Review of local media in the UK

Part 2: Final report

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Annex

1. Overview

1.1 This is the second report in our Local Media Review. Reliable and accurate local news continues to play a valuable role in the lives of people across the UK and in society more broadly. It can provide a dependable source of up-to-date news and information for local audiences, and help to support local democracy and hold power to account. Its importance was brought into sharp focus by the violent disorder seen in England and Northern Ireland this summer, and highlighted the need for strong local voices that can help provide a bulwark against misinformation and disinformation, bring communities together and build a shared sense of identity. Arguably, the need for highly visible, easily accessible and trustworthy local news has never been greater.

1.2 In part one of our Review, we set out our initial findings which showed the growing challenges in sustaining the provision of trusted and accurate local news throughout the UK.

1.3 In this second publication, we focus on the BBC's impact on competition in the local news sector. We also outline a range of options put forward to us, by stakeholders or proposed in previous reviews, for ways in which the sector could be assisted to help ensure the continued provision of widely available trustworthy local news across the nations and regions.

Assessing the impact from changes to BBC local news

1.4 This report addresses the recommendations made by the Government in January 2024 in its Mid-Term Review of the BBC to publish our view on the BBC's position in the local news sectors and set out our approach to considering the competition impact of future changes to BBC local news services.

1.5 The BBC is continuing to develop a cross-platform approach to delivering its services, however we have set out our views by delivery platform because we believe that the closest competition currently remains between providers of local services on the same platform. In summary, our views, based on the current market context, are:

a) For local radio, audiences generally tune into BBC nations/local radio and local commercial radio stations for different reasons and for different content. We therefore consider it unlikely the BBC increasing local news on its local radio services would significantly impact competitors.

b) For regional TV news, we consider there is more potential for viewing to switch from Channel 3 regional news to the BBC if the BBC increased or enhanced its offer, but it is very difficult for us to assess the extent of any competitive impact of prospective changes without knowing what these changes might be.

c) For online local news we committed to monitor the impact of the BBC's expanded output of local news stories, and of its new local news indexes. We have found that since the BBC increased its local online news output over 2023, its page views have increased. We also found that commercial local (and non-local) online news viewing has declined since 2022. However, our analysis does not find significant evidence that the two are causally linked. It appears the decline in commercial page views is part of a longer-term trend predating the BBC's changes, although we recognise that these changes may be contributing to some degree.

d) Looking ahead, we recognise that increased BBC online local news forms part of the headwinds facing local publishers and there may be some local areas where BBC viewing is displacing commercial viewing. In addition, it is possible that future BBC changes will have a different impact on commercial publishers. For example, our qualitative research noted that if the BBC provided more localised online content, people might choose it over alternative online sources, suggesting greater potential for substitution. Therefore, some future BBC changes may require further consideration by the BBC and Ofcom.

1.6 Our findings provide a starting point for any future competition assessment and the BBC and Ofcom will still need to consider the competition impact of material changes the BBC intends to make and take into account how these changes may affect competition. We also plan to provide an update of our view on the BBC's position in local news sectors on a yearly basis in our Annual Report on the BBC. We will continue to closely monitor market developments including through regular engagement with stakeholders.

Sustaining future local news provision

Context

1.7 In part one of our Review, we highlighted a range of challenges in sustaining the provision of trusted and accurate local news across the UK. These include: audiences migrating from print and TV news sources to online ones; falling advertising revenues; the expansion in the role of online intermediaries in the news value chain; fierce competition online for the attention of audiences who are largely unwilling to pay for news; as well as growing numbers of people who are disengaging from, or actively avoiding, news more widely.

1.8 Consolidation and cuts in response to these challenges have affected local news provision across TV, radio and print. These changes also have the potential to dilute the local relevance of content and can risk reducing news plurality and the quality of output. There is now significant variation in the range and volume of local news available in different parts of the UK.

1.9 More positively, we found news providers of different shapes and sizes looking for ways to innovate to attract audiences and generate new revenue streams. Small and independent titles have sprung up across the UK, often with a focus on providing in-depth news to specific communities and are experimenting with revenue models, including memberships or subscription platforms like Substack. Some larger publishers are also starting to have some success with paywalls and subscriptions. New technologies, including AI, are providing opportunities and providers are exploring different types of content to attract audiences, including podcasts, videos and user-generated content. However, conditions remain tough, support is limited and many in the sector are struggling to thrive.

Suggested options to help support sustainable local news

1.10 The value that local news can deliver to local people and its important role in society more broadly means it will be detrimental to audiences, both as consumers and citizens, if a range of trustworthy local news is not available on whichever platforms they choose to seek it from.

1.11 The evidence we have gathered throughout this Review, on the challenges the sector faces and the interventions currently available, suggests that there is scope to do more to help support trustworthy local news provision in the UK, and deliver the benefits of a more stable local media sector to audiences, society and the economy.

1.12 We have identified a number of challenges that we consider are likely to be central when considering how best to achieve a more sustainable local media sector. These are: ensuring the wide availability of, as well as easy access to, trusted and accurate local news; improving the public's understanding and appreciation of the value of local news to them both as individuals and as citizens; and securing audiences' engagement with reliable local news sources.

1.13 This report collates views on a number of potential ways the local news sector, across TV, radio, print and online, could be supported, taking into account these key challenges. This builds on the evidence we gathered and presented in part one of the Review, from our extensive engagement with stakeholders from across the local media landscape, to analysis of the considerable amount of work previously undertaken looking at local news, including the Cairncross Review (2019) and the DCMS Committee inquiry into the sustainability of local journalism (2023). We recognise that financial challenges will limit what is possible in identifying funding to provide support for local news.

1.14 Some of the options put forward take a centralised, top-down down approach to supporting local news, or could support the wider news sector, rather than just local news. If any of these ideas are given further consideration, it will be important to apply these in a way that recognises the variety of needs in different communities and media environments across the nations and regions of the UK.

1.15 The ideas put forward include:

a) an innovation fund, focused on providing short-term seed funding for local news providers;
b) a Public Interest News Institute to help support the sustainability of public interest news in the UK; and
c) consideration of current the public notice rules, and the risks associated with any potential changes to them.

1.16 While we cannot endorse or recommend any of the views put forward, we hope that this report will stimulate further conversations to support wider policy development, particularly in light of the Government's recently announced plans to develop a local media strategy.

1.17 We have also set out our observations on:

a) ideas to expand and/or improve the Local News Partnership and the Local Democracy Reporting Service (LDRS);
b) how local authorities and metro mayors may be able to play a role in supporting the local news ecology in their areas; and
c) considerations for the sector itself on: the development of news literacy programmes for their local communities; and on the potential to innovate and collaborate more.

1.18 The House of Lords Communications and Digital Committee published its report into the future of news in the days immediately preceding this report. Consequently, its findings have not fed into our Local Media Review. We note both publications touch upon some of the same issues and ideas, including innovation funding, the public notices rules, the LDRS and other BBC partnerships. We will take into account relevant recommendations made by the Committee in our future work.

Ofcom's future work

1.19 We also use this report to explain the range of work Ofcom is undertaking to deliver our duties and further the interests of citizens and consumers in respect of local media. We set out the ways we will continue to consider the local media landscape, including how we can support the future of local news in delivering our duties and ensure audiences can continue to access trustworthy and accurate local news where and when it suits them. This work includes:

a) holding the BBC to account on behalf of audiences for delivering its remit, including its local and regional services, for example through our Annual Reports on the BBC, including our 2023/24 Annual Report on the BBC which has been published alongside this final report, and in assessing the competitive impact of proposed changes to its services;
b) implementing changes to local commercial radio regulation introduced by the Media Act;
c) implementing changes to our regulation of community radio to recognise the social gain delivered by these services;
d) undertaking work to renew local TV licences; and
e) undertaking work to support local journalism through commissioning a programme of media literacy interventions for children, young people and adults empowering them to resist misinformation and disinformation through developing news and media literacy skills.

1.20 We can also announce that in 2025 we plan to undertake further research to refresh and update our local news audience survey, first carried out in February 2023.

1.21 More broadly, many of the challenges identified as impacting the local news sector can also be observed in the wider news landscape. Our Public Service Media (PSM) Review will take forward many of the issues we have identified in our Local Media Review, including how we support audiences' ability to find high-quality news given the growing role of online intermediaries, and how broadcasters and platforms can support the media literacy of audiences to help them mitigate the impact of misinformation and disinformation.

2. Our review of local media

The context for our work

2.1 We launched our two-stage Local Media Review at the end of 2023, covering local news and information across TV, radio, print and online. Ofcom has a range of duties relevant to local media and it is therefore important that we maintain an up-to-date and comprehensive understanding of the sector.

2.2 These duties include overseeing the BBC's performance in delivering its Mission and Public Purposes and protecting fair and effective competition, as well as promoting the fulfilment of the purposes of public service broadcasting. We also have duties relating to local TV, local commercial radio and community radio services. In performing these roles, we must apply our principal duty to further the interests of citizens and consumers, as well as a broader set of duties to maintain sufficient plurality of providers of different TV and radio services, and to secure the availability of a wide range of high-quality broadcast services.

2.3 As part of our review to date, we have:

a) published a terms of reference in December 2023, setting out our plans for the review. Following this, in January 2024, the Government published its Mid-Term Review of the BBC in which it recommended that we publish our view on the BBC's position in the local news sectors and set out our approach to considering the competition impact of future changes to BBC local news. We have chosen to address these recommendations in our Local Media Review.

b) published our initial findings in July 2024. This report provided a snapshot of the availability of local media in the UK, particularly local news, and gave insight into how people use it. We included findings from our qualitative consumer research into local media in the UK on people's perceptions of local media, and set out key themes that emerged from our discussions with stakeholders. We also provided information about the work we would carry out to inform this final report.

2.4 In response to our initial findings, some stakeholders provided us with additional information to inform our review which, where relevant, we have taken into account in producing this final report. A summary of the submissions can be found in Annex 1. We have also undertaken further stakeholder engagement and analysis to inform our findings.

This final report and beyond

2.5 In this part of our Review, we address in detail the recommendations made by government in its Mid-Term Review of the BBC, and deliver on our commitment to monitor the impact of the BBC's changes to online local news. We also build upon the themes identified in our interim report and bring together views on possible actions which could positively support the future sustainability of local news provision. While this report forms the final stage in our Local Media Review, we will continue to undertake a wide variety of work relevant to our duties in the local media sector.

3. Assessing the impact from changes to BBC local news

Monitoring of the BBC local online news changes

3.1 In 2022, the BBC announced a suite of changes to its local services which included increasing local online news output across the BBC News website and app for England and launching new online local news areas known as "indexes" in Peterborough, Wolverhampton, Bradford and Wear.[1] We reviewed the BBC's materiality assessment and, based on the information available at that time, we agreed with the BBC that the change was not one that may have a significant adverse impact on fair and effective competition, and was therefore not a material change. We said we would monitor progress and gather information from the BBC and commercial operators to consider the actual impact of the BBC's changes on audiences.[2]

3.2 We have carried out a detailed assessment of the impact of the BBC's changes to online local news on commercial local news providers which is presented in Annex 2. Below we summarise the key findings.

3.3 We first looked at general trends in online local and non-local news viewing for both BBC and commercial news publishers from January 2022 to June 2024. We found a general decline in page views for commercial online publishers for both local and non-local news. We also found some decline in page views for BBC non-local news. The trend for falling commercial page views predates the changes that the BBC made to online local news and is consistent with the findings of other research. For example, the Reuters Institute Digital News Report 2024 found falling interest in the news generally, with respondents in the UK that are very or extremely interested in the news having fallen from 70% in 2015 to 38% in 2024.[3]

3.4 Page views for BBC local news have generally increased, which has been driven by the increase in the BBC local online news output across England in 2023/24. We undertook a range of analysis (set out in detail in Annex 2) to consider whether the increase in BBC local stories and page views was leading to a reduction in commercial page views in those areas. If there is displacement of commercial viewing to the BBC, we would expect commercial page views to drop most in local index areas where BBC local news output increases most. Our analysis did not find significant evidence of this. However, we recognise that there may be some local areas where the increase in BBC page views is contributing to the decline in commercial page views to some degree.

3.5 We also undertook further analysis at the local index level to consider whether the BBC's introduction of four new local indexes was leading to a reduction in commercial page views

[1] Local indexes are the local geographic areas which the BBC provides news for. There is a single news area or "index" for Northern Ireland, while online news is provided for six index areas in Scotland and five index areas in Wales. England is divided into nine regions, each split into smaller areas totalling 46 indexes. For example, the East Midlands region includes indexes for Derby, Leicester, Northamptonshire and Nottingham.

[2] Our view on the audience impact in relation to radio is set out in our 2023/24 Annual Report on the BBC.

[3] Reuters Institute for the Study of Journalism, 2024. Reuters Institute Digital News Report 2024, p.26.

(see A2.32-37). We found that BBC local stories and page views have generally increased in these areas since the launch of the new indexes. In two of the four areas we observe a decline in commercial viewing as BBC viewing increases, however, this appears to be the continuation of a pre-existing trend rather than a direct result of the new BBC indexes. For the other two indexes, commercial page views are quite variable and there is no obvious overall trend. Therefore, overall, we did not find evidence that the new indexes are having a significant impact on commercial local page views.

3.6 In summary, we found that both commercial local and commercial and BBC non-local online news viewing have declined since 2022. This is consistent with other evidence, including that some people are less interested in, and increasingly avoiding, the news and that referrals to news from social media companies such as Facebook and X, were falling for at least some of the time period in question[4] as these companies made algorithmic or other changes.[5] Furthermore, across England and in the new local index areas we found no significant evidence that increased BBC local news stories are driving additional reductions in commercial local page views. Taken in the round, our analysis has not found significant evidence that the BBC's changes have resulted in lower page views for commercial publications across the national picture. However, we recognise that increased BBC online local news forms part of the headwinds facing local publishers and it is possible that in some local areas additional BBC page views may be displacing commercial page views to some degree.

Potential competition impact of changes to BBC's local news services

3.7 The Government's Mid-Term Review of the BBC, published in January 2024, recommended that Ofcom publish annual summaries of our view on the BBC's position in the local news sectors, as well as how we would approach considering the competition impact of changes to BBC local news services, as we have previously done for the audiovisual and audio sectors.

3.8 In our interim report, we set out the processes and approach we would follow to assess the competition impact of changes to BBC local news services. In this sub-section, we provide a summary of our view on the BBC's current position in local news for each of radio, TV and online, and indicate how we might approach future competition assessments in these areas (further detail is provided in Annex 3). The purpose is to give the BBC and other stakeholders more clarity about how we are likely to approach considering further proposed changes by the BBC to local news services.

Local news on local radio

3.9 Taking into account listening to only those stations defined as 'local commercial' and BBC nations/local stations as measured by RAJAR, the industry currency, the BBC accounted for

[4] Press Gazette, 9 May 2024. Facebook referral traffic for publishers down 50% in 12 months; Reuters Institute, January 2024. Journalism, Media, and Technology Trends and Predictions 2024; and Enders Analysis, 29 April 2024. Life after Facebook: Quo vadis for news distribution.
[5] AP, 5 October 2023. X removes article headlines in latest platform update, widening a rift with news media. Meta, 5 September 2023. An Update on Facebook News in Europe.

around 15% share of local radio listening in Q2 2024.[6] The content and style of BBC and local commercial/community radio are usually different. For example, BBC local radio generally has a greater speech content in peak hours due to its Operating Licence obligations,[7] and was generally perceived by some participants in our qualitative research as more serious or "official" in tone than commercial local radio, which was considered more light-hearted and informal. Local news and current affairs content was often the main reason for people choosing to listen to BBC nations/local radio. However, commercial local radio audiences were more likely to say they choose those stations for the music.[8] As the reasons for listening to commercial and BBC local radio stations are quite different, we consider, on the whole, they are unlikely to be particularly close substitutes.

3.10 In addition, our qualitative research suggested that there was no significant demand for additional news bulletins on commercial radio, with participants indicating the current frequency of news bulletins on commercial local radio was about right.

3.11 Overall, looking across the national picture, we consider it unlikely that the BBC increasing or enhancing local news on its existing nations/local stations would have a significant impact on local commercial/community radio stations. However, the impact of any increase or enhancement to BBC local news on radio may vary across geographic areas and the BBC should consider whether it would be proportionate and beneficial to look at the competition impact of significant changes in specific geographic locations.

3.12 If the BBC proposes to reduce or very significantly change the style of its local news on nations/local radio the situation is more nuanced. If the BBC makes changes which make it more similar to local commercial stations (for example, replacing local news with music or entertainment) this could potentially draw listening from commercial radio stations, particularly as listeners may prefer a station that does not carry adverts. These circumstances may merit a more detailed examination of the competition impacts, but clearly this would depend on the exact change proposed and the relevant context.

Regional news on TV

3.13 The BBC and Channel 3 are the main providers of regional news on TV. [9] Across the UK, the BBC accounted for 63% of nations and regions news viewing in 2023, versus 37% for Channel 3. Our qualitative consumer research found that BBC nations/regions TV news bulletins were viewed as somewhat different to Channel 3. In terms of tone, participants tended to feel the BBC provides a more serious slant on news stories than Channel 3 equivalents, which were often perceived as striking a more light-hearted note.

3.14 Beyond this, participants saw little difference between BBC and Channel 3 nations/regions news bulletins content, except for several people in Scotland who mentioned that STV news

[6] RAJAR, all adults 15+. BBC local radio stations accounted for 4.3% of *all* radio listening hours in Q2 2024
[7] For example, the BBC Operating Licence requires each BBC local radio station for the English regions to broadcast news bulletins and information of particular relevance to the area and communities it serves at frequent intervals throughout the day, including a significant amount of relevant news and information during the breakfast peak. The Breakfast Peak for BBC local radio stations in England means 07:00 to 08:30 on Mondays to Fridays.
[8] Ofcom's local media qualitative consumer research 2024, pp.26-28.
[9] The Channel 3 Regional Licences require regional news programming to be provided across the nations and English regions. ITV's nations and regions news licences comprises 18 nations, regions and sub-regional services across England, Wales, Northern Ireland, Southern Scotland and the Channel Islands. STV is the Channel 3 licence holder in North and Central Scotland. We use Channel 3 to refer to ITV and STV collectively.

bulletins felt more local than the BBC equivalent. Compared to the situation for local radio, we consider that there is more potential for viewing to switch from Channel 3 to the BBC if the BBC increases or enhances its regional news programmes in future.

3.15 It is very difficult for us to assess the extent of any competitive impact of prospective changes to BBC nations news or English regional news without knowing what these might be. We consider that a relatively small proportion of Channel 3's overall revenues are likely to derive from regional news. However, if the BBC makes a change to its regional news that leads to a very large fall in viewing of Channel 3's regional news then this could potentially affect ITV/STV's incentives to invest and innovate with respect to regional news specifically. These may vary across the different licence holders for the nations and regions as the impact on their audiences may vary across the UK. We would need to consider the impacts on audiences as part of a competition assessment if a material change to BBC nations/regions TV news is proposed.

Local online news

3.16 Our 2023 local media survey found that social media, which is host for a variety of providers of news including the BBC, was the most popular way for audiences to get their online local news and information, used by 38% of adults in the previous month.[10] This was followed by the BBC website or app (35%), websites of local or regional newspapers (26%) and search engines (26%).

3.17 Looking at online local news websites specifically,[11] we have used BBC and Ipsos Iris data to estimate shares of page views (see A2.5-10 for further information on the data used).[12] Based on this information, the BBC's share of monthly average page views in the first half of 2024 across the UK was around 37%. There is a great deal of variation in the BBC's share of average page views across its local index areas.[13] For some local indexes (Jersey, Guernsey, Isle of Man, Shropshire) the BBC share of monthly average page views was over 90% in the first half of 2024. There are also four local index areas where the BBC share of average page views was less than 20% - Tyne and Wear, Kent, Birmingham and the Black Country, and Merseyside.

3.18 For our assessment of the potential competitive impacts of changes to the BBC's online local news offering (which includes the local news available on the BBC News website and via the BBC News app) we have focused our analysis on online local news sites as these are the closest competitors to BBC online local news.

3.19 For online local news we have a recent example where the BBC has expanded its output and we have monitored the impact of this change on commercial providers of local news in Annex 2. Looking across the aggregate picture, we have not found significant evidence that the BBC's recent changes have led to a decline in commercial publishers' page views.

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[10] Local news and information consumed 'on social media' will likely include news content from a range of providers, including content from traditional sources on those platforms, such as public service broadcasters (PSBs) or local newspapers.

[11] Including the BBC News app.

[12] As discussed at A2.7, Ipsos iris will understate the total number of commercial pages views as it does not capture many small sites that have not been viewed by Ipsos panel members. This means the BBC's share of total local news page views is likely to be overstated.

[13] For consistency the four new indexes created by the BBC were included in the home index under which they were previously covered. See paragraph A2.34.

However, we recognise that additional BBC viewing may be displacing commercial viewing to some degree.

3.20 In our qualitative consumer research, participants were given information about the BBC's increased investment in online local news services in England and asked how the changes have or might impact their consumption of local news and information.[14] The overwhelming majority of people reported that they had not noticed the changes. No one claimed to have changed how they consume local media as a result. People were further asked how the changes to BBC local services might impact on their consumption of local media going forward. They found it difficult to predict their future behaviour, in part because they felt it would depend on how the changes manifested themselves as to what difference it would make.

3.21 Participants felt there were differences between BBC online news and other sources of local news. People liked that the BBC provided content free from paywalls and advertising, and felt the lack of advertising and pop-ups made for a more pleasant user experience. Throughout the research, people reported not wanting to pay for local news and information. The BBC was also perceived to have fewer 'sensationalist' stories, and people said they felt confident that the information provided was more likely to be fact checked than some other online sources. However, the service was considered to be less local than some other sources. Some felt that if the BBC was able to provide sufficiently localised content, with a better user experience (for example, advert free), they might choose it over alternative online sources.

3.22 Stakeholders had differing views about the extent of competition between BBC and commercial local online news sites. Hyperlocal websites (those focusing on a relatively small geographic area or community) told us they tend not to view the BBC as a strong competitor. However, most regional news publishers (whose publications tend to cover towns and cities or larger geographic areas compared to the hyperlocals) do see BBC local online news as a close competitor. In December 2023, senior editors of several large regional news publishers (Iliffe Media, Newsquest, Reach Regionals, National World and Midland News Association[15]) made a joint public statement describing the BBC as a 'neighbour from hell'. They argued that the BBC's investment in local online news put at risk jobs at commercial online news rivals. They contended that the BBC has a competitive advantage because it is publicly funded and it carries no advertising, so its stories tend to be prioritised by search engines. Further, they highlighted that the BBC can use its brand to promote content.

3.23 Some stakeholders have argued there is a causal link between increased BBC local online output and the decline in commercial page views, and that this is having a financial impact. We agree that BBC output and page views have increased, and that commercial page views have declined. However, as set out in Annex 2, our analysis does not provide significant evidence that the two are causally linked. It appears the decline in commercial page views is part of a longer-term trend which predates the BBC's changes, although we recognise that the BBC changes may be contributing to some degree.

[14] Ofcom's local media qualitative consumer research 2024, pp.42-45.

[15] Midland News Association was acquired by National World in September 2023. Press Gazette, 29 September 2023. David Montgomery's National World buys Midland News Association.

3.24 We recognise that increased BBC online local news forms part of the headwinds facing local publishers and there may be some local areas where BBC viewing is displacing commercial viewing. In addition, it is possible that future BBC changes will have a different impact on commercial publishers. For example, our qualitative research noted that if the BBC provided more localised online content people might choose it over alternative online sources, suggesting greater potential for substitution. Therefore, some future BBC changes may require further consideration by the BBC and Ofcom.[16]

[16] The BBC is initially required to assess whether a change to its public service activities may have a significant adverse impact on fair and effective competition (is "material"). Only for material changes is Ofcom required to carry out a competition assessment.

4. The local news landscape

4.1 We all perceive and describe local news differently, depending on our background, personal interests and where we live. Ofcom also uses a range of different descriptions to talk about news across our regulatory remit, particularly in areas where we have powers to set requirements, such as our regulation of public service media and the BBC. We often talk about "high-quality news" that is trusted, accurate and impartial. In the case of local media we believe it is useful to highlight a subset of this kind of news, often referred to in the local news sphere as "public interest journalism". While the exact definition of "public interest journalism" varies, we have identified a number of common themes. It can support local democracy and hold local politicians, councils, institutions and business to account for their decisions and policies. It can also help promote community cohesion, give local people a voice and highlight issues of public significance.

4.2 Local news continues to have a valuable role to play in UK society. With audiences at greater risk of exposure to misinformation and disinformation, and views within society - both on and offline - becoming increasingly polarised, the need for both widely available, trustworthy and accurate sources of local news, as well as audiences who engage with it, is ever more important. Further, the role for local news providers may also become increasingly significant in England as more power is devolved away from Westminster to the regions.

4.3 However, professional news gathering to produce trusted, accurate news stories and investigations into local public interest issues can be costly and time consuming. Many local news providers, particularly in print, face a range of challenges in both attracting audiences and generating revenues, which threatens the sector's ability to continue to provide a plurality of local public interest news throughout the UK.

4.4 As set out in our interim report, the local news landscape and how people consume local news continues to evolve. While there remains an appetite among UK audiences for local news across a range of sources, many more people are now finding their news online with 65% of UK adults using their mobile phone for news in 2024, an increase from 29% in 2013.[17]

4.5 Ofcom's 2023 local media survey showed that of the 92% of UK adults using local news or information, 89% of this group now access some content online, including over half via social media (54%).[18] This research also found that 53% of adults using local media watch nations or regions TV news bulletins, 34% listen to local radio and 22% read print versions of local newspapers. This is consistent with consumption habits for news more broadly.[19] However, while there remains availability and appetite for these local news sources and most remain well used by some audiences, consumption has changed considerably in recent years:

[17] Reuters Institute Digital News Report 2024, p.65.
[18] For news more widely, our 2024 News Consumption Survey also found that more people than ever consume news online. Four in ten (40%) UK adults claim to consume news via Meta platforms (Facebook, WhatsApp, Instagram and Threads), 19% via YouTube and 14% via Google Search (this includes both consuming news on these platforms, as well as driving traffic to traditional news websites).
[19] Ofcom News Consumption Survey 2024.

a) Along with TV consumption more broadly, weekly reach of nations and regions TV news bulletins has fallen (from 52% in 2018 to 40% in 2023), at a comparable rate of decline to that seen with national/international news (69% in 2018, 55% in 2023).[20]

b) In the print sector, the proportion of adults using local and regional print newspapers more than halved between 2018 and 2024.[21] It is likely that the Covid-19 pandemic exacerbated the challenges already facing the print newspaper industry - in the five years to 2023, circulation of regional weekly and daily titles declined 19% and 15% each year respectively.

c) Despite the decline in the circulation of printed local newspapers, providers continue to reach a significant number of adults via their online presence. In April 2024, regional Reach plc titles were visited by 58% of online adults aged 15+, followed by Newsquest titles (28%) and National World titles (27%).[22] The reach of online regional and local newspapers or news magazines has been fairly stable over the past 6 years.[23]

d) More widely from 2022 to March 2023 the average monthly audience among UK internet users of commercial local news websites or apps averaged around 36.7 million but since March 2023 there has been a gradual decline in reach.[24]

e) Local radio listening has remained more stable, with the reach of local commercial radio steady over the past five years (49%), while BBC nations/regions stations have seen a slight decline (15% in Q4 2018, 12% in Q2 2024).[25]

4.6 Our qualitative research nonetheless found that participants were most likely to trust traditional news sources, like regional TV bulletins and local radio stations, to provide accurate news and information, compared to news from social media, echoing findings on the lower levels of trust found in news on social media in general. Participants also tended to trust printed versions of local newspapers over their online counterparts.

4.7 Getting people to engage with news and appreciate its value, both to them as individuals and to society more widely, also appears to be a growing challenge. There is evidence to suggest that fewer individuals in the UK are very or extremely interested in news in general (38% in 2024, down from 70% in 2015), while a significant proportion of people feel worn out by the amount of news (38%) and nearly half (46%) avoid the news sometimes or often.[26] There is also a particularly low willingness to pay for online news among people in the UK (8% of UK adults pay for online news compared to an average of 17% across 20 markets surveyed), which was also underlined by participants in our qualitative consumer research.[27]

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

[21] Ofcom News Consumption Survey 2018 to 2024.

[22] Ipsos Iris, reach of 15+ online audience. Reach plc excludes nationals (Express, Star) but includes, for example, Liverpool Echo, Daily Record. Newsquest excludes New European, Exchange and Mart but includes, for example, Northern Echo and York press. National World (was JPI media) excludes national titles (Farming Life, 3 Added Minutes) but includes, for example, Lancashire Post, Glasgow World.

[23] Ofcom News Consumption Survey 2018 to 2024.

[24] Ipsos Iris, reach of 15+ online audience.

