

# Review of Public Service Media (2019 – 23)

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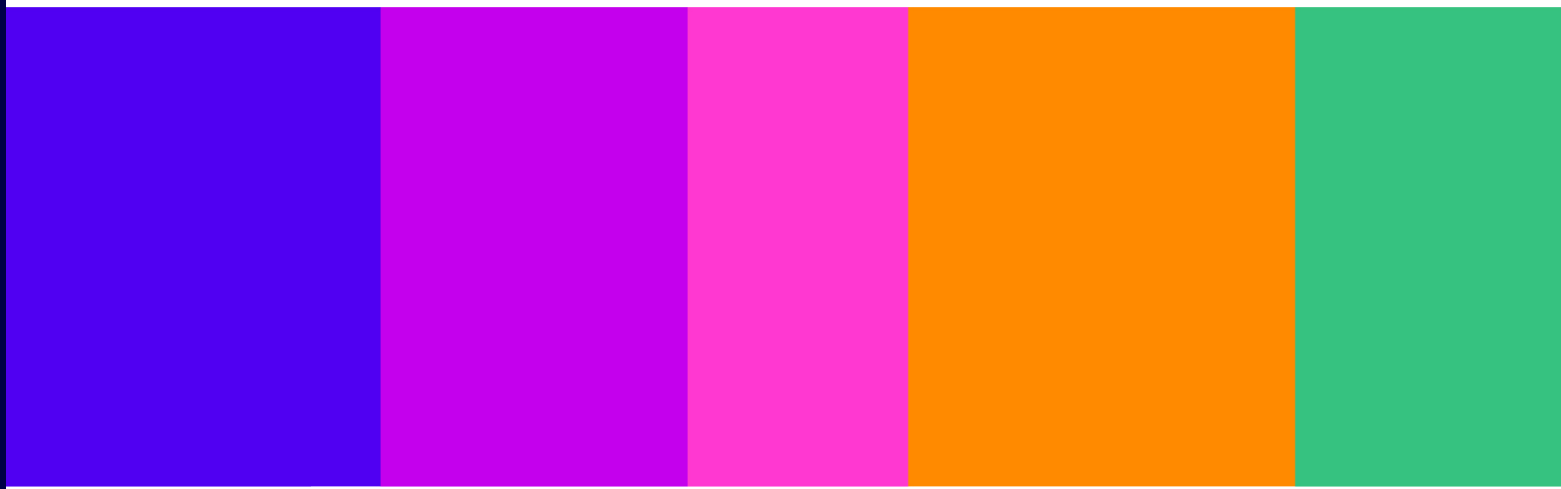
Challenges and opportunities for Public  
Service Media

## Statement

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For more information on this publication, please visit

<https://www.ofcom.org.uk/tv-radio-and-on-demand/public-service-broadcasting/ofcoms-review-of-public-service-media-2019-2023/>



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# 1. Overview

## **Public Service Broadcasters have faced enormous challenge, but they are delivering for UK audiences**

Since our last review in 2020, [Small Screen: Big Debate](#), the broadcasting industry has witnessed and reported on unprecedented national and international instability: a global pandemic which turned our lives upside down, wars in Ukraine and the Middle East and political and economic volatility both in the UK and around the world. Never has the role of our Public Service Broadcasters (“PSBs”) been more important. The main players are the BBC, ITV, STV, Channel 4, Channel 5 and S4C. They have a collective duty to fulfil public service broadcasting purposes and objectives and provide content that is freely available to all.

PSBs are central to the delivery of Public Service Media (“PSM”): providing duly accurate and duly impartial news that is trusted, and a wide range of high-quality content that reflects the whole of the UK and brings audiences together. PSM content is available across linear, broadcast video on demand (“BVOD”) and online sources.

The PSBs have collectively delivered their purposes and objectives across this review period, however reaching everyone is now undoubtedly more complicated than it was before. Ongoing tech disruption and fierce competition for audiences from global streamers is intensifying the mounting pressure on the future sustainability of PSM.

Our work at Ofcom is to put audiences at the heart of all we do and ensure the sector is delivering good outcomes for listeners and viewers. We also need to report every five years on how the quality of public service broadcasting in the UK can be maintained and strengthened.

## **UK audiences continue to have a greater choice of content**

The majority of PSM content has been provided by PSBs. Overall levels of output from PSBs were relatively stable over the review period. This is despite disruption caused by the Covid-19 pandemic, during which the PSBs’ continued delivery of new UK programming – particularly news – was highly valued by audiences. PSBs have also continued to adapt to changing viewing habits, but audiences also enjoy varied high-quality PSM content from an increasingly large range of providers. Global streamers have increased investment in UK content and audiences are viewing and listening to their services in greater numbers. Viewers and listeners value more choice and flexibility of what to watch, how and when. To maintain and strengthen public service broadcasting, and consequently PSM content, it is important to ensure the regulatory framework supports all PSM content delivery.

## **The PSBs’ biggest challenge is attracting audiences to their content**

Increasing battles for UK audiences and advertising revenues have required PSBs to continue innovating, in order to keep delivering high-quality programmes. PSBs’ digital-first strategies have had some success and the amount of time audiences spent viewing BVOD players increased in 2023, but not enough to offset declines in linear viewing. Audiences increasingly turn to subscription video on-demand (“SVoD”) services and video sharing platforms (“VSPs”) provided by global companies. On average, people in the UK spend around one third (32%) of their in-home video viewing on these platforms, and this is expected to continue growing.

Viewing on VSPs, in particular YouTube and TikTok, has grown rapidly in recent years. YouTube’s key drivers of growth in the last year were older audiences and viewing on connected TVs, having traditionally been popular with younger people. 60% of UK individuals viewed YouTube videos over

their home broadband connection on a weekly basis. Children and young people primarily watch content online and consume much less PSB content than older generations. They are no longer growing up with linear TV as their primary source of viewing and 4-15-year-olds are much more likely to watch YouTube, Netflix and TikTok than the BBC or any other PSB. As audiences spend more time on VSPs and SVoD services they see less PSB content. This means they are likely to be watching less duly impartial and duly accurate news, fewer UK programmes that reflect the diversity of the whole of the UK, which also means fewer opportunities for the PSBs to bring the country together with major sporting, cultural and entertainment events.

To address this, the PSBs are placing their own content on third-party platforms. This may help them connect with the next generation of viewers, but they are then more reliant on the platform and its recommender system for prominence. In addition, there is a risk that if younger audiences do not turn to PSB content as they age, the audience will significantly decline over time.

### **It is more important than ever that audiences can easily find high-quality, accurate news that they trust**

A vibrant media landscape, with a variety of news providers across a range of platforms, helps to ensure that citizens are well-informed and able to access and consume a wide range of viewpoints where and how they want to. This access to a plurality of viewpoints, including from the PSBs, is the cornerstone of a well-functioning democratic society.

Online sources and intermediaries such as social media, search engines and news aggregators are now widely used for news in the UK, and have significant influence over the news users consume. UK adults now use online news sources (71%) as much as TV news (70%). This presents opportunities for news providers to engage and connect with audiences who may not go directly to their own services, however, it also presents several challenges. Our research shows that audiences may struggle to attribute news content consumed on third-party platforms and, while they may be served a more diverse range of news outlets, they are more likely to be exposed to a narrower range of news topics on social media, compared to going directly to news publishers' websites. They are also more likely to be exposed to misinformation and disinformation online, which can have severe consequences, as evidenced by the violence that erupted in England and Northern Ireland this summer following the Southport attack. In the aftermath of the disorder, [Ofcom wrote to the Secretary of State](#), identifying a clear link with disinformation online. Identifying misinformation and disinformation online is likely to become more difficult with advances in artificial intelligence ("AI") and generative artificial intelligence ("GenAI").

Access to accurate news that adheres to high journalistic standards is crucial to countering the effects of misinformation and disinformation by facilitating civic understanding and fair and well-informed debate. We know that the PSBs play an important role here. Audiences consider trusted and accurate UK news to be the most important element of public service broadcasting and they generally rate the PSBs and other broadcasters highly for trust and accuracy. Our research has found that those using PSB news output are more likely to correctly identify important factual information, have higher levels of trust in institutions, and are less polarised than respondents who did not use PSBs. Media literacy initiatives also have an important role to play in equipping audiences with the tools to spot misinformation and disinformation and distinguish professionally produced news of high journalistic quality from other forms of content.

However, like many news providers, it is becoming more challenging for PSBs' news content to cut through in such a crowded environment, where global platforms have significant influence over what content is presented to audiences. Funding pressures also mean that sustaining public service broadcasting, such as original news output and journalism, and delivering it across multiple services

and platforms is an increasing challenge. Our [recent review of local media](#) highlighted the ongoing importance of, but also the challenges facing, the local news industry. These include audiences moving online and increasing competition for their attention, as well as falling advertising revenues, the role of online intermediaries and growing numbers of people avoiding news.

### **A UK production sector that continues to evolve is important for successful delivery of PSM content**

The UK's production sector is a diverse, competitive and globally successful part of our creative economy, renowned for making high-quality content for PSBs, commercial broadcasters, film studios and global SVoD services. A thriving production sector across the UK is particularly important for delivering content which authentically represents and portrays UK audiences – the PSBs have shifted more of their network production spend across the UK over our review period. Over the longer term, the sector will need to continue to adapt to the financial challenges facing the PSBs and consequential impacts on their commissioning spend and patterns. The independent production sector has successfully attracted revenues from international sources, although SVoD services do not have any requirements to commission in the UK and across the nations and regions.

### **Financial challenges will persist as PSBs deliver a wide range of content across multiple services**

It is crucial that the UK PSM system as a whole is sustainable in the long term and continues to deliver valuable content for all UK audiences.

PSBs have seen significant real terms decline in their revenues in the last 10 years. Revenue from the TV Licence is the main source of funding for the BBC and S4C. The value of this revenue stream was £3.7 billion in 2023/24, £1.3 billion per year lower in real terms than in 2016. ITV, STV, Channel 4 and Channel 5 rely on advertising revenues from their linear TV channels and BVoD services for much of their funding. These advertising revenues were around £3.1 billion in 2023, more than £600m lower in real terms than in 2018.

PSBs have told us that their costs have not declined to the same extent over this period and that the cost of making TV programmes has been affected by high levels of inflation. In addition, they are having to invest significant sums in developing their digital distribution platforms, while maintaining schedules for linear TV services and their broadcast on digital terrestrial television (“DTT”) and satellite, as well as other services. These content strategies and multiple distribution routes are expensive, so the financial performance of the PSBs has deteriorated. In 2023 the BBC, Channel 4 and S4C all reported deficits, and ITV and STV reported a decline in their profits.

