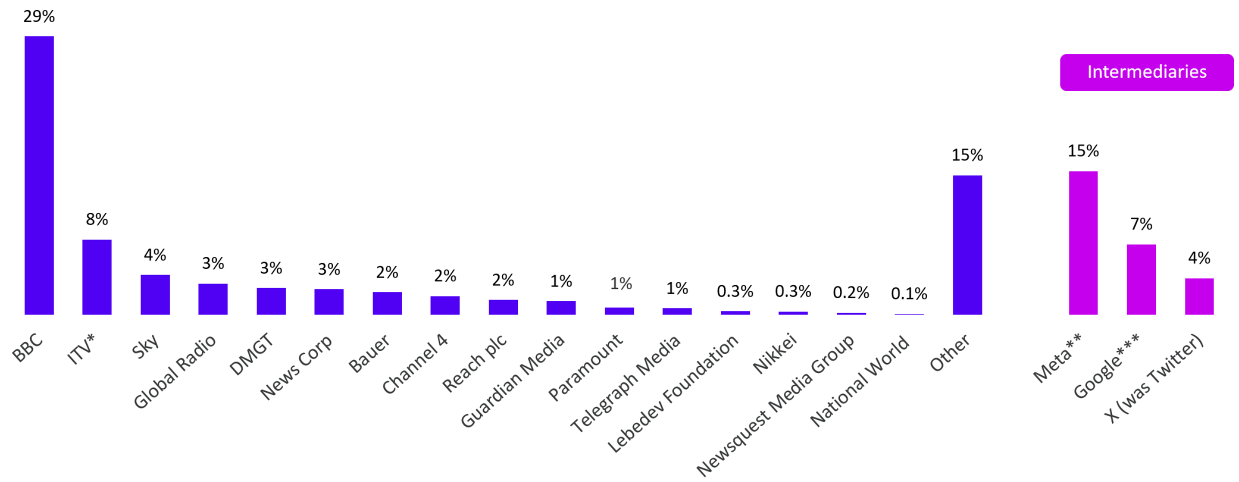
attention for the group as a whole. In this case we measure a person's attention to news sources using the number of visits they had made, to each of the news sources they used, in a month.

[43] Ofcom, NCS 2024.

[44] Ofcom, NCS in the UK 2024 Supporting Data, 2024, pp. 37-39. In 2023, the NCS showed that search engines/news aggregators score better than social media, in particular Facebook for being 'trustworthy', 'high quality', 'accurate' and 'impartial'.

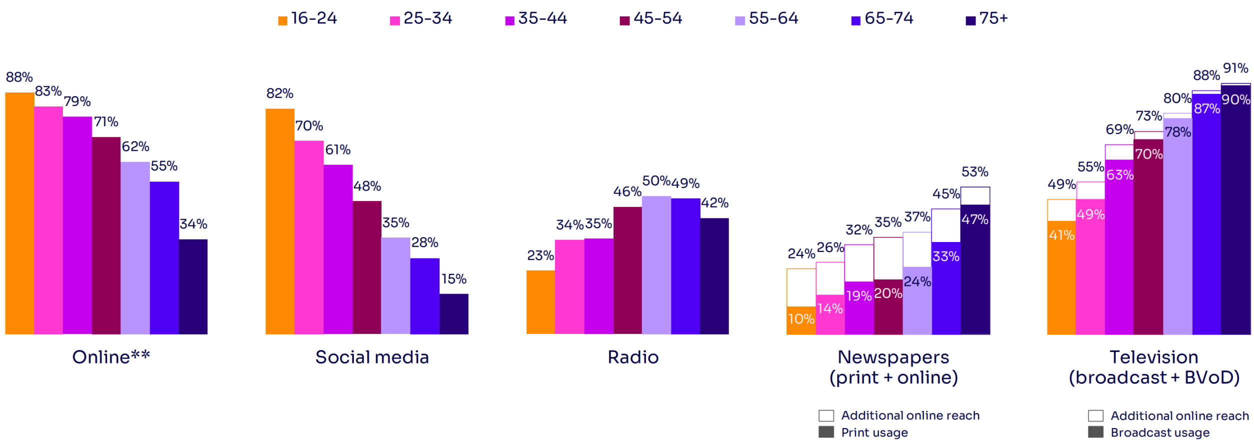
Figure 3: News source share of attention nowadays: 2024 (all adults 16+)



Source: Source: Ofcom News Consumption Survey 2024, combined F2F and online sample. Question: D2a-D8a. Thinking specifically about <platform>, which of the following do you use for news nowadays? Base: All adults 16+ 2024=5466. ITV = ITV inclusive of UTV/STV/ITV Wales. Meta** = Facebook + Instagram + Threads + WhatsApp. Google*** = Google News + Google + YouTube.*

3.11. These trends are even starker in younger age groups (Figure 4). A significant majority (88%) of 16–24-year-olds consume news online, and this is driven by use of social media for news (82%). In contrast, broadcast TV has been steadily declining in the past five years and is now used for news by half of this age group (49% with broadcast on-demand included).[45] For teens (12-15 years old), TikTok remains the most used single source of news across all platforms, followed by YouTube, Facebook and Instagram. However, the combined reach of the BBC remains higher.[46]

Figure 4: Main platforms used for news, by age group: 2024



*Source: Ofcom News Consumption Survey 2024, combined F2F and online sample. Question C1: Which of the following platforms do you use for news nowadays? Base: All Adults 16+ 2024 - Aged 16-24=692, 25-34=825, 35-44=928, 45-54=930, 55-64=721, 65-74=795, 75+=574. ** 'Online' includes use of social media, podcasts, messaging apps and other websites/apps accessed via any device.*