[25] RAJAR, all adults 15+. Fieldwork was suspended from the end of Q1 2020 until Q3 2021 due to the Covid-19 lockdowns. This led to subsequent changes in methodology, so comparison with previous quarters should be made with caution.

[26] UK figure comes from Reuters Institute Digital News Report 2024 UK data tables.

[27] Reuters Institute Digital News Report 2024, p.49 and Ofcom’s local media qualitative consumer research 2024, p.41.

4.8 News providers, including in the local sector, now also face unprecedented competition for audience attention – both from other online news sources and from online content more generally. This makes it increasingly challenging for trusted news sources to cut through to audiences, which is of concern given the growing prevalence of misinformation and disinformation.

4.9 These changes in audience behaviour have impacted upon how news is funded and supplied by publishers, and how it is consumed and trusted by audiences. As audiences have moved online, news providers are having to find new ways to attract audiences to both their traditional platforms and to their online news offer and to make money.

4.10 Crucially, despite the shift towards online news consumption, the decline in print and TV advertising has not been offset by digital advertising revenues for traditional providers.

4.11 In addition, online intermediaries now play an increasingly significant role in the news value chain, including the curation, discovery and monetisation of news, by determining search rankings and the news content served to audiences by recommender algorithms, as well as by taking a cut from digital advertising revenues. This intermediation can lead to a weaker relationship between publishers and their audiences, and there are concerns that AI applications used by online intermediaries could further entrench these problems if news publishers are not fairly remunerated or attributed for the use of their content.[28] As noted in our interim report, recent reports suggest that referrals from Facebook to news publishers have fallen over time,[29] and that Meta's removal of the news tab on Facebook and changes made to news on X (formerly Twitter) have contributed to a more challenging environment for local news organisations, many of whom increasingly rely on trying to harness social media to reach audiences and generate revenues.

4.12 Some local news providers are looking to AI for new opportunities, for example to support content creation across different media platforms and free up journalists to undertake more 'boots on the ground' journalism. However there are also concerns about its role in news, including risks to jobs, the quality of content and the potential for AI to facilitate the creation and dissemination of 'fake' content, increasing the risk of exposing people to online misinformation and disinformation.[30]

4.13 As a result of the challenges facing the sector, some local news providers have gone out of business, while others have been acquired by larger news groups as the sector consolidates. Some have also sought to reduce costs and resources, for example by covering a wider geographic area, by cutting jobs or both. These changes have the potential to dilute the local relevance and the quality of content.

4.14 A range of new small or community providers who are keen to fill gaps in the market have sprung up, but they often also struggle to thrive.

4.15 In addition, we have heard from stakeholders about the difficulty in finding and retaining skilled journalists, with some suggesting there is declining interest in journalism as a career

[28] This was highlighted by stakeholders for our upcoming PSM Review, to be published winter 2024/25.
[29] Press Gazette, 9 May 2024. Facebook news referrals: no sign of the slow-down stopping; Reuters Institute, January 2024. Journalism, Media, and Technology Trends and Predictions 2024; and Enders Analysis, 29 April 2024. Life after Facebook: Quo vadis for news distribution.
[30] Ofcom, 15 September 2023. Submission of Evidence to the House of Commons Science, Innovation and Technology Committee's inquiry into the governance of artificial intelligence; and Hsu and Thompson, The New York Times, 2023, Disinformation Researchers Raise Alarms About A.I. Chatbots.

and that fewer people are entering the talent pipeline. Publishers have reportedly cut around 1,600 UK journalism jobs in the last two years across a range of publications, both local and national.[31] Given this, it is perhaps unsurprising that there is also evidence that it has become more challenging for aspiring journalists to find internship opportunities.[32] This difficulty may have been exacerbated by the fall in the number of local outlets where many journalists previously trained and started their careers. Journalists themselves have also raised issues about journalism as a career, including increasingly challenging working conditions and the prevalence of harassment, particularly on social media.[33]

4.16 Despite these challenges, there have also been some positive developments. There is evidence that some titles are starting to have more success in attracting paying digital subscribers. For example, Newsquest recently announced that it had reached 100,000 paid digital subscribers, bringing in over £500,000 per month, and said that while this is not its main revenue stream, it is an important part of the mix. DC Thomson also reported an annual increase in digital subscription revenues of almost 50% in 2022/23 (although these remain 4% of all circulation revenues). In the independent sector, Mill Media, which launched the Manchester Mill in 2020, has expanded to add titles in Sheffield, Liverpool and Birmingham, as well as recently launching titles in Glasgow and London.

4.17 We also noted in our interim report that a number of entrepreneurial 'green shoots' providers have also sprung up in recent years, typically independent outlets with a particular focus on providing public interest news to the communities they serve. Many of these outlets have adopted innovative approaches to attract audiences and generate revenue, for example the Bristol Cable operates a membership model and is owned by local people, with membership contributions making up 35% of its funding.[34] Some outlets are also making use of new platforms and formats to reach audiences, such as Substack-based publications like the recently launched newsletter 'London Centric'. There are also many other small or community titles providing local news in many different parts of the UK, often driven by a single passionate person or small team at the centre with deep links to the local area they serve. These 'green shoots' providers are nonetheless acutely vulnerable to the sustainability challenges facing the sector, generally needing to seek funding from a variety of sources and often reliant on freelance, part-time, or voluntary staff.

What next?

4.18 In recognition of the range of challenges facing the sector, and the risks to the future provision and consumption of trustworthy local news, considerable work has been undertaken in recent years, looking at both the issues and how the local media sector could be supported. This includes the Cairncross Review (2019), the Department for Culture, Media & Sport (DCMS) Committee inquiry into the sustainability of local journalism (2023), and reports by the Public Interest Journalism Working Group in Scotland (2022), and the

[31] Press Gazette, 30 October 2024. News media job cuts 2024 tracked: BBC and ABC News among latest hits. Estimates based on this report: 409 UK job losses in 2024 and at least 1198 UK job losses in 2023 in the journalism profession.
[32] The National Council for the Training of Journalists (NCTJ)'s Journalists at Work report found the majority (73%) of journalists who had taken an internship in the past three years were unpaid
[33] The NCTJ's report found that over half (51%) of journalists have experienced abuse, harassment or violence in their work, although another report for DCMS found a higher figure (76%).
[34] The Bristol Cable states that the rest of its funding comes from grants (60%) and ethical non-corporate advertising (5%).

Wales Public Interest Journalism Working Group (2023). To date, there has been limited take up of recommendations. Looking ahead, we will take note of relevant findings from the House of Lords Communications and Digital Committee inquiry into the future of news, also published this week. The Government has also recently announced plans to develop a local media strategy.

4.19 Some large scale support is already on offer from schemes like the BBC's Local News Partnership (including the Local Democracy Reporting Scheme), and from programmes like the Google News Initiative. There are also currently some rate reliefs available such as local newspaper relief for print publishers.[35] Other industry initiatives include the Public Interest News Foundation (PINF)'s Local News Plans as well as its Tenacious Journalist Awards.

4.20 Some one-off news innovation funds have also previously been available, like the Future News Pilot Fund administered by Nesta in 2019/20, and funds provided by the Welsh Government to support local journalism in Wales. This included the £100,000 Welsh Public Interest Journalism Fund in 2022, which supported organisations committed to delivering locally relevant public interest news and promoting growth in Welsh community news, and the Welsh Public Interest News Accelerator in 2023, which provided a further £200,000 in support for local news organisations, both administered by Ping! News CIC and Omni Digital.

4.21 Stakeholders also told us they are hopeful that the Digital Markets, Competition and Consumers Act 2024 (DMCC Act) will go some way to addressing the imbalance in bargaining power they face when dealing with large digital platforms such as Google and Facebook and will provide greater transparency around referral traffic.

4.22 However, it appears that the levers and interventions that many local news providers currently rely on are often limited in duration and scope, and can lack wider co-ordination. Stakeholders assert that the support available can be vulnerable to change and often lacks long-term funding and certainty. At times, the support available may not have the primary purpose to support local media. Furthermore, in some instances, help may only available to some sections of the sector, for example the aforementioned local newspaper relief only applies to print local newspapers (magazines and online newspapers that are not printed are ineligible).

4.23 Further, the evidence of philanthropic support is limited in the UK and often not guaranteed in the long-term, as demonstrated by Meta's withdrawal from the Community News Project. In addition, media literacy interventions focused on news in the UK tend to be delivered by third-sector organisations where, again, funding is limited and without any long-term guarantees.

4.24 It will be detrimental to audiences, both as consumers and citizens, if a range of trustworthy local news is not available on whichever platforms people seek it from, given the value that it can deliver to local people and its important role in society more broadly. Considering the challenges the sector faces and the interventions currently available, our engagement with stakeholders, as well as our analysis of the market and of previous review findings, suggest that there is more that could be done to help support trustworthy local news provision in the UK, to deliver the benefits of a more stable local media sector to audiences, society and the economy.

[35] Local newspaper relief provides a £1,500 reduction in business rates per year for eligible properties until 31 March 2025.

4.25 This report draws together views on a number of ideas that could help support the local news sector in the UK. These options are focused on four key areas of challenge for the sector that are likely to be central considerations when assessing potential options for support:

a) **To maintain widespread availability of local news:** To reach audiences, a range of local news needs to be readily available where people want to find it, be that online or through more traditional means. However, while local news, and particularly local public interest news, provides value to both individuals and society, producing large quantities of it is often expensive and may not always be commercially viable for some providers. Current levels of provision across the UK vary considerably. The BBC has an important role to play in ensuring audiences across the UK can continue to access high-quality and impartial local and regional news across its services, contributing to the plurality of the local news sector alongside commercial TV and radio broadcasters, print and online press, and community providers. In addition, for local news content to be available, there needs to be a steady supply of skilled journalists, supported by appropriate training, entering the industry.
b) **To successfully communicate the importance of local news to local people:** For the providers of trustworthy sources of local news to have the chance to secure people's attention and build an audience, local communities need to be able to understand and appreciate its value. People also need to have confidence that they can identify reliable, professionally produced, local journalism distinct from other forms of content, emphasising the importance of developing greater media literacy in the UK to help support the local news ecology.
c) **To provide easy access to reliable local news online:** News providers now face unprecedented competition for audiences' attention with the vast range of content available online, from other news outlets and beyond. Online intermediaries have also developed an increasingly significant role in the news value chain, including in the curation, discovery and monetisation of news, and influence the news output that audiences see. It is therefore important that audiences know where they can find trustworthy local news online and that they can access it easily. As explained in Section 5, our Public Service Media (PSM) Review will consider how Ofcom can support audiences' ability to find high-quality news, including local reporting, given the growing role of online intermediaries and algorithms.
d) **To secure audience engagement:** Even where trustworthy local news is available, accessible and valued, providers need to consider how they ensure audiences want to engage with their output, given the competition from a vast range of other content and in light of growing disengagement with and avoidance of news.

4.26 In the remainder of this report, we first set out how Ofcom will continue to consider the provision of local news in its work. We then summarise stakeholder views on a range of suggestions that could be considered by the sector and the Government to help support the future sustainability of local news in the UK, taking into account the four areas set out above.

5. Supporting local news through regulation

5.1 This section builds on themes identified in our interim report. It details how our ongoing work will continue to take into account the UK's local media ecology, so audiences can continue to easily find and access reliable and accurate local news where and when it suits them. This includes how we can support the future of local news via our specific media duties and in relation to our wider obligation to further the interests of citizens and consumers.

Supporting local news through Ofcom's ongoing work

5.2 As set out in Section 2, Ofcom has a range of duties relevant to parts of the local media sector which we deliver through a wide variety of different work programmes. As many of the trends and challenges impact the local news sector also apply to the wider news landscape, we will continue to take these, and relevant recommendations from the newly published House of Lords Communications and Digital Committee report into the future of news, into account when delivering our duties relating to news beyond this Local Media Review.

Regulating the BBC

5.3 The BBC is designed to play a unique role in providing trustworthy, duly accurate and impartial news (including local and regional news), for people across the UK on all of its platforms, as part of its obligations to deliver for all audiences. It contributes to the plurality of the wider news landscape, including at a local and regional level. However, as a large, publicly funded organisation, some changes that the BBC might wish to make could have a significant adverse impact on competition in the wider local news sector (including the potential to inadvertently damage plurality). Therefore, a balance has to be struck between allowing the BBC to make the necessary changes to its services to fulfil its Mission to act in the public interest and continue to serve all audiences, and protecting fair and effective competition.

5.4 Across its news output, the BBC can support audiences in their engagement with major issues at local, regional, national, UK and international levels, and to help people to participate in the democratic process as active and informed citizens. As audiences increasingly move away from traditional platforms, the BBC, like other news providers, must adapt to these changing habits to continue to fulfil its obligations and deliver for all audiences.

5.5 The BBC's news output has a wide audience and has the highest cross-platform reach of all news providers, reaching 68% of all UK adults across its various platforms (TV, radio, news website, BBC Sounds and BBC iPlayer).[36] It also remains highly rated for trust and accuracy across its platforms. 68% of UK adults who are regular users of BBC TV news provision rate it

[36] Ofcom, 10 September 2024. News consumption in the UK: 2024 research findings, p.9.

highly for trust and 70% rate it highly for accuracy, and 67% rate BBC news online highly for trust and 70% for accuracy, similar to scores received by other public service broadcasters (PSBs).[37]

5.6 The BBC's role in the local media sector also extends beyond the news it produces across its platforms. It has requirements to undertake partnerships, which may be with other news providers, and to provide adequate links to material provided by third parties in respect of BBC Online. These obligations are explored further in Section 6 below.

5.7 Ofcom is responsible for holding the BBC to account, on behalf of audiences for delivering its remit.[38] Each year, we report on the BBC's performance and also examine recent changes to BBC services, including in relation to its local and regional output. For example, the BBC has made some well documented changes to its local radio services in England in recent years to reinvest spending into its online local news services. These changes introduced greater programme sharing on local radio at times of the day when listening is lower, while protecting local news bulletins across the day on all local stations, as well as maintaining live sports programming.

5.8 In response to our interim report, a number of individuals provided submissions expressing concern about the changes to BBC local radio, including about the localness of services and the impact on audiences who rely on radio. These are summarised in Annex 1. We also noted in our 2022/23 Annual Report on the BBC that the BBC's announcement of such changes to local radio were met with considerable public criticism.

5.9 We have undertaken work over the last year to monitor the potential competitive impact of changes to BBC online local news output (see Annex 2) and to better understand the impact of the BBC's changes to its local radio services on audiences, while noting that editorial, budgetary and creative decisions are matters for the BBC Board. We have monitored the impact of the changes to BBC local radio on audiences, including analysis of RAJAR listening data across different demographics and at different times of the day, based on information available so far. Our view on the audience impact is set out in detail in our 2023/24 Annual Report on the BBC. In summary, we found that since the BBC completed its roll out of these changes in January 2024, the reach of BBC local radio stations in England has continued to decline, in line with the trend prior to the changes, and there has been little change in the profile of the audience listening to BBC local radio. We will continue to engage with the BBC, on its commitment to review the impact of its BBC local radio changes on particular audience groups, and we will continue assess the BBC's performance in delivering for local audiences across the UK.

5.10 We also plan to provide an update of our view on the BBC's position in local news sectors on a yearly basis in our Annual Report on the BBC. As part of this, we will monitor key metrics in relation to the BBC's position in local news sectors (for example, shares of viewing/listening) and the impact of any additional changes to the BBC's local/regional news services. We will continue to closely monitor market developments including through regular engagement with stakeholders.

[37] Ofcom News Consumption Survey 2024.
[38] Our regulation covers three areas: overseeing the BBC's performance in delivering its Mission and Public Purposes; protecting fair and effective competition; and securing content standards in BBC programming.

Public Service Media (PSM) Review

5.11 Many of the challenges facing local news providers also apply to news providers more broadly. As a result, the public service broadcasters (PSBs) are having to adopt new and evolving strategies to deliver content where audiences are, for example through investment in their digital news products (such as websites and apps) or by increasingly using video-sharing platforms like TikTok, while continuing to fund the delivery of the linear services many continue to use.

5.12 While using online intermediaries can help reach audiences who may otherwise be difficult to engage, it also increases the financial dependency of news organisations on big tech companies, and can lead to difficulties with attribution as consumers can struggle to accurately recall which who provided the stories they saw on social media.[39] PSBs are also having to navigate the developments in AI, recognising its potential to both exacerbate existing challenges and bring new opportunities for news providers. Stakeholder discussions as part of our Local Media Review highlighted the difficulties local news providers also face in harnessing the benefits online intermediaries can deliver, while mitigating the risks that making use of them can entail. We have previously pointed to potential options to address some of the challenges news organisations in general face from online intermediaries in our media plurality and online news discussion document and in our online news research update.

5.13 Despite these challenges, trusted and accurate news remains a cornerstone of the PSBs' remit and it is important that it remains available where people want to consume it. We recently set out the framework for our next PSM Review, which will consider in detail the sustainability of public service media and the availability of high-quality and accurate news, including local news, that audiences can trust. Among other things, the review will assess:

a) How we can support audiences' ability to find high-quality news, including local reporting and investigative journalism, given the increasing role of online intermediaries and algorithms.
b) How broadcasters and platforms can support the media literacy of audiences to help them mitigate the impact of misinformation and disinformation. In doing so, we will work with PSBs to understand their approaches to mitigating misinformation and disinformation and consider what more could be done to give people the skills they need to stay safe and flourish online; and
c) How we can support the sustainable delivery and production of a broad range of UK content, including national and local news, given the funding challenges.

5.14 As we carry out this work, we will take into account the views and specific challenges to local news that have been identified through this Local Media Review.

5.15 The PSM Review will be carried out in two phases. The first phase will be published in winter 2024/25, reviewing the past performance of the PSBs, as well as the challenges to future provision. The second phase will focus on future opportunities for supporting a vibrant PSM system, including considering how high-quality, accurate news can be safeguarded, and will be published in 2025.

5.16 In addition to the PSM Review, Ofcom is undertaking a range of other work connected to the provision of local news on UK radio and TV services.

[39] Ofcom, 24 October 2019, Review of BBC news and current affairs, p. 27.

Changes to the regulation of local commercial radio services

5.17 While local news consumption patterns continue to shift away from traditional platforms towards online sources, the use of local radio has been stable over the last couple of years, at around 53% of UK adults.[40] The provision of local news on commercial radio has been protected by the Media Act 2024, which updates the regulatory framework for commercial radio. The Act removes some rules for local commercial radio services, such as those relating to where programmes are made and what music is played, while strengthening the provision of local news, introducing a new requirement for 'locally gathered' news.[41] We are carrying out work to implement these changes and will publish a consultation on new licence conditions for local commercial analogue licences and draft localness guidance in 2025.

Local TV

5.18 The 34 local TV stations on-air in the UK are all required to deliver local programming, including local news bulletins, to meet the needs of audiences within the area or locality for which they are licensed. While participants in our qualitative research made little mention of the role of local TV stations, and our quantitative research suggested low usage of local TV for local news and information,[42] we recognise that local TV providers can use their position within local communities to provide local news content, including by partnering with others in the local media sector to help meet audience needs. Notably Notts TV was awarded a three-year contract in 2021 to employ Local Democracy Reporters as part of the Local Democracy Reporting Service (LDRS), while KMTV, the local TV channel for Kent, is trialling a multimedia LDRS reporter producing audiovisual content for the area. Local TV also has the potential to deliver social gain by providing training and creating talent pipelines for the wider industry.

5.19 The Government has recently published a Statutory Instrument giving Ofcom the power to renew local TV licences, including the multiplex licence operated by Comux UK Limited. We will complete this process during 2025, which will provide greater certainty for the sector as it enters a new nine year licence period. As part of the renewal process, we will be assessing how licensees will deliver against their local programming quotas over the next licence period, following the statement we published earlier this year about programming commitment delivery in the sector. We have also recently published a statement which sets out our licence renewal process and the timetable we will follow.

Community radio

5.20 Community radio stations typically cover a small geographic area and are run on a not-for-profit basis. They are designed to be local services to serve local people, and programming should reflect the needs and interests of the community. Stations can also generate community benefits and social gain, for example by delivering community news and

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[40] Source: RAJAR; All adults 15+.

[41] This reflects the conclusions of the Government's 2017 consultation on commercial radio deregulation.

[42] Our 2023 quantitative local media survey found that 5% of UK adults use local TV channels for local news and information. An alternative source shows that, across the UK, local TV channels had a total of 1.4 million viewers via DTT (representing 5% of DTT viewers) on average per month between 5pm and 8pm – this time slot is likely to include the evening local news programme, which varies across local TV channels, but will also include other programmes (TV Analytics, May-September 2024, 1+ minute reach).

discussion as well as providing volunteering and training opportunities, which can contribute to the talent pipeline for the wider sector.

5.21 Ofcom has recently undertaken work, including engagement with the community radio sector over an 18-month period, to support the continued delivery of social gain by the sector. Consequently, Ofcom has made changes to community radio Key Commitments to remove specific quotas[43] and focus on ensuring, among other things, that licensees continue to provide social gain and remain accountable to members of their community. These changes recognise that community radio services are not-for-profit entities and are predominantly run by volunteers, and that the social gain provided by the sector forms a key part of its role. For example, by recruiting volunteers and providing education and training, and forging partnerships with local educational establishments to ensure volunteers receive specific qualifications during their engagement with the station. We will continue to work closely with the sector to implement these changes.[44]

5.22 DCMS is also intending to update the community radio legislation, in recognition of changes to the community radio sector. These changes are proposed in two specific areas: 1) updating the funding rules to reflect the changes in the radio sector more broadly, and 2) providing Ofcom with the power to extend community radio licences who have been broadcasting for 20 years for a further period. We expect this revised legislation to be in place in 2025.

Ofcom's Making Sense of Media (MSOM) programme

5.23 Ofcom has a duty to research and promote media literacy. In 2019, we set up the Making Sense of Media (MSOM) media literacy programme to act as a catalyst and convenor, working with a range of stakeholders across the media literacy ecosystem. Our three-year media literacy strategy, published in October 2024, sets out how Ofcom will achieve its goal of making media literacy everyone's business. Exploring how public service broadcasters might address media literacy considerations forms a part of this work and we intend to deliver this objective through the PSM Review.

5.24 Media literacy has a foundational role to play in supporting people to possess the critical thinking skills to better spot misinformation and disinformation and identify news and information they can trust.[45] One aspect of media literacy, sometimes known as news literacy, teaches audiences how to judge the reliability and credibility of news and information, and distinguish professionally produced news from other forms of content.

5.25 The rapid spread of unchecked information online during the riots in England and Northern Ireland in the summer of 2024 highlighted the importance of both these approaches and the role of local news. In an environment where many people get their news online from a wide range of sources, including traditional news providers, social media influencers or other news outlets, we know that misinformation and disinformation can proliferate quickly and spiral out of control, and some people find it difficult to identify what they can trust.[46] We

[43] Including specific speech/music requirements, original and locally produced output, and language requirements.

[44] For more information on Ofcom's work with regards to community radio, see Ofcom, 31 July 2024. Media Nations: UK 2024, pp.54-56.

[45] Ofcom defines media literacy as "the ability to use, understand and create media and communications across multiple formats and services".

[46] Ofcom, 19 April 2024. Adults' Media Use and Attitudes Report.

acknowledge that media literacy education may not lead to greater consumption of local news content, but it can deliver better understanding of the role and value of professional local journalism.

5.26 This is evident in Finland, where two separate measures suggest a correlation between a media literate population and higher levels of trust in local, regional and national journalism. Finland has a well-established tradition of media education and teaches media literacy across the school curriculum from early years to secondary education. The country has ranked top of the Media Literacy Index - which assesses the ability to resist fake news using media freedom, education and trust in people across 47 European and OECD countries - each year since the Index was first published in 2017. In 2023, the UK placed 13th.

5.27 The Reuters Institute Digital News Report 2024 also found that overall trust of news in Finland was the highest of the countries surveyed at 69%, compared to 36% in the UK. Trust in regional and local newspapers in the UK was higher than news overall at 53%, though local and regional newspapers in Finland received higher scores (80% and 78% respectively). There are a range of reasons that help explain Finland's progress with media literacy, but it is clear that its strategic focus on this area has been successful.

5.28 The school curriculum in England includes knowledge and skills relevant to media literacy. However, there is no explicit reference to media literacy and no requirement for teachers to teach these elements in the context of life online. The Curriculum for Wales was recently updated and a Digital Competence Framework was introduced which includes media literacy elements and explicitly makes teachers responsible across the curriculum. The Curriculum for Excellence in Scotland includes social studies topics where issues such as misinformation and disinformation and online misogyny are more likely to be taught and explored. In Northern Ireland, ICT is a cross-curricular subject and maps well onto media literacy, and "media awareness" is also a curriculum aim up to KS3.[47] Children are taught personal skills and safety at primary and secondary level; but there are minimal references to online environments in these subjects and any references would be explicitly applied by teachers.

5.29 In August 2024, the Government said that it was carrying out a curriculum review in England to develop plans to embed critical skills in lessons to arm children against disinformation, fake news and conspiracy theories on social media. We hear a consistent message from our stakeholders about the importance of teaching media literacy skills, including critical thinking, across the curriculum. Ofcom will be engaging with the forthcoming curriculum review where it is relevant to media literacy.

5.30 We will also be commissioning the creation of an intervention to help people in communities experiencing financial disadvantage spot and avoid misinformation and disinformation through understanding how stories become news, with a focus on supporting participants to tell their own local, untold stories.

5.31 Ofcom is also planning to develop tools and guidance to better equip organisations delivering media literacy interventions to teach critical skills that help people identify misinformation and disinformation.

[47] Until young people are 14 years old.

Research

5.32 Further to our 2023 quantitative research, which investigated how audiences use local media, Ofcom will carry out a further Local Media Survey in early 2025 to further our understanding of attitudes to local media, news and information across different parts of the country. Stakeholders have said that they would welcome additional research to shed more light both on the type and volume of content being provided by local media, and how the public feel about local media. This survey can serve as a template for future research Ofcom might want to carry out in response to significant local news stories.

Supporting local news media through a new digital markets regime

5.33 In our interim report we noted that some stakeholders in the print and online sectors are hopeful the Digital Markets, Competition and Consumers Act 2024 (DMCC Act) will go some way to addressing the imbalance in bargaining power they face when dealing with large digital platforms, such as Google and Facebook, and will result in greater transparency around referral traffic. Ofcom and the CMA's joint advice on how a pro-competition regime for digital markets could govern the relationships between online platforms and content providers set out several ways in which large platforms' behaviour might adversely affect publishers. These included a lack of transparency over algorithms, limited access to data on user engagement, limited control over content presentation and branding and fair payment for content.

5.34 The CMA has consulted on draft guidance on the digital markets competition regime as established by the DMCC Act. Under the DMCC Act, the CMA may impose conduct requirements on firms' digital activities with 'strategic market status' (SMS) in line with the following objectives: fair dealing, open choices, and trust and transparency. This has the potential to touch on each of the behaviours set out in the joint advice mentioned above, in addition to emerging concerns from publishers around training AI models using online content without providing remuneration. The CMA will also be able to resolve breaches of conduct requirements relating to payment terms between an SMS firm and a third party or third parties by exercising its power to adopt the final offer mechanism. This tool is intended as a backstop measure if other steps prior to and during the enforcement process have not succeeded in securing compliance. It sees the CMA select between the offers on payment terms submitted by either side.

5.35 Our interim report also discussed the impacts of the bargaining codes that have been implemented in Australia and Canada. In each case, the legislation was specifically focused on providing compensation to news outlets when their content is made available on large online platforms. The digital markets competition regime set out in the DMCC Act is broader than these two regimes and will impact a range of markets, beyond news publishers. However, it is too early to gauge the likely impact of the regime in any market as the CMA is yet to designate any firm as having SMS in relation to a particular digital activity. Before it can do this, the CMA's guidance must be approved by the Secretary of State, the DMCC Act must be commenced by Parliament, and then the CMA must undertake an investigation to assess whether the firm meets the tests for SMS in relation to the digital activity in question, which carries a nine-month statutory deadline.[48]

5.36 There are a number of competition investigations that have been carried out by the CMA in recent years into digital markets. These include its ongoing investigation into Google's ad tech practices, monitoring of Commitments offered by Google in relation to its Privacy Sandbox browser changes and its cases looking at Google's Play Store and Apple's App Store (now closed but which identified concerns that may be considered under the new digital markets regime). The outcomes of investigations like these and similar ones in other jurisdictions (such as the European Commission's investigation into Google's practices in the ad tech sector) still remain to be seen, but if digital markets are made to function more fairly and efficiently there may be an upside for publishers and consumers.