PSBs have responded by changing the way they commission content. The PSBs have reduced their spending (in real terms) on original UK content and are making more use of third-party funding to get programmes made. They will continue to face financial challenges due to the ongoing shift in viewing away from linear TV. PSBs may also struggle to replace their traditional income streams with new sources of revenue to the same scale, as they expand their digital strategies and increasingly compete with SVoD services and VSPs for advertising revenue.

So far, the PSBs have been experimenting with putting varying amounts of content onto third-party platforms, although some have told us that returns are very low. It is challenging to monetise audiences on these platforms, especially if this comes at the expense of growing viewing on their own, more lucrative, BVoD services. These challenges risk there being less PSM content in the future.

## **We will publish our findings on how to strengthen the provision of PSM content in 2025**

In this document we set out: how the PSBs have, taken together, delivered the purposes of public service television broadcasting; how other media services have also contributed to it, and highlight the future challenges and opportunities for PSM delivery. In Summer 2025 we will publish a report looking at how the provision of PSM content can be maintained and strengthened for the next decade. This could include areas where we are planning to consult on changes to some of our rules, as well as identifying where further Government intervention may be needed. We will continue to explore these issues with stakeholders and welcome their input into the next phase of our work.

Please contact [PSMReview2025@ofcom.org.uk](mailto:PSMReview2025@ofcom.org.uk) if you would like to be involved.

The overview section in this document is a simplified high-level summary only. The full findings and supporting evidence are set out in the full document, supporting annexes and interactive data report.

## 2. Introduction

### In this section we:

- Set out the background and legal framework for our review; and
- Discuss the structure of our report and annexes.

### Ofcom's duties to review public service broadcasting

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We recently published a [Terms of Reference](#) setting out the scope and timetable for this review. Ofcom is required to review at least every five years the extent to which the PSBs have, taken together, fulfilled the purposes of public service television broadcasting through the provision of the PSB channels. The PSBs are: the BBC, the providers of each Channel 3 service (each of which is a subsidiary of either ITV Plc or STV Plc), Channel 4 Corporation ("C4C"), Channel 5 Broadcasting Limited (a subsidiary of Paramount Global), and S4C. The relevant services they provide for the purposes of our review are each of the BBC's television broadcasting services, each regional Channel 3 service, Channel 4, Channel 5 and S4C (the "PSB channels").

We must report our findings with a view to maintaining and strengthening the quality of public service television broadcasting. As part of our review, we must consider the costs of meeting the public service broadcasting purposes and the sources of income available to the PSBs. The purposes of public service television broadcasting are detailed in [Annex 1](#) to the report. They include the provision of TV services that have a broad range of high-quality programmes and genres that meet the needs and interests of many different audiences. They are fulfilled if the public service broadcasting objectives<sup>1</sup> are achieved.

We also consider the contribution that other media services make to the public service broadcasting objectives, including the commercial portfolio channels of the PSBs, television services provided by the multichannel sector, radio services, video on-demand ("VoD") services and other online services (where there is a person with editorial control over the material on the service).

In this review we have found that the PSBs have collectively delivered their purposes and objectives. Our key findings include:

- Audiences rate the PSBs highly for delivering a wide range of UK programmes that appeal to different audiences, trusted and accurate UK news, and events that bring the nation together;
- The PSBs have maintained overall levels of first-run output, but maintaining investment has been more challenging, with first-run spend declining in real terms. Overall commissioning spend has remained broadly stable in real terms due to third-party contributions;
- The PSBs have delivered programmes across a wide range of genres. There has, however, been a moderate reduction in the first-run UK originated hours in genres including specialist factual, arts and classical music, and children's;

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<sup>1</sup> See Section 264(6) of the Communications Act 2003 and detailed in [Annex 1](#). The public service broadcasting objectives include the provision of a range of different genres, including news and content for children, and reflecting the different cultural activities and communities across the UK, including programmes made outside of London.

- To reach and connect with all audiences, the PSBs have continued to develop their BVoD services. This has included significantly increasing the amount of UK-produced content on their players.

## Amendments to the Communications Act by the Media Act

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In [Small Screen: Big Debate](#), we looked at the changes and challenges within the PSM sector and made recommendations to protect, maintain and strengthen the public service broadcasting system. Some of these have been taken forward in the [Media Act 2024](#) (“Media Act”) which modernises the PSBs’ remit in terms of how their content is made available and the requirements that their content, taken as a whole, must meet.

The Media Act makes a number of changes to the regulatory framework for PSBs. For example:

- It enables the PSBs to deliver their public service remit across a range of broadcast channels and on-demand and other online services;
- The PSBs will be required to publish expanded annual statements of programme policy explaining how they intend to fulfil their individual public service remits;
- Qualifying services for the listed events regime can only be provided by PSBs;
- New rules to ensure PSBs’ services are made available and prominent on popular connected TV platforms; and
- Removal of the restriction on Channel 4 producing its own content.

We have published a [roadmap](#) of our implementation of the Media Act, and will be consulting on aspects of its implementation. The licence variations and new requirements for the PSBs are likely to take effect from 2026. While our review covers the period 2019 – 2023, prior to the enactment of the Media Act and the changes it will make to the regulatory framework, we have taken the potential changes into account, where appropriate, in our analysis and considerations.

## The structure of our report and supporting annexes

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We have structured this report as follows:

- **Meeting audience needs:** Sets out how audience media consumption continues to change and the challenges for PSBs in connecting with all audiences online, particularly children and young adults.
- **Public Service Media and the UK news sector:** Examines whether audiences are able to find high-quality and accurate news that they trust as the production, distribution and consumption of news changes.
- **Public Service Media and the UK production sector:** How the PSBs both support and rely on the UK’s production sector to produce content that meets evolving audience needs and represents the diversity of the whole of the UK.
- **Financial sustainability of Public Service Media:** Discusses the challenges for sustainable provision of PSM content in the future.
- **Delivery of the Public Service Broadcasters’ purposes and objectives:** A review of how the PSBs have met their purposes and objectives and delivered for UK audiences between 2019 – 2023, and the contribution of other media services to this.
- **Next steps:** We set out our plans for the next phase of work on the PSM review in 2025.



An accompanying [interactive data report](#) provides further data and supporting information.

Financial data quoted in this report is primarily presented in real terms, meaning that data has been adjusted to account for inflation. For those who wish to see the data which has not been adjusted for inflation, our [interactive data report](#) enables financial data to be viewed in either nominal or 'real' (CPI-adjusted) terms, with users easily able to switch between the two.

Alongside this report, we have published supporting annexes on:

- [Legal framework](#);
- [Methodology and sources of information](#); and
- [Review of how Channel 4 Corporation has fulfilled its media content duties](#).

In early 2025, we will be publishing further supporting documents for this review on:

- The UK TV advertising market;
- The relationship between using PSBs for news and a range of societal outcomes; and
- Online intermediaries and the diversity of news content.

# 3. Meeting audience needs

## In this section we:

- Set out the importance of PSM for audiences;
- Describe how audiences are watching and listening to content;
- Identify audience groups that are more challenging for the PSBs to serve; and
- Set out our view of the future challenges for PSBs in delivering for all audiences.

## PSM content is important for audiences

In [Small Screen: Big Debate](#) we highlighted that PSM is highly valued, particularly for trusted and accurate news, and informative and entertaining content that reflects the diversity of the UK and brings audiences together. Our most recent research shows audiences still value these key areas of PSM.<sup>2</sup>

The PSBs are central to the delivery of PSM content that is free at the point of use. They provide duly accurate and duly impartial news that audiences trust and turn to in moments of crisis and of national and international significance. They also provide a breadth of UK content that reflects the whole of the UK and appeals to a wide range of audiences.

Audiences also enjoy PSM content across a much broader range of services. These include high quality news coverage like Sky News, high-end UK drama offered by global streamers and the variety of content available on VSPs. However, these services are not necessarily freely available to all and providers do not have obligations to continue to commission PSM content. The PSBs are therefore critical to the continued provision of PSM.

Audiences are generally satisfied with the PSBs. Two-thirds (67%) of UK adults aged 16+ who watched PSB channels in the past six months say they are satisfied with them and this has remained steady since 2021.<sup>3</sup> Satisfaction in the nations has remained broadly in line with the UK average in recent years, with some fluctuations in specific nations over time.<sup>4</sup> Disabled audiences (65%), as well as C2DE audiences (65%), are slightly less likely to be satisfied with PSB channels overall, compared to all adults (67%).<sup>5</sup> As discussed in our [recent BBC Annual Report](#), meeting the needs of DE audiences has been a longstanding issue for the BBC.

## Audiences are watching and listening to more content online

While linear channels remain the main way many audiences watch TV, this is declining. Viewing of broadcast content on TV sets has fallen by 21% since 2019 and linear viewing now only accounts for

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<sup>2</sup> Ofcom Public Service Media Tracker 2023. Online respondents were asked what they felt were the three most important attributes for PSBs to deliver for society. The three highest ranked attributes were *'trusted and accurate UK news'* (49%), *'a wide range of different types of programmes such as drama, comedy, entertainment or sport'* (45%) and *'programmes that help me to understand what is going on in the world today'* (29%).

<sup>3</sup> Ofcom Public Service Media Tracker 2021 - 2023.

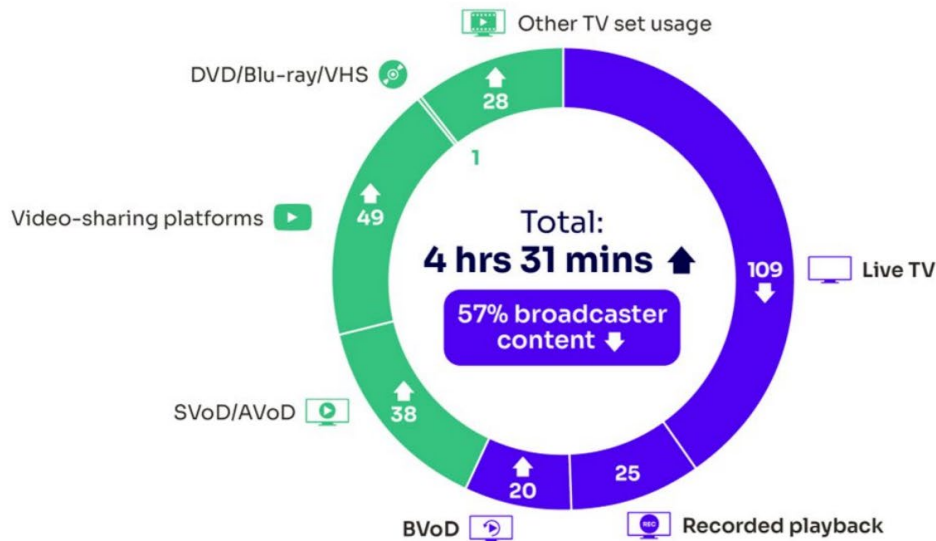
<sup>4</sup> For example, audiences in Wales were less satisfied than the UK average in 2023 (60% were satisfied compared to 67% of UK adults overall).