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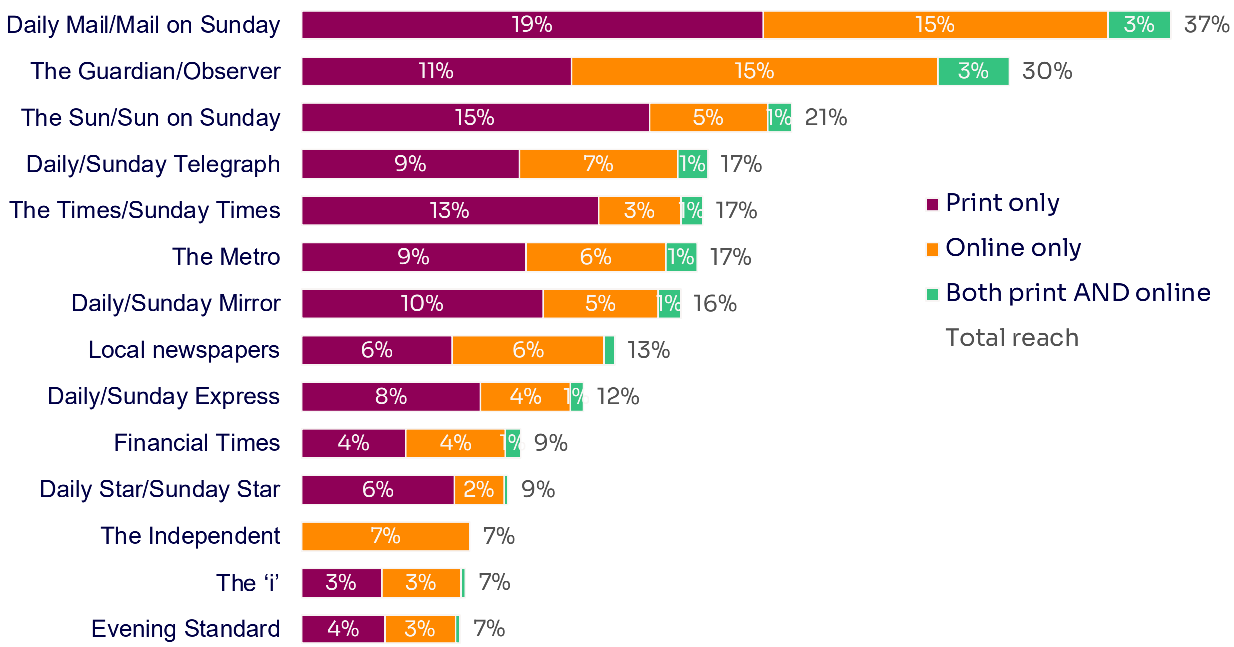
[45] Ofcom, [NCS 2024.]()
[46] Ofcom, [NCS 2024.]()

3.12. Our previous research also indicates that these habits do not appear to change as they get older.[47] How younger generations consume news online is also different from older adults. Far fewer 16-24s go direct to websites for their news; they are more likely to go via social media.

3.13. When it comes to newspapers, both print and their digital formats, we have seen a continued decline across all ages, with only 22% of UK adults reading print news in 2024 (34% including digital formats) (Figure 5).[48] Among those using print and online newspapers for news, The Daily Mail/Mail on Sunday achieves the highest total reach of 37% (19% print only, 15% online and 3% print & online). This is followed by The Guardian/Observer with a total reach of 30% and The Sun/Sun on Sunday reaching 21% across print and digital formats.

Figure 5. Print vs. digital newspaper readership: 2024 (All adults 16+ using newspapers (print or online) for news, 2024)



Source: Ofcom News Consumption Survey 2024 – COMBINED F2F & ONLINE sample Question: D3a/D4a. Thinking specifically about daily/weekly newspapers, which of the following do you use for news nowadays? D8a. Thinking about these ways of getting news (on any device), which of the following brands do you get news from online nowadays – i.e. which have you used in the last month or so? Are there any others? Base: All using newspapers (print or online) for news – 2024=2069.

Ongoing seismic changes raise challenges for the news media industry

3.14. These changes in news consumption continue to raise challenges and opportunities for the news media industry. While the UK media landscape is characterised by strong public and commercial broadcasters and a competitive national press, as audiences shift their attention further towards digital channels and news provision and distribution continue to adapt and evolve, both public and private funding models are under growing pressure.

[47] Ofcom, Online news, 2024.
[48] Ofcom, NCS 2024

3.15. Media groups continue to suffer from a combination of declining reach[49] and rising costs, and while they have seen a decline in traditional revenues, they have struggled to grow new digital revenues. With Covid-19 and its aftermath, followed by high inflation and rising interest rates, TV revenues have been more volatile than in the previous five-year period. The extent of the difficulties faced by broadcasters in recent years was further evidenced by a 7.5% year-on-year decline in combined revenues for commercial PSBs, digital multichannel and pay-TV platform operators.[50] To put this performance in historical context, sector revenues were lower (marginally) than those generated in 2020 - the year most heavily impacted by Covid-19 disruption – and the lowest since 2012.[51]

3.16. Regional print newspaper sales have been hit particularly hard, (down 19% in the second half of 2023), but national tabloids and mid-market papers are also struggling.[52] Many newspapers in the UK have shifted to an online subscription model as they actively invest in distributing their news content across a variety of platforms.

3.17. In the local news sector, our recent Review of Local Media in the UK Initial Findings[53] has also highlighted that changing consumer behaviours and funding pressures continue to cause challenges for providers. 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. 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.[54]

3.18. Despite audiences moving online, the decline in traditional advertising revenues for local and regional news has not been offset by digital advertising revenues, as revenues for regional news brands have declined by c.64% - from £1.25bn in 2014 to £454m in 2023.[55] In addition, research indicates there is little willingness to pay for online local news and information in the UK.[56] Traditional providers have faced closures and consolidation and new small or community providers keen to fill gaps in the market often struggle to thrive.

[49] Barb shows that the long-term decline in viewing time to broadcast TV not only continues, down 6% year on year, but the decline in the proportion of people viewing broadcast TV accelerated in 2023 (Barb 28-day consolidated, TV sets only. Reach criteria: 15+ consecutive minutes. Ofcom, Media Nations: UK 2024).

[50] Ofcom, Media Nations: UK 2024, 2024. Between 2022 and 2023, the greatest revenue decreases were among the commercial PSBs and digital multichannels, which suffered declines of 16% and 10% respectively, to fall just below 2020 levels. Revenue collectively generated by ITV, Channel 4 and Channel 5 fell by 15.5% to £1.9bn, with digital multichannels also suffering a double-digit decline in revenue (-10.3%), to £2bn. Meanwhile, pay-TV platform operators, such as Sky, Virgin Media, and EE (BT) saw their collective revenue decline by 3.6% to £6.2bn, as continued subscriber declines failed to offset price rises.

[51] Ofcom, Media Nations: UK 2024, 2024.

[52] Reuters, Digital News Report 2024: UK, 2024.

[53] A further update on this work will be published in late 2024.

[54] Enders Analysis, Signs of local life: A new phase for local media, 2023.

[55] The Advertising Association, AA/WARC Expenditure Report, 2024. Figures are nominal.

[56] Community Research, Local News and Media in the UK, 2024, p. 41.

4. Our Review of the Media Ownership Rules

The rules continue to safeguard media plurality, but there are some limitations

4.1. The changes in the provision and consumption of news discussed in Section 3 show that broadcasting and print newspapers still remain important sources of news, but they also reinforce the ever-greater importance of online news in the sector, confirming the developments that we observed in our 2021 Review.

4.2. Having undertaken a new Review, we believe that, while the media ownership rules continue to be a pivotal instrument to address those plurality concerns they were designed to mitigate in broadcasting and print, some of these rules do not fully reflect the evolving market context. We believe that the recommended changes from our 2021 Review are therefore still necessary.

4.3. In the following sections, we reiterate our recommendation to expand the scope of the Media Public Interest Test to take greater account of changing consumption habits and the growing importance of online news.

4.4. We also reiterate our recommendation to remove certain restrictions on holding broadcast licences that no longer seem necessary, including the discretionary prohibition for religious bodies, the prohibition on advertising agencies and the prohibitions on publicly funded bodies.