5.37 It is important to note that the aim of competition regulation is to ensure markets operate fairly and that market power is not used to unduly impact competition and consumer outcomes. We consider it is unlikely that a well-functioning digital advertising market will deliver the same revenues to publishers as the print advertising market did in the past, given that the online advertising market is more complex and value flows in both directions. Publishers benefit from online platforms displaying and promoting their content, allowing them to create relationships with new audiences. Platforms benefit from direct and indirect advertising revenues, an improvement in the services they offer through publishers' content, increasing consumer loyalty, and a greater understanding of their consumers through the way they engage with content.

5.38 Furthermore, such regulation is in our view unlikely to secure and protect public interest news, which we have seen is generally not well served by the market but delivers wider social benefits. The challenges faced by the sector need to be addressed by a multifaceted approach. The new digital markets competition regime may go some way to ensuring that the relationship between the major digital platforms and publishers is fair for both sides and could see additional revenue going to local media providers. However, additional steps are likely needed to support the sustainable provision of local public interest news that is able to successfully reach audiences.

[48] Section 14(2) of the DMCC Act. This is subject to the CMA's power to extend the deadline in the circumstances set out in section 104 of the Act.

6. Wider options for consideration

6.1 In this section, we draw on our research and analysis, as well as our discussions with stakeholders, to reflect a range of ideas put forward during our engagement or proposed by previous reviews which could help support the continued provision of trusted local news in the UK. It is not an exhaustive list, instead we focus on areas where the evidence we have gathered offers a fresh perspective or where there may be the opportunity to give previous proposals further consideration, given the trends in local news consumption and the associated challenges. Many of these ideas could be applied cross-platform, recognising both the way in which many local news providers now operate, as well as how audiences now tend to consume local news and information. [49]

6.2 These ideas sit outside Ofcom's regulatory remit and we have not conducted impact assessments or examined alternatives. Therefore we are not in a position to endorse or recommend the ideas presented. However, it is clear that plural local news provision throughout the UK is in the interests of citizens and consumers, and we consider our review would be incomplete without this summary of suggestions from stakeholders and previous reports, that align with the four key areas of challenge for the sector we identified at the end of Section 4.

6.3 We are also acutely aware that a number of the ideas and findings in this report are formulated around a centralised, top-down approach to supporting the sustainability of local news in the UK and that some could be designed to also support the news industry as a whole, rather than just local news. Should any of these initiatives be considered further, it would be important, in each case, to develop a policy approach and tools that could be applied flexibly at nations and regions levels, to effectively support both the sector and communities in different local media environments across the UK.

6.4 Financial constraints will limit the extent to which these options could be taken forward. We nonetheless consider that providing insight into a variety of possible support mechanisms for local news provision may provide useful input to the industry, wider interest groups, and the Government, particularly as the latter develops its new local media strategy.

Ideas for funded intervention

Innovation funding

6.5 As part of the Government's response to the Cairncross Review, Nesta was given the task of administering a government-backed trial innovation fund aimed at improving the supply of public interest news. The £2m Future News Pilot Fund launched in 2019 and 20

[49] Most of the options set out are intended for the Government (and the BBC) to consider. Therefore, we have not carried out a full assessment of their impact. In principle, we would expect our wider recommendations to have a positive impact on UK citizens and consumers, including all equality groups, and on the local media sector.

organisations across England were selected from 178 applicants and awarded grants to test new and innovative approaches to public interest news, including:

a) Shout Out UK, who designed and delivered media literacy courses for young people aged 14-19.
b) OneSub, who created an AI-informed subscription service to personalise users' experience by providing them with information about the news consumption, their personal biases based on that consumption and richer recommendations for articles to balance their consumption, and reworked their Chrome web browser extension to collect data.
c) The Bristol Cable, who tested engagement models to see if they could be used to build trust and relevance among communities underserved by journalism in the city.

6.6 Following the completion of the pilot fund, Nesta's end of programme report, found that "shoots of a news innovation ecosystem" were forming but long-term public investment into innovation was needed to sustain public interest news. The report recommended that the Treasury should create a new scheme to "provide financial support to small and medium enterprises working at the cutting-edge of journalism", but the proposal was not taken forward.

6.7 In 2023, the DCMS Committee inquiry into the sustainability of local journalism considered the Future News Pilot and in its report noted some criticisms of the fund made in submissions to the inquiry, including that it was too small, focused on niche areas that could not be scaled, and that it would have benefited from clearer focus. The Committee recommended that the Government build upon the Future News Pilot Fund and create a long-term public interest news fund with a remit to support innovation.[50] At the time, DCMS noted that it would "continue to explore options for additional fiscal measures to support the sector". The then Minister also noted the Department was "looking at whether there is value in developing a more substantial fund with more targeted interventions".

6.8 In our discussions with stakeholders, there was support for the idea of reviving an innovation fund focused on providing short-term seed funding to help local news providers embrace new ways to improve output and build more sustainable businesses for the long-term. This was seen a very different proposition from a direct subsidy model that simply pays content producers or provides tax relief or incentives.

6.9 Stakeholders and our own research also highlighted international examples of governments providing financial support for local news. In Canada, the Local Journalism Initiative will receive $58.8m over 2024-27 to support the creation of news for underserved communities. In Europe, countries such as Belgium, Denmark and the Netherlands supply a range of funds to support regional and local media innovation.[51] In 2024, the Irish government allocated €6m for Journalism Schemes aimed at supplementing and enhancing broadcasting, print and online coverage of local authorities and district and circuit court hearings. A further €4m for the scheme was announced in the Irish Government's 2025 budget, alongside new funding to support independent commercial radio services in Ireland to produce local news and

[50] Culture, Media and Sport Committee, Seventh Report of Session 2022-23, Sustainability of local journalism, p. 19.
[51] Sofia Verza, Tijana Blagojev, Danielle Borges, Jan Kermer, Matteo Trevisan, Urbano Reviglio, February 2024. Uncovering news deserts in Europe: Risks and opportunities for local community media in the EU, p. 207.

current affairs content. Within the UK, the Welsh Government has provided funds to support local journalism directly (see Section 4, para 4.20).

6.10 An EU-funded Local Media for Democracy programme to tackle 'news deserts' saw almost €1.2M distributed between 42 local media organisations in 17 EU Member States during February 2023 to July 2024. Awards were made to help recipients innovate, develop new business strategies and reach new audiences. A review of the programme found that 20 new local and hyper-local web services were created, while six legacy local publishers were able to modernise their existing websites. Recipients also diversified their businesses by launching apps, email newsletters, podcasts and video content. In addition, 15 recipients took part in training and mentorship programmes on business strategy and efficiency. Recommendations from the review state that the programme was successful in enabling agile innovation, but funding needs to be sustained in the long-term to achieve lasting impact and to respond to the changing media market.

6.11 Countries with a tradition of philanthropy in news have managed to marshal significant funds to tackle the issues faced by local media. For example, Press Forward has pledged $500m to reimagine local news in the United States. However, in the UK the struggles of existing organisations operating in the sector to find financial support to address these challenges could indicate that philanthropy alone is unlikely to provide sufficient long-term support for a UK innovation fund.

6.12 Some stakeholders we spoke to argued that online intermediaries could be subject to a levy to provide additional funding to support the news sector in recognition of the financial benefits they derive from UK news creation, although online intermediaries have argued they receive limited revenue from news.[52] Lottery funding, much of which has a community focus and has provided individual grants to a number of independent news providers, may also be another possible funding source.

6.13 Looking ahead, there may be a case for an innovation fund with a remit to provide funding to help individual local news providers embrace new ways to improve output and build more sustainable businesses for the long-term. This could help support the sustainability of local public interest news in the UK overall. Further work would be needed to determine clear criteria and objectives for the scheme and to determine the level and duration of funding. Work would also be needed to determine who would manage such a fund (whether, for example, it would be managed by an Institute as described below or by another body).

Summary

The creation of a long-term, appropriately financed, innovation fund to support the provision of local public interest news for the benefit of citizens and consumers, could complement the sector's own efforts to sustain itself, and help to compensate for the limited support currently available. We recognise that funding, as for other options, is challenging.

Public Interest News Institute

6.14 The idea of a body to support the sustainability of public interest news in the UK, or in one of its nations, has been proposed by several previous reviews and working groups. The

[52] Culture, Media and Sport Committee, Seventh Report of Session 2022-23, Sustainability of local journalism, p. 34.

Cairncross Review (2019) recommended the UK Government establish an Institute for Public Interest News, the Scotland Public Interest Journalism Working Group (2021) recommended that the Scottish Government should work with stakeholders to establish a Scottish Public Interest Journalism Institute, and the Wales Public Interest Journalism Working Group (2023) recommended that the Welsh Government should establish a Wales Media Institute.

6.15 Five years on from the Cairncross Review, the challenges to maintain the provision of reliable local news (see Section 4) remain and there are limited primary and secondary levers currently available to provide financial, organisational and strategic support where it is needed. There is currently no single well-funded organisation to act as a convener to help lead and shape the future of the local or wider news sector. In the absence of a dedicated body, other organisations have been carrying out valuable work in this space. For example:

a) The Public Interest News Gateway (or Ping!), has provided a new revenue stream for independent community journalists by making their content more easily available to traditional national and regional publishers. This has been run in collaboration with the Independent Community News Network (ICNN), which supports community news hubs and hyperlocal news organisations, and the Google News Initiative, which works with publishers to combat misinformation and share resources.
b) The National Council for the Training of Journalists (NCTJ) carries out research and training and recently announced that it would commit £450,000 of funding to the Community News Project, following Meta's withdrawal from the scheme, although we note that, in the long-term, this funding alone is unlikely to be sufficient to maintain the scheme's current scale.
c) PINF supports independent organisations that provide local public interest news, carries out research and identifies ways to engage with audiences and build knowledge and understanding of public interest news (see paragraph 6.57).

6.16 There are a range of ideas that stakeholders told us could help the sector, which could potentially be implemented through an institute model. For example: providing contestable funding schemes, identifying ways to shore up the talent pipeline for new journalists across platforms and implementing news voucher schemes to encourage engagement with local news. There were also calls for the creation of a central repository for research, and for new research to be carried out on topics such as how to tackle declining audience engagement in the context of an increasingly challenging, disaggregated media landscape, or analysis to better understand the content, volume and distribution of local news.

6.17 The Centre for Media Pluralism and Freedom at the European University Institute in Florence is an example of such a body. It works in partnership with multistakeholder partners, such as the EU, industry bodies and regulators, to conduct and disseminate research on media matters in Europe, as well as to deliver training and administer targeted funding programmes such as the Local Media for Democracy project. Across Europe there are a number of other organisations that carry out some of the functions described above, such as the Dutch Journalism Fund - SVDJ which receives funds from the Dutch Ministry of Education, Culture and Science to fund grants especially for local journalism, investigative journalism and innovation, and to share knowledge and trends about the sector, host events and conduct research.

6.18 However the creation of a new body would be costly and the question of funding is challenging both in terms of finding and maintaining finance and ensuring the independence of such an institute. Even arm's length funding for journalism could risk perceptions of inappropriate government interference with the press, as indicated by both the UK

Government's response to the Cairncross Review when explaining its decision not to take the recommendation forward, and the Scottish Government's response to the Public Interest Journalism Working Group's report. This is a sentiment that was also echoed by some industry stakeholders.

6.19 Further work would be needed to determine the viability of an appropriately funded institute with a remit to support the sustainability of local public interest news in the UK, including assessing how it could be funded over the long-term, who might set up and lead such a body and whether it should be configured to also provide assistance for the wider UK news sector.

Summary

Although the previous Government indicated in 2020 that it did not intend to pursue the creation of a publicly funded body with a remit to support the sustainability of local public interest news, an appropriately funded institute is a proposal that has had broad backing in the past and remains an option that could be considered in future.

The Local News Partnership and the Local Democracy Reporting Service

6.20 The BBC's Local News Partnership (LNP) is a collaboration between the BBC and more than 200 local media organisations, representing over 1,100 print, online or broadcast outlets. It comprises three core projects, explained in detail in our interim report.[53] In brief: the News Hub gives partners access to local BBC video material for use online; the Shared Data Unit (SDU) provides data journalism and delivers data training to the industry; and the Local Democracy Reporting Service (LDRS) places 165 Local Democracy Reporters within local media organisations to report on local councils and other public services across every local authority area in the UK, with their reporting accessible to all partners though a central portal. The functioning and delivery of the LNP does not fall within Ofcom's regulation of the BBC.

6.21 In our interim report we set out the broad consensus from stakeholders across the sector that the LDRS in particular was an important addition to the sector. The type of reporting covered by the service was seen as being of high societal value but low commercial sustainability, given that it is expensive to produce and has a relatively small audience. It has been described as providing an important baseline for local democracy reporting which the rest of the sector can build upon. Within that context, stakeholders suggested a range of ways in which they believe the service could be improved and expanded.

6.22 Having considered the views that were put to us through our stakeholder engagement and further discussions with the BBC, the NMA and DCMS, and assessed the previous analysis of the LNP and LDRS, we are of the view that the partnership offers distinctive and important value to the sector. We have found that the discourse around the scheme's future can be split into four key areas, which are set out below:

Transparency and accountability

6.23 The LNP is currently funded through the BBC licence fee and as such it is reasonable that its performance should be transparent and accountable. The BBC produced a thorough internal review of the LNP in 2020, at arm's length from the core LNP team. This looked at all aspects

[53] Ofcom, 2024. Review of local media in the UK, Part 1: Initial findings, p.41.

of the scheme's operation and made a series of recommendations. Four years on, many of the concerns we have heard from industry echo issues highlighted in the review. These included the views that: more opportunities should be given to independent local news outlets to become LDRS suppliers; more video and audio content should be produced in addition to text-based output; and the rules of the scheme should be better communicated and policed. The NUJ recently reiterated its concerns about LDRS journalists being asked to work outside their remit, as well as pressures on their workloads and pay. We note that in response, the BBC has indicated that it will shortly announce a new funding model for the 2025-2027 contract period.

6.24 References to the LNP and LDRS in the BBC's subsequent Annual Plans and Annual Report and Accounts have focused on the number of stories it has produced and have not included updates on the recommendations made in the 2020 review. However, we have learned from our discussions with the BBC that some progress has been made, such as the changes to the sizes of LDRS contracts which are discussed further below.

6.25 While we recognise that sensitivities around confidentiality may be a contributing factor to this, there appears to be scope for the BBC to do more to demonstrate to stakeholders how the scheme is performing. This includes how it has held local institutions to account and how the journalists who have passed through the LDRS have been able to apply their skills and experience to the sector more broadly.

Access and awareness

6.26 We recognise the efforts the BBC has made in a number of areas to make the LNP more accessible, particularly to independent media organisations. The BBC has worked to attract more partners over the scheme's lifetime, with the number increasing from around 80 at the start to more than 200 today.

6.27 The BBC also chose to reduce the number of LDRS reporters a news provider must take on to become a supplier to encourage a greater number of smaller and independent outlets to apply for the 2021 round of reporter contract awards. The number of local news organisations that secured contracts in 2021 increased from 10 to 18, however the number of applications was small compared to the number of partners and the significant majority of LDRS reporters remained with large publishers.

6.28 The application process for LDRS contracts for the 2025-27 period of the scheme is imminent and it is evident from the BBC's recent engagement with stakeholders that it is keen to encourage more independents to apply to become suppliers as well as partners. It is clearly desirable for the BBC to reach all of its partners with this message, to encourage a diverse range of applications.

6.29 While some local TV and local commercial and community radio outlets are currently LNP partners and a handful have supplier contracts, such as Notts TV and Radio Exe, the significant majority of partners and suppliers are from the print and online news sectors. Ensuring that local providers with a focus on audiovisual content are aware of the benefits of the scheme and how they can engage with it would contribute to the diversity of the partnership across different platforms.

6.30 The BBC has also taken steps to make the rich data packs and data journalism training it offers through the SDU more accessible to independent news outlets. Its 2020 review of the scheme noted that small newsrooms may find it difficult to send a journalist on the three-month data journalism course the BBC offers, and we understand that the BBC developed some shorter online training during the Covid-19 pandemic that is more accessible.

6.31 The BBC has taken steps to improve access to both the LDRS and the SDU for partners. Further steps could include clearly promoting the benefits of the partnership to the whole sector so a wider range of news outlets can take full advantage of what is on offer, amplifying the impact of the scheme and in turn reaching more consumers with public interest news.

6.32 Opening up the partnership to allow appropriately vetted non-news organisations to benefit from its resources could also help the LNP's public interest content reach wider audiences. For example, universities could make use of LDRS stories, SDU data packs and data training for education (including media and journalism courses), research and student media. Other non-profits may benefit from being able to share local information relevant to their work.

Focus and expansion

6.33 The Cairncross Review, the DCMS Committee inquiry into the sustainability of local journalism and many of the stakeholders we spoke to suggested various ways the scheme could be expanded to help both further support the sector and increase the availability of more local public interest news. The LDRS currently has 165 journalists who between them cover all 317 local authorities in the UK, with some covering multiple authorities. Suggestions for how aspects of the service could be refocused or expanded have included:

a) Increasing the number of reporters to allow more dedicated coverage of each local authority area;
b) Shifting focus from using the BBC News Hub to provide multimedia content to increasing the amount of multimedia content produced by LDRS reporters.
c) Increasing the number of reporters to broaden the scope of reporting to further cover public institutions, such as health trusts, fire authorities and Police and Crime Commissioners; and
d) Increasing the number of reporters to target areas that are underserved by other local news outlets.

6.34 Proposals a) and b) build upon what the LDRS is currently doing to further enhance the value it delivers, while c) and d) take it into new territory. There are risks as well as benefits to the latter. Expanding to enhance coverage of a range of public institutions would better hold them to account but would see the service shoulder even more of what local journalism should be providing. Focusing on underserved areas would deliver enhanced reporting for those parts of the country that really need it but would position the partnership as a service to address 'market failure' rather than providing a holistic baseline for local public interest journalism across the UK.

6.35 There is an appetite from stakeholders in the print and radio sectors for the BBC to share audio and video content that can sit alongside advertising. Multimedia content produced by an LDRS reporter can have advertising placed alongside it, unlike the BBC branded content shared through the News Hub. The provision of the multimedia LDRS reporter that is being trialled with KM Media Group (which produces local newspapers and websites as well as radio stations and a local TV channel in partnership with the University of Kent) has been well received by partners. As noted in our interim report and the BBC's 2020 review of the LNP, the News Hub itself has been underutilised by partners both due to this advertising issue and poor user experience. From what stakeholders have told us, there may be value in the BBC exploring whether it could reallocate News Hub resource to other parts of the LNP, such as multimedia reporters.

6.36 The BBC's 2020 review noted that the data packs and data journalism training offered by the Shared Data Unit have been successful in encouraging the use of data journalism in partner newsrooms. This is in line with the Cairncross Review's recommendation that the BBC should do more to share its technical and digital expertise for the benefit of local publishers. It also suggests that stronger partnerships with the local news industry should ensure that the BBC's continued investment in its own news gathering and distribution capabilities can bring wider benefits to the local news industry. The Government's BBC Mid-Term Review 2024 also highlights the BBC's role in collaborating with the press sector and urges the BBC to consider what more it can do to support all parts of the local news sector. The BBC could build on the training it currently offers to local providers and further collaborate with the sector to amplify the impact of important local stories.

6.37 The kinds of expansion outlined above could be considered when shaping the future of the partnership for the next BBC Charter period. Discussion of how any expansion could be funded will be an essential part of these negotiations.

Funding

6.38 While some of the changes set out above might be achievable within the scheme's existing budget, material expansion would require additional funding. All of the funding for the LNP currently comes from the BBC licence fee. Given the BBC is facing funding pressures more broadly, there needs to be further consideration of the future funding model of the partnership to determine whether using the licence fee alone is sustainable for its continuation or expansion, or whether additional or alternative funding sources are needed.

6.39 The future funding of the partnership is for the Government and the BBC to discuss in their negotiations for the next BBC Charter, which will begin in 2028. However, given the pressures currently facing many local media providers, if further funding were to be secured before the start of the next Charter period, some of the potential areas for expansion could be brought forward.

Summary

Our findings indicate that there would be value in assessing each of the following areas when considering the future of the partnership: the transparency and accountability of the scheme; its impact and performance; access to its projects and content, and its potential for expansion. This could inform the Charter negotiations between the Government and the BBC around the scheme's future, including the case for any future expansion or additional funding.

The public notice rules

6.40 Local authorities are required by statute to publish public notices about certain types of legal proceedings, such as planning applications, in local printed newspapers that are published at least every 26 days.[54] The aim of publishing public notices is to bring this information to the attention of a wide local audience and provide the opportunity for local people to engage with proposals that impact their area before decisions are taken.

[54] Public Interest News Foundation, 5 October 2023. How do we reform local government spending on public notices?

6.41 In practice, the money spent by local authorities on publishing public notices has become an increasingly important revenue streams for some local print publishers, as other forms of income, such as print advertising, have declined.[55] As a result, it is widely considered that the money spent on public notices has become a form of subsidy for some local print titles.[56]

6.42 As set out in Section 4, the way people consume local news and information has changed considerably in recent years, as audiences increasingly turn to online sources over traditional ones. Earlier this month, the Government recognised the growing importance of online news consumption by launching a consultation on updating the media mergers regime to include online news sites and news magazines, as well as television, radio and print newspapers. As online news consumption has increased, the circulation of many print local newspapers has declined and many traditional local news publishers have adapted to offer online news, alongside newer entrants providing local news in print and/or online. We recognise that some audience groups remain more reliant on print newspapers to access local news and information.

6.43 Concerns were raised in our engagement with stakeholders, and by previous reviews,[57] about the criteria used to determine where public notices are advertised. Some feel that the rules are outdated by focusing solely on print newspapers publishing at least every 26 days, excluding online news providers or those publishing less frequently from accessing this revenue stream. Other stakeholders however warned against any changes to the public notice rules, noting the potential impact on people who rely on print newspapers for their news, as well as the financial risks to providers currently in receipt of public notice revenues.

6.44 There have been some efforts to digitise public notices, in addition to publishing them in print newspapers, recognising that audiences are increasingly seeking local information online. For example, local authorities typically publish notices on their own websites, while the News Media Association (NMA) has worked with its local and regional press membership to create a Public Notice Portal, funded by a £1m grant from the Google News Initiative, which allows people across the UK to find, save and share notices from their area using postcode look-up. The NMA reported in November 2023 that the Portal had received one million page views. In Scotland, the Tellmescotland portal has been set up by the Improvement Service, the organisation for local government improvement in Scotland, to allow people to access public notices issued by local authorities across Scotland. These portals may make it easier for people to find public notices online, though this approach relies on local people being aware that the portals exist and proactively seeking out public notice information, rather than discovering it naturally in a newspaper or on a website.

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[55] Estimates vary on how much is spent on public notices by local authorities. In 2012, according to the Local Government Information Unit, £67.85m was spent. In 2022, PINF calculated it was £46.29m, while a survey carried out by the Local Government Association, published in 2023, estimated that upwards of £28m is spent each year on public notices, with the average (mean) spend by local councils in the 2021/22 financial year standing at £76,753.

[56] Culture, Media and Sport Committee, Seventh Report of Session 2022-23, Sustainability of local journalism, p.19.

[57] For example, Ministry of Housing, Communities & Local Government, August 2020, White Paper: Planning for the Future, p.15, 19-20. Public Interest Journalism Working Group recommendations: Scottish Government response, 14 June 2022. Culture, Media and Sport Committee, Seventh Report of Session 2022-23, Sustainability of local journalism, pp.19-21. Wales Public Interest Journalism Working Group, July 2023. Of and For Wales: Towards a Sustainable Future for Public Interest Journalism, p.18. Welsh Parliament Local Government and Housing Committee, March 2024, Local Government Finance (Wales) Bill Stage 1 Report, pp.69-74.

6.45 The concerns raised by stakeholders from across the sector about the current rules on placing public notices - and the potential impact on those currently in receipt of public notice revenue if the rules were changed – are longstanding and ongoing. We recognise that the current rules on public notices may not have kept up with how people consume local news and information, and how many publishers now seek to reach audiences. We also acknowledge that there are potential risks to any changes to the public notice rules on the increasingly fragile local print newspaper sector, and to audiences who are less digitally engaged.

Summary

> The public notice rules are a matter for the Government. Our findings suggest that concerns about the current rules, and the risks associated with any potential changes to them, continue to persist across the sector. We have reflected the spectrum of views we have observed on this topic, which could help to inform any further discussions on the issue.

Local Government Areas

6.46 Discussions with stakeholders indicated there may be scope for Local Authorities and Metro Mayors to play a role in supporting the local media ecology in each of their areas. Ideas include championing the continued provision of local news by more actively engaging with local journalists, raising awareness of local news titles and highlighting the importance of trustworthy sources of local news, all with the aim of helping to encourage greater public engagement with reliable local media providers. However, we recognise the financial challenges facing local government and the funding implications associated with some of these themes and ideas.

Journalistic access to public bodies

6.47 It is important that the press is fully independent and can hold local public bodies to account on behalf of local people. In particular, as more power in England is devolved away from Westminster to local leaders across the regions, there will be more responsibility placed on local publishers to hold local public institutions to account. Some stakeholders and participants in our audience research felt that local news providers now use press releases from public bodies or other premade content to produce stories, rather than carrying out their own investigations on issues.[58] It was suggested to us by one stakeholder that this practice was, in part, due to it being harder to access and engage with a range of public bodies.

6.48 Local authorities could consider ways to support accountability and scrutiny of their work. The English Devolution Accountability Framework, published by the Government in 2023, suggests ways in which institutions could enable greater scrutiny by local and national news publishers, while the 'trailblazer' deals in Greater Manchester and the West Midlands commit those Authorities to, where appropriate, run Mayor's Question Times, "chaired by an independent person – a local journalist or businessperson, for example". There could be scope for other public bodies across the UK to learn from this type of approach.

[58] Ofcom's local media qualitative consumer research 2024, p.36.

Local authority advertising

6.49 Some local news providers have called for changes to how central and local government place advertising. Larger publishers have argued for more advertising to be placed with local media providers instead of with online intermediaries. Smaller publishers have suggested that advertising that is placed in local media typically going to large local publishers, and feel it can be challenging for new entrants and smaller providers to benefit from central and local government spend on advertising. These concerns were noted in the DCMS Committee inquiry into the sustainability of local journalism report, which recommended that the Government audit the public money that supports the local news sector, and follow up with an analysis of whether this money can be more fairly distributed. The Government responded that its advertising expenditure is distributed according to policy considerations related to audience reach and effectiveness of public information campaigns, and it would not be appropriate to analyse this expenditure with a view to any redistribution according to press sustainability goals.

6.50 Advertising spend at both a national and local level has become an important source of revenue for local media providers. However, unlike public notices where there is a requirement for local authorities to place notices in public newspapers, we recognise the primary aim of government advertising is to communicate to the widest possible audience while delivering value for money to taxpayers, and that there are likely to be similar priorities for local authorities when allocating their advertising budgets. Given the changes in news consumption patterns, local public bodies may want to consider the role smaller and new news providers could play in achieving broad reach and delivering value for money for the taxpayer.

Awareness, engagement and media literacy

6.51 Stakeholders suggested a range of ways local government could support the awareness of and engagement with the local press among communities. These included news voucher schemes to encourage subscription to local titles and initiatives to incentivise publishers back onto the high street, with the aim of building stronger links between local news publishers and journalists and the communities they serve. The desire to see the local newspaper business rate relief extended was also voiced, which is a matter for government.

6.52 There may also be opportunities to embed media literacy education into existing community cohesion programmes being delivered, for example in the form of training key figures in grassroots community organisations to deliver sessions, in partnership with local news providers.

Summary

Many local authorities are facing a challenging financial outlook, which may limit their ability to provide financial support for the local news sector such as through advertising spend or high street rent schemes. Stakeholders have also suggested other ways that local authorities could support local news in their areas, including through access to public bodies and key figures to support journalists’ ability to hold local institutions to account and scrutinise decisions on behalf of local people.

Considerations for the sector

6.53 While there is a place for developing further external interventions to help support the sector, we also encourage local news providers to continue to challenge themselves to find creative ways to address the issues their sector faces.

Media literacy

6.54 As set out in Section 5, we recognise the importance of media literacy in supporting audiences to identify professionally produced local journalism as distinct from other forms of information. We also recognise that media literacy can improve public understanding of the value of public interest news in holding power to account, such as by investigating abuses of power in the public and private sphere, by supporting community cohesion, and in helping audiences understand and feel engaged in local democratic processes.[59]

6.55 Currently many media literacy interventions focused on news in the UK are delivered by third-sector organisations[60] within a fragile funding environment which lacks sustainable, long-term finance. Some receive funding from online services including social media platforms but taken as a whole this work does not deliver at scale and research suggests it only reaches a fraction of the UK's population. Encouraging online services to promote, support and directly fund media literacy skills development is a goal in our three-year media literacy strategy.

6.56 Within this context, the news providers also have a role to play in supporting the media literacy skills of their audiences. Some national news organisations run media literacy programmes including the Guardian Foundation, Sky News and the BBC. These range from in-person interventions to providing online materials. On a local level, independent providers such as the Ferret teach media literacy skills and knowledge in interventions, including through its fact-checking workshops.