<sup>5</sup> Ofcom Public Service Media Tracker 2023.

half of all in-home viewing<sup>6</sup> and is expected to continue to fall.<sup>7</sup> In addition, a substantial number of people no longer watch broadcast TV regularly.<sup>8</sup>

Instead, audiences are watching and/or listening to a range of streaming and on-demand services online using different devices, such as connected TVs, smartphones, tablets and smart speakers. As set out in Figure 1, a large proportion of viewing is now to VoD services and VSPs.

**Figure 1: Average daily minutes of in-home video viewing across all devices, all individuals: 2023**



Source: Barb as-viewed on TV sets and other devices using the home's WiFi network.<sup>9</sup>

However, some people remain heavy users of broadcast TV services – people from the DE socio-economic group<sup>10</sup> and older people tend to watch more broadcast TV than people from other groups (on average DE audiences watch 3 hours, 34 minutes per day on TV sets and those aged 75+ watch 5 hours, 33 minutes compared to 2 hours, 29 minutes for all people 4+).<sup>11</sup>

### SVoD viewing has increased significantly but growth is projected to slow<sup>12</sup>

SVoD services, such as Netflix, Amazon Prime Video, Disney+ and Apple TV are now the first destination for almost two-fifths of online adults and teens when they have nothing specific in mind to watch, compared to one-third who go to TV channels.<sup>13</sup> Over two-thirds (69%) of UK households have at least one subscription, compared to 47% in 2019, and the average household has two

<sup>6</sup> Barb.

<sup>7</sup> For example, in 2024 [Enders](#) forecast that live broadcast viewing will fall by a further 18% by 2030.

<sup>8</sup> A quarter of people no longer watched TV at least weekly in 2023. Barb 28-day consolidated, TV sets only.

<sup>9</sup> Arrows indicate whether viewing time for that category has changed since 2022. "Broadcaster content" includes live TV, recorded playback and BVoD. "Other TV set usage" includes viewing to some SVoD/ advertising-supported video on-demand (AVoD) services/VSPs that cannot be definitively measured, as well as some unmeasured broadcast channels, some EPG/menu browsing, viewing when the audio is muted, piracy, unmeasured box-sets/pay-per-view content, and non-video internet activity through a PC or other device connected to the TV. "SVoD/AVoD" excludes viewing of NOW, which is captured within BVoD along with Sky Go/Sky TV On-Demand.

<sup>10</sup> People from D and E groups are often referred to as being from a 'lower' socio-economic group, having 'lower' socio-economic status or being from working-class backgrounds. They are more likely to be older, unemployed, have a disability or be retired with only a state pension. These groups make up almost a quarter of the UK population.

<sup>11</sup> Barb 28-day consolidated, TV sets only.

<sup>12</sup> For example, [Enders](#) has forecast that SVoD viewing will begin to plateau in 2025.

<sup>13</sup> Ofcom VoD Survey 2024 (online sample).

subscriptions.<sup>14</sup> Audiences tend to be satisfied with these services: around four in five viewers in the past six months said they were satisfied with Netflix (84%) and Disney+ (82%), while just over three-quarters said the same for Amazon Prime Video (77%).<sup>15</sup>

The SVoD services have large catalogues, predominantly made up of long-form content. Traditionally, they have not provided the breadth of UK content that the PSBs offer – though they are diversifying, for example by moving into sports or gaming. They are also increasingly featuring local content in their catalogues (including PSB commissioned content)<sup>16</sup> and this is popular with audiences. For example, in 2023, six of the UK top ten performing titles on these services featured the UK or UK talent.<sup>17</sup>

Many streamers are also commissioning content and have invested in production facilities in the UK. However, there is no requirement on SVoD services to produce UK content or guarantee that they will maintain the same level of investment in future.

### Viewing of VSPs is growing rapidly

VSPs such as YouTube, TikTok and Twitch are increasingly popular – in 2023, 60% of UK individuals viewed YouTube videos over their home broadband connection on a weekly basis.<sup>18</sup> VSPs are very popular with young people, but the key drivers of growth in the past year were viewing by older audiences, as well as watching on connected TVs. The proportion of YouTube TV set viewing in the home increased by five percentage points to 34% in 2023.<sup>19</sup> There is a vast and diverse portfolio of content on VSPs, including programmes of varying lengths and production values and both user-generated and professionally produced content. Enders forecasts that by 2030 the average daily viewing of YouTube and other online video will almost equal average daily viewing of live broadcast TV at around one and a half hours (an increase of over 20%).<sup>20</sup>

There is limited data available on what audiences are watching on YouTube and other VSPs. In research from this year, videos up to 15 minutes long (excluding YouTube Shorts) were reported as the most popular form of content on YouTube (seen by 62% of online people in the past three months), followed by YouTube Shorts (47%), which has grown in popularity since 2023 (36%). Viewing of programmes or films (full length, not clips or highlights) was reported by 18% of people.<sup>21</sup> Conversations we have had with stakeholders suggest that some audiences value the less ‘produced’ or more ‘authentic’ nature of social video and its ability to cater to a vast number of niche interests. We are exploring the types of content users are viewing on VSPs and will discuss the findings in our summer report.

### Audiences are also increasingly listening online

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<sup>14</sup> Barb Establishment Survey Q3 2024.

<sup>15</sup> Ofcom Public Service Media Tracker 2023.

<sup>16</sup> For example, *Derry Girls*, *Peaky Blinders* and *Victoria*.

<sup>17</sup> Barb, as-viewed, viewing within 28 days of release, individuals 4+, via TV sets only. The titles were *Chicken Run: Dawn of the Nugget*; *Beckham S1 Ep 1*; *Clarkson's Farm S2 Ep 1*; *Luther: The Fallen Sun*; *Bodies S1 Ep1*; and *Roald Dahl's Matilda the Musical*. Highest-performing episode of each title only.

<sup>18</sup> Barb's [Out of Home Viewing Tracker from July 2024](#), showed that only 6% of those who use YouTube while at home claimed to never connect to the home WiFi to watch YouTube.

<sup>19</sup> Barb as-viewed on all devices in the home connected to the home broadband. Reach criteria: 3+ minutes.

<sup>20</sup> Enders, 2024. [Video viewing forecasts: A slowdown in change](#), p.1. Enders defines “other online video” as follows: “all online video other than that from the broadcasters’ platforms or those included in SVoD/AVoD. These are mostly ad-funded. Non-monetisable social video, such as clips shared on WhatsApp or Instagram among friends, is excluded.”

<sup>21</sup> Ofcom VoD Survey 2024 (online sample).

The BBC is the only PSB that provides radio services but some of the other PSBs provide podcasts, such as *The Political Fourcast* from Channel 4 News, *The ITV Racing Podcast* from ITV Sport and *Talking Politics* from ITV News. The BBC has UK-wide, nations specific and local radio stations as well as podcasts and on-demand audio content available on its own online platform, BBC Sounds.

Commercial radio also offers a range of music and speech services, with Bauer and Global, the largest commercial radio broadcasters, also encouraging listening via their own online audio players (Rayo and Global Player).

These platforms offer audiences access to live radio services and other on-demand audio content, such as playlists and podcasts, and are increasingly competing for listening alongside global audio streaming services which provide an ever-greater range of audio content. The proportion of people listening to online radio, streamed music and podcasts have all increased since 2019. Younger audiences (aged 15 – 34) in particular prefer to listen online – only 25% of their listening is to live radio on a radio set, compared to 47% for all adults.<sup>22</sup> More than one in five UK adults (22%) now listen to at least one podcast per week on topics such as entertainment, news and current affairs and comedy.<sup>23</sup>

## **With increased choice, the PSBs are finding it hard to cut through**

The increase in choice and variety of content online is positive for audiences but has made it harder for the PSBs to connect with them. Before VoD and VSPs, audiences spent the majority of their viewing time watching PSB TV channels. With more options available, it is now a very different picture: on average, audiences spent less than half (41%) of their in-home viewing time watching the PSBs (including both linear and BVoD services) during 2023.<sup>24</sup> The average amount of time spent watching PSB services on TV sets has fallen 20% since 2019 – a trend that was consistent across the nations, apart from Northern Ireland, which only experienced a 9% decline.

The PSBs are also reaching fewer people in an average week – 71% on TV sets in 2023, a decline of 13 percentage points since 2019. This was also true across the nations but S4C managed to broadly maintain its reach at 11% of viewers in Wales each week.<sup>25</sup> It has also been harder for the PSBs to bring audiences together (with some exceptions): in 2019 there were nearly 2000 broadcast transmissions that attracted more than four million viewers, but in 2023 there were less than 900 (a 56% decline).<sup>26</sup>

A small proportion of audiences (4%) did not watch any PSB content in Q1 2023. They tended to be younger and use online video platforms. They also watched significantly less video in the home, mainly viewing YouTube and other VSPs with some SVoD services.<sup>27</sup> In 2023, the lightest viewers of PSB (the third of viewers who watched the least amount of PSB content on linear channels or their BVoD services) watched on average just 5 minutes a day of PSB content. This group of people watched very little content from any linear broadcasters (less than 19 minutes a day of linear or

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<sup>22</sup> IPA TouchPoints 2023/24.

<sup>23</sup> RAJAR, 2024. Q3.

<sup>24</sup> Barb as-viewed, all devices.

<sup>25</sup> Barb 28-day consolidated (includes live, recorded playback and catch-up BVoD), TV sets only. In 2023, it was 75% in Northern Ireland, 72% in Wales, 70% in England, 70% in Scotland. Barb 28-day consolidated, TV sets only. S4C reach criteria: 3+ consecutive minutes in Wales. All other reach criteria: 15+ consecutive minutes.

<sup>26</sup> Barb 28-day consolidated four-screen measurement.

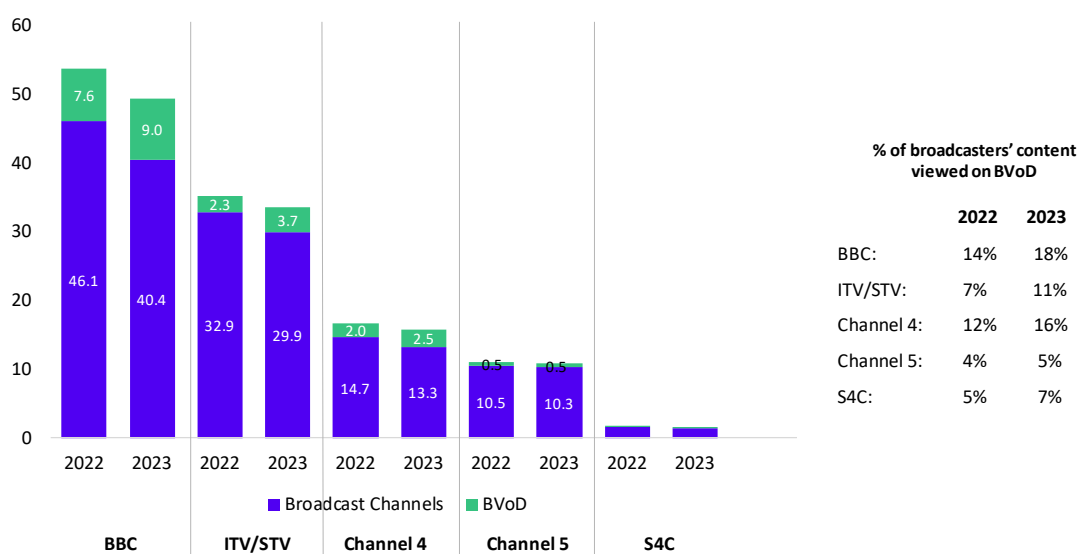
<sup>27</sup> Barb as-viewed, TV sets and other devices in the home. On average these audiences watched less than two hours of video per day compared to the average of over four hours.