4.5. As outlined further below, we consider that the remaining rules continue to play an important role in safeguarding media plurality and recommend that they should be retained as they are.

4.6. Furthermore, as we also highlighted in our 2021 Review and subsequent research,[57] we believe that there are still emerging plurality concerns associated with new forms of news distribution and consumption. Given the increasingly important role online intermediaries play in the news value chain, we also explore the case for bringing mergers between two online intermediaries within the scope of the Media Public Interest Test. However, our view is that given the powers already available to the Secretary of State, and the degree of legislative change underway, further change is not urgently needed at this time.

4.7. We also believe that the impact of online intermediaries in the news media industry cannot be solely addressed through media ownership rules. Thus, as previously mentioned, we are taking forward our work on assessing the risks to news consumption and the availability of trusted and accurate news through our broader assessment of the risks posed to a trusted media environment.[58]

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[57] Ofcom, 2021 Review, 2021; Ofcom, Discussion Document, 2022; and Ofcom, Online news, 2024.
[58] See paras 2.11-2.12 in this document.

The Appointed News Provider Rule

4.8. The requirement for all of the Channel 3 licensees to appoint a single provider was introduced by Parliament to ensure that the news operation of Channel 3 licensees has the scale needed to provide a high-quality service which is able to compete with the BBC.

4.9. Despite the changes in news consumption, Channel 3 remains an important provider of news. Channel 3 news still has significant weekly reach as it was watched, on average, by 27% of UK adults each week in 2023, and it provides a powerful alternative source to the BBC.[59]

4.10. The current news provider for Channel 3, ITN, is still one of the major wholesale providers of news and provides competition to the likes of BBC, Sky, and newspaper groups.

4.11. As noted in our 2021 Review, the removal of the requirement to collectively appoint an independent news provider could result in a reduction in wholesale provision at scale if one of the Channel 3 licensees chose to use an alternative provider. This in turn would have implications for media plurality in the UK by potentially diminishing an alternative broadcast voice to the BBC and reducing the range and diversity of voices in the UK news media landscape.

4.12. We therefore believe that the appointed news provider rule is still relevant, and it helps guarantee a degree of plurality in wholesale news provision.

4.13. However, we recognise that if the consumption and influence of print newspapers and TV broadcast news continues to decline alongside the steady growth of online news consumption, the original rationale behind this rule may become less relevant. The holding of the Channel 3 licences is now also less fragmented than it was when the rule was introduced, which may also mitigate against the need for such a rule to secure quality news provision at scale across the Channel 3 licensees. We will continue to monitor relevant data in future reviews.

4.14. Finally, we are also required to consider whether an appointed news provider rule should be introduced for Channel 5 if the audience share of Channel 5 is broadly equivalent to that of Channel 3 services. Based on analysis of the average share of TV viewing, the audience share for Channel 3 services remains much higher at 16%, compared to Channel 5 at 4%.[60] We therefore do not recommend that the Secretary of State exercise her power to create a similar rule for Channel 5 at this time.

We do not recommend any change to the appointed news provider rule at this time.

The National Cross-Media Ownership Rule

4.15. The National Cross-Media Ownership Rule prevents large newspaper groups with at least 20% of the national market share from owning a stake in Channel 3 that is greater than 20% (including outright control). It also prevents the holder of a Channel 3 licence from holding an interest of 20% or more in a large newspaper group.

[59] Barb 28-day consolidated, TV sets only, adults 16+. Reach criteria for news: 3+ consecutive minutes.
[60] Barb 28-day consolidated, TV sets only, individuals 4+.

4.16. The rule was put in place by Parliament at a time when Channel 3 was the most important provider of television news after the BBC. The rule therefore aimed to secure a level of plurality in the news market beyond the BBC, and to prevent the potential for a consolidated news entity exerting undue influence over Channel 3 (and in the news market generally).

4.17. Although the reach of television news services and print newspapers has declined over time, they still remain important sources in terms of their ability to reach and influence a wide audience across the UK.

4.18. Within this context, Channel 3 licences remain important in terms of their ability to reach and influence a wide audience across the UK with the news services provided by the holders of the Channel 3 licences, ITV and STV, which reached on average 27% of UK adults each week in 2023 for national and international news. For many it is an important source of regional news and news in the nations: 20% of adults watched regional or local news broadcasts on ITV, ITV Wales, STV or UTV in 2023.[61]

4.19. Although print readership continues to steadily decline,[62] newspapers remain significant voices both in print and online, and the largest newspaper groups, namely News UK and DMGT, both have market shares of national print news consumption greater than 20%.[63] In addition, most newspapers have also now established a relevant online presence.

4.20. As prevented by this rule, any consolidation between the largest commercial news providers in the UK (such as ITV, and newspaper groups with over 20% market share like News UK and DMGT) would result in a combined entity with a significant share of news consumption, potentially increasing the risk that it could exert undue influence and impact plurality in the news market.

4.21. For these reasons, we think there is still a good case for securing Channel 3 as a distinct and influential voice. The national cross-media ownership rule therefore remains an important safeguard to plurality and the position of Channel 3 in the market. We also remain of the view that the Media Public Interest Test operates as an additional and important backstop that would likely capture proposed acquisitions of Channel 3 by media entities other than the print newspapers currently captured by the cross-media ownership rule.

4.22. However, as we have pointed out in our previous Review,[64] there remain some limitations regarding the current scope of the cross-media ownership rule, in particular:

a) the 20% market share threshold does not allow consideration of qualitative factors, such as sustainability of Channel 3, quality, and innovation, that may also be relevant when considering a proposed acquisition;

b) the possibility that any of the large newspaper groups that are currently caught by the rule might one day close their print operations, at which point the current rule would cease to function effectively; and

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[61] Barb 28-day consolidated, TV sets only. Reach criteria for news 3+ consecutive minutes.

[62] See para 3.5 and Figure 1 in this document.

[63] Based on share of reference from our NCS data, in 2024, among the UK national newspapers only DMGT and News UK would therefore be caught by the national cross-media ownership rule.

[64] Ofcom, 2021 Review, 2021; and Ofcom, Report to the Secretary of State on the operation of the media ownership rules listed under Section 391 of the Communications Act 2003, 2015.

c) the focus on ownership by print newspaper groups alone does not capture potential ownership of Channel 3 by other news providers which might also present plurality concerns, such as online news providers.

4.23. We have previously explained that we did not consider it appropriate to propose a reformulation of the rule at this stage due to difficulties in quantifying online news consumption and in understanding how consumers interact with online news content. Since 2021, Ofcom's approach to measuring online news consumption has progressed. We have amended the existing News Consumption Survey's questions to clarify the distinction between access via intermediaries and consumption via online news providers and we have added a new metric in our measurement toolbox: 'share of attention'.[65]

4.24. Despite these improvements, since there are various developments at both an Ofcom and Government level that we expect to impact how news is regulated in the UK, especially in relation to online news providers and digital markets, and we do not consider it appropriate to propose a reformulation of the current rule at this stage.