6.57 We note that PINF called for an education programme to build knowledge and understanding of public interest news among the general public as part of its foundational blueprint. PINF's outreach work in 2024 is focusing on capacity building in their network of independent news publishers, identifying ways to engage audiences in the news creation process. It does not reference a general news literacy education programme.

6.58 Based on our research, and what we know from our stakeholders, bottom-up approaches which engage with people at grassroots are particularly effective at delivering media literacy outcomes and potentially lasting impact. Our research also recommends co-design approaches which involve audiences in programme design. Asking people to contribute their lived experiences and talk about what they might need prevents programmes teaching what people already know.[61] As noted below, we would also encourage publishers to consider opportunities to collaborate in this area, to share experience and expertise and to better promote media literacy.

[59] The Cairncross Review.
[60] Ofcom media literacy initiatives library.
[61] Ofcom, 13 June 2022. Making Sense of Media – Initiate: what works in delivering community programmes.

Summary

> We recognise the importance of a grassroots approach to media literacy that engages with communities and therefore recommend that local news organisations develop news literacy programmes in conjunction with their communities. These approaches can be informed by our expertise on what works in the delivery of media literacy at a community level.[62] We suggest any programmes could have a particular focus on groups identified in our media literacy strategy - children and young people, and communities experiencing financial disadvantage. We know from our research and that of others that these groups can be less engaged in news and local democratic processes. We recognise the funding challenges associated with this recommendation for local news providers.

Innovation and collaboration

6.59 Publishers of all sizes should continue to challenge themselves to explore their capacity to innovate editorially to enable audiences to find and consume public interest news content as easily as possible. Publishers should also consider what more they can do to raise the profile of their work and how they can engage more with their local communities.

6.60 Additionally, both providers and audiences may benefit from publishers working together more. In carrying out this review, we have come across a range of examples of successful industry partnerships and collaborations of different sizes, such as:

a) S4C, in partnership with ITV Cymru Wales, provide short-form Welsh language current affairs content for the *Hansh Dim Sbin* platform across social media and for S4C's digital news services, aimed at young people.
b) Four news titles in Bristol – Bristol Live, Bristol World, Bristol 24/7 and the Bristol Cable – came together in March 2024 for a campaign aimed at tackling knife crime in the city. The campaign was also reported on by other local news providers, including BBC Bristol.
c) In June this year, the Public Interest News Foundation (PINF) held its inaugural Indie News Week designed to raise the profile of independent news providers across the UK, including through community engagement. Many participants held events or other initiatives working with local institutions, such as through visits to schools and education centres.

6.61 There may be scope for both large- and small-scale collaborations across the sector, subject to compliance with competition law. For example, bigger projects could include developing a shared media literacy plan and/or collectively promoting awareness of the role and value of local media to local communities, while smaller collaborations might see providers in a local area on different platforms pooling resources to cover stories and develop talent, or creating long term partnerships with local universities or community radio providers.

6.62 The BBC also has an important role to play in cross sector collaboration and partnerships. It is required by the Royal Charter to work collaboratively and seek to enter into partnerships with other organisations, particularly in the creative economy, where to do so would be in the public interest. The Local News Partnership is a powerful example of collaboration between the BBC and the UK regional news industry to support public interest news reporting, sustain local democracy and improve skills in journalism; we discuss the Partnership in more detail above. There are also examples of the BBC collaborating with the

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[62] We share this knowledge and create a space for stakeholders to come together and share best practice using our MSOM network, where we communicate our free events, participatory workshops, and publications.

sector more broadly, for example the BBC and the Community Media Association recently updated their Memorandum of Understanding which aims to strengthen the relationship and collaboration between Ofcom-licensed Community Media Association members and BBC local radio. This follows the sharing of BBC local radio content with community radio stations during the Covid-19 pandemic.

6.63 The BBC is also required to provide adequate links to material provided by third parties in respect to BBC Online. This requirement seeks to ensure the BBC is transparent with its sources, provides further information for audiences, and credits other news outlets when they are the source of a story. On its website, the BBC explains its approach to linking to other news sites and says that users value its policy of doing so.

6.64 In 2024, the BBC reported that 79% of a sample of stories on its BBC News and BBC Sport websites included links to external pages and 27% of these links were to other media organisations (21% of all stories sampled). On its local news stories, the BBC publishes a series of links to stories from local commercial publishers at the bottom of each of page, which it reported in 2022 as sending an average of 575,000 referrals to local newspapers' websites each week. In our engagement with stakeholders, some called for the BBC to make these links more prominent as a means of supporting the wider local media sector.

6.65 We encourage the BBC to continue to look for further opportunities to collaborate with and partner further with other players in the local media sector, acknowledging the existing relationships and programmes it has developed. We note that a similar suggestion was made at part of the Government's Mid Term Review in January 2024.[63] Recognising the media literacy expertise the BBC has developed through projects such as the Real News programme, its Other Side of the Story project, and through its international Media Action charity, this may be an area to consider. In its 2023/24 Annual Report, the BBC reports that it had 445 partnerships and collaborations across the BBC in that year, with five of these relating to news and current affairs. This includes the Local News Partnership, described above, with the BBC investing £8m a year in the LDRS.

Summary

There may be opportunities for local news providers to explore how they can innovate further to attract audiences and generate revenues, such as trialling different ways to deliver content. It may also be possible for local news providers to further collaborate or engage in partnerships (subject to compliance with competition law) which allow them to pool ideas and resources, share ideas and reach wider audiences with local news. We also encourage the BBC to look for further opportunities to collaborate, partner and engage with other providers in the local sector.

[63] Paragraph 329 of the Government's BBC Mid Term Review.

7. Next steps

7.1 While this report marks the end of our Local Media Review, we will continue to consider the sector in delivering our duties relevant to both news and local media and engage with stakeholders and government as appropriate.

7.2 Alongside this final report, we have published our 2023/24 Annual Report on the BBC. Looking forward, we plan to include in our Annual Report on the BBC an update of our view on the BBC's position in local news sectors. As part of this, we will monitor key metrics in relation to the BBC's position in local news sectors (for example, shares of viewing/listening) and the impact of any additional changes to the BBC's local/regional news services. We will continue to closely monitor market developments, including through regular engagement with stakeholders.

7.3 More broadly, we have recently launched our latest Public Service Media (PSM) Review, which will take forward many of the issues related to news that we have identified in our Local Media Review. We will also consider relevant findings from the recently published House of Lords Communications and Digital Committee report on the future of news in the second phase of our PSM Review, which will be published in summer 2025. We will also undertake work in 2025 to renew local TV licences and to implement changes to local commercial radio regulation introduced by the Media Act. Further work will include commissioning a programme of media literacy interventions for children, young people and adults empowering them to resist misinformation and disinformation through the development of news and media wider literacy skills, as well as commissioning further research to update our local news audience survey, first carried out in February 2023.

A1. Summary of stakeholder submissions

A1.1 We provided the opportunity for stakeholders to provide submissions in response to our interim report if they considered there were additional points or evidence pertinent to the issues raised that were not already covered in the report or which had not been shared with Ofcom previously.

A1.2 A number of stakeholders provided submissions and we summarise below the key themes raised.[64] Where relevant, we have taken these submissions into account in preparing our final report.

Summary

A1.3 Several submissions provided views on the important role that local media continues to play in UK society, including its role in supporting democracy and holding local institutions to account, promoting community cohesion, advocating for local issues, advertising local businesses giving local people a voice, and in combating misinformation and disinformation. Some noted that civic unrest over the summer demonstrated the importance of trusted local voices. In addition, some outlined how local media providers can provide training and act as a talent pipeline to the wider sector.

A1.4 The challenges faced by local media providers in achieving future sustainability and continuing to deliver high-quality local public interest news for audiences were also outlined. For example, submissions noted the decline in print and TV advertising revenues not being offset by digital advertising, the role of online intermediaries across the news value chain and a low willingness to pay for news from UK consumers. For some, there was also concern about the competitive impact of the BBC’s online local news offering on commercial publishers and their ability to monetise online news, compounding broader challenges. This includes feeling that the BBC is targeting audiences that are already well-served by commercial local news providers and attracting staff from the commercial sector by offering higher salaries. Some also noted the BBC First complaints process and felt more could be done to hold the BBC accountable.

A1.5 Suggestions were put forward for how the local media sector might be supported in future, such as through fiscal support for local news providers, including independent providers (for example, tax relief, subsidies, innovation funds, contestable funds, government advertising spend), the establishment of community media hubs, the development of media literacy programmes, and encouragement of partnerships between the local media providers as well as with wider civic society. Some submissions also noted the important role of the Local Democracy Reporting Service (LDRS) and felt it could be expanded. There were also suggestions that the BBC could do more to collaborate with and support the industry, such as through improving linking and attribution to other local news providers, sharing its archive content on less restrictive terms and forming partnerships with local outlets.

[64] We have not published the submissions received in response to our interim report as we did not formally consult as part of our Local Media Review.

A1.6 We also received submissions related to issues facing local TV, including financial challenges in transitioning to digital technologies, uncertainty at the time about future licensing policy and concerns about the prominence and distribution of local TV services. Concerns were also raised about the data used to measure local TV viewing.

A1.7 More broadly, some submissions provided comments on the process of our review, calling for continued and wider engagement with the local media sector on the issues raised. Some also urged caution on the use of insight from academics who may not have direct experience of the sector, including around the impact of the BBC on local news sectors, the presence of 'news deserts' and potential changes to public notice rules. In addition, concerns were raised about the localness of regional TV news in certain areas.

A1.8 We also received submissions from a number of individuals expressing concern about the changes made by the BBC to its local radio services in England, alongside calls for Ofcom to engage with the Government on the future of BBC local media, including local radio. The concerns raised included:

a) the impact of increased programme sharing between BBC local radio services, and changes in presenter line-ups, on the localness and relevance of services and output, including its ability to react quickly to local issues and to connect with and reflect the identity and voices of local communities;
b) the impact of the changes on audience groups who are more reliant upon BBC local radio services for news and information, entertainment, and companionship;
c) the level of investment in BBC local radio and whether it delivers value for money, as well as the BBC's decision to reduce expenditure on its traditional broadcast services and reinvest into online content;
d) the level of transparency from the BBC about the changes, and the level of scrutiny from Ofcom of them.

A2. Trends in consumption of online local news and assessing the impact of changes to the BBC's online local news

A2.1 In 2022 the BBC announced a suite of changes to its local services which included increasing local online news output across the BBC website and app for England and launching new online local news indexes in Peterborough, Wolverhampton, Bradford and Wear.[65] We reviewed the BBC's materiality assessment and, based on the information available at that time, we agreed with the BBC that the change was not one that may have a significant adverse impact on fair and effective competition, and was therefore not a material change. We said we would monitor progress and gather information from the BBC and commercial operators to consider the actual impact of the BBC's changes on audiences.[66]

A2.2 In this annex we assess the impact of the BBC's changes to its online local news on commercial local news providers. The BBC's changes to online local news were gradually rolled out over 2023 and the first quarter of 2024, with the start and end dates varying across different regions of England.[67] It is likely to take some time for the impact of the BBC's changes to be fully felt (for example, as awareness of the new local indexes increases). Our analysis uses data from January 2022 to June 2024 and it is therefore possible that the maximum impact may not yet have been reached.

A2.3 Over this period, the BBC has made other changes which may affect local news viewing across the UK. In summer 2023, the BBC introduced a local news heading ("News from …") on the BBC News app landing page, which shows local news based on the postcode a user enters when they create an account with the BBC. We might expect this to increase the prominence of local news on the app which could increase viewing. The BBC also made it easier for users to follow local content, with the addition of a "Follow" button on local topic pages. We are unable to isolate the impact of these changes from the increase in local online output in England. Our monitoring looks at the overall trends in BBC and commercial online local news viewing and what this indicates about the relationship between changes in BBC and commercial online news viewing.

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[65] The BBC plans included creating multi-media news operations in England which brought together local news teams across radio, TV and online. We understand that Wales, Scotland and Northern Ireland were already working in this multi-platform way.
[66] Our view on the audience impact in relation to radio is set out in our 2023/24 Annual Report on the BBC. In summary, we found that since the BBC completed its roll out of these changes in December 2023, reach of BBC local radio stations in England has continued to decline, in line with the trend prior to the changes, and there has been little change in the audience profile listening to BBC local radio.
[67] Start dates ranged from 23 February 2023 to 25 August 2023 and implementation periods ranged from around five to 11 months. There are 12 BBC regions in England.

A2.4 Within our analysis it is important to recognise wider trends in online news consumption, so we do not mistakenly attribute impacts to the BBC which are caused by wider trends. Therefore, in this annex we also examine wider trends in online news consumption (for local and non-local news). We first look at the overall trends in online news consumption and assess the overall impact of the BBC's changes to local news in England. Then we look specifically at the impact in the four geographic areas where the BBC has introduced new local indexes.

Data used in our assessment

A2.5 We have used Ipsos iris, the UKOM-endorsed[68] online measurement currency, for our assessment. Ipsos iris measures UK people aged 15+ website and app[69] use across computers, smartphones and tablets.[70] The metrics available from Ipsos iris include monthly UK online reach, time spent and browser page views. We took all the publisher websites and apps in the Ipsos iris data which are categorised as 'news', and categorised a sub-set as local news based on desk research. We identified 342 commercial[71] local news services within the Ipsos iris data set over January 2022-June 2024.[72] The remaining 1198 news sites in the Ipsos iris data set that had at least some viewing over the period are categorised as non-local news.[73] The Ipsos iris data also includes audience metrics for each of the BBC local news indexes on the BBC website. It is worth noting the following on Ipsos iris:

- Ipsos iris does not report on app page views, only website browser page views. Time spent and audiences for apps are included. However, page views within apps are not measured.
- Within the BBC News app it is not possible to distinguish whether a person is viewing local or non-local news for time spent and audiences. Therefore, it is not possible to measure BBC local news viewing at all within the BBC News app.
- Viewing of content distributed by intermediaries (for example via the Apple News app) is included from October 2023 for monthly audience only (page views are not counted).

A2.6 We consider the overall page views data for commercial local digital publishers unlikely to be significantly impacted by these caveats (as many of these publishers are likely to have relatively light app usage). However, a significant amount of BBC news time spent is via the BBC News app.[74] Due to the caveats noted above, BBC local news metrics are significantly

[68] UKOM – Ipsos iris overview.
[69] We use the term 'sites' to refer to both websites and apps.
[70] Due to methodological enhancement our assessment was based on data from January 2022 onwards. We used data from January 2022 to June 2024.
[71] We use the term 'commercial' as a shorthand for non-BBC websites. We recognise that some news websites may not be run on a strictly 'commercial' basis e.g., they may be not-for-profit.
[72] Each website needs a minimum amount of visits to be included in the data for a given month. The threshold is 20 visits by Ipsos iris panel members for websites which are not tagged. For tagged websites, the threshold is one panel member visit. Tags are snippets of code embedded on websites used to collect information about visitors' behaviour.
[73] Online news sites which are sub-national but cover relatively large geographic areas, for example the whole of Scotland or Wales are included in the non-local news category. Examples include Wales Online and The Scotsman.
[74] In June 2024, across the whole of BBC News Online, 43% of time spent was on the BBC News website, and 57% on the BBC News app. Ipsos iris data.

understated by Ipsos iris as it only covers the website. Therefore we have gathered information from the BBC which provides page views for each local index and in aggregate for each UK nation including viewing via the BBC News app from January 2022 to June 2024.[75] We also collected BBC data on page views to non-local news (only available from April 2022).[76] The BBC was only able to provide data for page views and not for viewing minutes. Therefore our analysis focuses on page views.

A2.7 There are methodological differences between the BBC and Ipsos iris data. We have a complete picture of BBC page views based on actual usage. However, our view of commercial page views is less complete because it is based on Ipsos iris data which tracks a representative panel of 10,000 online users. Smaller untagged local websites[77] may not be viewed by sufficient numbers of panel members thus are not included in our page views data meaning total commercial page views are understated. This means our estimates for the BBC's share of total local page views are likely to be overstated (e.g. Figure A2.7).

A2.8 Some BBC stories start as local content, but go on to become national stories and feature on the front page of the BBC News website or app (though remain tagged by the local area index). The BBC News website and app have a large audience so these local stories are likely to gain significantly more page views (which are still included as local page views), although the story is now arguably national news. We therefore asked the BBC to provide data separately for each local index: i) including all local stories and; ii) excluding local stories which have had an impression the front page of the BBC News website (excluding the local slice).[78] From January 2022 to June 2024, only 9% of local stories made front page news (excluding the local slice), however, as expected, these front page stories represented a significantly larger share (52%) of page views.

A2.9 We also wanted to understand how referrals from social media and search engines to news publishers have evolved over time. We collected data from the BBC and a news publisher on the aggregate number of referrals from Facebook, Google and X (formerly Twitter) over time.

A2.10 Several local news publishers provided us with other data on a confidential basis which we have considered as part of our assessment.

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[75] There are 46 local index areas in England, six in Scotland and five in Wales. However, the BBC was unable to provide local index information for Wales therefore data for Wales is included at nation level and includes the 'Wales Politics' and 'Wales Business' categories. There are no local indexes in Northern Ireland therefore this is included at nation level and includes the 'Northern Ireland Politics' category. BBC data includes BBC website and app, Google AMP (Accelerated Mobile Pages) and Facebook instant articles until they were retired in April 2023. It does not include viewing via Apple News.

[76] Defined as page views to content pages which were not created by nations and regions teams.

[77] A tag is a small piece of code added to a website to collect data. Tagging enables Ipsos to measure visits across devices and provide more complete data. Many larger websites are tagged, however a sizeable portion of smaller local commercial sites are not.

[78] For signed-in users, the front page of the BBC News website features local news stories in the so called 'local slice'.

Overall trends in news consumption

Commercial news sites

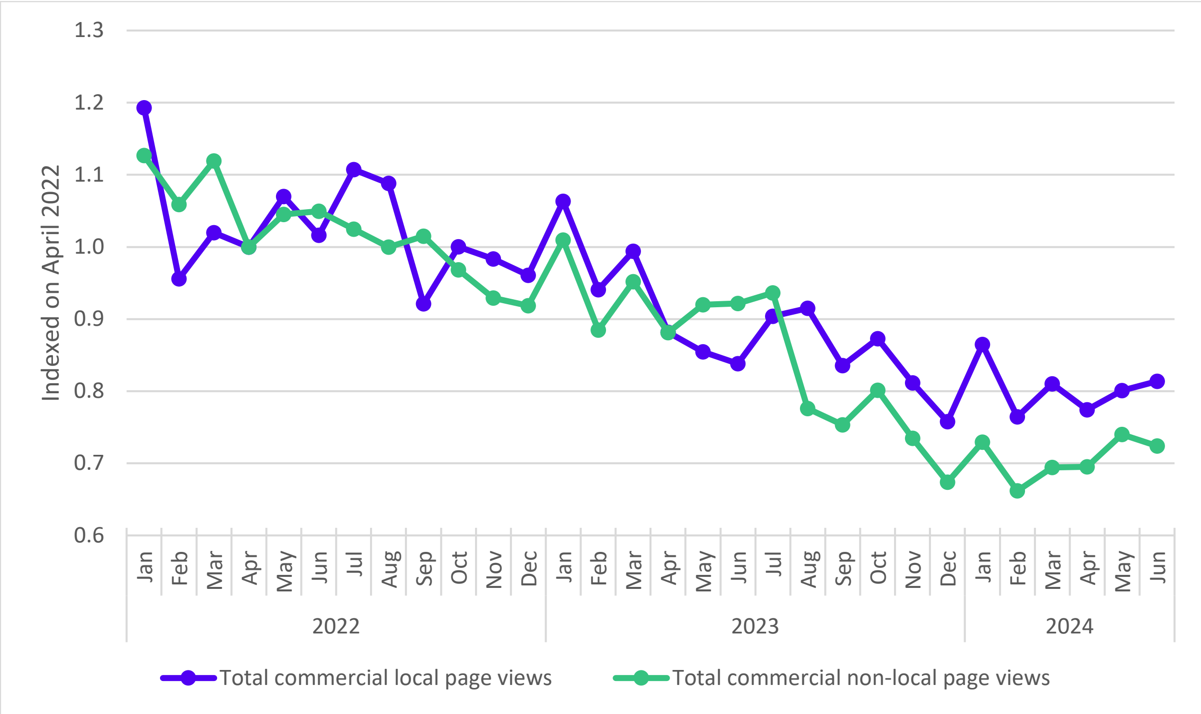
A2.11 Ipsos iris data found average monthly reach among UK internet users to commercial local news websites or apps ranged from 34-37 million (68-75% of UK internet users aged 15+). Since March 2023 there has been a gradual decline in reach.

Figure A2.1: Monthly UK internet users aged 15+ reach to commercial local news sites (000s) – January 2022-June 2024

Source: Ipsos iris, online audience measurement service, UK internet users aged 15+. Those who visited at least one commercial local news website or app. Categorisation based on custom list defined by Ofcom.

A2.12 The decline in commercial online local news audiences is consistent with a trend for reduced viewing of commercial local and non-local news more broadly. For commercial news websites there has been a general downward trend in total local and non-local news browser page views, as shown below.

Figure A2.2: Change in commercial local and non-local news browser page views – indexed to April 2022



Source: Ipsos iris online audience measurement service, UK internet users aged 15+, categorisation based on custom list defined by Ofcom, page views are website only and do not include app activity.

A2.13 There could be a wide range of reasons why online news viewing has fallen over time and we are not able to consider all possibilities. However, the Reuters Institute Digital News Reports provide useful insights. Reuters find that there is falling interest in the news generally.[79] Its surveys reveal that respondents in the UK who are very or extremely interested in the news have fallen from 70% in 2015 to 38% in 2024. It also found the UK had one of the highest percentage of respondents who sometimes or often actively avoid the news at 46% in 2024.[80] The 2022 Reuters Institute Digital News Report found a variety of reasons for selective news avoidance, including the repetitiveness of the news agenda, being "worn out" by the amount of news and lack of trust in news. Concerns about news having a negative effect on their mood were cited by 55% of selective news avoiders in the UK in 2022,[81] while the proportion who reported feeling worn out by the amount of news has increased from 30% in 2019 to 38% in 2024.[82] The proportion of UK responders that trust news most of the time has fallen from 51% in 2015 to 36% in 2024.[83]

A2.14 In relation to online news specifically, the 2024 Reuters Institute Digital News Report found that access direct via apps and websites is becoming less popular over time, while access via social media has become more popular.[84] In the UK, in 2024 it found 20% of respondents reported the main way of getting news online as social media (up from 16% in

[79] Reuters Institute for the Study of Journalism, 2024. Reuters Institute Digital News Report 2024, p.26.
[80] Reuters Institute Digital News survey response to Q1di_2017. Do you find yourself actively trying to avoid news these days? UK responders only.
[81] Reuters Institute Digital News Report 2022, p.13.
[82] Reuters Institute Digital News Report 2024, p.27.
[83] Reuters Institute Digital News Report 2024, p.25 and Reuters Institute Digital News Report 2023, p.25.
[84] Reuters Institute Digital News Report 2024, p.21.

2021), while the proportion citing direct access to news websites/apps as their main source had declined from 49% in 2021 to 42% in 2024.[85] This trend may help explain why we are seeing a decline in page views for online news publishers in general.

A2.15 While it does not focus specifically on digital news consumption, our News Consumption in the UK report 2024 found similar trends. The proportion of people reporting using social media for accessing news generally has increased from 44% in 2018 to 52% in 2024.[86] The proportion of people reporting using online newspapers declined from 14% in 2022 to 12% in 2024.[87] Specifically on local news, our 2023 local media survey found that social media was the most popular platform for accessing local news and information. 54% of survey respondents reported access via social media, compared to 32% for the websites and apps of local papers.[88]

A2.16 In addition, there are external factors which are likely to affect local news viewing. The DCMS Committee inquiry on the sustainability of local journalism noted that changes to the platforms'[89] algorithms can affect the prominence of news content and the amount of traffic it receives. In evidence to the inquiry, Newsquest described how "a tweak of the algorithm by Facebook can result in a significant traffic drop for us. We are therefore beholden to the power of their algorithm for much of our digital audience and for much of our programmatic advertising revenues".

A2.17 The Reuters News Report surveys find that Facebook remains the most important social network for news in the UK,[90] however, the proportion of people using it for news in the last week had declined from 23% in 2021 to 17% in 2024.[91] The 2023 Reuters Institute Digital News Report noted Facebook has been distancing itself from news for some time, reducing the percentage of news stories people see in their feed[92] (less than 3% of what people see in their Facebook Feeds are posts with links to news articles).[93] In December 2023, Meta removed the Facebook news tab which could further affect awareness and viewing of local news.

A2.18 Press Gazette reported that aggregate Facebook referrals to a group of 792 news and media sites (that have been tracked by the Chartbeat since 2018) have fallen by 58% in the last six years - from 1.3 billion in March 2018 to 561 million in March 2024. In March 2018 30% of page views coming from external links, search and social came from Facebook - this was down to 7% by March 2024. It noted that smaller publishers had been affected most.

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[85] Reuters Institute Digital News surveys responses to Q10a. Which of these was the main way in which you came across news in the last week? Those who came across news in the last week, UK responders only.
[86] Ofcom, 10 September 2024. News consumption in the UK: 2024 research findings, p.5.
[87] News consumption in the UK: 2024 research findings, p. 5 and Ofcom, 21 July 2022. News Consumption in the UK: 2022, p.12.
[88] Ofcom 2023 Local Media Survey, p.9.
[89] Such as Facebook and Google.
[90] The next most important social media network for news for UK responders was Twitter/X, used by 14% in 2024.
[91] Reuters Institute Digital News surveys responses to Q12B. Which, if any, of the following have you used for finding, reading, watching, sharing or discussing news in the last week? Please select all that apply. UK responders only.
[92] Reuters Institute Digital News Report 2023, p.13.
[93] Jeffrey A. Eisenach, March 2023. Meta and the News: Assessing the Value of the Bargain, p.28. Based on Meta data from 2022.

Other reports also note falling referrals to news from social media companies such as Facebook and X[94] as these companies made algorithmic or other changes.[95]

A2.19 We have recent data on page views by referrer from one commercial news publisher [✂] for their stable of publications in aggregate from January 2023 to May 2024. This indicated that referrals from Facebook and X tended to fall, however, referrals from Google increased. Looking across referrals from Google, Facebook and X, in aggregate, referrals increased over the period.

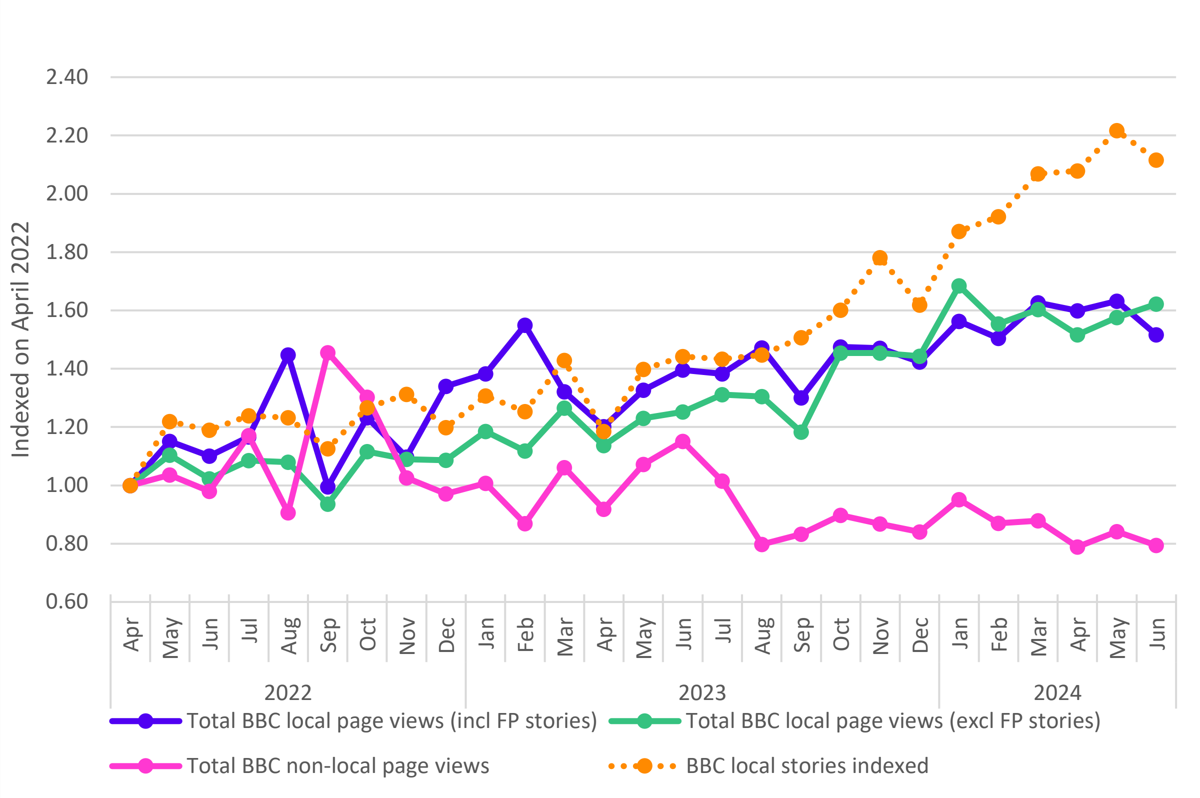
A2.20 Overall, there appears to be a general picture of declining page views for commercial websites. This is likely to reflect overall attitudes towards news consumption. There has also been a consistent picture of Facebook referrals for commercial local news publishers declining, reflecting Facebook algorithm changes which deprioritised news. Despite this, there may be early signs that the performance of local commercial sites is improving. Press Gazette reported that 57 out of 78 local news websites grew their monthly audience in July 2024 compared to July 2023, according to Ipsos iris data. On average, the 78 sites grew their monthly UK audience by 33% and grew their total monthly audience minutes by 12%. However, it is unclear whether this trend will be sustained.