BVoD) mainly choosing YouTube (55 minutes) and Netflix (24 minutes).<sup>28</sup> Audiences have told us that the main reasons for not watching PSBs is that the available programmes do not interest them or they do not watch, or often watch, live TV, for example preferring to watch streaming services.<sup>29</sup>

### The PSBs are continuing their transformation to digital-first

The PSBs have invested heavily in their digital services, refining the user experience and increasing their catalogues. This strategy has been successful in increasing the number of users and viewing on their streaming platforms – the viewing of PSB BVoD services increased by 27% between 2022 and 2023. However, as shown by Figure 2, this has not fully compensated for the decline in linear viewing.

**Figure 2: Average daily minutes viewed of linear and BVoD, by broadcaster: 2022-2023**



Source: *Barb as-viewed on TV sets and other devices, individuals 4+.*<sup>30</sup>

The PSBs together launched a new streaming service, Freely, in April 2024. It enables users with a compatible smart TV to seamlessly stream the PSBs' live linear TV and VoD libraries.

The PSBs are also increasingly putting content on VSPs, such as YouTube and TikTok, to connect with viewers. Some of this is promotional content to entice audiences to their BVoD players – for instance the BBC is looking to bring audiences back to its own digital services.<sup>31</sup> But the PSBs are also experimenting with putting full programmes on YouTube and creating content specifically for the platform. For example, Channel 4 has a number of dedicated YouTube channels to showcase original short-form and previously broadcast long-form content and the BBC launched a short-form series for

<sup>28</sup> Barb as viewed, Q1 2023

<sup>29</sup> Ofcom Public Service Media Tracker 2023. Separate questions asked to those that had not watched individual PSB channels (BBC One, BBC Two, ITV/STV/UTV/ITV Cymru Wales, Channel 4, Channel 5) in the past 6 months. These are the main reasons cited across all.

<sup>30</sup> "Broadcast channels" refer to viewing across all the broadcast channels owned by each broadcaster (whether watched live or recorded). BVoD refers to content by each broadcaster watched via an on-demand service including non-linear programming and live streaming. Average daily minutes for S4C is for all individuals 4+ in Wales only.

<sup>31</sup> BBC, 2024. [BBC Annual Plan 2024/25](#).

iPlayer and YouTube called [Ranked](#). All of the PSBs place news and some entertainment content on TikTok and Instagram which can grow brand awareness among young adults.

In 2023, 31% of YouTube viewers aged 16+ claimed they had watched a PSB YouTube channel in the past six months.<sup>32</sup> However, PSBs account for a relatively small proportion of total viewing on YouTube.<sup>33</sup> There could be a number of reasons for this, including the huge range of alternative content available on YouTube, difficulty discovering PSB content on these platforms or the possibility that the type of content currently offered by PSBs is not what audiences are looking for on VSPs.

## **It is important that the PSBs connect with all audiences**

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As we discuss above, PSB content brings UK audiences together through services that are universally and freely available. This relies on all audiences being able to access and enjoy high-quality PSB content, such as those who continue to rely on traditional TV which will be important as the PSBs continue to implement their digital-first strategies. It also relies on PSBs connecting with a range of audiences, including those who may be less satisfied, such as C2DE groups and disabled viewers.

Accessibility features (including subtitles, audio description and signing) also offer vital support for some audiences, like those with hearing and sight conditions, while being appreciated more widely. Our PSM Tracker found that around two in five (42%) UK adults use subtitles when watching television (including streaming and on-demand), and one in ten (12%) use audio description – in both cases this is higher amongst younger audiences.<sup>34</sup>

## **Accessibility and usability considerations are vital for some audience groups**

The PSBs are required to provide subtitles, audio description and signing on their TV channels, which they go far beyond in many cases.<sup>35</sup> The proportion of subtitled programmes across PSB and portfolio channels<sup>36</sup> increased from 94% in 2019 to 96% in 2023, with the BBC, ITV and Channel 4 subtitling more than 99% of their programmes in 2023. Many other channels also offer very high levels of subtitles; for example, Sky now subtitles 100% of programmes on its film and entertainment channels.

The PSBs have also widened the availability of audio description from 29% of programmes in 2019 to 32% in 2023, led by Channel 4 which audio described 54% of programmes in 2023. Levels of sign-interpreted programmes also increased from 6% in 2019 to 7% in 2023.<sup>37</sup> Looking at their on-

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<sup>32</sup> Ofcom Public Service Media Tracker 2023.

<sup>33</sup> Some PSB YouTube channels have several million subscribers. For example, the BBC's main YouTube channel has 14.5 million subscribers and BBC News has 16.9 million (as of Nov 2024). However, there are millions of channels on YouTube, many of which boast much larger subscriber numbers and videos with many more views. For example, the UK-based Sidemen have 22 million subscribers, and US-based Mr Beast has 329 million. Based on anecdotal evidence such as this, it is reasonable to conclude that PSBs account for a relatively small proportion of total YouTube viewing.

<sup>34</sup> Ofcom Public Service Media Tracker 2023. Those aged 16-24 are more likely to use subtitles (63%) and audio description (23%) compared to 55+ year olds (36% and 6% retrospectively).

<sup>35</sup> See our [TV Access Services Code](#) for more detail. As part of implementing the Media Act, we will also put in place new accessibility requirements for certain on-demand services.

<sup>36</sup> On channels subject to requirements.

<sup>37</sup> Some broadcasters meet their signing requirements by providing a certain amount of sign-presented programmes per month or providing financial contributions to BSLBT. The channels where this is the case have been excluded from this analysis.



demand services, the PSBs have generally increased the availability of access services on the different platforms through which content is viewed (such as mobile apps, smart TVs, set-top boxes). For example, the proportion of platforms on which one or more of the PSBs offered audio description increased to 82% in 2023 from 46% in 2019.<sup>38</sup>

While PSM is valued for bringing the nation together through live content, there are additional technical challenges with providing high-quality access services live. However, the PSBs are continuing to innovate in how they make live content more accessible. For example, by providing audio description live on the Paralympics (Channel 4) and in coverage of the Kings' Coronation and on *Strictly Come Dancing* (BBC).

The PSBs and other content providers have developed sophisticated approaches to ensure that their accessible content provides audiences with an enjoyable experience. For example, the BBC's accessibility and usability standards are highly respected both within the UK and internationally.<sup>39</sup> Other developments include ITV's use of audio introductions<sup>40</sup> for some of its popular programming while Netflix has pioneered the use of immersive sound descriptions in its subtitles.<sup>41</sup>

Some people, including older, disabled and/or with lower digital literacy,<sup>42</sup> have come to rely on a familiar set of functionalities across TV sets, based around accessible Electronic Programme Guides ("EPGs"). The PSBs have begun capitalising on the success of familiar DTT interfaces, while harnessing the opportunities of online delivery. For example, Freely offers a familiar channel guide while integrating scheduled content over broadband (IPTV) features (such as integrated 'pause' and 'on-demand' options).

There is further to go to ensure that all audiences can fully benefit from the PSBs' digital-first transformations. For example, while the PSBs are putting more content on their social media platforms, stakeholders have told us that this is not always made fully accessible.<sup>43</sup> We have also heard concerns that PSB apps do not yet consistently support navigation by screen readers or voice guidance across different platforms.

## Children and young people primarily watch content online

Young audiences are at the forefront of the viewing changes described earlier in this section. Between 2019 and 2023 the average amount of time that children aged 4-15 spent watching broadcast TV each day fell from 68 to 38 minutes (44% decline). Among young people aged 16-24 it more than halved (from 73 to 33 minutes).<sup>44</sup> Although young audiences' broadcast TV viewing has declined, the overall amount of time they spend watching video content in the home has not: in the year to 2023 it rose 8% for children (to 3 hours 7 minutes) and 4% for those aged 16-24 (to 3 hours 23 minutes) due to an increase in the amount of time spent watching VoD and VSP services.

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<sup>38</sup> This applies to the PSB BVoD services for which we collect data (ITVX, Channel 4, My 5 and S4C Clic) on the platforms for which they submitted data. For more detail on provision of access services on TV and on-demand services, see our [2023 Access Services report](#).

<sup>39</sup> For further information, see the [BBC's Research and Development website](#). The BBC also publishes best practice guidelines, including in relation to [subtitling](#) and the [accessibility of web and mobile platforms](#).

<sup>40</sup> Audio introductions are an additional AD track designed for audiences to listen to online in advance of the main programme.

<sup>41</sup> For example, see this [2022 Vulture article](#).

<sup>42</sup> 2024 [qualitative research](#) by Projects by IF to inform Ofcom's early market review on TV distribution suggested that these audiences include some who are older, who have sensory, cognitive and/or physical impairments and/or lower levels of literacy or English reading skills and low digital skills.