4.25. However, we remain of the view that in future, the justification for retaining the rule in its current form may be less evident, and that the rule may need to be updated to reflect growing online news consumption. We will therefore continue to keep the possibility of a more comprehensive update of the cross-media ownership rule under consideration in future reviews.

We do not recommend any change to the national cross-media ownership rule.

The Media Public Interest Test

4.26. As noted in Section 2, the Media Public Interest Test allows the Secretary of State to intervene in certain qualifying media mergers involving newspaper (print only) and/or broadcast enterprises.[66] An intervention notice will identify an existing media public interest consideration (outlined below), but the Secretary of State also has the power to specify new grounds.[67] An intervention triggers a review of whether the merger may be expected to operate against the public interest in which Ofcom has a first instance advisory role.

4.27. The existing media public interest grounds for referral under section 58 of the Enterprise Act 2002 include:

a) **sub-section (2A)(a) & (b):** The need for accurate presentation of news in newspapers and free expression of opinion in newspapers.

[65] Building on our 2021 Review and our 2022 Discussion Document, we have amended and expanded our measurement toolkit. In particular, we have amended the existing NCS questions to clarify the distinction between access via intermediaries and consumption via online news providers. This has allowed us to monitor online news consumption reaching a higher level of granularity more clearly in our analysis. The combination of existing and new metrics, such share of reference, cross-platform reach, and share of attention enables us to better understand the influence that both news providers and online intermediaries have on people (see Figures 2-3 in this document, and Ofcom, Online news, 2024, pp. 8-9).
[66] Part 3 of the Enterprise Act 2002.
[67] Section 58(3) and (4) of the Enterprise Act 2002.

b) **sub-section (2B):** The need for, to the extent that it is reasonable and practicable, a sufficient plurality of views in newspapers in each market for newspapers in the UK (or a part of the UK).

c) **sub-section (2C)(a**): The need, in relation to every different audience in the UK (or in a particular area or locality), for there to be a sufficient plurality of persons with control of the media enterprises serving that audience.

d) **sub-section (2C)(b):** The need for the availability throughout the UK of a wide range of broadcasting which (taken as a whole) is both of high quality and calculated to appeal to a wide variety of tastes and interests.

e) **sub-section (2C)(c):** The need for persons carrying on media enterprises, and for those with control of such enterprises, to have a genuine commitment to the attainment in relation to broadcasting of the standards objectives set out in section 319 of the Communications Act 2003.

4.28. Since our last 2021 Review, the Secretary of State has asked Ofcom to advise on any effects adverse to the public interest in two situations:

a) the Application by News Corp UK and Ireland Limited to release the Undertakings relating to The Times and the Sunday Times newspapers,[68] which required The Times and The Sunday Times to be published as two separate newspaper titles and provide various protections of editorial independence.[69] This case did not relate to a public interest intervention in a merger, but rather a request for Ofcom to consider whether the release of the undertakings may be expected to operate against the public interest, having regard to: (i) the need for, to the extent that it is reasonable and practicable, a sufficient plurality of views in newspapers in each market for newspapers in the UK or a part of the UK; (ii) the need for accurate presentation of news in newspapers; and (iii) the need for free expression of opinion in newspapers; and

b) the anticipated acquisition of Telegraph Media Group by RedBird IMI (the subject of a first Public Interest Intervention Notice (PIIN) issued in November 2023) and by RB Investco Limited (the subject of a second PIIN issued in January 2024).[70] The PIINs identified the following public interest grounds: (i) the need for accurate presentation of news; and (ii) the need for free expression of opinion in newspapers.

4.29. We consider that the rationale for the Media Public Interest Test still holds, and it continues to act as an important backstop in securing media plurality. This regulatory tool allows the Secretary of State to intervene in media mergers without negatively impacting the relevant industries through firmer restrictions.

4.30. Further, it allows a consideration of a broader set of public interest factors other than competition, such as the maintenance of quality, accuracy, and free expression of opinion

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[68] DCMS, The Times/The Sunday Times: application to release undertakings, 2020; Ofcom, Application by News Corp UK and Ireland Limited to release the Undertakings relating to The Times and The Sunday Times newspapers. Ofcom's advice to the Secretary of State, 2021.

[69] These requirements had been in place since January 1981 when the then Secretary of State for Trade gave his consent to the acquisition of The Times and The Sunday Times by News International Limited (now News UK).

[70] DCMS Anticipated acquisition of Telegraph Media Group by RedBird IMI, 2024. Publication of our advice and any decision on how to proceed will be taken by the Secretary of State.

in UK news media. In doing so, it can help prevent undue influence and encourage media enterprises to operate in the public interest more broadly.

4.31. While the rule remains important, we remain of the view outlined in our 2021 Review that the current focus of the Media Public Interest Test on mergers involving print newspapers and/or broadcasters does not reflect the way in which people access and consume today, which is increasingly online.

Extending the Media Public Interest Test beyond print and broadcast news

4.32. Given the changes that the news media industry continues to undergo, our 2021 Review recommended, following consultation, that the scope of the Media Public Interest Test should be expanded beyond print newspapers and broadcasters[71] to encompass a wider range of media mergers involving what we proposed to define as 'news creators' that meet the jurisdictional thresholds. For the reasons outlined below, we reiterate the need for these recommendations, and we welcome the Government's consultation[72] to implement them in some form.

4.33. In 2021, we recommended that the term 'news creators' should encompass all entities who have editorial control over the creation and publishing of news material by journalists, irrespective of platform. In addition to newspapers and broadcasters, we recommended that this should include online-only news providers, such as Vice, as well as the online versions of existing print sources, such as the Daily Mail or Guardian websites.[73] We continue to consider that this scope better reflects the way in which people consume news today and the types of news organisation that could raise public interest concerns should they be involved in a merger.

4.34. We recommended that this term be used to expand certain of the existing public interest considerations, as outlined below:[74]

a) **extend sub-section (2A)(a)** to specify "the need for accurate presentation of news **by news creators"**, rather than in newspapers alone. We said that this was because the definition of newspapers (which focuses on print) is too narrow to capture all of the types of news entities about which we would have concerns in the case of a merger.

b) **remove sub-section (2A)(b),** which specifies "the need for free expression of opinion" in newspapers.

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[71] At the time of writing, a 'newspaper enterprise' is defined as an enterprise consisting of in or involving the supply of newspapers, which is a "daily, Sunday or local (other than daily or Sunday) newspaper circulating wholly or mainly in the UK or in a part of the UK" (section 44(10)). The amendments proposed in the Government consultation published in November 2024 would expand the definition of 'newspaper' to include those published online or in hard copy. An enterprise is a 'media enterprise' if it "consists in or involves broadcasting" (section 58A(1) of the Enterprise Act 2002, with 'broadcasting' defined in section 44(9) as covering both television and radio).

[72] DCMS, Media merger laws to be modernised for the digital age, 2024; and DCMS, Consultation on updating the media mergers regime, 2024.