BBC local news viewing

A2.21 The Figure below shows the BBC has also seen a decline in non-local page views (pink line) which may be due to the factors described above. However, local page views (both excluding and including the stories which feature on the front page (FP) of the BBC website and app) have generally increased for the UK, consistent with the BBC increasing its local news output over 2023/24 (dotted line).

[94] Enders Analysis, 29 April 2024. Life after Facebook: Quo vadis for news distribution.
[95] AP, 5 October 2023. X removes article headlines in latest platform update, widening a rift with news media.
Meta, 5 September 2023. An Update on Facebook News in Europe.

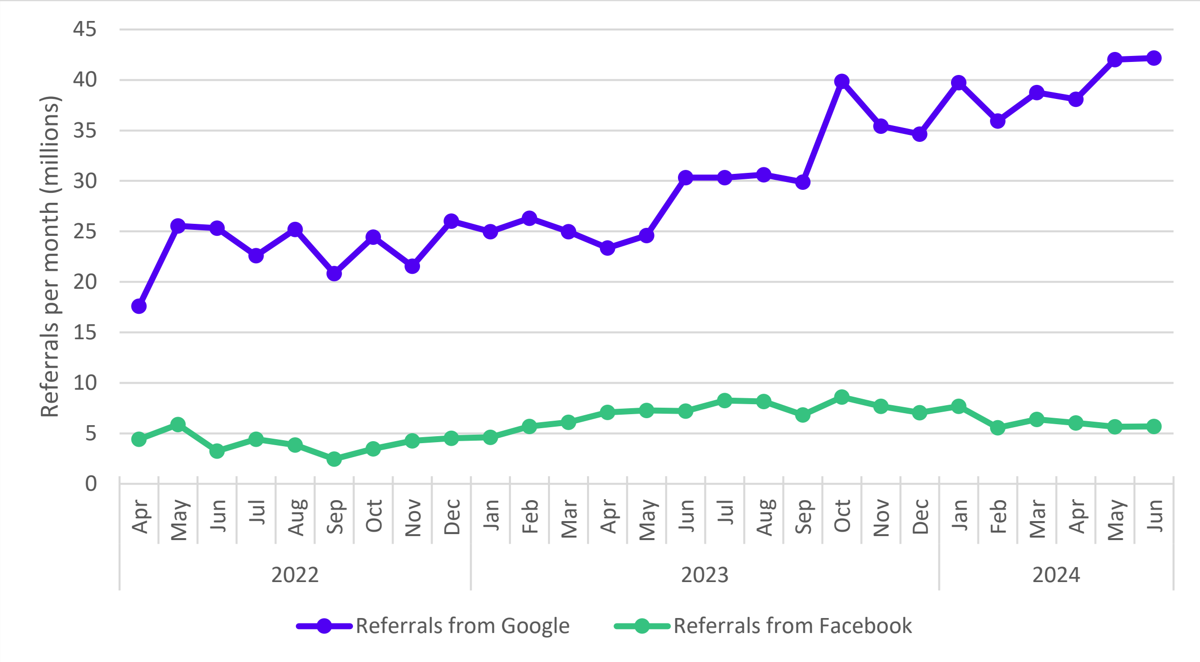
Figure A2.3: BBC local and non-local page views and BBC local stories, UK, indexed to April 2022



Source: BBC and Ofcom. Includes BBC website and app, Google AMP and Facebook instant articles until they were retired in April 2023. Does not include viewing via Apple News. Data for Wales includes the 'Wales Politics' and 'Wales Business' categories. Data for Northern Ireland includes the 'Northern Ireland Politics' category.

A2.22 Despite the increase in local output, referrals from Facebook to BBC nations and regions pages generally decreased from around mid-2023. Referrals from Google to BBC nations and regions pages have increased which may, at least in part, reflect the increase in BBC local output.

Figure A2.4: Referrals to nations and regions pages on BBC News Online from Facebook and Google



Source: BBC. Referrals to BBC News Online. Only includes identifiable referrals. Does not include Facebook instant articles. UK only.

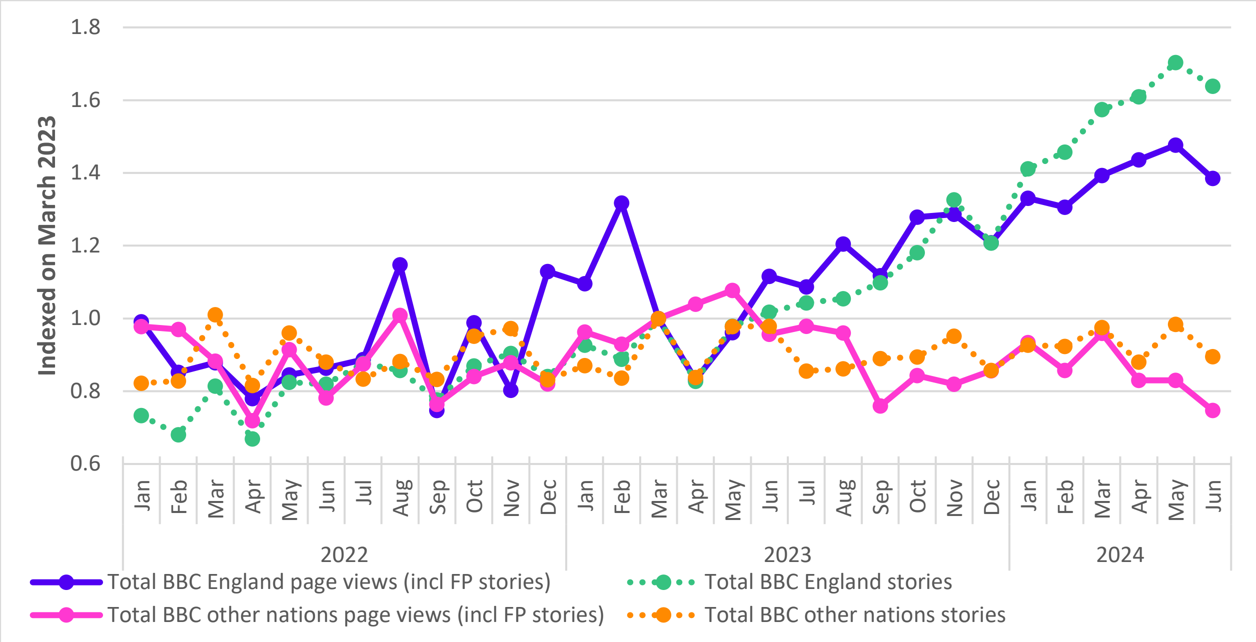
Impact of the BBC's changes

A2.23 The BBC has increased its local news output in England over 2023/24. In this sub-section we consider how the increase in local stories in England has affected: i) BBC local news page views and; ii) commercial local news page views.

A2.24 To illustrate the impact of the BBC's changes, we compared the situation in England with the other nations (where there was no BBC initiative to increase local output).[96] The Figure below shows local stories and page views separately for England and for the other nations combined, indexed on March 2023.[97] We see the number of stories and page views increasing from 2023 for England, while for the other nations combined stories and page views remain more steady. We can clearly see an impact from the BBC changes in England.

[96] The BBC changes included creating multi-media news operations in England which had already been implemented in Scotland, Wales and Northern Ireland.
[97] March 2023 was roughly when the BBC started to implement the changes in England. Implementation start dates varied by region.

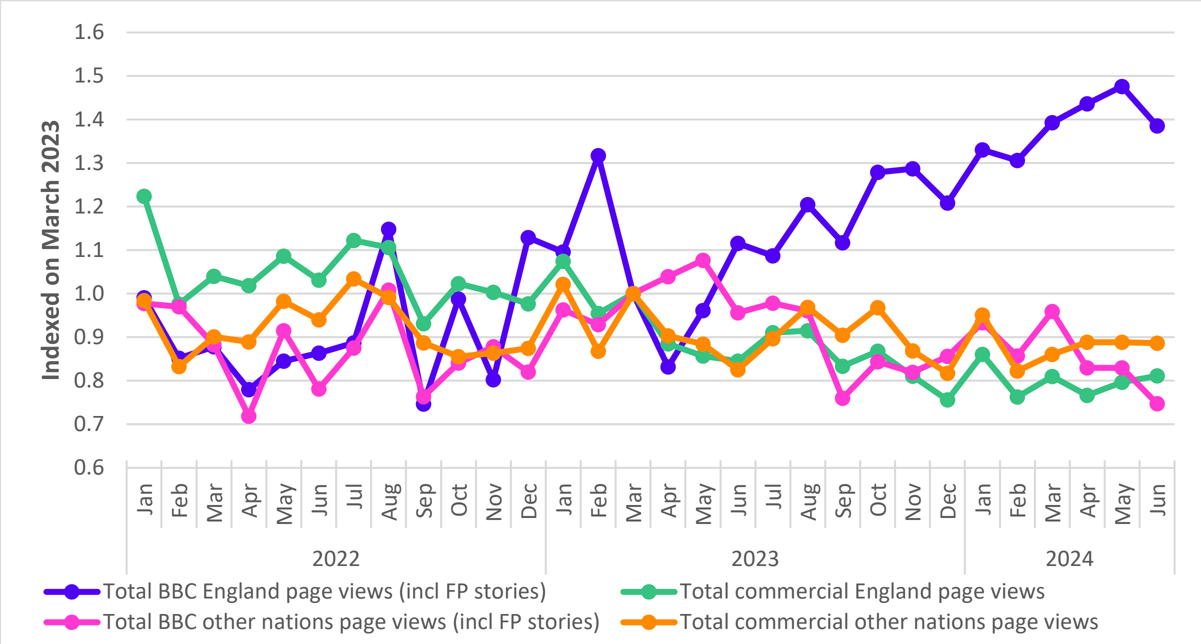
Figure A2.5: BBC stories and page views for England and other nations combined, indexed to March 2023



Source: BBC and Ofcom. BBC data Includes BBC website and app, Google AMP and Facebook instant articles until they were retired in April 2023. Does not include viewing via Apple News. Data for Wales includes the 'Wales Politics' and 'Wales Business' categories. Data for Northern Ireland includes the 'Northern Ireland Politics' category.

A2.25 In Figure A2.6 we show page views for BBC and commercial local publications, for England and for the other UK nations – Northern Ireland, Scotland and Wales - taken collectively. For England we see an increase in BBC page views and a decline in commercial browser page views. This could imply that the BBC is displacing commercial viewing. However, the decline in commercial browser page views in England is similar to the trend seen for commercial browser page views for the other nations, which might suggest wider underlying causes. We can also see that the decline in commercial browser page views in England started in 2022, before the BBC significantly increased its output.

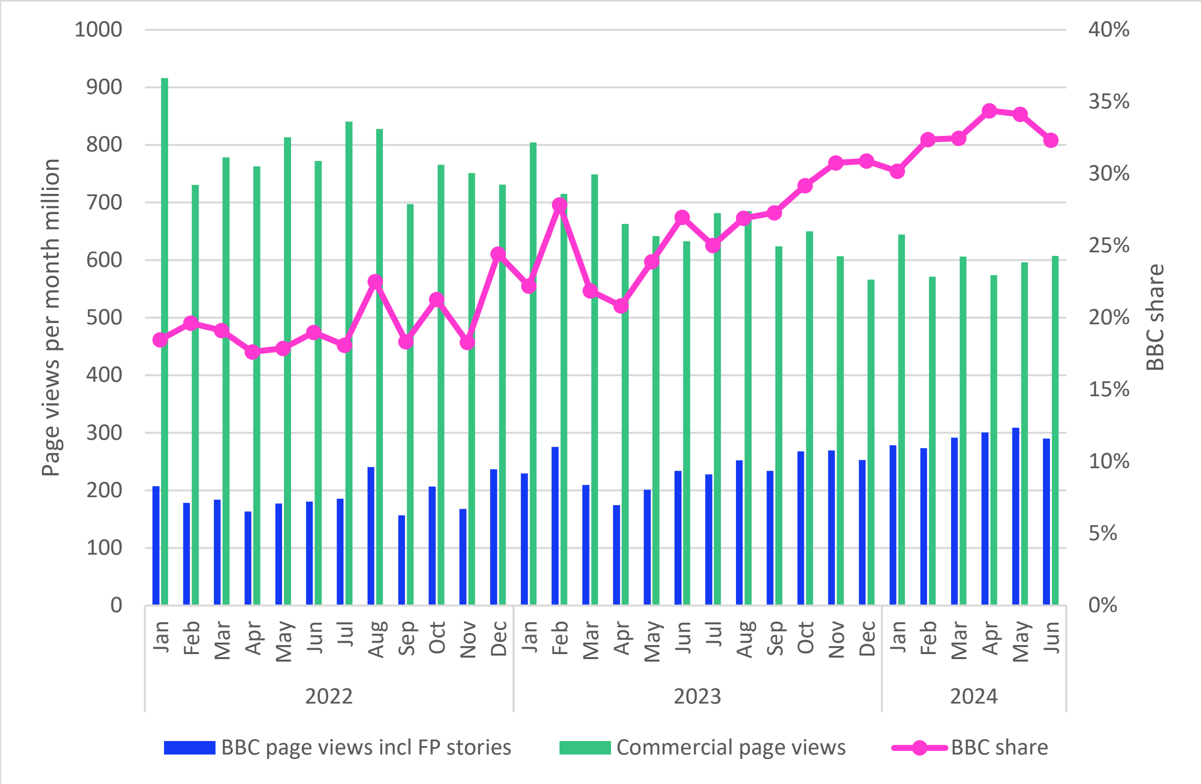
Figure A2.6: Commercial and BBC local page views, England vs. other UK nations combined, indexed to March 2023



Source: BBC, Ipsos iris and Ofcom. Ipsos iris audience measurement service, UK internet users 15+, categorisation based on custom list by Ofcom, page views are website only and do not include app activity. BBC data Includes BBC website and app, Google AMP and Facebook instant articles until they were retired in April 2023. Does not include viewing via Apple News. Data for Wales includes the 'Wales Politics' and 'Wales Business' categories. Data for Northern Ireland includes the 'Northern Ireland Politics' category.

A2.26 Figure A2.7 shows the actual number of page views (not indexed) for the BBC and commercial providers, and the BBC's share of page views in England. The BBC's page views and its overall share of page views increase from 2023. For the reasons noted in paragraph A2.7, the BBC's share of page views is likely to be overstated. Commercial browser page views are generally declining from 2022, however, commercial still represents most local page views.

Figure A2.7: Total local news page views for BBC and commercial local publications, England



Source: BBC, Ipsos iris and Ofcom. Ipsos iris audience measurement service, UK internet users aged 15+, commercial local news based on custom list defined by Ofcom, browser page views are website only and do not include app activity. BBC data Includes BBC website and app, Google AMP and Facebook instant articles until they were retired in April 2023. Does not include viewing via Apple News.

A2.27 The Figures above show an increase in BBC local page views in England over 2023/24, consistent with the BBC increasing local news output. We also observe a fall in commercial browser page views in England over this period. It is possible that there is some displacement of commercial viewing to the BBC. However, inferring that the increase in BBC local page views is causing a decline in commercial local page views may be incorrect. For example, the growth in BBC page views may reflect, at least in part, that existing BBC users have grown their local news consumption at the expense of other activities (such as consuming social media, reading national news etc). Commercial browser page views in England were declining before the BBC made any changes, and it is possible that they simply remain on this pre-existing trend. It is possible that other factors (as discussed at A2.13-20) rather than (or as well as) the BBC are contributing to the decline.

A2.28 To investigate we have undertaken further analysis for the local index areas in England. [98] If there is displacement we would expect commercial page views to drop most in local index areas where BBC local news output increases most. For this analysis we assigned each local commercial site in the Ipsos iris data set to a BBC local index area based on its geographic

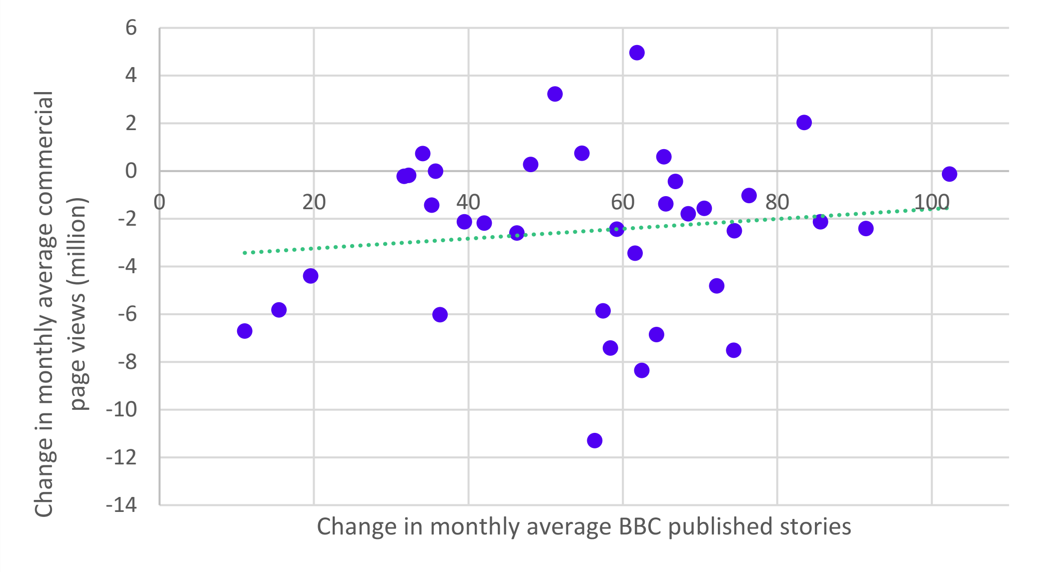
[98] Over the sample period, four new BBC local indexes were created. To enable sample consistency across the period, the new indexes were included in the index areas under which they were previously covered. We therefore assigned “Bradford” to “Leeds and West Yorkshire”, “Wolverhampton” to “Birmingham and Black Country”, “Peterborough” to “Cambridgeshire”, and “Tyne” as well as “Wear” to “Tyne and Wear”. In addition, we did not include local indexes for the Jersey, Guernsey, the Isle of Man or Shropshire as commercial data availability for these areas was limited. The total number of England indexes included in the analysis was 38.

coverage using desk research. We then aggregated the page views for commercial sites in each local index area to provide a monthly total commercial page views for each local index area.[99] For each local index area we calculated the monthly average page views before and after the BBC started making changes. The BBC made the changes to local news region by region[100] with start dates varying from 23 February 2023 to 25 August 2023 and different time frames for implementation. [101] For each index we have taken the start point for the BBC changes as the first month the corresponding region began to implement the changes. We then subtracted the monthly average page views before the BBC started making changes from the monthly average page views after the BBC made changes to calculate the change in monthly average page views. We performed the same calculation for BBC local news stories in each index to obtain the change in monthly average news stories.

A2.29 In Figure A2.8 each dot in the scatter plot represents a local index area and plots the change in commercial page views (Y axis) against the change in the number of local BBC news stories (X axis). The green line is the line of best fit for the scatter plot which represents a linear approximation of the relationship between the variables (in this case the change in monthly average BBC stories and change in monthly average commercial page views). The closer the line of best fit is to being flat (i.e. having a slope of zero), the weaker the correlation between the variables (i.e. changes in one variable are unlikely to affect the other). The line of best fit is relatively flat and we cannot be confident that the slope is different from zero.[102] While it is apparent that aggregate BBC page views are increasing and commercial views decreasing (for example, Figure A2.7 above), it does not appear that the size of the increase in BBC output is related to the decrease in commercial page views.[103]

[99] Some commercial local websites cover more than one BBC local index area. In this case we assigned the website to a single local index area where is appeared to best fit. Where commercial websites cover more than one index area this could lead to page views for some local index areas being undercounted, while for others they are overcounted.
[100] The BBC identified 12 geographic regions in the England.
[101] The implementation period varied for each region from roughly five to 11 months.
[102] Statistical tests show the probability (p-value) of estimating a slope of this magnitude is 46% if in fact the BBC stories had not any effect on commercial views. The threshold for determining statistical significance is usually a p-value of less than 5%.
[103] Two outliers have been removed from Figure A2.8 and Figure A2.9. Including these outliers does not change the findings of our analysis.

Figure A2.8: Change in BBC news stories and commercial page views[104]



Source: BBC, Ipsos iris and Ofcom. Ipsos iris data UK online adults 15+, page views from website only. BBC data Includes BBC website and app, Google AMP and Facebook instant articles until they were retired in April 2023. Does not include viewing via Apple News.

A2.30 Figure A2.9 below plots the relationship between the change in BBC page views[105] (calculated using the methodology above) and commercial page views for each local index. It shows a weak negative relationship between change in BBC page views and the change in commercial page views and we cannot be confident that the slope is different from zero.[106]

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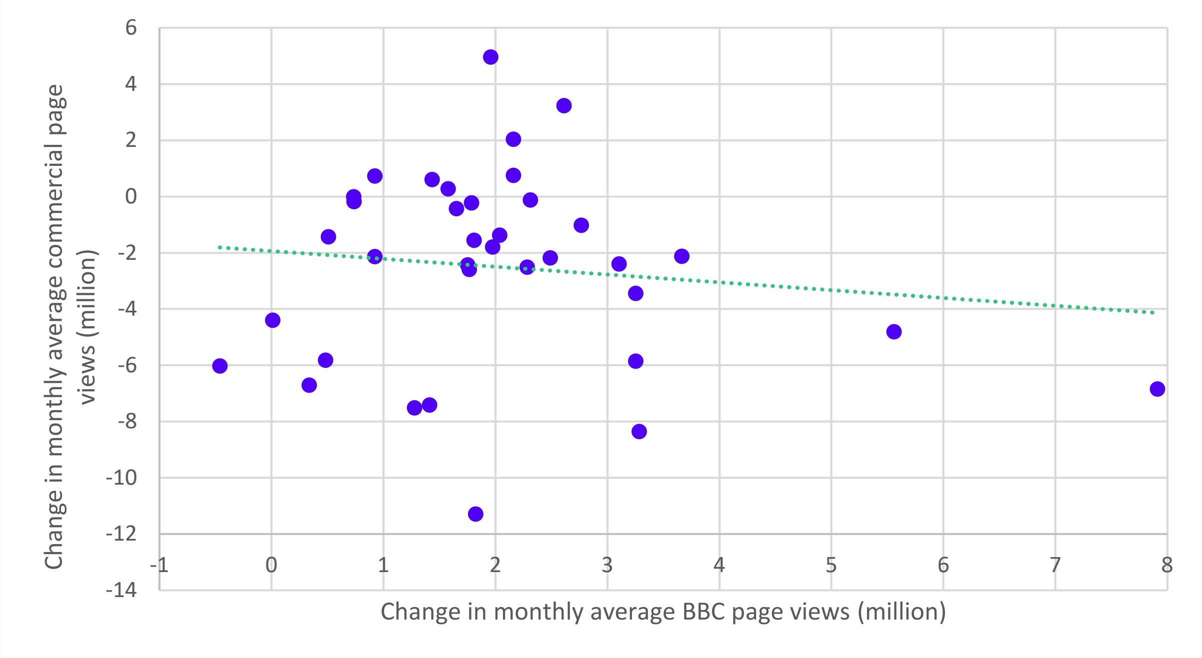
[104] Slope for line of best fit: 0.021 (p-value 0.464). Correlation coefficient: 0.13. R^2: 0.02.

[105] Some BBC local news stories are of interest for more than one local index area and may appear on more than one BBC local index. Page views are associated to each story, and where a story appears on several indexes the BBC is not able to allocate page views according to which local index the viewing come from. Instead, total page views for each story are included in all the indexes the story has featured on. This means the BBC page views for each local index are likely to be overstated to some degree.

[106] Statistical tests show the probability (p-value) of estimating a slope of this magnitude is 48% if in fact BBC views had not any effect on commercial views. The threshold for determining statistical significance is usually a p-value of less than 5%.

Figure A2.9: Change in BBC page views and commercial page views[107]



Source: BBC, Ipsos iris and Ofcom. Ipsos iris data UK online adults 15+, categorisation based on custom list by Ofcom, page views are website only and do not include app activity. BBC data Includes BBC website and app, Google AMP and Facebook instant articles until they were retired in April 2023. Does not include viewing via Apple News.

A2.31 Our analysis suggests that, in general, the increase in local news stories across indexes in England has not significantly affected the page views of commercial local websites. There is some weak evidence that an increase in BBC page views is having a negative impact on commercial page views. Further it is difficult to disentangle the impact various factors (for example, changing attitudes to news, social media and search engine algorithms and policies towards local news, and the BBC's changes) are having on commercial page views. It is possible that increased BBC page views are somewhat contributing to the broader decline in commercial viewing, and the impact may be more significant on publications in some local areas.

The BBC's impact in new index areas

A2.32 In addition to the general increase in local news stories in England, the BBC introduced four new local indexes during 2023/24. Arguably the introduction of an entirely new local index could have a more significant impact on local commercial publishers in that specific geographic area than a general increase in output. Several local publishers have commented that the BBC introducing new indexes has affected their publications covering the same areas. Some stakeholders said that local publications in the new index areas had underperformed relative to their wider set of publications. They also noted that it is harder to attract reader subscriptions when BBC news is available for free. Some noted a decline in referrals traffic which they attributed to the expansion of BBC services in the area.

[107] Slope for line of best fit: -0.278 (p-value 0.476). Correlation coefficient: -0.12. R^2: 0.02.

A2.33 The new indexes were introduced between the end of October 2023 and the end of January 2024. Our data set only runs to June 2024 meaning we have limited data to inform our analysis of the potential impact. The page views data for individual publications can be very variable from month to month, reflecting the popularity of stories available and (particularly for smaller publications) whether Ipsos iris panel members have viewed the sites. These factors mean it is very difficult to identify reliable trends which might represent an impact from the BBC new indexes for individual publications.

A2.34 The Figure below summarises some key information for each of the new index areas. We have identified the index that would have covered stories for the area prior to the introduction of the new local index – we refer to this as the home index. There is potential for cannibalisation of viewing between the home and new index (for example, people who previously viewed Bradford news on the Leeds and West Yorkshire local index switching to the Bradford Index). We have used desk research and information from stakeholders to identify the commercial local news websites that are most likely to be affected by the new local indexes.