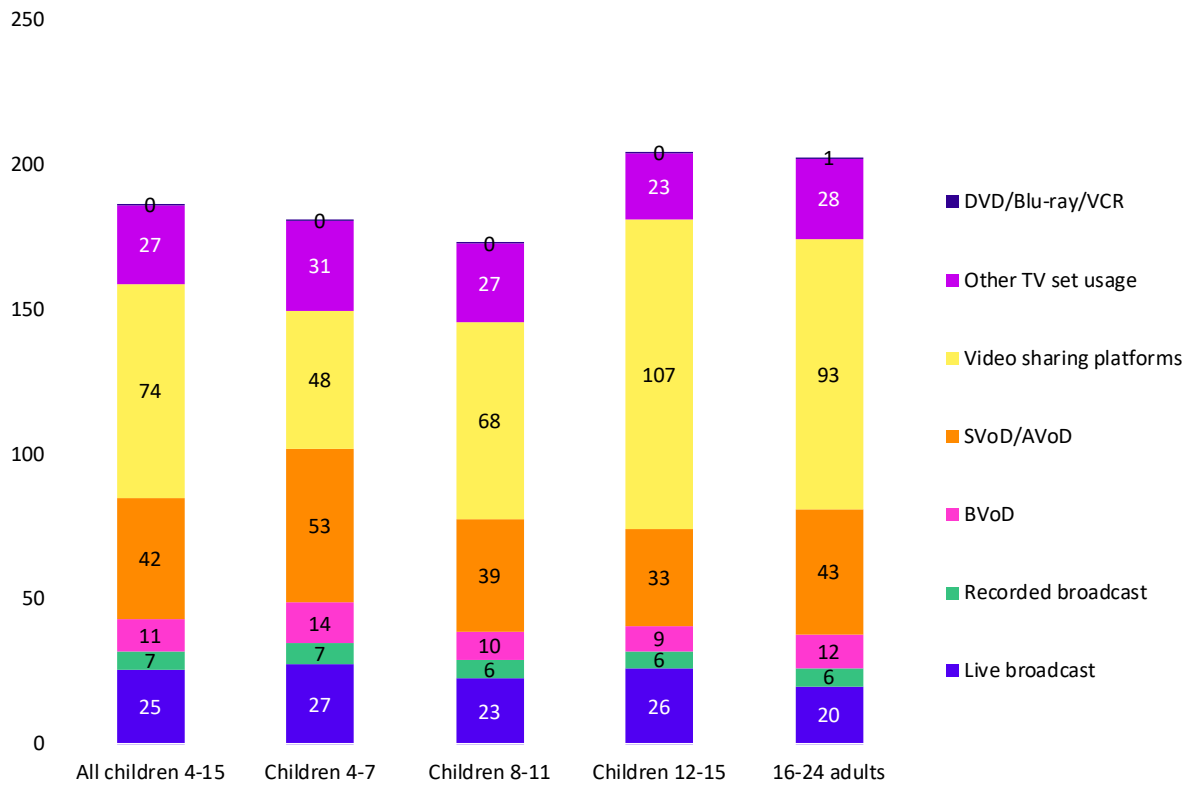
<sup>43</sup> For example, by providing alt-text for people with sight loss and making text in news clips accessible.

<sup>44</sup> Barb 28-day consolidated, TV sets only.



As Figure 3 shows, children are no longer growing up with linear TV as their primary source of viewing. On average, SVoD services and VSPs formed 29% and 27% of 4-7-year-olds' daily in-home viewing. They also spent 27% of their time watching broadcaster content, when BVoD services and recorded playback are factored in.

**Figure 3: Minutes of total in-home video viewing among children and young people, 2023**



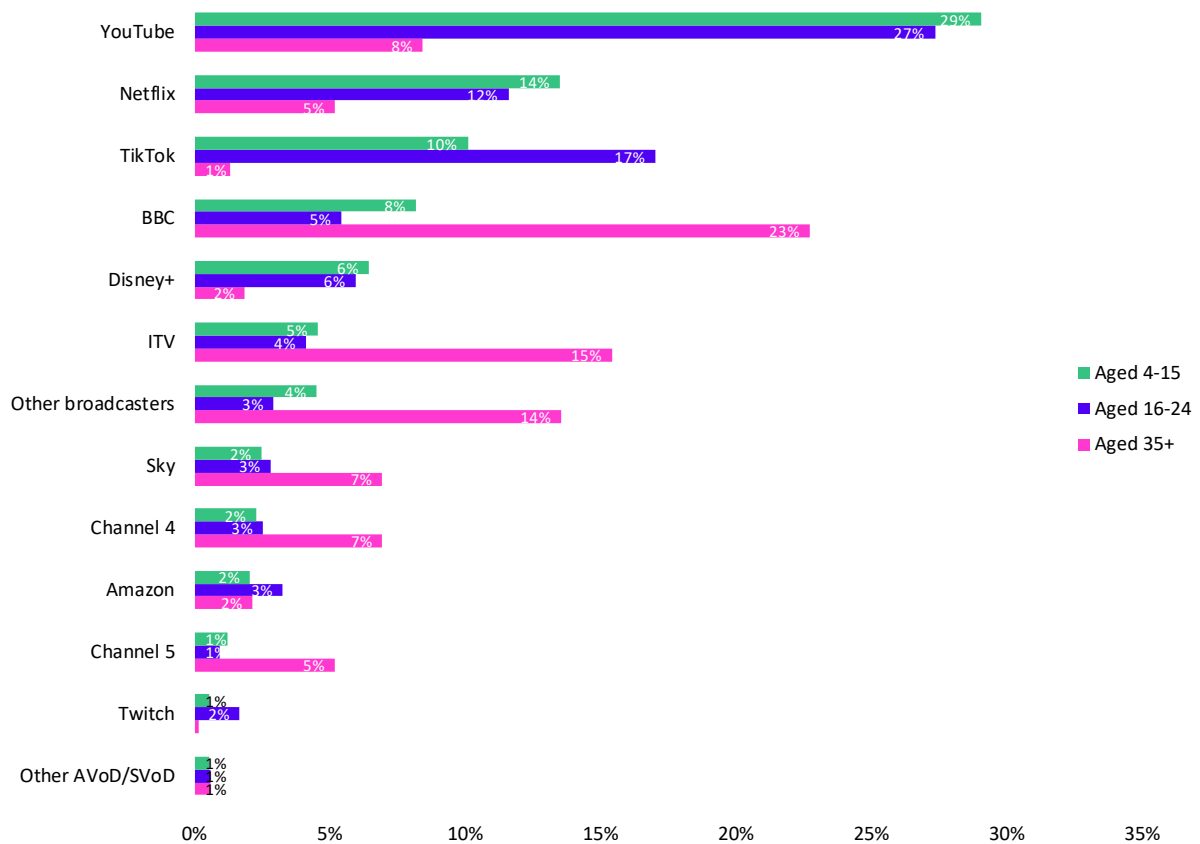
Source: *Barb as viewed, TV sets and other devices connected to the home broadband.*

Among older children and teens, VSPs were the top destination: comprising more than half (52%) of 12-15-year-olds' in-home viewing, for example. And as we set out below, when it comes to all children aged 4-15, no individual broadcaster was able to attract more than 8% of their viewing time in 2023.

### Young audiences are not engaging with PSBs

Figure 4 disaggregates in-home viewing by service and illustrates the extent to which younger audiences are watching VSPs and VoD. For children aged 4-15, YouTube, Netflix and TikTok form the top three services. For 16-24-year-olds, it is YouTube, TikTok and Netflix.

**Figure 4: Share of in-home viewing by age group and provider, 2023**



Source: Barb as-viewed, TV sets and other devices connected to the home broadband.

Perhaps most striking is the extent to which young audiences’ viewing patterns differ from their older counterparts: while the BBC is the most-watched service among people aged 35 and over (accounting for 23% of their in-home viewing), it is the fourth most watched among children aged 4-15 and the fifth most-watched among 16-24s (8% of in-home viewing among 4-15-year-olds and 5% among those aged 16-24).<sup>45</sup>

A key question for broadcasters is not just whether young audiences are accessing their services, but whether they are engaging with their content at all – including the content they place on third-party platforms like YouTube and TikTok. Our research shows that 40% of parents with children aged 0-15 claim their children have watched content from a PSB’s YouTube channel within the previous six months. Around a third (31%) of parents of children aged 3-4 claim their child has watched the CBeebies YouTube channel. Roughly half (51%) of 16-24-year-old YouTube viewers report having watched a PSB’s YouTube channel, with BBC the most common at 34%.<sup>46</sup>

Although these figures indicate that some young viewers are consuming PSB content on VSPs, there is no clear evidence on the regularity or length of time they spend doing so. Despite having many

<sup>45</sup> Barb as-viewed.

<sup>46</sup> Ofcom Public Service Media Tracker 2023.

children and youth-focused channels on VSPs, PSBs face significantly more competition on these services than they do on broadcast TV.<sup>47</sup>

One particular challenge for PSBs is finding – and creating – the type of programming that will appeal to younger audiences’ changing tastes. Our research also shows that many older children and younger people prefer short-form and fast-paced content: when using VSPs, children regularly watched “short snippets of content reposted from longer video content, such as films or TV shows.” Children also reported watching videos at double speed. Participants leaned towards videos “edited with fast, choppy styles, visual effects and sounds,” and which “tended to centre on extreme challenges, large volumes of money, drama, and shock value.”<sup>48</sup> With an endless and constantly evolving amount of content available to them, younger audiences’ tastes can change quickly. Stakeholders have told us that it is difficult to identify what will – and won’t – be a hit.

### **PSBs provide children’s content but viewers and volume have declined**

Our research shows that parents still value high-quality, UK-made children’s programmes from PSBs.<sup>49</sup> PSB TV channels and their BVoD players are also seen to deliver well on a variety of metrics, including providing high quality programmes for children and those that help them understand the world around them.<sup>50</sup>

Despite young audiences watching less of their content, the PSBs are still commissioning children’s programmes. The BBC, the main commissioner of children’s content in the UK, has in recent years increased the volume of animated children’s programmes that it commissions.<sup>51</sup> [Our BBC Annual Report](#) noted that animation has become increasingly popular among 6-12-year-olds and is performing particularly well on iPlayer.

S4C is the second-largest provider of freely available children’s content and offers programmes that help them learn Welsh, ranging from anime to nature documentaries. The BBC, S4C, Sky and Channel 5 have all recently announced new children’s programming. Children also benefit from programmes that appeal to the wider family, from *Gladiators* to *Planet Earth* and *The Voice*.

However, the audience for linear children’s TV has been shrinking, and it hasn’t been offset by higher on-demand viewing. This decline has added pressure to a genre that has long been difficult to monetise. Although recent policy interventions have sought to incentivise the creation of youth

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<sup>47</sup> This includes children’s content created specifically for VSPs. For example, Little Dot Studios have announced they are recreating the children’s series, the *Wombles*, on YouTube. Broadcast, 2023. [The Wombles to be reborn on social media.](#)

<sup>48</sup> [Ofcom Children’s Media Lives 2024 report.](#)

<sup>49</sup> 78% of parents with children aged 0-15 say it is important for PSB channels and services combined to provide a wide range of high quality and UK-made programmes for children.