[73] Ofcom, 2021 Review, 2021, paras 4.36-4.37.

[74] The words marked in bold text indicate the suggested insertions, while the words marked in strike-through indicate the suggested deletions.

c) **extend sub-section (2B) to** specify "the need for, to the extent that it is reasonable and practicable, a sufficient plurality of views ~~in newspapers~~ **created by news creators** on each of their ~~market~~ platforms for ~~newspapers~~ news in the UK (or a part of the UK)."

d) **extend sub-section (2C)(a)** to specify "the need, in relation to every different audience in the UK (or in a particular area or locality), for there to be a sufficient plurality of persons with control of the ~~media enterprises~~ **news creators** ~~serving that audience~~ **on each of their platforms for news in the UK (or a part of the UK), or across different platforms for news in the UK (or a part of the UK)**."[75]

4.35. We recommended that sub-section (2A)(b) be removed on the basis that any concerns about free expression of opinion could be examined through the lens of internal plurality under sub-section (2B). However, in its November 2024 Consultation, the Government explains that it has decided not to take forward this recommendation given that "the freedom to express opinion is a different principle to the need for plurality of views".[76] We understand that there may be an ongoing justification for retaining this public interest consideration, which can enable referral on the grounds of free expression of opinion independently of any concerns regarding internal plurality (as was the case in the context of the two Telegraph Media Group PIINs).[77]

4.36. We recommended that both sub-sections (2B) and (2C)(a) be retained on the basis that it remained important to preserve the differentiation between 'internal plurality' which covers the range of information and views that are provided within individual news organisation (sub-section (2B)) and 'external plurality' denoting the number of persons in control of media enterprise (sub-section (2C)(a)). However, we considered it would be relevant to extend both considerations to capture the broader term "news creators" to ensure that the Secretary of State is able to refer mergers presenting plurality concerns relating to online news provision, and for Ofcom to be able to examine these grounds sector-by-sector, as well as at an overall level.[78]

4.37. We recommended that the public interest considerations specified in sub-sections (2C)(b) and (2C)(c) (extracted in paragraph 4.27 above) should remain in their current form, noting that these remain a relevant and appropriate ground for intervention in the context of a merger involving a licensed broadcaster.

4.38. In light of the ongoing market changes and the shifts towards online news consumption and distribution outlined in Section 3,[79] we consider that our recommended changes outlined above are now even more relevant. We therefore reiterate these recommendations as part of this updated Review of the rules.

4.39. The Government has published a consultation on proposed amendments to the Media Public Interest Test that would broadly implement our recommendation of expanding the scope to capture also online news providers, subject to minor changes in scope.[80] We welcome these proposals and as this is subject to consultation, we will continue to monitor these legislative developments.

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[75] Ofcom, 2021 Review, 2021, para 4.57.
[76] DCMS, Consultation on updating the media mergers regime, 2024.
[77] See para 4.28(a) in this document.
[78] Ofcom, 2021 Review, 2021, para 4.58.
[79] Ofcom, Discussion Document, 2022; and Ofcom, Online news, 2024.
[80] DCMS, Consultation on updating the media mergers regime, 2024.

Public interest considerations in mergers between online intermediaries

4.40. Alongside the expansion of the Media Public Interest Test to a broader range of online news creators, our 2021 Review considered the position of online intermediaries (such as search engines, social media, or news aggregators) within this merger regime.

4.41. We explained that were an online intermediary to acquire a large newspaper publisher or significant UK broadcaster, the transaction would likely meet the jurisdictional thresholds and the Secretary of State would have jurisdiction to intervene on public interest grounds.

4.42. Depending on the outcome of the ongoing consultation[81], once the Government's amendments to the scope of the Media Public Test come into force, the Secretary of State would also be able to intervene in the context of any acquisition by an online intermediary of a broader range of news providers that meet jurisdictional thresholds.

4.43. We noted that mergers between two online intermediaries would not be in scope of the Media Public Interest Test regime, as these are not covered by the existing public interest considerations. We came to the view that it was not necessary at that stage to consult on a recommendation that mergers involving two online intermediaries should be brought within the scope of this regime, but it could be considered in future media ownership rules reviews when there is greater evidence.[82]

4.44. Since then, as the popularity of online intermediaries has continued to grow, so has their importance as a distribution mechanism for most news sources. Our News Consumption Survey shows that this year some online intermediaries are more commonly used to access news than some traditional media: after the BBC, Meta is the second most important news source by both reach and share of attention, followed by ITV, Google, and Sky among all adults; [83] while when it comes to teens, TikTok remains the most used single source of news across all platforms.[84]

4.45. The research we have undertaken since our 2021 Review also suggests that these services are not just gateways to news, but they have taken on a significant role in other parts of the value chain including discovery, prioritisation, interaction, and monetisation of news online.[85]

4.46. For instance, by controlling the environment in which people make choices about what news to read online, online intermediaries have the ability to influence their choices – and news providers' reach - in a wide variety of different ways. In the case of social media in particular, our research shows that the ranking and prioritisation of news articles in the feed have a substantial impact on the likelihood that an article will be read, and the amount of attention it receives.[86]

4.47. These processes remain opaque, and our research shows that people's needs are not always being met, and they lack control over the news that appears on their social media

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[81] DCMS, Consultation on updating the media mergers regime, 2024
[82] Ofcom, 2021 Review, 2021, paras 4.51-4.52.
[83] See Figures 2 and 3, and para 3.9 in this document.
[84] See Figure 2, paras 3.8 and 3.11 in this document.
[85] Roeber, Ofcom media plurality: News ecosystem dependencies mapping, 2022; Ofcom, Discussion Document, 2022; and Ofcom, Online news, 2024.
[86] Ofcom, Online news, 2024, pp. 10-12.

feeds. [87] It also shows that while social media give access to a range of different news outlets, they tend to expose people to a narrower range of news topics than they might encounter on a traditional news website, and they could have incentives to show more like-minded, polarising and false content. [88]

4.48. As we discuss in our research, since many news providers rely on intermediaries, particularly Google and Facebook, for people to discover their news content, these firms can have a large influence on the amount of website traffic news websites receive and therefore the revenue they generate.[89] In its market study on online platforms and digital advertising, the CMA[90] found that Google holds a strong position at each stage of the intermediation chain, particularly as a publisher ad server,[91] and that intermediaries capture, on average, at least 35% of the value of advertising bought through the open display channel.[92] The CMA concluded that weak competition in digital advertising undermines the ability of newspapers and others to produce valuable content. [93]

4.49. In this context, if two online intermediaries were to merge, it could create a situation in which the merged entity could exercise undue influence over different aspects of the news value chain, potentially exacerbating the identified risks for news providers, citizens and more broadly media plurality in the UK.

4.50. While these concerns raise a number of public interest questions, they may not be neatly captured within the existing public interest considerations covered by the Media Public Interest Test. Further work would be required to consider whether there is a case for expanding the existing considerations to mergers between two online intermediaries (for example, where this presents accuracy or freedom of expression concerns) and to formulate more specific public interest considerations that appropriately target the kinds of concerns that might arise from such mergers.