Figure A2.10: New local index area information

New BBC local index area	Go live date	BBC Home index	Commercial publications with presence in new index area that are included in Ipsos iris data set
Bradford	30/01/24	Leeds and West Yorkshire	The Telegraph and Argus Examiner Live Yorkshire Post Yorkshire Evening Post Keighley News (excluded as insufficient viewing in Ipsos iris data)
Peterborough	31/10/23	Cambridgeshire[108]	Peterborough Telegraph Cambridgeshire Live Hunts Post Cambridge Independent Cambs Times (excluded as insufficient viewing in Ipsos iris data)
Wolverhampton	28/11/23	Birmingham and Black Country	Express and Star (MNA media)[109] Birmingham Live Birmingham World
Wear (The Tyne and Wear index was split into 'Tyne' and 'Wear', Wear is notionally the new index.)	07/12/23	Tyne and Wear	Sunderland Echo Chronicle Live The Northern Echo Newcastle World

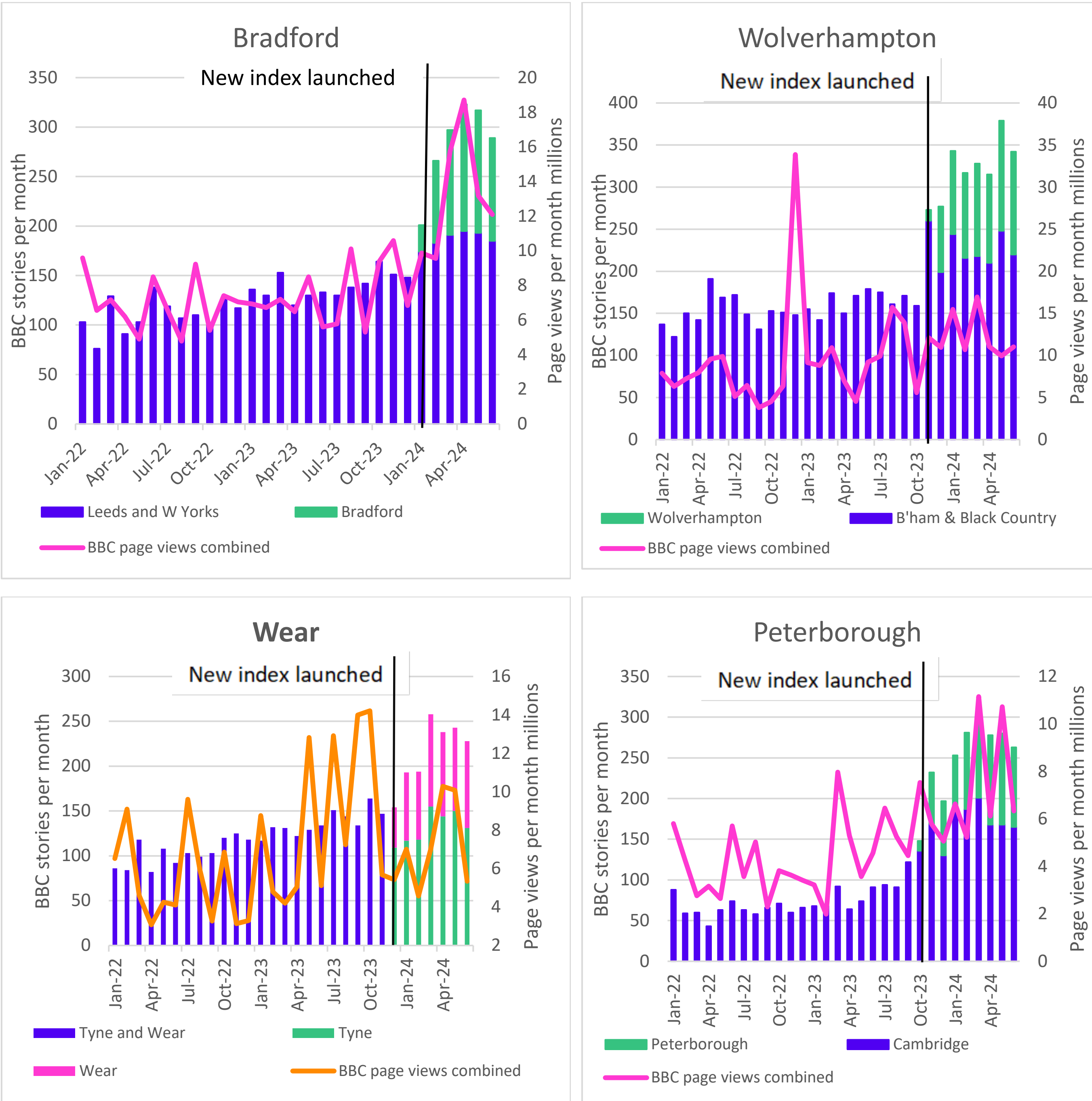
BBC stories and viewing

A2.35 The Figure below shows the number of BBC local stories published per month for the home and new index in each area separately (columns), along with the BBC page views for the

[108] Peterborough is on the confluence of several local index areas and it is difficult to identify a single index that would previously have covered Peterborough stories. We consider that Cambridgeshire is the most likely candidate.
[109] Ipsos iris data combines Express and Star and Shropshire Star under the MNA media title.

home and new index combined (line). Some local stories had wider relevance and were published on both the home and the new index. This means the Figure below overstates the number of unique stories available across the home and new index combined (but represents the quantity of stories available on each index).[110] As expected, the number of stories increases as the new index is launched and the number of BBC page views generally increases. The exception to this is the Wear index, where the home index has particularly volatile viewing over 2023. Average monthly viewing for the Tyne and Wear indexes combined from December 2023 to June 2024 is 13% lower than the home index over the previous year (December 2022 to November 2023).

Figure A2.11: BBC stories and page views for new and home index areas



[110] Page views for the combined home and new index are not overstated.

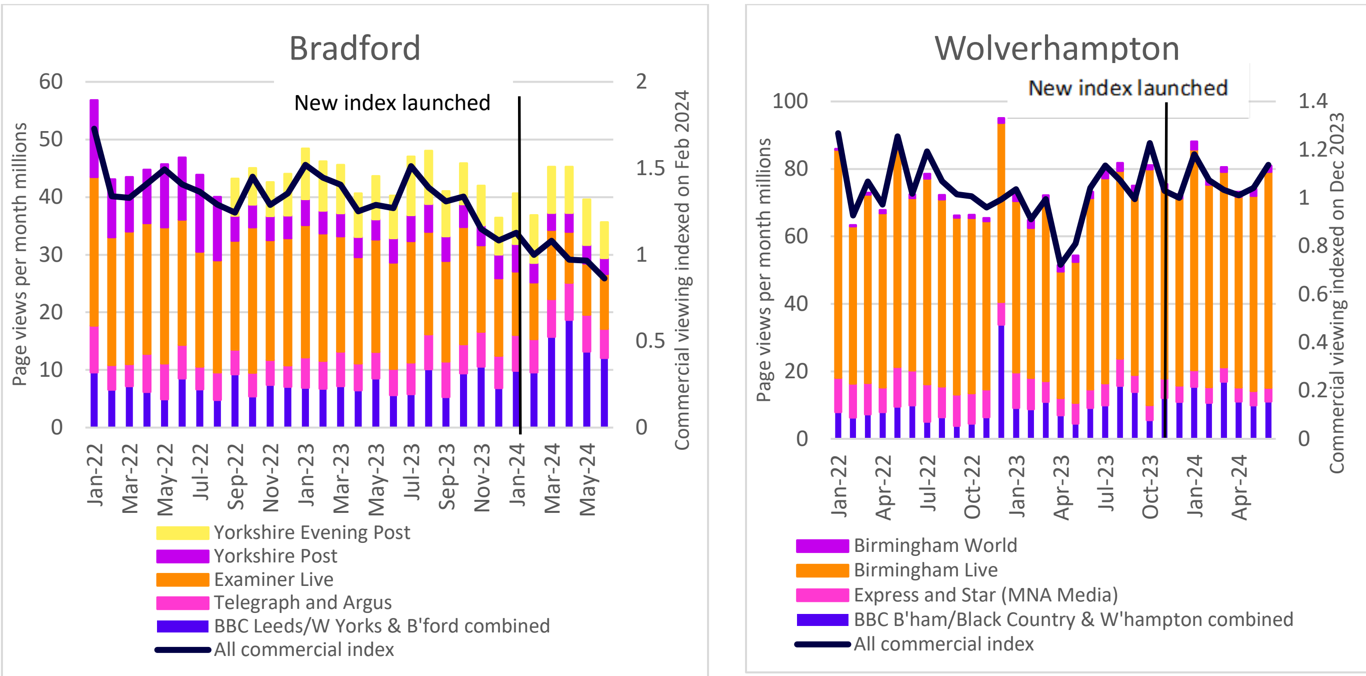
Source: BBC and Ofcom. Includes BBC website and app, Google AMP and Facebook instant articles until they were retired in April 2023. Does not include viewing via Apple News.

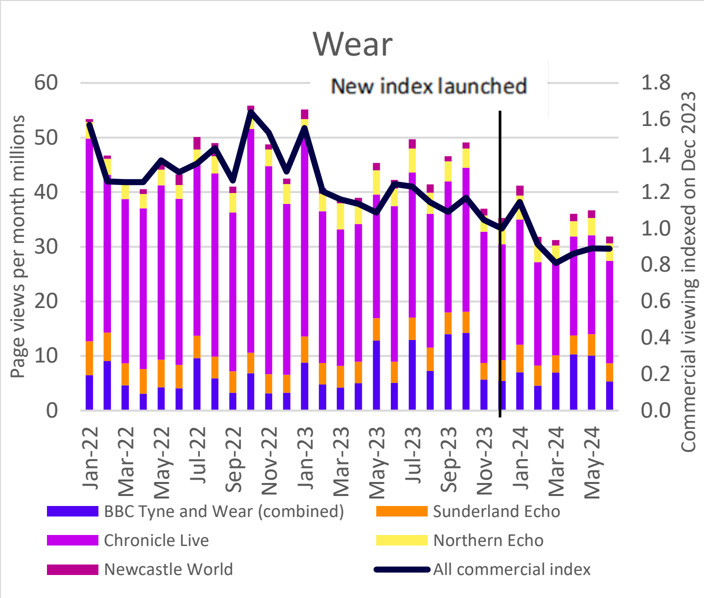
BBC and commercial page views

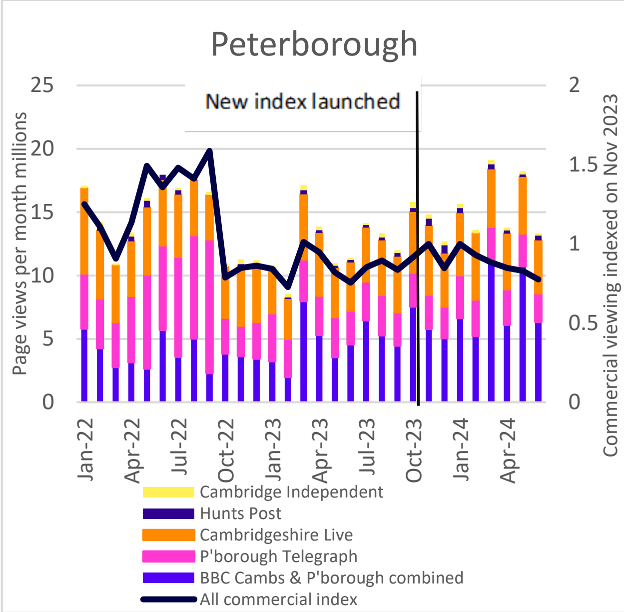
A2.36 BBC and commercial local news page views for the new index areas are shown in the Figure below. The bars show actual monthly BBC and local commercial page views. The line represents an index of total commercial browser page views for the relevant publications. For Bradford and Wear we observe a decline in commercial browser page views as BBC page views increase. However, it is apparent that commercial browser page views have been in decline since around the middle of 2023 and it is not clear that the recent decline is due to the BBC, rather than a continuation of a pre-existing trend.

A2.37 For Wolverhampton and Peterborough commercial browser page views are quite variable and there is no obvious overall trend. Overall, we do not see strong evidence that the new BBC indexes are having a significant impact on commercial viewing. However, as discussed above it is difficult to draw strong conclusions given the short period since the launch of the new indexes and volatility in page views from month to month.

Figure A2.12: BBC and commercial page views for new index areas







Source: BBC, Ipsos iris and Ofcom. Ipsos iris audience measurement service, UK internet users aged 15+, categorisation based on custom list defined by Ofcom, page views are website only and do not include app activity. BBC data Includes BBC website and app, Google AMP and Facebook instant articles until they were retired in April 2023. Does not include viewing via Apple News.

BBC impact on the job market

A2.38 Some stakeholders [✂] have argued that the BBC expanding online local news has had an impact on the job market for local news journalists, making it harder for commercial local news publishers to recruit and retain staff. We understand that employee churn can be disruptive, particularly for smaller employers. However, this is part of normal organisational costs. In a 2022 press release on its changes to local services, the BBC noted that it expected around 131 additional roles across local news services (it is unlikely all of these would be journalists). There are around 54,000 journalists across reporting and editing roles in written and broadcast media in England and Wales.[111] Press Gazette estimated that the three largest local news publishers (Reach, National World and Newsquest) employed around 3,000 regional journalists in 2022. This represented a significant decline compared to its estimate of around 9,000 regional journalists employed by the nine companies in 2007 which later consolidated to form Reach, National World and Newsquest. While potentially frustrating for organisations affected, we do not consider that the additional recruitment by the BBC would have a materially distortive impact on the job market.

Conclusion

A2.39 We find that both commercial local and non-local online news viewing have declined since 2022. This is consistent with other evidence (such as the Reuters Institute Digital News Reports) which finds that some people are less interested in, and increasingly avoiding, the

[111] UK census 2021 – as reported in Press Gazette, 21 June 2023. Census reveals total number of journalists and PRs: More than half female.

news. As the BBC increased its local output its page views have increased. This may contribute to the decline in page views and wider challenges faced by commercial publishers. However, looking at the aggregate picture, we do not find significant evidence to support that the increase in BBC local news page views is leading to a decline in commercial publication page views.

A3. The potential competition impact from changes to the BBC's local news services

A3.1 The Government's Mid-Term Review of the BBC published in January 2024 recommended that Ofcom publish annual summaries of our view on the BBC's position in the local news sectors, as well as how we would approach considering the competition impact of changes to BBC local news services, as we have previously done for the audiovisual and audio sectors.

A3.2 In our interim report we set out the processes and approach we would follow to assess the competition impact of changes to BBC local news services. We explained that:

a) The BBC needs to adapt its services to continue to reach and remain relevant to all audiences, so that it can continue to fulfil its Mission and promote the Public Purposes;
b) As a large, publicly funded organisation, some changes that the BBC might wish to make could have a significant adverse impact on competition in the wider local news sector;
c) It is important to protect fair and effective competition in the UK media market so that audiences continue to enjoy high quality content from a range of providers; and
d) Plurality in news reporting is important to provide diversity and choice, which creates vital roles for both the BBC and commercial organisations to play in providing local news.

A3.3 In this annex we provide our view on the BBC's current position in local news for each of radio, TV and online, and indicate how we might approach future competition assessments in these areas. The purpose is to give the BBC and other stakeholders more clarity about how we are likely to approach considering further proposed changes by the BBC to its local news services.

A3.4 We are setting out our high-level views on competitive conditions and have not attempted to set out a detailed assessment of the conditions in each sector. These views are based on the current state of the market and current trends. We plan to provide an update of our view on the BBC's position in local news sectors on a yearly basis in our Annual Report on the BBC. As part of this, we will monitor key metrics in relation to the BBC's position in local news sectors (for example, shares of viewing/listening) and the impact of any additional changes to the BBC's local/regional news services. We will continue to closely monitor market developments including through regular engagement with stakeholders. Any additional evidence, future market developments, and case-specific facts would be considered as part of the usual processes.

A3.5 Future changes that the BBC makes around local news may be targeted at specific geographic areas or affect geographic areas differently. In addition, competitive conditions in relation to local news vary across the country, for example the number of commercial providers of local news varies from place to place. In this report, where we do not know whether particular geographic areas will be more or less affected by as yet unknown changes, so we have set out broad, high-level views. When we assess any future proposals, we would need to consider the appropriate size of the geographic area for each assessment. In deciding the appropriate geographic area, we would consider the possible benefits from having a more granular view of differences in competitive conditions across areas versus the proportionality, feasibility and practicality of gathering data and conducting analysis for potentially many geographic areas.

A3.6 Our views on the BBC's position in local news for each of radio, TV and online presented in this annex do not replace or change the process which the BBC and Ofcom must carry out when assessing a proposed change to a BBC public service. It will continue to be important for the BBC to identify relevant changes to its services, to publicise these changes and to engage with stakeholders at an early stage to identify and assess the potential competition impacts. For all material changes, the BBC will still need to consider how any changes to its services deliver public value and its Mission and Public Purposes, as well as how they will enable it to fulfil its obligations under the Operating Licence. The BBC and Ofcom also still need to consider the competition impact of material changes the BBC intends to make and take into account how these specific changes may affect competitors.

We have focused on crowding out as the main potential harm to competition

A3.7 Competition is valued because it can produce good outcomes for consumers and for society in general. For example, competition pushes firms to make the best use of their resources and innovate to provide new and attractive services to win customers. Changes proposed by the BBC to its UK Public Services could have an impact on competition in the UK's media markets. Some of that impact may be positive, serving to stimulate investment or encourage innovation. However, some changes may also harm competition.

A3.8 As part of our BBC Competition Assessment (BCA) process, we consider the potential competition concerns which could arise from a material change to the BBC's public services. These will depend on the context but, in the scenario where the BBC is increasing output, are likely to include the concern that the BBC 'crowds out' rivals. Crowding out refers to the BBC's activities replacing similar activities that could be provided by private sector firms. More specifically, when the BBC offers a new or improved public service, this may reduce the potential audience for commercial rivals. This could have an impact on the revenues of rivals which, in turn, could lower profitability. An adverse impact on competition could arise if a change made by the BBC reduces commercial operators' revenues and profits to such an extent that it affects their ability and incentive to invest in new services or improve the quality of existing services. Potentially it could also result in some operators ceasing to provide services or being deterred from entering the market. Ultimately this could harm audiences in the long run by reducing choice, quality and/or innovation.

A3.9 We recognise that crowding out is not the only way in which a BBC change could have an impact on competition. Another risk is that that BBC activity may cause harmful impacts elsewhere in the UK supply chain. For example, some stakeholders have argued that the BBC expanding online local news has had an impact on the job market for local news journalists, making it harder for commercial local news publishers to recruit and retain staff (see also paragraph A2.38). When assessing future BBC changes, we will assess other possible harms where relevant, and we expect the BBC to do the same. However, these other concerns are more case-specific, relying on the exact nature of the change in question, so are not covered in this document.

A3.10 In considering the risk of crowding out, we have focused on the closest competitors to the BBC in providing local news, as these are likely to be the most affected and therefore most at risk of crowding out. We recognise that, in practice, changes to BBC's local news services could also affect consumption of services outside the sectors we have considered.

A3.11 Our assessment of the potential for crowding out considers where any additional consumption of BBC services is likely to be drawn from. This could be drawn from both other BBC services (cannibalisation) and alternative commercial competitor services. There are several factors that will affect the impact on consumption of rival services:

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

A3.12 We have looked at characteristics of the services to inform the degree of substitutability between BBC and commercial services (for example, how similar are the services – to what extent do BBC and commercial providers cover the same local news in a similar style?). We have also drawn on evidence from our consumer research, stakeholder discussions and information on the profile of BBC versus commercial audiences. This evidence is discussed below.

A3.13 For each of the sectors we have structured our assessment as follows:

a) Sector landscape, for example key providers of local news in the sector.
b) The BBC's position.
c) Consideration of the impact of potential changes to the BBC's local news offering.

Local news on radio

A3.14 Our 2023 local media survey found that 22% of adults use commercial local radio as a source for local news and information, with the corresponding figure for BBC local/nations radio 16%.[112] However, it is difficult to specifically measure listening to local news on radio

[112] Ofcom 2023 Local Media Survey, p.13.

as local news is included as part of wider news bulletins or within broader programming and consumed along with overall programme content (even when listeners are not explicitly seeking it out). We do not have industry metrics which measure listening to local news, so to assess the BBC's position we have considered overall local radio listening. We consider that local news will be most prevalent on local/regional radio stations (as opposed to UK-wide ones).

Sector landscape

A3.15 The BBC has 39 local radio stations in England, as well as stations for Jersey and Guernsey. The BBC also provides radio services in Scotland,[113] Northern Ireland and Wales.[114] BBC Radio Scotland includes several regional content opts for parts of Scotland at certain times of the day, including news, and BBC Radio Shetland and BBC Radio Orkney also broadcast news bulletins throughout the day. BBC Radio Ulster operates in Northern Ireland, with an opt-out service[115] (BBC Radio Foyle) available in Derry/Londonderry.

A3.16 The BBC's main competitors in local radio are the Global and Bauer commercial radio groups who between them hold around 59% of the 246 local analogue licences. There is widespread networking by these two large groups, with many local stations broadcasting under the same brand names (such as Heart, Greatest Hits Radio) and sharing most (or all) of the same music-based programming. These stations include local news, traffic and weather across the day. As a result of Part 5 of the Media Act, commercial radio stations on AM and FM are no longer required to broadcast any locally-made programming. We will be consulting on new local news and information requirements for commercial radio stations, including requirements to broadcast locally-gathered news, in 2025.

A3.17 The rest of the commercial sector is mostly made up of smaller groups, such as Nation Broadcasting, operating several services, many of which are in Wales; Into Media Group, which provides services across Northern Ireland; and Lyca, serving Asian British audiences. There are also some independent local stations, which are more common in rural areas and parts of Scotland, such as Argyll FM, which serves Kintyre, Islay and Jura, and Original 106 and Kingdom FM operated by DC Thomson in north-east Scotland. Together these smaller local stations reach around 8.0% of the UK population, compared to 25.8% for Bauer's local services and 33.5% for Global's local services.[116]

A3.18 There are also community radio stations which typically cover a small geographic area and are run on a not-for-profit basis. They are designed to be local services to serve either a geographic area or a community of interest, such as particular ethnic or age groups, and programming should reflect the needs and interests of that community. There are currently 307 analogue community radio stations – 252 in England, 29 in Scotland, 16 in Northern Ireland and ten in Wales. The recent rollout of small-scale DAB multiplexes has allowed for the launch of new digital community radio stations. There are 108 licenced

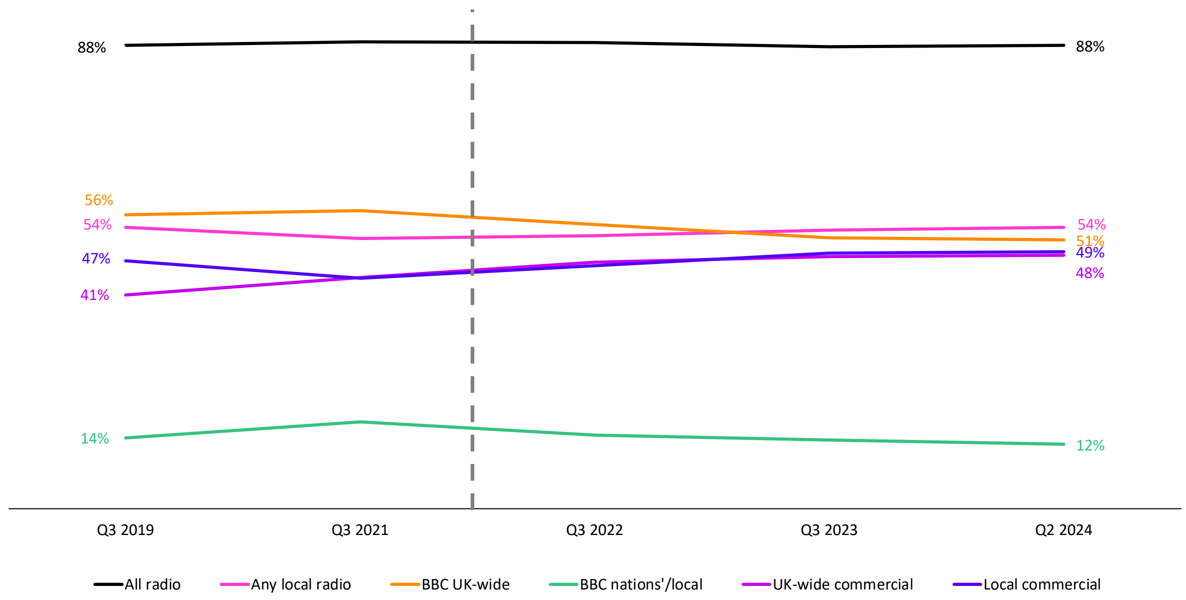
[113] BBC Radio Scotland and Scottish Gaelic station BBC Radio nan Gàidheal.
[114] In Wales the BBC provides BBC Radio Wales and BBC Radio Cymru. In January 2024, Ofcom approved the BBC's proposal to extend the number of originated Welsh-language hours offered by BBC Radio Cymru 2, so that it became a new UK Public Service. BBC Radio Cymru 2 is broadcast across Wales on DAB.
[115] An opt-out refers to when a nation or region splits from the main national or network output.
[116] RAJAR; Q2 2024; Adults 15+; each station weighted by its own weight.

digital community radio stations in England, seven in Scotland, four in Wales and six in Northern Ireland.[117]

The BBC's position

A3.19 Listening to any local radio in the past five years has been relatively stable, with 54% of adults tuning into these stations in Q2 2024 – the same as in Q3 2019. There has been recent growth in listening to local commercial stations. In contrast, listening to BBC nations/local stations has seen gradual decline.

Figure A3.1: Weekly reach by radio sector



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

A3.20 The BBC's share of local radio listening has declined since 2018 while Bauer's share has increased (see below). Bauer's listening was boosted by Ken Bruce's move there from BBC Radio 2 in early 2023, and in the past year it has built on this success by rebranding a string of local stations under the Greatest Hits banner. Wave 105 and Pirate FM in Cornwall are the latest stations to have been brought into the Greatest Hits brand, rebranded in April this year as Greatest Hits Radio South Coast and Greatest Hits Radio Cornwall respectively.[118] The BBC's share of local radio listening was 15% in Q2 2024 - this is significantly lower than its overall share of radio listening of 43% (national and local radio combined).[119]

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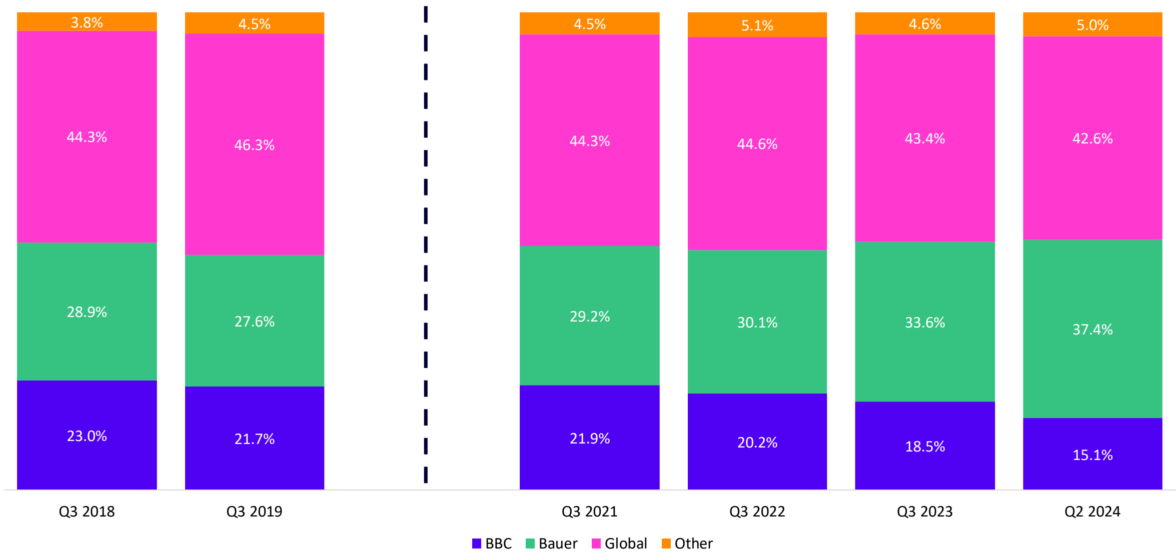
[117] Not all of the licenced digital community radio stations are broadcasting.
[118] Ofcom, 31 July 2024. Media Nations: UK 2024, p.61.
[119] RAJAR, adults 15+, Q2 2024, 12-month weighting.

Figure A3.2: Share of local radio listening by broadcaster group over time, annual

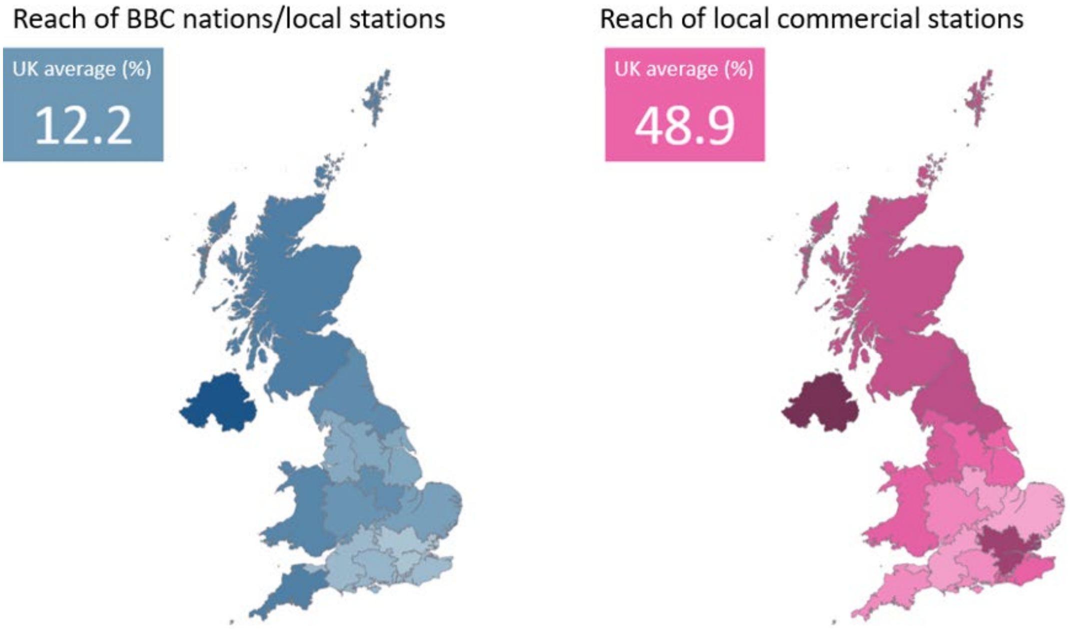


Source: RAJAR; All adults 15+; 12-month weight. Note: fieldwork was suspended from the end of Q1 2020 until Q3 2021 due to the Covid-19 lockdowns. This led to subsequent changes in methodology, so comparison with previous quarters should be made with caution. Figures reflect share of sum of BBC, Bauer, Global and Other local station hours.