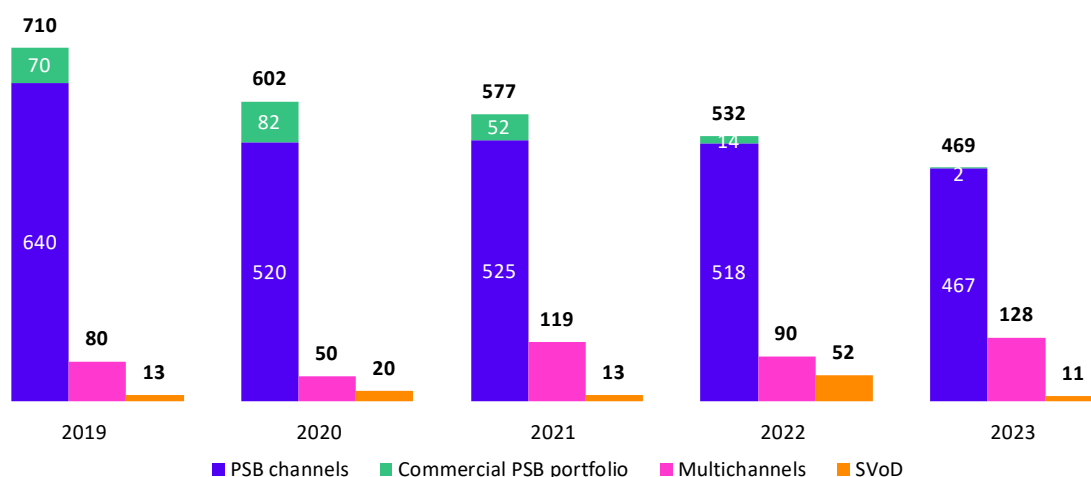
<sup>50</sup> For example, parents of children who watched *Milkshake*, *CBeebies* or *CBBC* in the past six months said it delivers ‘*high quality programmes for children*’ well (80%, 78% and 73% retrospectively) and ‘*programmes that help children understand the world around them*’ (77%, 78%, 72%). Likewise, parents of children who have watched ITV TV channels or ITVX or BBC TV channels or iPlayer said it delivers ‘*high quality programmes for older children (aged 10 and over)*’ (71% and 67%).

<sup>51</sup> Ofcom, 2024. [Annual report on the BBC 2023/24.](#)

centred content,<sup>52</sup> commercial broadcasters have stated that there are limited and falling returns across children’s programming, and that investing in it has become more high-risk over time.<sup>53</sup>

In response, broadcasters have reduced spending on – and hours dedicated to – children’s content. Figure 5 shows that the volume of first-run children’s programming on PSB channels dropped to its lowest level in 2023. Levels of investment in the genre have also been falling over the long term, declining to £74m in 2023, down from a CPI-adjusted £104m in 2019.

**Figure 5: First-run / newly released hours of UK-originated children’s programming, by provider type: 2019-2023**



Source: Ofcom/broadcasters (PSB and multichannel data). Ampere Analysis (SVoD data).<sup>54</sup>

In line with their approach to audiences overall, the PSBs are re-evaluating the volume of children’s and youth-focused content that they place on linear TV versus their on-demand players.<sup>55</sup> This includes making larger catalogues of children’s and young people’s content available or exclusively available on BVoD. For example, in 2023 ITV closed its broadcast children’s channel, CITV, and shifted its children’s focus to ITVX Kids.<sup>56</sup> Sky, however, has launched a new linear channel, Sky Kids, targeted at younger children.<sup>57</sup>

<sup>52</sup> The Youth Audiences Content Fund awarded £44 million of public funding to support the creation of quality content for people under age 18. The programme, which opened in 2019 and funded 61 production projects, closed in 2022. Bigger Picture Research, 2022. [Young Audiences Content Fund Pilot: End-of-term evaluation](#), p. 2. In Spring 2023, the UK Government announced revamped tax credits to support high-end, animation and children’s TV. BFI, 2023. [Budget 2023: UK tax reliefs to be remodelled as expenditure credits](#).

<sup>53</sup> Stakeholders have noted that factors include restrictions on television advertising of high fat, salt or sugar to children which came into force from 2007.

<sup>54</sup> PSB figures exclude BBC ALBA and programming for the nations and regions. Multichannels includes Bloomberg, CBS AMC Networks, GB News, Hearst Networks EMEA (formerly AETN), Moochi TV, Narrative Entertainment, Paramount Global, Sky, Talk TV, Talking Pictures, UKTV and Warner Bros. Discovery (including CNN, Turner Broadcasting, and TNT Sports). SVoD includes Netflix, Amazon Prime Video, Disney+, Apple TV+, Discovery+, and Paramount+, data represents brand new UK-produced originals added to UK catalogues each year.

<sup>55</sup> For example: Deadline, 2024. [BBC Moves ‘Newsround’ To News Unit & Beefs Up CBeebies Under Kids Content Changes](#).

<sup>56</sup> BBC, 2023. [CITV channel closes as ITVX Kids streaming service launches](#).

<sup>57</sup> The Drum, 2023. [Inside the launch of Sky Kids, the linear ad-free TV channel](#).

## PSBs regularly refine strategies to connect with young audiences

As discussed earlier in this section, broadcasters placing their own content on third-party platforms like YouTube and TikTok has been a central plank in their efforts to connect with younger audiences. For example, S4C has invested £7.5m into its multiplatform digital distribution strategy. This includes its youth-focused brand, Hansh, which creates bespoke content for VSPs designed to bring younger Welsh viewers together, as well as S4C providing full-length programmes on these services. Channel 4 provides original content targeting teens and younger people on VSPs. The BBC's children's channels, CBeebies and CBBC, both have YouTube channels that offer a range of content, including full length programmes. It is also attempting to reach young audiences via gaming applications: for example, it created a series of games on Roblox that feature BBC personalities.<sup>58</sup>

However, there is little evidence on the extent of PSB content that young people consume via VSPs, or on whether the clips and trailers that PSBs place on VSPs are successful in driving young viewers back to their own on-demand services. Stakeholders have repeatedly told us that as young audiences gravitate to online services, the PSBs' ability to deliver programming for them has come under pressure. The PSBs play a leading role in commissioning and providing content that reflects UK children and their lives, and there is no guarantee that, if they eventually move away from children's content, other providers would fill this gap.

The UK is not unique in experiencing a decline both in young audiences' viewing of broadcaster content, as well as the amount of children's content being produced.<sup>59</sup> PSBs abroad are taking similar steps to better reach and appeal to these audiences. For example, the Belgian PSB for the French-speaking community (RTBF) adapted its news coverage to different mediums, including TV and VoD content for 8–12-year-olds, TikTok and Instagram content for 13–17-year-olds, and radio interview content for younger audiences (specifically, 16–18-year-olds).<sup>60</sup> The Norwegian PSB (NRK) created a YouTube channel called 4ETG with specific video content and series targeting 14–20-year-olds. It has also invested in an on-demand service specifically aimed at children.<sup>61</sup>

### Summary of key challenges for audiences:

- The increased choice of what to watch and listen to online is positive for audiences. However, it means they are likely to be watching and listening to fewer UK programmes that reflect the diversity of the whole of the UK and it makes it harder for the PSBs to bring the country together with major sporting, cultural and entertainment events. In particular, young people's viewing and listening habits present a longer-term risk for the PSBs if they do not gravitate to PSB content as they grow older.
- The PSBs might be able to reach more audiences by putting content on third-party platforms, but their content may not be what audiences are looking for on such platforms and the PSBs have no control over what is recommended and advertised to viewers and listeners. In addition, the financial terms and attribution may not be sufficient to sustain production of the same breadth of quality content in the future.

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<sup>58</sup> Broadcast, 2024. [BBC launches Wonder Chase experience on Roblox.](#)

<sup>59</sup> For example, the following countries saw a fall in the number of children's TV commissions from 2022 to 2023: France falling 13%, Canada 21%, Italy 46%, Germany 35%, Brazil 10%, the Netherlands 22%, Australia 50%, Denmark 21% and Sweden 38%. Ampere Analysis, 2024, as quoted by C21 Media. [US kids' commissions decline, acquisitions on the up.](#)

<sup>60</sup> Public Media Alliance, 2024. [PSM Unpacked; Covering elections for young audience.](#)

<sup>61</sup> Nordicom, 2023. [Audiovisual Content for Children and Adolescents in Scandinavia: Production, Distribution, and Reception in a Multiplatform Era](#), p. 79-98.

- Ultimately there is a risk that audiences end up with less PSM available to them in future, which could disproportionately affect certain audience groups as some online content is not universally available.

# 4. Public Service Media and the UK news sector

## In this section we:

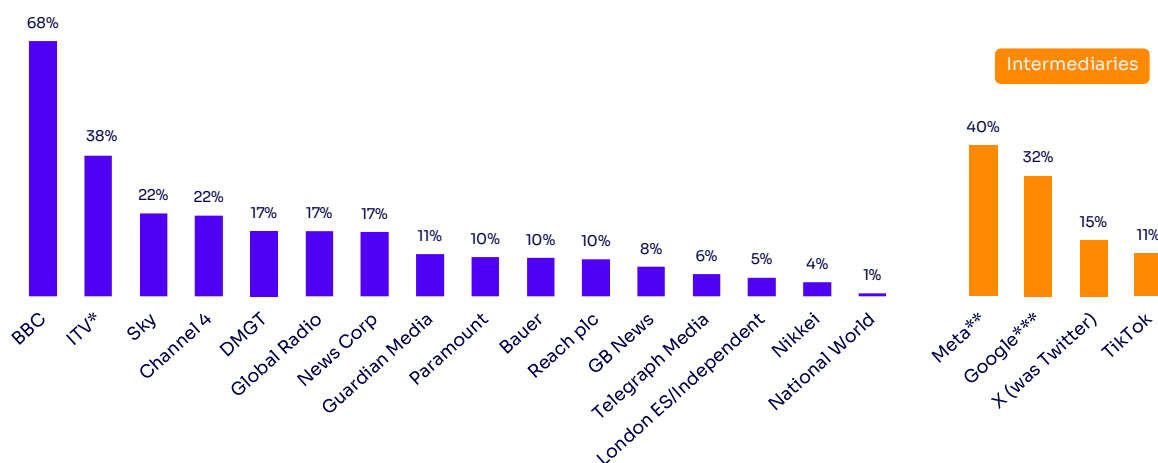
- Consider how the production, distribution and consumption of news continues to change;
- Describe the challenges this presents to ensuring accurate news that adheres to high journalistic standards remains readily available to UK citizens and in the places where they want to consume it; and
- Discuss how the PSBs are adapting to meet these challenges.

## The UK has a rich, varied and dynamic news sector

News and current affairs coverage plays a vital role in facilitating civic understanding and offering the public fair and well-informed debate. A plural, trustworthy news media sector is an essential component of a well-functioning democracy. The UK has a wealth of news and media organisations providing high-quality news across TV, radio, online, podcasts, and print.

Figure 6 shows the largest news providers in the UK in 2024 including the PSBs, Sky, and the traditional radio and newspaper brands, and the proportion of the UK population their news reaches. In the last five years, we have seen new players emerge in the market, such as GB News, while many of the traditional news organisations have been evolving their business models to launch new brands, such as News UK (part of News Corp) which launched Times Radio in 2020 and TalkTV (now Talk)<sup>62</sup> in 2022. A number of high-profile, popular podcasts with a current affairs or news focus, such as *The News Agents* and *The Rest is Politics*, have launched, with people using these to learn more about events happening in the UK or around the world. Twelve per cent of adults in the UK now [report using podcasts as a source of news](#) (rising to 19% of 16-34s). Intermediaries such as YouTube have provided a platform for a wide range of smaller news commentators and given UK audiences increased access to news and current affairs coverage from around the world.