4.51. In the meantime, where the existing public interest considerations do not fully capture the broader risks posed by such mergers, the Secretary of State has the power to specify a new public interest consideration by statutory instrument in order to intervene in any merger situation that meets jurisdictional thresholds.[94] This could include a merger between two online intermediaries that are not at present covered by the existing grounds.

4.52. Given the discretion afforded to the Secretary of State, the proposed expansion of the Media Public Interest Test regime to include online news providers (subject to the Government's ongoing consultation),[95] and the mergers that will come into the scope of

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[87] Ofcom, Online news, 2024, p. 13; Ofcom, Online news qualitative research (Annex 3), 2024.
[88] Ofcom, Online news, 2024, pp. 17-18.
[89] Ofcom, Discussion Document, 2022, pp. 13-15.
[90] CMA, Online platforms and digital advertising: Market study final report, 2020, para 5.377.
[91] A publisher ad server manages the publisher's advertising inventory and is used to make the final choice of which ad to serve, based on real time bids and bilateral deals. The CMA found Google had a share of over 90% of ad servers in 2019.
[92] Open display is the type of online advertising news creators typically provide. In particular Google is an important provider of services that enable news websites to sell digital advertising space through the open display advertising market.
[93] CMA, Online platforms and digital advertising: Market study final report, 2020, p.5.
[94] While the order specifying the new public interest consideration would need to be confirmed by Parliament, the Enterprise Act 2002 provides for a revised consideration to be used in any case, regardless of the progress of the order. See section 58(3) and (4) of the Enterprise Act 2002 and Explanatory Notes to the Enterprise Act 2002.
[95] DCMS, Consultation on updating the media mergers regime, 2024.

the new Digital Markets, Competition and Consumers (DMCC) Act, our view is that urgent action to address the risks of intra-intermediary mergers is not yet required.[96] However, we also acknowledge that uncertainty over the application of merger controls may inhibit merger activity and constrain economic growth. As such, there may be benefits in consulting in due course to formulate more specific recommendations.

We reiterate our recommendation that certain of the existing public interest considerations be modified to capture a broader range of 'news creators' (including online-only news). We welcome the steps taken by Government to consult on a form of expansion of the Media Public Interest Test.

Disqualified Persons Restrictions

4.53. Parliament has put in place specific restrictions which prevent certain types of bodies from holding some or all broadcast licence types. Parliament introduced these rules based on the rationale that the restricted bodies are generally those which might be expected to have a singular aim or point-of-view on matters of public policy or public controversy, such as political bodies, local authorities, and religious bodies.

4.54. Such bodies appear to have been viewed by legislators as either more likely to fail to comply with the expected standards than others or more able to exert undue influence over programming content.

4.55. The restrictions on the BBC, Channel 4 Corporation and S4C are intended to secure plurality in PSB ownership.

4.56. However, as also highlighted in our last Review, while we acknowledge the important role that these restrictions have played since their introduction, they originated in a time of analogue broadcast technology where there were fewer services and consumer choice was very limited. Since these restrictions were introduced, the number of TV and radio services has increased significantly, and most services are now available via digital platforms, such as digital TV, video-on-demand, DAB, as well as video sharing platforms and online intermediaries.

4.57. In light of the significantly increased consumer choice and wider availability of spectrum, protections provided by other parts of the regulatory framework and other relevant considerations, our 2021 Review consulted on and recommended the removal of certain of these restrictions, namely:

a) the discretionary prohibition for religious bodies;

b) the prohibition on advertising agencies;

c) the prohibitions for publicly funded bodies; and

d) the general disqualification on grounds of undue influence of publicly funded bodies on persons that hold a radio licence.

[96] See footnote 13 in this document for an explanation of the relevant parts of the DMCC Act 2024.

4.58. We reiterate these recommendations for the reasons outlined below and are not recommending any further changes as a result of this Review. These recommendations remain a matter for Government to consider.[97]

4.59. At the same time, we believe that despite the increase in choice, the following and remaining categories of 'disqualified person' still offer the potential to exert undue influence:

a) the non-discretionary prohibition for religious bodies;

b) the prohibitions for political bodies and local authorities;

c) the prohibition for the BBC, S4C and Channel 4;

d) the general disqualification on grounds of undue influence of political bodies and local authorities; and

e) the restrictions on who can hold analogue community radio licences.

4.60. As such, we recommend that these restrictions be retained at present.[98]

Removal of the discretionary prohibition for religious bodies

4.61. Religious bodies are currently prohibited from holding licences for Channel 3, Channel 5, national sound broadcasting and multiplexes ('non-discretionary prohibition'). For other licence types, Ofcom is given the discretion to determine if it is appropriate for a religious body to hold such a licence ('discretionary prohibition').

4.62. As outlined above, we believe that there is still a continued justification for maintaining the non-discretionary prohibition to safeguard the value and independence of Channel 3 and Channel 5 licenses and limit the risks of undue control over multiplex operators.[99]

4.63. However, we remain concerned that in practice, we may not be able lawfully to exercise the discretion conferred by the discretionary prohibition to refuse any religious body a licence, as doing so would appear to conflict with our duties under the Equality Act 2010, which prohibits discrimination on the basis of religion.[100]

4.64. We also believe that there are other appropriate protections in place that would address any perceived risks of a religious body exercising undue influence were it to hold a broadcast licence (other than a Channel 3, Channel 5, or multiplex licence), which a wide range of religious channels are already subject to.[101]

4.65. As such, we reiterate our 2021 Review recommendation that the discretionary prohibition on religious bodies be removed.

Removal of the prohibition on advertising agencies

[97] The Secretary of State has a power to by order modify or repeal the discretionary prohibition for religious bodies (para 16, Part 4 of Schedule 14 of the Communications Act 2003). Primary legislation would be required to repeal or modify the other restrictions set out in Schedule 2 of the Broadcasting Act 1990.

[98] For a full discussion on the retention of these rules see Ofcom, 2021 Review, 2021, respectively paras 4.72, 4.101-4.102, 4.105, 4.111 and 4.117.

[99] Ofcom, 2021 Review, 2021, para 4.69; and Ofcom, The Future of Media Plurality in the UK Including Ofcom's consultation on the Media Ownership Rules Review, (2021 Review Consultation), 2021, paras 4.58-4.64.

[100] Section 10(1) of the Equality Act 2010 defines 'religion' as 'any religion' and includes 'a lack of religion'.

[101] Ofcom, 2021 Review, 2021, para 4.70; and Ofcom, 2021 Review Consultation, 2021, paras 4.62-4.63.

4.66. Advertising agencies are currently restricted from any kind of broadcast licence in the UK.[102] For the purposes of this disqualification, an 'advertising agent' is defined in statute as a person who "carries on business involving the selection and purchase of advertising time or space for persons wishing to advertise".[103] It doesn't the capture advertising arms of broadcasters (i.e. sale of ad space) or creative agencies, or the purchase of digital advertising.