A3.21 The reach of local radio is not uniform across the UK. As highlighted in our Media Nations Northern Ireland 2024 report, a larger proportion of adults listen to radio in Northern Ireland than any other UK nation and local radio is particularly popular. More than six in ten adults in Northern Ireland (65%) listened to local commercial radio at least once a week in Q2 2024 – higher than in Scotland (53%), Wales (49%) and England (49%). Just under three in ten (29%) listen to the BBC's nations/local stations at least once a week in Northern Ireland – compared to 19% in Scotland, 17% in Wales and 11% in England.[120]

[120] RAJAR, adults 15+, Q2 2024, each station weighted by its own weight.

Figure A3.3: Average weekly reach (%) to BBC nations/local radio and local commercial radio stations



Source: RAJAR; Q2 2024; Adults 15+

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

A3.22 Those who do listen to BBC nations/local radio tend to be older than the average local radio listener (an average age of 54, compared to 47 across all local radio and 46 for local commercial radio) and listen to more stations per week.[121] The average radio listener tunes into 3.1 stations per week, local radio listeners tune into 3.7 and people who listen to BBC nations/local radio listen to an average of 4.3. This indicates that BBC nations/local listeners have a broader radio diet overall, so while they are less likely to listen *only* to their local BBC station, it could be that it is filling a niche or requirement that is not met by other stations they listen to.

A3.23 Only one community radio station currently subscribes to be named as part of RAJAR, the industry audience measurement body,[122] so it is not possible to monitor listening to this part of the sector in the same way as BBC nations/regions stations and local commercial stations. However, as part of the DCMS Digital Radio & Audio Review, RAJAR analysed listener diaries and estimated the weekly audience for the community radio sector to be around 1 million adults (c.1.8% of the UK population).

A3.24 In summary, the BBC is a smaller but significant player in the local radio sector. Its nations/local offering attracts an older audience than commercial radio stations and has higher reach in Northern Ireland, Scotland and Wales compared to England.

[121] BBC local radio generally has a greater speech content in peak hours due to its licence obligations. Speech radio tends to attract an older audience - the average listener age to UK-wide speech radio is 53, compared to the average radio listener age of 48. RAJAR, adults 15+ Q3 2024.
[122] The Voice has subscribed to be named on the RAJAR diaries since Q1 2019. As of Q4 2023 it reaches an average of 12,400 adults each week.

The impact of potential changes to the BBC's nations/local news offering on local radio services

A3.25 We consider the closest competitors to BBC nations/local radio stations are local commercial and community radio stations. All these services broadcast radio for specific sub-national geographic areas (albeit the size of the area can vary significantly) and are likely to appeal to listeners seeking a radio station with a more local feel than national stations.

A3.26 The content and style of existing BBC and commercial local radio stations are usually different, for example, BBC local radio generally has a greater speech content in peak hours due to its licence obligations.[123] Our qualitative research found that BBC nations/local radio news was generally perceived by some participants to be more serious or 'official' in tone than commercial local radio, which was considered more light-hearted and informal.[124] The BBC was also felt to cover the news in greater depth. Local news and current affairs content was often the main reason for people choosing to listen to BBC nations/local radio. However, for commercial local radio, audiences were more likely to say they choose those stations for the music.[125]

Figure A3.4: Reasons for listening to nations/regions radio

A3.27 As discussed above, the age profiles for BBC and local commercial radio audiences are also somewhat different, with BBC nations/local stations skewing to older audiences (68% over 45 compared to 51% for local commercial stations).[126]

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[123] For example, the BBC Operating Licence requires each BBC local radio station for the English regions to broadcast news bulletins and information of particular relevance to the area and communities it serves at frequent intervals throughout the day, including a significant amount of relevant news and information during the breakfast peak. The Breakfast Peak for BBC local radio stations in England means 07:00 to 08:30 on Mondays to Fridays.

[124] Our qualitative research has a small sample size and therefore may not be representative of the UK population.

[125] Ofcom's local media qualitative consumer research 2024, pp. 26-28.

[126] RAJAR, adults 15+, Q2 2024, each station weighted by its own weight.

A3.28 Our qualitative research also suggested that there was no significant demand for additional news bulletins on commercial radio, with participants indicating the current frequency of news bulletins on commercial local radio was about right. The reasons given for the current frequency being about right were:[127]

a) News was not the primary reason for listening to commercial local radio (so hourly bulletins were considered sufficient).
b) This is what listeners were used to.
c) It was seen to represent the right balance of content.
d) It would be too repetitive to have more frequent news bulletins.

A3.29 This suggests that, if the BBC were to increase the quantity of local news on its existing nations/local radio, it would be unlikely to lead to people that mainly listen to commercial local stations switching to the BBC. It is possible that some of the ~16% of adults already listening to BBC nations/local radio for local news specifically would listen for longer.[128] Any additional listening of BBC nations/local radio listening could come from a combination of market growth (i.e. spending longer listening to the radio in total) and from other BBC/commercial/community radio stations (given that BBC local radio users listen to 4.3 radio stations per week on average).

A3.30 A small group of people that took part in our qualitative research listened to community radio. They valued it because it was hyperlocal and was perceived to give a platform to those who otherwise might not have one. It was also felt to be fun and the presenters were considered less constrained compared to other stations. For example:

> *Bolton FM is a great local radio station which has regular local community stories and debates, music, quizzes and goes out on the road to visit and report on local issues that matter to local people….I do get feeling that Bolton FM really cares about its local community and wants to support and provide the best service it can to the local area.* Man, 45-54, North West, England

> *Park Radio covers a very small area close to where I live. The events they cover and discussions that take place probably wouldn't be of huge interest to a wider audience. I enjoy their fun light hearted style.* Woman, 45-54, East Anglia, England

A3.31 This contrasts with the style of BBC nations/local radio which was noted by participants to be more serious and ‘official’. BBC nations/local stations also cover wider geographic areas than community radio, which often has a hyperlocal focus.

A3.32 Our discussions with stakeholders broadly corroborated the points made above. They noted that, while local news is important to radio listeners, it is generally not a driver for why people choose a particular local commercial radio station. The type of music and entertainment offered are more significant drivers of radio station choice. One stakeholder [✂] suggested that the BBC increasing or enhancing local news content would unlikely be

[127] Ofcom’s local media qualitative consumer research 2024, p.28.
[128] Our 2023 Local Media Survey (p.13) found that 16% of UK adults used BBC local/nation radio as a source for local news and information over the last month.

a concern for local radio stations. However, if the BBC decreased local news and increased music then this potentially would have an impact as it would make it more like commercial local radio. This is consistent with our research findings noted above – that music was the main reason for listening to commercial local radio. Another stakeholder [✂] raised concerns about the BBC adopting a 'lighter' model to improve ratings. Again, the concern appears to be around the BBC adopting a style more similar to commercial stations.

A3.33 BBC nations/local radio stations tend to cover a wider geographic area than commercial or community stations and several stakeholders commented that BBC nations/local radio was perceived as being less local.

Our view on the competition impacts from changes to local news on radio

A3.34 The available evidence suggests listeners have different drivers for listening to each of commercial, community and BBC local radio stations. Therefore, on the whole, they are unlikely to be particularly close substitutes. In addition, our qualitative research suggested there is not significant demand for additional local news amongst commercial radio listeners. Therefore, we consider it unlikely that the BBC increasing or enhancing local news on its existing nations/local stations would have significant impact on local commercial/community radio stations when looking across the national picture. However, the impact of any increase or enhancement to BBC local news may vary across geographic areas and the BBC should consider whether it would be proportionate and beneficial to look at the competition impact of significant changes in specific geographic locations.

A3.35 If the BBC proposes to reduce or very significantly change the style of its local news on nations/local radio the situation is more nuanced. If the BBC makes changes which make it more similar to local commercial stations (for example replacing local news with music or entertainment), this could potentially draw listening from commercial radio stations, particularly if listeners prefer a station that does not carry adverts. These circumstances may merit a more detailed examination of the competition impacts, but clearly this would depend on the exact change proposed and the relevant context.

Regional news on TV

Sector landscape

A3.36 The BBC has 12 separate regional news programmes in England,[129] and nations level programmes for Scotland (*Reporting Scotland* and *The Nine*[130]), Wales (*BBC Wales Today*) and Northern Ireland (*BBC Newsline*). On weekdays, there are regular short bulletins within *BBC Breakfast* on BBC One for each nation/region, with longer nations/regions bulletins after the *One* and *Ten O'Clock News* programmes and a half-hour programme after the *BBC Six O'Clock News*. On weekends, nations/regions news programmes feature alongside the UK-wide network news programmes. The Operating Licence also requires the BBC to provide news on BBC Scotland, and news and current affairs on BBC One Scotland, BBC One

[129] The 12 regional BBC news programmes are North West Today/Tonight, Look North (Yorkshire), Look North (East Yorkshire and Lincolnshire), Look North (North East and Cumbria), Midlands Today, Points West, East Midlands Today, South Today, South East Today, Look East, London, and Spotlight (covering South West England). The BBC also provides a regional news programme for the Channel Islands.
[130] The BBC announced in February 2024 its intention to change its news offer in Scotland that would see *The Nine* replaced by a new news programme on the BBC Scotland channel. In August Ofcom approved the BBC's request.

Wales and BBC One Northern Ireland. BBC ALBA is required to provide live news programmes each weekday evening, including at peak viewing times, as well as a longer news review at the weekend.[131]

A3.37 The Channel 3 Regional Licences require regional news programming to be provided across the nations and English regions. ITV's nations and regions news licences comprises 18 nations, regions and sub-regional services across England, Wales, Northern Ireland, southern Scotland and the Channel Islands.[132] Nations/regions bulletins feature three times during *Good Morning Britain* on weekdays and ITV's flagship weekday early evening regional news programme provides half-hour news bulletins from each of the 18 regional services. Regional news also appears alongside ITV national and international news at lunchtime and the *ITV News at Ten*, as well as 15-minute bulletins in early evening on weekends.

A3.38 STV (Channel 3 equivalent in Scotland) provides national news across Scotland (*STV News*) in the afternoon and evening each weekday and on weekend evenings. STV also provides regional news through its flagship news programme *STV News at Six*, which is split into programmes for STV North, which comes from Aberdeen, and STV Central, which comes from Glasgow. Each of these programmes includes a five minute opt-out, with the STV North opt-out covering Aberdeen or Dundee and the STV Central opt-out covering Glasgow or Edinburgh, depending on where the audience is viewing from. STV also broadcasts *Scotland Tonight*, a Scottish news and current affairs programme, on Monday to Thursday.

A3.39 S4C is a Welsh language channel which has quotas to provide national (Wales and UK) and international news and current affairs programmes, both during the day and at peak time.[133] On weekdays, *Newyddion S4C* (S4C News) typically broadcasts four five-minute bulletins throughout the afternoon and in the evening, with a longer 30-minute bulletin usually shown at 19:30. On weekends, it typically broadcasts a 15-minute bulletin in the evenings, covering news and sport.

A3.40 There are 34 local TV stations broadcasting to around 55% of households across the UK, with coverage varying by area. For example, London Live is available in around four million homes, while the local TV licence for Salisbury covers around 27,000 homes. All have enforceable programming commitments, including to deliver local news and current affairs. The amount of local programming required varies across licensees, from seven hours up to 37 hours per week. Sector consolidation means that 28 of the 34 licences are now held by two licensees (That's TV Broadcasting Limited and Local TV Limited). Both networks broadcast a spine of national programming across all their stations, supplemented by opt-outs for local programming on each local service at different times of day. The local content largely consists of local news bulletins, although some licensees also show other local programming, such as sports and arts.

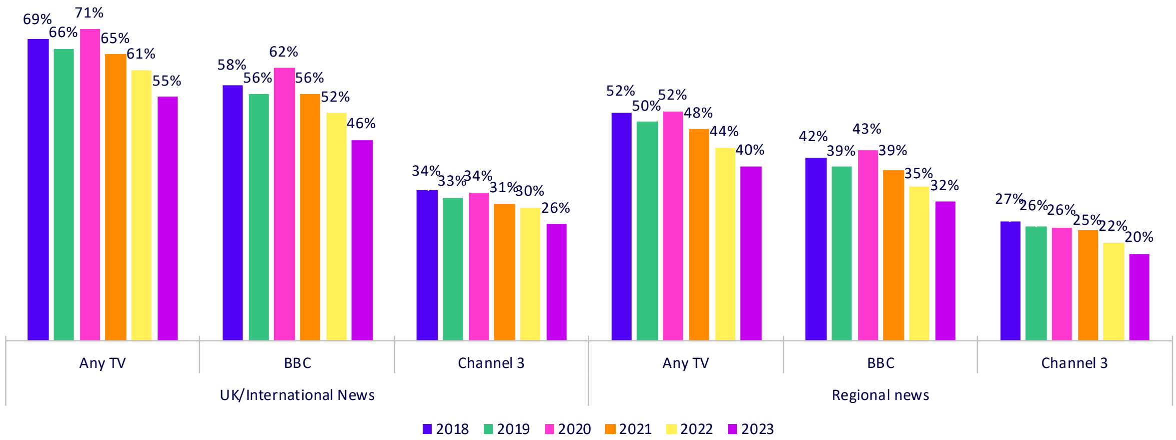
[131] Condition 4.48 of Operating licence for the BBC's UK Public Services.
[132] These licences and sub-regions are Anglia (East and West), Central (East Midlands and West Midlands), London, Border, Meridian (East, South and Thames Valley), Granada, Tyne Tees, Westcountry (South-West and West), Yorkshire and Lincolnshire (East and West), Wales Cymru, UTV and Channel TV.
[133] S4C's annual quotas for national and international news are 200 hours (all day) and 150 hours (peak time). For current affairs, its quotas are 60 hours (all day) and 30 hours (peak time). See Ofcom, 31 July 2024. Public service broadcasting annual compliance report 2024.

The BBC's position

A3.41 For the rest of this section on regional news on TV, we focus on BBC and Channel 3[134] as by far the largest providers of nations and regions news. We note that local TV channels also provide local news, however, it is difficult to get accurate reach and viewing time figures for news on these channels due to limitations with the industry-standard measurement for broadcast TV.[135] An alternative source shows that, across the UK, local TV channels had a total of 1.4 million viewers via digital terrestrial television (DTT) (representing 5% of DTT viewers) on average per month between 5pm and 8pm (this time slot is likely to include the evening local news programme – which varies in timing across local TV channels – but will also include other programmes).[136] Our 2023 local media survey found that only 5% of adults had used local TV channels for local news and information in the last month.[137] S4C also provides regional news but represented only 4% of nations and regions news viewing in Wales in 2023.[138]

A3.42 TV news bulletins for the nations and regions on BBC and Channel 3 continue to reach significant audiences. However, along with TV consumption more broadly, viewing of nations and regions TV bulletins has fallen. In 2023, 40% of UK adults on average watched news bulletins for the nations and regions on either BBC or Channel 3 each week (32% on BBC and 20% on Channel 3). This is a 12-percentage point fall compared to 2018.[139]

A3.5: Weekly reach of nations/regions news on TV vs. UK/international news, total vs. BBC vs. Channel 3



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

A3.43 The Figure below shows the shares of viewing for nations and regions news across the UK and separately for each nation. Across the UK in 2023, the BBC accounted for 63% of nations and regions news viewing, versus 37% for Channel 3. This varies somewhat across

[134] We use Channel 3 to refer to ITV and STV collectively.
[135] Not all local TV channels are measured by Barb. Even when all of those measured are grouped together, they still have small sample sizes (as Barb uses a UK-wide panel) which makes analysis of the data inaccurate.
[136] TV analytics, May-September 2024, 1+ minute reach.
[137] Ofcom 2023 Local Media Survey, p.17.
[138] Barb, adults 16+, all transmissions, 28-day consolidated. Genre: nations/regions news.
[139] Barb, adults 16+, all transmissions, 28-day consolidated, average weekly reach 3+ mins %, Genre: nations/regions news.

the nations with BBC relatively more popular in Wales (68% share of viewing in 2023), and less popular in Scotland (52%) and Northern Ireland (55%).

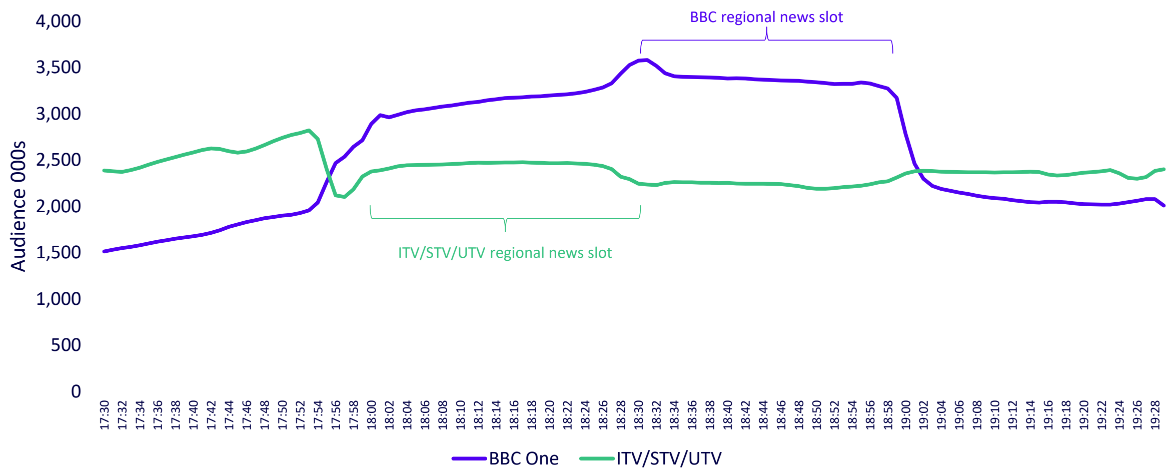
Figure A3.6: Shares of viewing for nations/regions news, 2019-2023

Country/nation	Channel	2019	2020	2021	2022	2023
UK	BBC One	62%	64%	64%	63%	63%
	Channel 3	38%	36%	36%	37%	37%
England	BBC One	63%	66%	65%	64%	65%
	Channel 3	37%	34%	35%	36%	35%
Wales	BBC One	64%	66%	65%	66%	68%
	Channel 3	36%	31%	31%	29%	28%
	S4C	*	4%	4%	5%	4%
Scotland	BBC One	56%	55%	55%	54%	52%
	Channel 3	44%	45%	45%	46%	48%
Northern Ireland	BBC One	52%	57%	56%	58%	55%
	Channel 3	48%	43%	44%	42%	45%

*Source: Barb, adults 16+, all transmissions, 28-day consolidated, includes Channel 3's +1 channels. Genre: nations/regions news. S4C nations/regions news share in the UK is not included as it is very small (0.2% in 2023) and it does not make a difference to the rounded figures for BBC One and Channel 3. *No programmes in 2019 were classified to the nations/regions news sub-genre by Barb.*

A3.44 The BBC's 18:30 weekday nations/regions bulletins achieve a collective average audience of 3.37 million, higher than the 18:00 BBC network news average audience of 3.15 million. Channel 3 similarly see the 18:00 nations/region bulletin attract a collective average audience of 2.44 million, higher than the 18:30 network news average audience of 2.24 million.

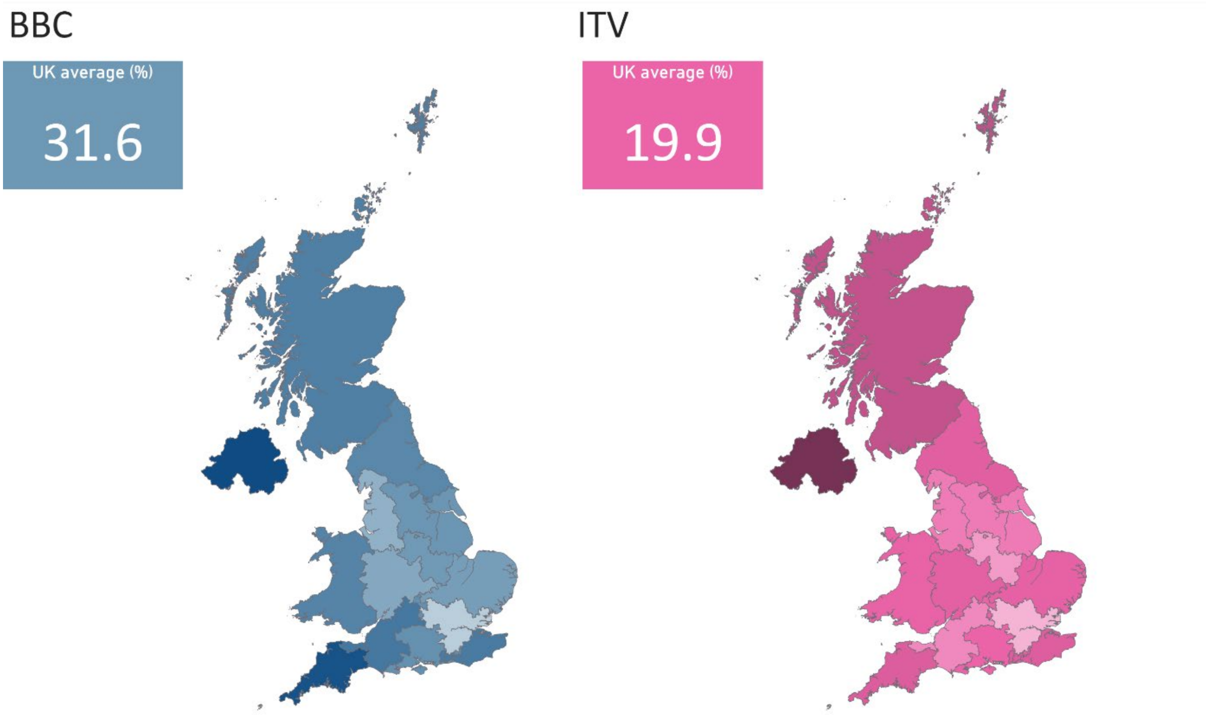
Figure A3.7: Average audience for weekday evening regional news and adjacent timeslots – BBC One vs. Channel 3, 2023



Source: Barb, adults 16+, 2023, live viewing only, Monday-Friday only, average audience 000s.

A3.45 On average per week, more people watch nations/regions news on the BBC than Channel 3 and this is the case across all the nations and regions. Reach varies across the nations and regions for each broadcaster and Figure A3.8 below shows the average weekly reach to the genre on BBC and Channel 3 relative to the UK average. For the specific early evening nations/regions news bulletins, Channel 3 is favoured over BBC One by some nations. In Scotland and Northern Ireland, the average audience to the Channel 3 6pm nations/regions bulletin is larger than the average audience to BBC One's 6:30pm bulletin. Whereas, in England and Wales, BBC One's bulletin has a larger average audience than Channel 3's.

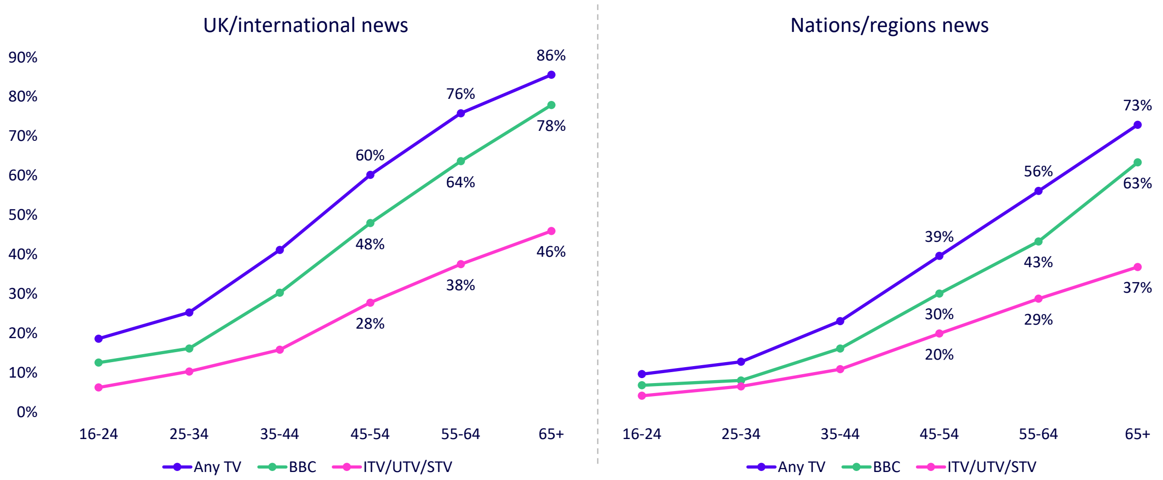
Figure A3.8: Average weekly reach (%) to BBC nations/regions news vs. Channel 3 nations/regions news, 2023



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

A3.46 Nations/regions TV news is more popular with older viewers. Just 10% of 16-24 year olds watched any nations/regions TV news each week compared to 73% of those aged 65+. However, there is a notable difference in the age pattern between BBC nations/regions news and Channel 3 nations/regions news, with reach among those aged 65+ particularly high for BBC, jumping 20 percentage points versus the 55-64 cohort, compared with the eight percentage point increase in Channel 3 reach for these two age groups.

A3.9: Weekly reach by age of nations/regions news on TV vs. UK/international news, total vs. BBC vs. Channel 3, 2023



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

A3.47 In summary, the BBC and Channel 3 are the main providers of nations/regions TV news. The BBC is the largest provider - consistently capturing around 63% of nations/regions news viewing across the UK. The BBC is relatively more popular in Wales and less popular in Northern Ireland and Scotland, where Channel 3's viewing share is close to 50%. The BBC attracts a relatively older audience than Channel 3.

The impact of potential changes to the BBC's regional TV news offering

A3.48 We have focused our assessment on potential impact on Channel 3 as it is the main alternative provider of regional news.[140] It is possible that an enhanced BBC regional news programme may attract viewing from a range of other (non-regional news) programmes across other channels (including other BBC channels). However, this viewing is likely to be drawn from a wide range of other channels thus have a very diluted effect on any individual channel, and our initial view is that, at first sight, this is unlikely to have a significant impact on any individual channel.

A3.49 Our qualitative consumer research found that BBC nations/regions TV news bulletins were viewed as somewhat different to Channel 3. In terms of tone, participants tended to feel the BBC provides a more serious slant on news stories than Channel 3 equivalents, which were perceived as being more light-hearted and a little less in depth at times.

A3.50 Beyond this, research participants saw little difference between BBC and Channel 3 nations/regions news bulletins in terms of content, except for several people in Scotland

[140] S4C also offer regional news however, this channel appeals specifically to people wanting to watch in the Welsh language, thus BBC regional news (which transmits in English) is unlikely to be a close substitute.
We do not have information on viewing of local news programmes on local TV channels so it is difficult for us to assess any impacts. We recognise there may be some impact, however, to the extent that viewers opt to watch local news on local TV (rather than considerably more widely known Channel 3 or BBC regional news) suggests they have a specific preference for this (for example, the news being more relevant to the local area they live) meaning they may not see the BBC regional news as a close substitute.

who mentioned that STV news bulletins felt more local than the BBC equivalent. In the group discussion in Falkirk, participants spoke of STV not covering the Scottish Borders and therefore news was more focused on their area. In the online forum, several comments further alluded to news as being more specific to a region of Scotland.

A3.51 As discussed above, the age profiles for BBC and Channel 3 nations/regions news are also somewhat different, with BBC skewing to an older audience (62% of the adult audience were over 64 in 2023, compared to 55% for Channel 3).[141]

A3.52 In our stakeholder discussions, [✂].

Our view on competition impacts from changes to BBC regional news on TV

A3.53 Based on the evidence discussed above, we consider that there are some differences between BBC and Channel 3 nations/regions news and they have somewhat different appeal. However, compared to the situation for local radio, we consider that there is more potential for viewing to switch from Channel 3 to the BBC if the BBC increases or enhances its nations/regions news programmes in future.