**Figure 6: Reach of cross-platform retail news providers 2024**



<sup>62</sup> Talk TV closed its linear channel and moved to being an online-only streaming news service in May 2024.

Source: Ofcom News Consumption Survey 2024. Base: All adults 16+ 2024=5466 ITV\* = ITV inclusive of UTV/STV/ITV Wales. Meta\*\* = Facebook + Instagram + Threads + WhatsApp. Google\*\*\* = Google News + Google + YouTube.

Our [review of local media in the UK](#) found that local media can deliver important benefits to society by supporting local democracy and holding councils and other local institutions to account. We summarise the findings from our review later in this section.

## The UK news sector is supported by regulation across the breadth of Ofcom’s duties

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We have duties across broadcasting, competition, and online safety, to ensure UK audiences can access high quality and varied news, whilst also being appropriately protected from harmful and illegal content.

News provided on television and radio by Ofcom-licensed broadcasters,<sup>63</sup> including the PSBs, is subject to Ofcom’s Broadcasting Code.<sup>64</sup> This includes standards to ensure that news is reported with due accuracy and presented with due impartiality. We also place licence obligations on the PSBs with regard to the quality, amount and frequency of news programming they must provide. The Media Act requires the national and local commercial radio providers to continue providing local news bulletins as part of their services. We also have duties to ensure UK audiences have access to a broad range of media providers and different editorial viewpoints.

Our work in relation to media literacy and implementing the Online Safety Act 2023 (“OSA”) also plays an important role. Since 2003 we have had responsibilities to promote and research media literacy, to ensure that audiences are equipped with the skills to navigate and understand content including news and critically engage with, for example, the accuracy and partiality of news sources and content. Advancing media literacy is essential to our daily lives, especially as audiences are increasingly at risk of exposure to misinformation and disinformation (which we discuss in greater detail below). The OSA does not explicitly identify misinformation or disinformation as harms that need to be addressed by online services. However, it does place some new legal requirements on providers of regulated services which are relevant to tackling forms of misinformation and disinformation.<sup>65</sup> All providers are required to conduct a risk assessment in relation to illegal content, and have proportionate systems and processes in place to ensure that illegal content is swiftly removed when they become aware of it. This includes content amounting to a ‘foreign interference offence’ or a ‘false communications offence,’ and content that provokes violence or stirs up hatred. Some providers also have additional responsibilities which may relate to misinformation and disinformation where relevant, including publishing transparency reports,

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<sup>63</sup> In the UK, TV services broadcast via IP, satellite, cable or DTT which are accessible from a regulated UK EPG require a broadcast licence. Broadcast radio services (which does not include services delivered online) also require a licence.

<sup>64</sup> The Broadcasting Code also applies to BBC UK On-Demand Programme Services funded by the licence fee. Ofcom also currently has a responsibility to consider and give an opinion on whether the BBC has observed the relevant BBC Editorial Guidelines in its online material. However, following publication of the updated Framework Agreement between the Department for Digital, Culture, Media and Sport (DCMS) and the BBC, Ofcom will be given new powers to regulate the BBC’s online material.

<sup>65</sup> See [Ofcom’s submission to the House of Lords Future of News Inquiry](#), p. 17-19 for further detail of these legal requirements.



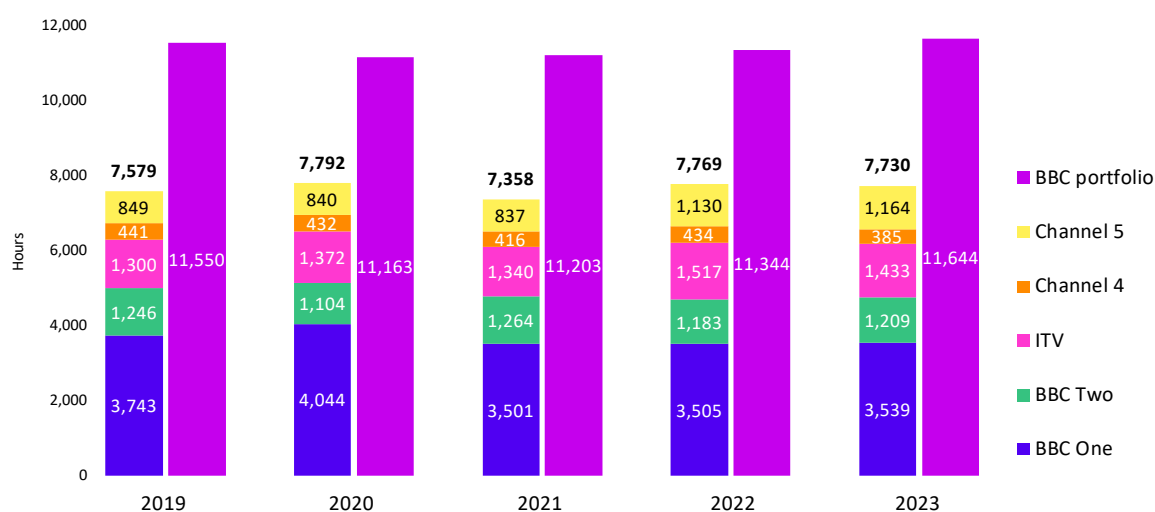
applying their terms of service consistently, protecting news provider content and having regard to the importance of protecting journalistic content and content of democratic importance.

## PSBs are central to the UK news sector

Under the [Communications Act 2003](#) (“Communications Act”), amended by the Media Act, the PSBs, taken together, are required to provide comprehensive and authoritative coverage of news and current affairs in the UK and from around the world.<sup>66</sup> The BBC also has a specific Public Purpose, to provide impartial news and information to help people understand and engage with the world around them.<sup>67</sup>

The PSBs provide news across a range of platforms. On television, they each have quotas to provide a certain number of hours of news, including at peak times. Each year, we report on compliance with these quotas, which the PSBs generally meet or exceed. Collectively, the PSBs’ first-run television network news and current affairs output was 19,374 hours in 2023 (up 1.4% year on year) – of this, 7,730 hours aired on the five main PSB channels, with the remaining 11,644 hours carried on the BBC portfolio channels (primarily BBC News and BBC Parliament). The BBC also provides news bulletins across its network and local radio stations, alongside dedicated news and current affairs programming on certain stations and on BBC Sounds. BBC Radio 1, BBC Radio 2 and BBC Radio 4 continue to be the most-used radio stations for news.<sup>68</sup>

**Figure 7: PSB first-run UK-originated hours of network news and current affairs programming, by channel: 2019-2023**



Source: Ofcom/broadcasters. Figures exclude BBC ALBA and programming for the nations and regions.

Ofcom is required to set quotas for news programming on the PSBs’ services.<sup>69</sup> These news quotas apply to the linear PSB services only, and not their BVoD services. However, given audience consumption trends, several PSBs put their linear content on these platforms to varying extents. The

<sup>66</sup> Communications Act 2003, section 264(6).

<sup>67</sup> Article 6 of the [Royal Charter for the BBC](#).

<sup>68</sup> Ofcom News Consumption Survey 2024.

<sup>69</sup> Communications Act 2003, section 279. For the BBC, this requirement is contained in Schedule 2, paragraph 4 of the [BBC Agreement](#).

BBC, ITV, STV, S4C and Channel 4 all provide written news articles online, alongside video content and the ability to catch up with previously broadcast news bulletins. As can be seen in Figure 24 in section 7, with the exception of BBC iPlayer, news and current affairs make up a very small proportion of the hours viewed on the PSBs' BVoD services.

All of the PSBs also have some presence on social media and put news content on YouTube, with some posting clips and some providing longform or live content. *Channel 4 News*, for example, posts over 100 bespoke videos per week across Facebook, Snapchat, Instagram and YouTube.<sup>70</sup> Over the past five years, the BBC, ITV, Channel 4, Sky, and other broadcasters have also provided news and current affairs podcasts, with a notable rise in the audio visualisation of these podcasts on YouTube. This growing trend offers audiences an alternative way to discover and engage with news content, and for those who prefer in-depth analysis and views, and long-form content, rather than shorter news bulletins, this format is increasingly appealing.

News output from the PSBs across all platforms (TV, radio, news websites and BVoD) reaches 71% of all UK adults on a weekly basis, and it is clear that people return to them during significant events, and view them as important sources of news in those moments.<sup>71</sup> Barb viewing data from the last five years shows peaks in PSB news viewing, which aligned with events such as the Covid-19 pandemic lockdown announcements and the death of Queen Elizabeth II.

The production of news is a clear differentiator for the PSBs compared to SVoD services who do not provide news. According to audiences, '*trusted and accurate UK news*' is also seen as the most important element of public service broadcasting<sup>72</sup> and 63% of viewers in the past six months feel that the PSBs were performing well in delivering this.<sup>73</sup> New analysis we have carried out for this review also suggests that people who consume PSB news are more likely to correctly identify important factual information, have higher levels of trust in institutions, and are less polarised than respondents who did not use PSBs for news. Further analysis also suggests that there is a positive correlation between consumption of online news provided by PSBs and being exposed to a greater number of news topics. We will be publishing the full reports of this analysis shortly.<sup>74</sup>

## Alongside national coverage, the PSBs also provide high quality regional and international news

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The BBC, S4C and Channel 3 licensees provide regional news and current affairs programming.<sup>75</sup> This includes the ITV and STV 18:00 nations and regions bulletins and the BBC's 18:30 weekday nations and regions bulletins, which remain especially popular, and continue to attract more viewers on average throughout the programmes than the BBC and ITV's national network early evening news

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<sup>70</sup> House of Lords' Communications and Digital Committee Inquiry into the Future of News: Impartiality, Trust and Technology, 2024. [Channel 4's written evidence](#), p. 1.

<sup>71</sup> Ofcom News Consumption Survey 2024. Reach of PSBs may be higher as it is challenging to measure reach of PSB news content on social media.

<sup>72</sup> Ofcom Public Service Media Tracker 2023. Among online respondents, 49% placed this in their top three most important attributes for public service broadcasting.

<sup>73</sup> Ofcom Public Service Media Tracker 2023.

<sup>74</sup> This analysis does not establish a causal link between the use of PSBs for news and better outcomes on these measures but indicates there is a statistical correlation between them.

<sup>75</sup> See Ofcom's 2024 [Review of local media in the UK initial findings](#) for a more extensive description of the BBC, S4C and ITV's local and regional news offerings.

programmes.<sup>76</sup> The BBC, ITV, STV and S4C also deliver extensive online news articles about the nations and regions, and make their regional bulletins available on their BVoD services.