4.67. The restriction was initially introduced to address the risk of unfair commercial advantage in, and distortion of, the advertising market and undue influence of programming content at a time when broadcast advertising formed a more substantial part of the overall UK advertising market.[104]

4.68. As outlined in our 2021 Review,[105] this restriction appears to be outdated since it does not reflect the more recent changes in the UK advertising market. Market data continues to illustrate the growth in online advertising, including online video advertising, and a decline in the value of print and direct mail advertising combined with the stagnation of the traditional linear TV advertising market.[106]

4.69. Given the continuation of the trends that we identified in 2021, we remain of the view that the historic competition concerns associated with this narrower form of advertising agency holding a broadcast licence are now of less relevance, as there is unlikely to be any risk of unfair commercial advantage in, or distortion of, the broadcast advertising market by removing this restriction.

4.70. We also believe that any residual concerns in relation to unfair commercial advantage or undue influence over programming content would be appropriately addressed through other protections that Ofcom has put in place since 2003,[107] as well as the fair and effective competition condition included in broadcast licenses.[108]

4.71. The practical challenges in applying the restriction in the context of the licence application process, identified in our 2021 Review, also continue. These stem from general misunderstanding of the scope of the term 'advertising agency'; the time spent in

[102] The restriction applies to any individual or body corporate who carries on business as an advertising agent or has control over any body corporate that carries on such a business and includes individuals who are directors or employed by such a business. See para 1 of Part 1 of Schedule 2 of the Broadcasting Act 1990).
[103] Section 202(1) and (7) of the Broadcasting Act 1990.
[104] This restriction was originally introduced in the Television Act 1954 and was maintained in the Communications Act 2003, despite an initial proposal to remove it on the basis that the risks to the advertising market would be addressed by the new competition regime introduced at the time.
[105] Ofcom, 2021 Review, 2021; and Ofcom, 2021 Review Consultation, 2021.
[106] Similar to the trends seen in the audiovisual market, recent trends in the overall UK advertising market have been characterised by significant growth for online and declines for most other media. In particular, since 2022, the £2.6bn increase in spend for online compares to a collective decrease of £806m across the six sectors which declined: TV and BVoD (-£481m), direct mail (-£138m), newspapers (-£103m), magazines (-£51m), radio (-£25m), and cinema (-£10m). This, 2023 was a difficult year for the TV advertising market, set against the backdrop of the challenging economic environment (The Advertising Association, AA/WARC Expenditure Report, 2024. Figures are nominal).
[107] For example: the rules on the use of commercial references on TV in Section 9 of the Broadcasting Code (along with other preexisting rules) seek to ensure that the editorial independence of broadcasters and control over programming, and the Code on Prevention of Undue Discrimination between Broadcast Advertisers prevents broadcasters from unduly discriminating between advertisers that seek to have advertising included in a licensed service.
[108] For example, see Section 316 of the Communications Act 2003 and condition 14 of the TLCS Standard Form Licence.

establishing the nature of the business of an applicant and whether it meets the narrow definition of an advertising agency can cause delays and lack of clarity for applicants.

4.72. Since 2021, we have continued to need to contact applicants to clarify whether they are advertising agencies, which adds considerable delays and overall uncertainty to the process. On one occasion we have had to reject an application as the applicant met the definition of an 'advertising agency'. In this case, the risk of an impact on competition would have been low, given the size of organisation and nature of the advertising agency service it provided. Thus, on top of facing a burdensome and lengthy process for both Ofcom and applicants, rejecting applications on the basis of this prohibition may also have negative effects on the economic growth of the market.

4.73. We therefore remain of the view that the removal of this restriction would result in greater clarity and efficiency in the context of future licence applications that may raise similar questions.

4.74. For the reasons outlined above, we believe that our recommendation that the restriction on advertising agencies holding broadcasting licences be removed holds.

Removal of the restriction on publicly funded bodies holding radio licences

4.75. Bodies which receive more than 50% of their funding from UK public funds (examples include government agencies or advisory bodies and some museums) are currently disqualified from holding most radio licences but are permitted to hold all types of TV licence.

4.76. We maintain the view that the restriction on publicly funded bodies holding a radio licence should be removed because spectrum scarcity is no longer an argument for maintaining this disqualification. We also consider that any concerns relating to political influence or impartiality of a radio licence being held by a publicly funded body can be sufficiently addressed by our other rules in this area, such as the Broadcasting Code. [109] We also consider that there could be public value in allowing publicly funded bodies, such as museums and galleries, to hold radio licences.

Removal of the general disqualification on grounds of undue influence of publicly funded bodies on persons that hold a radio licence

4.77. There is currently a general disqualification on the holding of a broadcast licence in relation to persons who, in the opinion of Ofcom, are subject to undue influence by specified disqualified persons such as to act against the public interest. In the case of radio licences, this captures the undue influence of publicly funded bodies.

4.78. In line with our rationale underpinning our recommendation that the restriction of publicly funded bodies be removed in paragraphs 4.75 above, we remain of the view that there is a consequential need to reiterate our recommendation that the removal of the general

[109] Ofcom, 2021 Review, 2021, paras 4.90-4.91; and Ofcom, 2021 Review Consultation, 2021, paras 4.74-4.75.

disqualification on grounds of undue influence of publicly funded bodies be similarly removed.[110]

4.79. We note that there is an additional general disqualification on the grounds of undue influence of political bodies and local authorities (or certain specified connected individuals or bodies) that relates to television and radio. We believe that there is still a continued justification for maintaining this restriction.[111]

We reiterate the recommendations of our 2021 Review to remove the following:

- the discretionary prohibition on religious bodies;
- the restriction on advertising agencies holding broadcasting licences;
- the restriction on publicly funded bodies holding radio licences; and
- the general disqualification on grounds of undue influence of publicly funded bodies on persons that hold a radio licence.

We reiterate the recommendations of our 2021 Review to retain the following:

- the non-discretionary prohibition on religious bodies;
- the restrictions on political bodies and local authorities holding licences;
- the restriction on the BBC, Channel 4 Corporation and S4C from holding the licences for Channel 3 and Channel 5;
- the general disqualification on grounds of undue influence of political bodies and local authorities; and
- the restrictions on analogue community radio licences.

[110] Ofcom, 2021 Review, 2021, paras 4.109; and Ofcom, 2021 Review Consultation, 2021, paras 4.85-4.86.
[111] Ofcom, 2021 Review, 2021, paras 4.107-4.108; and Ofcom, 2021 Review Consultation, 2021, paras 4.83-4.84.

5. Next steps

5.1. At the same time as publishing this Review, we have also sent a letter from Ofcom's CEO with our recommendations for the media ownership rules to the Secretary of State.

5.2. We welcome the steps taken by Government to implement our recommendation relating to the expansion of the Media Public Interest Test this month. It remains a matter for the Secretary of State to decide whether to proceed with the further recommendations relating to the Disqualified Persons Restrictions that we have confirmed in this Review.