A3.54 It is very difficult for us to assess the extent of any competitive impact of prospective changes to BBC nations/regions news without knowing what these might be. We consider that a relatively small proportion of Channel 3's overall revenues are likely to derive from nations/regions news. However, if the BBC makes a change to its nations/regions news that leads to a very large fall in viewing of Channel 3's nations/regions news, then this could potentially affect ITV/STV's incentives to invest and innovate with respect to nations/regions news specifically. It is possible that Channel 3 licensees would invest and innovate more to try and compete with the BBC to win these viewers back. This would have a positive impact on audiences by improving quality and choice.

A3.55 It is also possible that Channel 3 licensees would reduce investment in nations/regions news given the return on investment is lower when its viewers (and hence revenues) are reduced. Channel 3 licences include minimum quotas for provision of high-quality regional news so it would not be possible for Channel 3 licensees to cut back on regional news entirely.[142] In England, the majority of the licensees are individually required to show a weekly average of 2 hours 15 minutes regional news, including 1 hour 25 minutes in peak time.[143] For Scotland, Northern Ireland and Wales the requirement is 4 hours regional news weekly average, with 2 hours 30 minutes in peak time.

A3.56 Our public service broadcasting annual compliance report shows that in 2023, Channel 3 licensees in England delivered regional programming significantly above the minimum

[141] Barb 28-day consolidated, nations/regions news, 2023.
[142] Channel 3 licences are available on the Ofcom website.
[143] There are some individual exceptions – the Granada licence for North-West of England and the Isle of Man, the Channel licence for the Channel Islands and Border England each require 3 hours 5 minutes of news, with 2 hours 15 minutes in peak. Each licensee is required to include the specified amount of first run regional programming to be broadcast between 9.25am and 12.30am. Weekly average hours and minutes are over a Calendar year excluding Bank Holidays and Christmas. Peak viewing times are 6pm to 10.30pm each day. The Peak Viewing time requirement is not applied on Bank Holidays or Christmas or where early evening news patterns may be disrupted by live news or sporting events of national importance.

requirement (roughly 1 hour per week above the quota for most regions).[144] This suggests that England licensees could significantly reduce regional news programmes while still hitting the minimum regulatory requirements. We recognise that the quotas offer protection to audiences to ensure a minimum amount of regional news is provided. However, if regional news is particularly valued by audiences, then a reduction from the current level may have a detrimental impact on audiences who would have less availability and choice of regional news provider. For Scotland, Wales and Northern Ireland the achieved levels of overall regional programming are much closer to the (higher) requirements, suggesting there is less scope for paring back regional news content while still hitting regulatory requirements.

A3.57 If Channel 3 nations/regions news viewing fell, then over the longer term it is possible that Channel 3 licensees may seek to have the regional news quotas reduced on the basis that audiences are lower. We would need to consider such requests if they arise.

A3.58 The Channel 3 licences require regional news to be 'high-quality'. However, this is likely to be somewhat subjective and it is possible that reduced audiences/revenues lead to lower spend on Channel 3 regional news, which could mean a decline in quality to the detriment of audiences.

A3.59 Overall, it is extremely difficult to consider the competition impact of hypothetical changes to BBC nations/regions news. If the BBC made a change that led to a very large reduction in viewing of Channel 3 regional news, then we cannot rule out specific impacts on incentives to invest and innovate in relation to Channel 3 regional news. These may vary across the different licence holders for the nations and regions as the impact on their audiences may vary across the UK. As noted above, it is possible that reduced investment in nations/regions news could have a detrimental impact on audiences. We would need to examine such impacts as part of a BCA if a material change to BBC regional TV news is proposed.

Local online news

Sector landscape

A3.60 As the internet has developed, audiences have increasingly turned to online sources for local news and information. The BBC provides online news for each nation, including Scottish Gaelic and Welsh language output on its BBC News website and app.[145] There is a single news area or 'index' for Northern Ireland, while online news is provided for six index areas in Scotland and five index areas in Wales. England is divided into nine regions, each split into smaller areas totalling 46 indexes. For example, the East Midlands region includes indexes for Derby, Leicester, Northamptonshire and Nottingham. The BBC national and regional bases also produce local podcasts for BBC Sounds, which features a 'local to me' rail providing a bespoke mix of content unique to the users' local area.

[144] Sub-regional quota performance can be found in the Nations & Regions compliance – Channel 3 section of our public service broadcasting annual compliance report 2024. This data includes performance against overall regional programming quotas including news, current affairs and other regional programming. However, the majority of this programming is regional news.
[145] The BBC also provides online local news for the Crown Dependencies – the Isle of Man and the Channel Islands (split into Jersey and Guernsey).

A3.61 ITV provides online news for its nations/regions news programme areas and STV has regional sites for Glasgow & West, Edinburgh & East, North East & Tayside and Highlands & Islands. S4C also provides Welsh-language news online covering Wales, UK-wide and international stories.

A3.62 Many traditionally local print titles have moved online in addition to, or ultimately in place of, their print publications. Across print and online, the Media Reform Coalition (MRC) estimate there to be nearly 1,200 local print or online newspaper titles available in the UK. Of the nearly 1,200 local titles, the MRC estimate that the three largest publishers – Newsquest, Reach plc and National World – represent over half (57%) of all local and regional titles in the UK, with 680 titles between them. These publishers are funded by a mix of advertising and subscription models, while some sites also require users to create a free account to view stories in full. Reach plc operates online brands such as Wales Online, Belfast Live and the Manchester Evening News, while National World's 'World Network' includes online sites for Bristol, Glasgow, Liverpool, London, Manchester and Newcastle. Newsquest also operates a range of online titles across the UK.

A3.63 There are also smaller publishers which operate across print and online such as Iliffe Media, which has 63 titles across South East England, the East of England and the Midlands, and Tindle Newspapers, which has 55 titles across England and Wales.[146] Other regional publishers include DC Thomson, which operates predominantly in the North East of Scotland, and Alpha Newspaper Group, which publishes a number of titles across Northern Ireland.

A3.64 There are many independent small and hyperlocal titles available across the UK. For example, The Manchester Mill, an online newspaper launched in 2020, provides a mix of free and subscription content covering Greater Manchester, while The Ferret provides investigative journalism for Scotland, funded by paying supporters. Other examples include Nub News, which operates a network of hyperlocal news websites in over 150 towns across the UK, supported by advertising, and Papurau Bro, a network of hyperlocal Welsh-language community papers that provide ultra-local news and information. Golwg 360 and Nation Cymru also provide online news coverage in Wales, both supported indirectly by funding from the Welsh Government. There are also many individual operations, often run voluntarily on a part-time basis by people living in a local area.

A3.65 Many local media providers are present on social media sites. For example, providers can have a Facebook page to share links to their articles, which direct users to read the article on the providers' website. People can also access local news and information via Facebook community groups for their local area. Content on local community groups is typically user-generated, posted by local people, covering topics such as planning applications, recommendations for local businesses and community events.

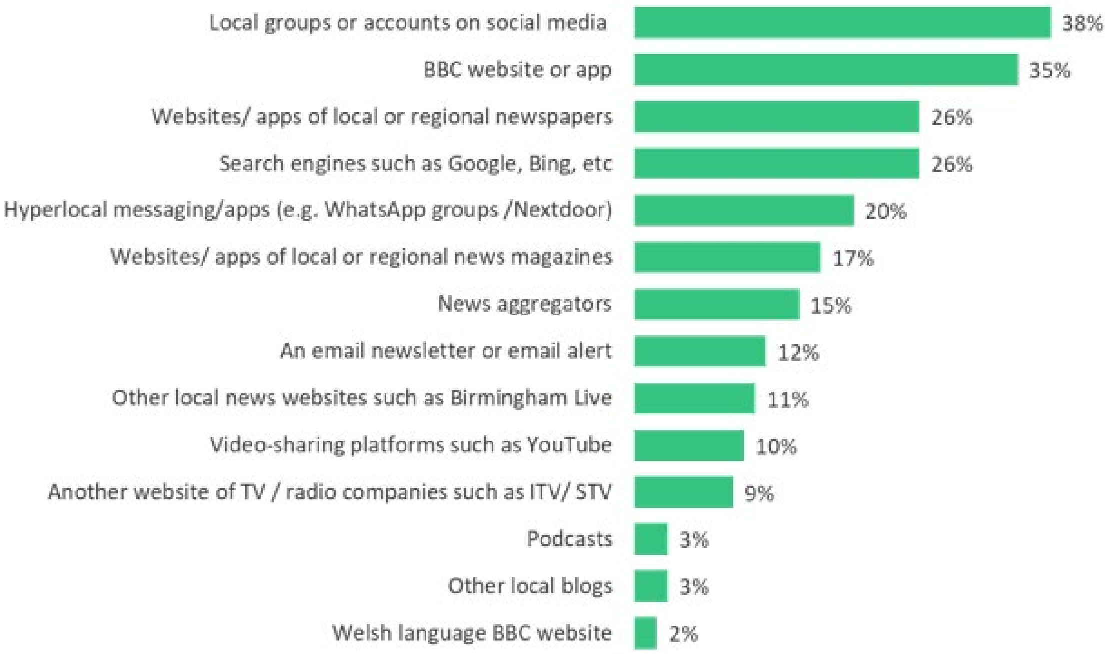
A3.66 Audiences can also seek out and access local news and information using search engines or curated aggregation services like Google News Showcase to view stories and 'follow' news providers.[147] Google has stated that local newspapers make up over 90% of the more than 240 titles signed up to the News Showcase which launched in 2021, and it has partnered with the Independent Community News Network (ICNN) enabling 45 independent titles to sign up to the Showcase.

[146] Media Reform Coalition, 2023. Who owns the UK Media?, p.16.
[147] What is Google News Showcase?

The BBC's position

A3.67 Our 2023 local media survey[148] found that social media, which is host for a variety of providers of news including the BBC, as the most popular way for audiences to get their online local news and information, used by 38% of adults in the past month. This was followed by the BBC website or app (35%), websites of local or regional newspapers (26%) and search engines (26%).

Figure A3.10: Online sources of local news and information

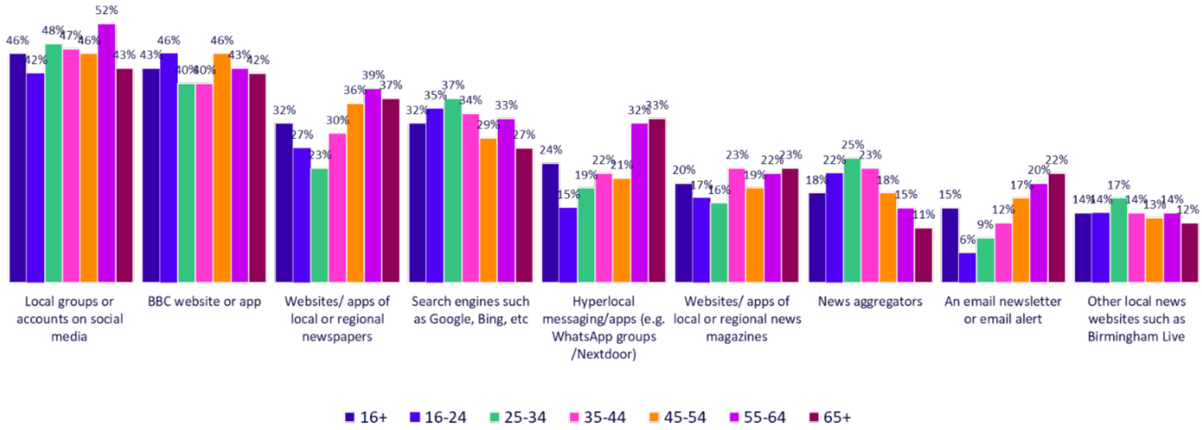


Source: Ofcom Local Media Survey. Question: Q3. Thinking specifically about online sources, which of the following do you use for local news and information nowadays – i.e. which have you used in the last month or so for news? Base: All adults 16+ (2778)

A3.68 Social media and the BBC website/app are widely used across all age groups for local news and information. Websites/apps for local or regional newspapers tend to be more widely used by older age groups (45+).

[148] Ofcom 2023 Local Media Survey, p.14.

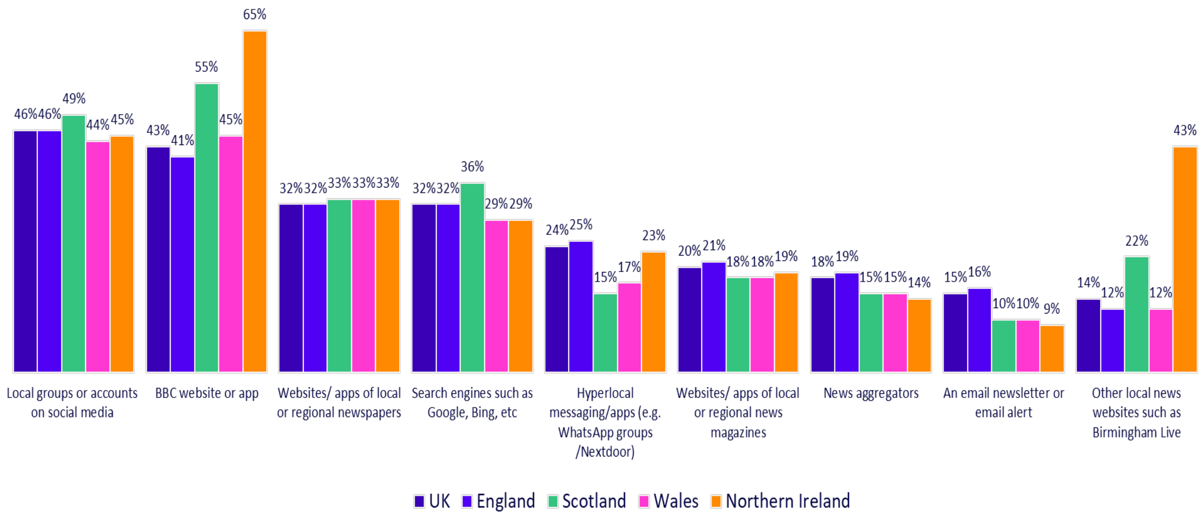
Figure A3.11: Use of online sources by age group, amongst users of online sources for local news and information



Source: Ofcom Local Media Survey. Question: Q3. Thinking specifically about online sources, which of the following do you use for local news and information nowadays – i.e. which have you used in the last month or so for news? Base: Amongst users of online for local news: 16+ (2271), 16-24 (256), 25-34 (355), 35-44 (346), 45-54 (418), 55-64 (348), 65+ (548).

A3.69 The BBC website/app is particularly popular for local news and information in Scotland and Northern Ireland. Scotland and Northern Ireland also have higher than average use of 'other' local news websites.

A3.12: Use of online sources by nation, amongst users of online sources for local news and information



Source: Ofcom Local Media Survey Question: Q3. Thinking specifically about online sources, which of the following do you use for local news and information nowadays – i.e. which have you used in the last month or so for news? Base: Amongst users of online for local news: UK (2271), England (1502), Scotland (253), Wales (255), Northern Ireland (261).

A3.70 Looking at online local news websites specifically,[149] we have used BBC and Ipsos iris data to estimate shares of page views (see Annex 2 for further information on the data used). As discussed at paragraph A2.7, Ipsos iris will understate the total number of commercial pages views as it does not capture many small sites that have not been viewed by Ipsos panel members. This means the BBC's share of total local news page views is likely to be overstated.

Figure A3.12: Shares of monthly average page views – UK and by nation

Country/nation	Provider	2022	2023	H1 2024
UK	BBC	26%	32%	37%
	Commercial	74%	68%	63%
England	BBC	20%	26%	33%
	Commercial	80%	74%	67%
Wales	BBC	76%	76%	76%
	Commercial	24%	24%	24%
Scotland	BBC	44%	51%	52%
	Commercial	56%	49%	48%
Northern Ireland	BBC	56%	55%	51%
	Commercial	44%	45%	49%

Source: BBC, Ipsos iris and Ofcom. Ipsos iris data UK online adults 15+. BBC data Includes BBC website and app, Google AMP and Facebook instant articles until they were retired in April 2023. Does not include viewing via Apple News. BBC page views includes local stories which featured on the front page of the BBC website/app.

A3.71 The BBC's position varies across the nations. In Wales the BBC represents around three quarters of local page views in H1 2024, whereas for England it is 33%. For Scotland and Northern Ireland, the share of page views is fairly evenly split between BBC and commercial providers. However, in Scotland the BBC's share has been growing, while in Northern Ireland the BBC's share is falling. Across the national picture, the BBC captures only around 37% of local news page views, however, its share is increasing over time.

A3.72 There is a great deal of variation in the BBC's share of average page views across its local index areas.[150] For some local index areas (Jersey, Guernsey, Isle of Man, Shropshire), the BBC's share of monthly average page views is over 90%.[151] There are also four local index

[149] Including the BBC News app.
[150] To enable sample consistency across the period the four new indexes created by the BBC were included in the home under which they were previously covered. We therefore assigned "Bradford" to "Leeds and West Yorkshire", "Wolverhampton" to "Birmingham and Black Country", "Peterborough" to "Cambridgeshire", and "Tyne" as well as "Wear" to "Tyne and Wear". Some BBC local news stories are of interest for more than one local index area and may appear on more than one BBC local index. Page views are associated to each story, and where a story appears on several indexes the BBC is not able to allocate page views according to which local index the viewing come from. Instead, total page views for each story are included in all the indexes the story has featured on. This means the BBC page views (and its share of page views) for each local index are likely to be overstated to some degree. This only affects local index level data, where data has been aggregated to nation or UK level duplication of stories has been removed.
[151] Each local commercial publication in the Ipsos iris dataset was allocated to a single local index area. Some publications may cover more than one local index area so it is possible that commercial page views for some local index areas are undercounted, and for others they are overcounted.

areas where the BBC's share of average page views in H1 2024 is less than 20% - Tyne and Wear, Kent, Birmingham and Black Country and Merseyside.

A3.73 Overall, the BBC is an important source for local online news across the country. It has a relatively lower share of page views in England, but this is increasing over time.

The impact of potential changes to the BBC's online local news offering

A3.74 We have focused our analysis on online local news sites as these are the closest competitors to BBC online local news. Over time there has been a significant move away from local print newspapers to local online news, which is more convenient and immediate. Our qualitative research found that those who continue to use print newspapers for local news have specific reasons for doing so, for example it is an important part of a routine, seen as being more local that other types of local media or used for obituaries.[152] For these reasons we do not think local print newspapers are a particularly close substitute for BBC local online news on a forward-looking basis.

A3.75 We have also not included social media accounts/groups or messaging apps. These are used for a much wider set of purposes than local news and have different features (for example, the ability connect with family and friends, or share news with a select group of people) so are unlikely to be a close substitute for BBC local online news.

A3.76 We recognise there could be some impacts on local print publications, social media viewing and messaging apps from changes to BBC online local news, however we consider that these would be relatively small and would be unlikely to have a meaningful impact on competition.

Evidence from the recent BBC changes to online local news

A3.77 For online local news we are in the position of having a recent example where the BBC has expanded its output and we have monitored the impact of this change on commercial providers of local news (see Annex 2). The expansion in BBC online local news content has resulted in increased BBC local page views. We also found that commercial local page views have decreased, however, this trend appears to predate the BBC changes. It is possible that the increase in BBC page views is contributing to the decline in commercial page views, and the impact may be more significant on publications in some local areas. However, looking across the aggregate picture, we have not found significant evidence that BBC page views are displacing commercial publisher page views.

Evidence from research

A3.78 In our qualitative consumer research, participants were given information about the BBC's increased investment in online local news services in England and asked how the changes might impact their consumption of local news and information.[153] Many of the BBC changes had happened by the time the research took place and the overwhelming majority of people reported that they had not noticed them. No one claimed to have changed how they consume local media as a result. People were further asked how the changes to BBC local services might impact on their consumption of local media going forward. They found it difficult to predict their future behaviour, in part because they felt it would depend on

[152] Ofcom's local media qualitative consumer research 2024, p.29.
[153] Ofcom's local media qualitative consumer research 2024, pp.42-45.

how the changes manifested themselves as to what difference it would make. For instance, if the BBC delivered more stories relevant to a smaller geographical local area, they may well consume more.

> *I do not anticipate any change until I see whether the changes improve my knowledge base. If it becomes more relevant I will use it more.* Man, 65+, South West, England

> *It depends on what is covered and how often. If it provides adequate information I may reduce how often I read information on South London Press or News Shopper as it would allow me to rely on one source for lots of information. I would however continue to read up more about different news pieces to avoid a bias from one source of information.* Woman, 35-44, London, England

A3.79 There was also some recognition that the changes may impact some areas more than others.

> *Well I've just looked on the BBC site for my local area and most of the stories really aren't that local. It's just shocked me. I've just looked at it now and they're not relevant to my area even though I put my area in.* Man, 55-64, North West, England

> *It sounds like they are reinvesting money recuperated into my local area online, a source that I do actually use so that's a bonus.* Man, 18-24, East Anglia, England

A3.80 More generally, participants felt there were differences between BBC online and other sources of local news. People liked that the BBC provided content free from paywalls and advertising. The lack of advertising and popups made for a more pleasant user experience, and throughout the research people reported not wanting to pay for local news and information. The BBC was also perceived to have fewer 'sensationalist' stories, and people felt confident that the information provided was more likely to be fact checked than some other online sources. However, the service was considered to be less localised than some other sources.[154] Some felt that if the BBC was able to provide sufficiently localised content, with a better user experience (for example, advert free), they might choose it over alternative online sources.[155]

A3.81 In summary, research participants felt that their behaviour had not changed as a result the recent increases to BBC local online output. However, we do need to treat this with some caution as the BBC changes were not complete at the time of the research and the sample size is small. In relation to future changes, participants commented that any changes in behaviour would depend on the nature of the alteration to the service. It seems more likely that individuals may increase viewing of BBC output where the content is particularly relevant to their local area.

[154] Ofcom's local media qualitative consumer research 2024, pp.24-25.
[155] Ofcom's local media qualitative consumer research 2024, pp.44-45.

A3.82 Alma Economics was commissioned by DCMS to carry out a study to examine the relationship between online local news content published by the BBC and local commercial news organisations.[156] The study was conducted over August to October 2022 (before the BBC announced increased investment in online local news) and the main objective was to analyse differences in the content and type of local news coverage provided by the BBC and the commercial sector. We might expect substitution between BBC and commercial publications to be lower if the stories covered by each are different in topic or style. Conversely, if the BBC and commercial publications largely cover the same stories in a similar way it is more likely consumers will choose to read either one or other.

A3.83 The study found that content duplication between the BBC and commercial providers in online local news exists in a way that is consistent with multiple providers covering some of the same news events. It estimated that fewer than 42% of local news events are covered by both BBC and commercial providers, and fewer that 2% of local news events are covered by the BBC alone. In terms of style, when reporting on the same event, BBC and commercial articles are somewhat similar and frequently draw on the same sources. However, there are differences in how the information is presented, with the BBC exploring some topics in greater depth and others shortened or summarised. Commercial articles were usually longer than BBC articles.

A3.84 Alma Economics also carried out interviews with a small number (13) of editorial staff from media organisations. These suggested that BBC and commercial news publications seek to make their content distinct. Almost all commercial news editors stated that content duplication with BBC local news websites was not considered a risk or had no financial impact on their organisation, with news editors mentioning that BBC local news teams had to cover much larger geographic areas and could not provide as much coverage of local events as their own titles. Around one-third of commercial news editors expressed concern that it was difficult to compete with a free source of local news, and that increased investment by the BBC in local news provision might bring the BBC into more direct competition with commercial providers. In general, though, editors felt that online aggregators such as Facebook and Google had a greater financial impact or posed a greater risk to their organisation.

Evidence from Ofcom's stakeholder discussions and submissions

A3.85 Stakeholders had differing views about the extent of competition between BBC and commercial local online news sites. Hyperlocal websites (those focusing on a relatively small geographic area or community) told us they tended not to view the BBC as a strong competitor. Hyperlocal sites generally see themselves as distinctive as they cover the news of a particular area in more depth than the BBC. They pride themselves on having reporters on the ground in the area, and in some cases use community generated content.

A3.86 However, most regional news publishers (whose publications tend to cover towns and cities or larger geographic areas compared to the hyperlocals) do see BBC local online news as a closer competitor. In December 2023, the directors of several large regional news publishers (Iliffe Media, Newsquest, Reach Regionals, National World and Midland News Association) made a joint public statement describing the BBC as a "neighbour from hell". They argued that the BBC's investment in local online news put at risk jobs at commercial online news rivals. They contended that the BBC has a competitive advantage because it is

[156] Alma Economics, December 2023. BBC online local news analysis.

publicly funded and it carries no advertising, so its stories tend to be prioritised by search engines. Further, the BBC can use its brand to promote content. They considered that the BBC should refocus on providing news across broader geographic regions in England and the nations.

A3.87 In its response to our interim report, the NMA maintained that the BBC competes directly with commercial publishers and is a threat to online local titles that are grappling with concerns about financial sustainability.[157] It noted that people are increasingly turning to digital platforms like Google and Facebook for news, who decide what news items are provided, and to whom. It argued the BBC has an advantage in search rankings because it does not carry adverts and its financial position is not affected by search algorithms which can suddenly change the visibility of websites (and ability to earn advertising revenues). The NMA further noted the reluctance of UK consumers to pay for news, which may reflect that the BBC offers similar content free of adverts and subscription barriers.

A3.88 The NMA stated that local publishers profit margins are already strained, and further losses could "potentially tip the scales and necessitate journalist redundancies". It noted the impact of the BBC's changes was likely to vary across England and areas where the BBC launched new local indexes may bear the brunt of the impact. It considered there could potentially be an impact on plurality if the BBC's expansion pushed vulnerable publishers towards closure.

Our view on competition impacts from changes to BBC local online news

A3.89 Commercial local publishers face a significant number of challenges on multiple fronts.[158] In addition to the overall decline in online page views (which is likely to affect advertising revenues), they face longer standing financial pressures brought about by the reduction in print circulation due to changing consumer behaviour and competition for online advertising.

A3.90 Some publishers are trying to transform their businesses and experiment with different revenue models in response to the financial challenges they face, for example, by charging for digital subscriptions and launching apps. In September 2024, Newsquest reported it has exceeded 100,000 digital subscriptions. However, consumers are generally reluctant to pay for local news and these business models are nascent – Newsquest is earning around £6m per year in digital subscription revenues, compared to total turnover of around £150m in 2022.[159] The Reuters Institute Digital News Report 2024 found that only 8% of people in the UK paid for any online news in the last year (the lowest of the 20 countries reported).[160] When UK non-subscribers to online news were asked how much they would be willing to pay for an online news subscription, 69% said nothing (the highest proportion across the 20 countries).[161] Given UK consumers' reluctance to pay subscriptions for news, we consider it unlikely that they will become a main source of revenues for local publisher groups. However, our qualitative research found that people liked BBC content because it is free from paywalls and advertising and it is possible that increasing the amount of BBC

[157] NMA response to Review of local media in the UK, Part 1: Initial findings.
[158] See Ofcom, 24 July 2024. Review of local media in the UK, Part 1: Initial findings, paragraphs 5.15-5.28 for a fuller discussion.
[159] Press Gazette, 14 September 2023. Newsquest grows revenues and stays in profit in 2022.
[160] Reuters Institute for the Study of Journalism, 2024. Reuters Institute Digital News Report 2024, p.49.
[161] Reuters Institute Digital News Report 2024, p.51.

local content reduces the propensity to take up subscriptions, which could affect commercial publications' ability to drive revenue growth.

A3.91 In discussion and submissions, some stakeholders have argued there is a causal link between increased BBC local online output and the decline in commercial page views, and that this is having a financial impact. We agree that BBC output and page views have increased, and that commercial page views have declined. However, as set out in Annex 2, our analysis does not provide significant evidence that the two are causally linked. It appears the decline in commercial page views is part of a longer-term trend which predates the BBC's changes, although we recognise that the BBC changes may be contributing to some degree.

A3.92 We recognise that increased BBC online local news forms part of the headwind facing local publishers and there may be some local areas where BBC viewing is displacing commercial viewing. In addition, it is possible that future BBC changes will have a different impact on commercial publishers. For example, our qualitative research noted that if the BBC provided more localised online content people might choose it over alternative online sources, suggesting greater potential for substitution. Therefore, some future BBC changes may require further consideration by the BBC and Ofcom.

A3.93 As the competition impact of future changes to BBC online local news may vary from place to place (for example reflecting the number, size and nature of commercial publications covering a particular geographic area) the BBC should consider how the impact may vary across different geographic areas and different commercial publishers, as far as it is proportionate to do so. As set out in the Guidance for assessing the impact of proposed changes to the BBC's public service activities, when considering whether a change is material we expect the BBC to explain proposed changes to stakeholders and allow them to comment on potential competition impacts. The BBC's engagement with interested third parties to identify the potential competition impacts may be particularly beneficial where publicly available evidence to assess the impact is limited. The BBC could consider whether there is merit in varying any proposed changes at a more local level to reflect different competitive conditions (and prospective competition impacts) across different local areas.