5.3. Our next review of the media ownership rules will be due in 2027.

5.4. There are various developments at both an Ofcom and Government level that we expect to impact how news is regulated in the UK in the coming years, especially in relation to online news providers and digital markets. Thus, while there may be more specific implications of the changing news market for the media ownership rules, we will continue to consider whether it would be appropriate to make further recommendations in future reviews to ensure that these rules continue to safeguard media plurality in the context of a growing dependence on online sources of news.

5.5. We will also continue to take forward our programme of research and considerations of the risks posed to a trusted media environment by online intermediaries and emerging technologies, including via our PSM Review where we plan to set out recommendations to support the availability of high-quality and accurate news that audiences can trust in 2025.

A1. Impact assessment

Assessing the impact of our recommendations

A1.1 Section 7 of the Communications Act 2003 requires us to carry out and publish an assessment of the envisioned impact of implementing a proposal which would be likely to have a significant impact on businesses or the general public, or when there is a major change in Ofcom's activities. Impact assessments help us to understand the policy decisions we have decided to take and why we consider those decisions best fulfil our applicable duties and objectives in the least intrusive way.[112]

A1.2 This review does not make any new recommendations to the Secretary of State, beyond those made in the 2021 Review which are confirmed in this report. Our detailed assessment of the impact of our recommendations is set out in our 2021 Review, which followed a consultation in which we sought stakeholder feedback on our assessment of the likely impact of our proposals to make certain changes to the media ownership rules. [113]

A1.3 Informed by the market context in Section 3 and our ongoing programme of research on online news, we do not consider that there are any new impacts flowing from these recommendations that were not considered in our 2021 Review. Overall, we believe that our proposals adequately address the changes that the sector is undergoing while striking the right balance between ensuring access to a plurality of viewpoints and preventing undue influence by any media owner in broadcasting, print and online news. We discuss our considerations on each rule in Section 4.

A1.4 Since May 2024, Ofcom has a new statutory duty to have regard to the desirability of promoting economic growth when exercising certain regulatory functions.[114] In performing this duty, Ofcom must consider the importance of the promotion of economic growth and ensure any regulatory action we take is necessary and proportionate. We consider that the recommendations made in the 2021 Review, which are confirmed in this review, are consistent with this objective.

A1.5 In particular, our recommendation to repeal certain categories of the Disqualified Persons Restrictions is deregulatory in nature and would, if taken forward by Government, offer benefits to economic growth insofar as it would enable licensing of a wider range of applicants that had previously been unable to be licensed.

A1.6 While our recommendation in relation to the Media Public Interest Test would expand the scope of existing regulation, we note that the economic impact of the proposal is limited, as the rule does not operate as a blanket restriction on merger activity, and it remains the discretion of the Secretary of State to intervene in a particular media merger should there be concerns. Overall, we believe that this expansion would ensure that the Media Public Interest Test continues to effectively secure plurality in the UK news market, which is in the

[112]Ofcom, Impact assessment guidance, 2023.
[113] Ofcom, 2021 Review Consultation, 2021.
[114] Section 108 of the Deregulation Act 2015. This duty is applied to Ofcom by The Economic Growth (Regulatory Functions) Order 2017 (as amended by The Economic Growth (Regulatory Functions) (Amendment) Order 2024).

interests of citizens and democracy. We therefore consider the recommendations reiterated in this review are proportionate.

Equality impact assessment

A1.7 Section 149 of the Equality Act 2010 (the '2010 Act') imposes a duty on Ofcom, when carrying out its functions, to have due regard to the need to eliminate discrimination, harassment, victimisation and other prohibited conduct related to protected characteristics under the 2010 Act.[115] The 2010 Act also requires Ofcom to have due regard to the need to advance equality of opportunity and foster good relations between persons who share specified protected characteristics and persons who do not.

A1.8 Ofcom has separate but complementary duties under Northern Ireland's equality legislation.[116] This requires Ofcom to screen policies for their impact on equality of opportunity and/or good relations in each of the nine equality categories identified for Northern Ireland.

A1.9 To help us comply with both sets of duties, we assess the impact of our proposals on persons sharing protected characteristics and in particular whether they may discriminate against such persons or impact on equality of opportunity or good relations.

A1.10 The objective of a plural media sector is to ensure that citizens can access a wide range of views in order to make informed decisions. It would be counterproductive if some aspect of the media ownership rules unfairly restricted the access of certain citizens, or groups of citizens, to varied, high quality media.

A1.11 Where our research has shown differences in news consumption habits, for example between older and younger audiences, we have taken this into account in our analysis. Furthermore, the media ownership rules themselves contain provisions to ensure plurality is considered in terms of the individual nations and regions of the UK, and the regional Channel 3 licences. There are also provisions relating to religious bodies, which we have considered in the light of our duties.

A1.12 The recommendations made in our 2021 Review, which we reiterate in this report, seek to secure an appropriate level of plurality, which tends to reduce inequality in the representation of perspectives between different groups by securing the provision of television and radio services catering for a range of views.

A1.13 We therefore do not consider that the recommendations made in this report will have a negative impact on any groups with protected characteristics and may indeed promote equality.

Welsh language impact assessment

A1.14 The Welsh language has official status in Wales.[117] To give effect to this, certain public bodies, including Ofcom, are required to comply with Welsh language standards in relation

[115] These protected characteristics are: age; disability; gender reassignment; marriage and civil partnership; pregnancy and maternity; race; religion or belief; sex and sexual orientation.
[116] Section 75 of the Northern Ireland Act 1998.
[117] Section 1(1), Welsh Language (Wales) Measure 2011.

to the use of Welsh, including the general principle that Welsh should not be treated less favourably than English in Wales.[118] Accordingly, we have considered the potential impact of our review on (i) opportunities for persons to use the Welsh language; and (ii) treating the Welsh language no less favourably than the English language.

A1.15 In particular, we have considered whether the 2021 Review recommendations that are confirmed in this report may have any direct or indirect implications and we have considered whether the market has changed in the intervening years such that there are new impacts flowing from these recommendations.

A1.16 In light of this assessment, we consider that the recommendations are not directly relevant to Wales or the Welsh language and that they do not have any impact on opportunities for persons to use the Welsh language, or on treating the Welsh language less favourably than the English language.

A1.17 We also note that we have not proposed any changes to the only rule that has a direct impact on S4C i.e. the prohibition on S4C (along with the BBC and Channel 4 Corporation) from holding Channel 3 and Channel 5 licences.[119] The rationale for this prohibition is to maintain plurality in ownership of these PSBs and we consider it still valid. The PSBs provide plurality in news and the competitive dynamic between them continues to support significant investment in a range of original and diverse content, including in news and current affairs, appealing to a broad range of audiences across the UK, its nations, and regions.

[118] The Welsh language standards with which Ofcom is required to comply are available on our website.
[119] Schedule 2 of the Broadcasting Act 1990.