The PSBs also provide in-depth coverage of international events. Barb viewing data from the last five years shows peaks in PSB news viewing aligning with significant international events, such as the 2024 US presidential election and the 2022 invasion of Ukraine by Russia. ITV has [previously noted](#) some of the specific cost challenges in covering international news, particularly conflict. In this context, editorial decisions about which stories to cover may become more difficult, especially if audiences increasingly avoid negative news.<sup>77</sup>

## Audiences are consuming more news from online sources especially via intermediaries

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Similar to the wider audience consumption trends outlined in Section 3, online news reach continues to grow, and content is being consumed from a variety of different sources. Among all UK adults in 2024, online news reach (71%) is on par with TV news reach (70%) when BVoD is included, but has moved ahead of linear TV when BVoD is not included (66%).<sup>78</sup> Reach of TV news has been in gradual decline since 2019, while online news reach has increased gradually. We estimate that UK adults spend, on average, a little more than an hour a day consuming news, and that over half of this time is spent on online sources, with time spent consuming news via intermediaries, including YouTube, accounting for 39%. TV is estimated to account for 26% of time spent consuming news, with radio at 15% and print sources at just 5%.

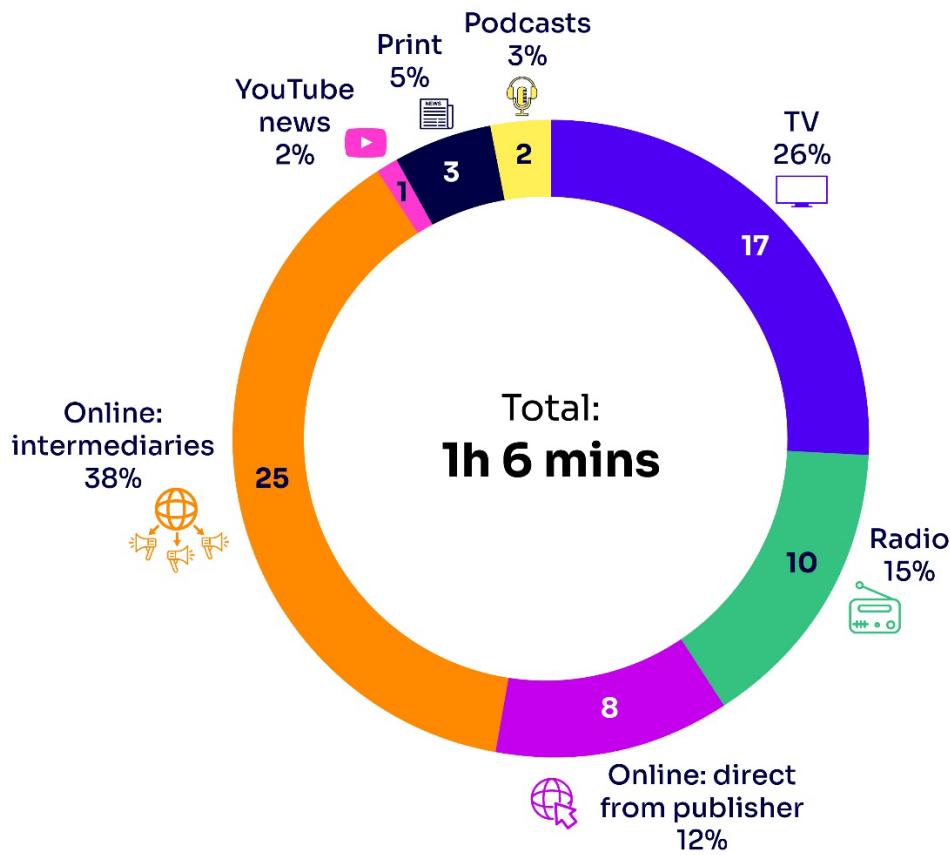
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<sup>76</sup> Barb 28-day consolidated, TV sets only. Ofcom's 2024 [Review of local media in the UK initial findings](#), p. 23.

<sup>77</sup> Reuters Institute of the Study of Journalism, 2022. [Digital News report](#), p. 13

<sup>78</sup> Ofcom News Consumption Survey 2024.

Figure 8: Average daily minutes of news consumption across platforms, all adults, 2024<sup>79</sup>



Source: Ofcom estimates using 2024 Barb/RAJAR/News Consumption Survey/Ipsos Iris.

Online intermediaries are the services which operate in the space between news creators (who write and produce news content and make it generally available) and the public. These include search engines, social media platforms, and news aggregators. Our research shows that 40% of UK adults consume news via Meta platforms (Facebook, WhatsApp, Instagram and Threads), and 32% via Google (Google Search, Google News and YouTube). In both cases this includes consuming news on these platforms, as well as driving traffic to traditional news websites. The use of YouTube specifically has also increased, with 19% of UK adults now claiming to use it for news.

<sup>79</sup> This new share of attention analysis is constructed from several data sources: Ofcom’s News Consumption Survey, Barb, RAJAR and Ipsos Iris. TV news, radio and online news direct from publisher is calculated directly from the appropriate industry source and for the others they are calculated using a share of attention ratio from NCS. Figures should be regarded as coming from the appropriate source or modelled taking into account how much attention is paid for other news media categories. News is defined as news bulletins or news articles as distinct from opinion or current affairs, but this division is in practice difficult to rigorously delineate depending on the news media category. The overall output can be regarded as effective minutes spent paying attention to news per person per day across the 2024 UK population, as a snapshot across periods in the year.

## Online intermediaries have significant influence over the news people see

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Our previous [research and analysis](#) has shown that online intermediaries have a significant impact on people's news diets, and this year our analysis shows that collectively they have a share of attention of 32%.<sup>80</sup> Online intermediaries have control of the interfaces which consumers use to find content and this can give them influence over users' choices by the news articles presented, how they are ranked and visually displayed. All of this can impact levels of engagement. We have carried out [research](#) using eye-tracking technology which shows that the ranking of a news article in a social media feed strongly influences the amount of attention it receives and whether it is remembered.

Audience benefits from news content available online and via intermediaries include the speed of breaking stories and the personalisation that recommender systems can bring. However, our work has highlighted some significant risks. In 2022, we [published](#) the results of a survey which found that participants who consume news primarily through social media were less likely to correctly identify important factual information, more polarised, and had lower trust in democratic institutions, than those who consumed news via traditional media. These differences are statistically significant even after controlling for participants' socio-demographic characteristics.

Our research has also explored potential ways in which news consumption through social media may lead to these harmful outcomes. For example, our analysis of news article headlines found that, while people may be served a wider range of news outlets on social media, they are exposed to a narrower range of topics when compared with consuming news directly on news publishers' websites.<sup>81</sup> This is consistent with concerns about the potential impact of social media creating echo chambers, in which their users are exposed to a narrow range of views and topics. Social media platforms may be commercially incentivised to promote content which drives engagement, rather than providing a broad range of high-quality news, and research has shown that users may engage more with negative or harmful content.<sup>82</sup> Previous research also confirmed the limited understanding people have of how online intermediaries, in particular social media, curate the news that appears on their feed.<sup>83</sup> In our [2022 report](#) on media plurality and online news, we outlined policy areas that could be relevant to address the issues raised by online intermediaries.<sup>84</sup> We will consider these in our next phase of work.

AI used by online intermediaries could exacerbate the risks we have identified and is already impacting how news is distributed and consumed. It may lead to social media users seeing more hyper-personalised news content, which could exacerbate problems associated with people not seeing a wide range of views, and limiting exposure to diverse perspectives and a range of topics.

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<sup>80</sup> Ofcom News Consumption Survey 2024. Share of Attention Data. For explanation of Share of Attention, see [Ofcom's March 2024 Online news research update](#), p. 8. This share will include content from a range of traditional media and other online sources because online intermediaries aggregate news from a wide range of providers.

<sup>81</sup> Our [research](#) examined people's news diets when using online intermediaries to access news and how this compares to people that go directly to news websites. This research finds that the news consumed by people who are more reliant on online intermediaries is more diverse in terms of the number of news outlets that people see. However, people who are more reliant on social media and search for their news get a news diet that is less diverse in terms of the range of topics they are exposed to. Ofcom, 2024. [Online news: Research update](#), p. 17-18.

<sup>82</sup> Ofcom, 2024. [Online news: Research update](#), p. 14-18. Robertson et al, 2023. Nature Human Behaviour, 2023. [Negativity drives online news consumption](#).

<sup>83</sup> Ofcom, 2022. [Discussion document: Media plurality and online news](#), p. 21-22.

<sup>84</sup> Ofcom, 2022. [Discussion document: Media plurality and online news](#), p. 47-56.

Stakeholders have also raised concerns about the potential for GenAI news summary tools to produce [inaccurate or hallucinated summaries](#) (AI generated responses or content that are incorrect or nonsensical).

## Audiences are at greater risk of exposure to misinformation and disinformation

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There is substantial discussion among experts about defining misinformation and disinformation as well as how these harms intersect and differ. For example, the UK Government defines disinformation as the deliberate creation and spreading of false and/or manipulated information that is intended to deceive and mislead people, either for the purposes of causing harm, or for political, personal or financial gain, and misinformation as the inadvertent spread of false information. In our recent research, 43% of adults claimed to have encountered misinformation and disinformation, and 71% of that group reported seeing it online including on social media, more than on any other platform.<sup>85</sup> Other research conducted through the US 2020 Facebook and Instagram Election Study, has shown that in the USA misinformation, as defined by Meta's Third-Party Fact-Checking Program, is present on Meta and is concentrated among particular groups.<sup>86</sup> Another study has shown that, in 2016, social media referrals accounted for a 42% share of visits to websites containing false news, but only a 10% share of visits to top US news websites.<sup>87</sup>

Ninety per cent of UK adults who [claim to have encountered misinformation](#) said they were concerned about its impact on society. Our recently published [General Election Survey](#) found that a majority of UK adults (60%) claimed that, in the week prior to them completing the survey, they had encountered information regarding the 2024 UK General Election that they felt might have been false or misleading on at least one occasion. The spread of disinformation and misinformation can also have personal impacts, such as those evident during the Covid-19 pandemic, where studies indicated that people who were susceptible to Covid-19 pandemic-related misinformation and disinformation were less likely to get vaccinated, recommend vaccination to friends and family, or comply with government public health guidance.<sup>88</sup>

The violence that erupted in England and Northern Ireland this summer, following the Southport attack, brought into sharp focus the dangers of rapidly spreading misinformation, disinformation, unsubstantiated claims and incitement to violence and hatred, and how this can spread even in the presence of coverage from a wide range of trusted sources. In the aftermath of the disorder, [Ofcom wrote to the Secretary of State](#), and concluded that there was a clear link between online activity and the violent disorder that took place and that illegal content and disinformation had spread widely and quickly online.

At present, it appears that developments in AI and GenAI may further exacerbate existing challenges in relation to misinformation and disinformation. For example, they may break down barriers to distributing this type of content, reduce the costs of creating persuasive, false or misleading content,

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<sup>85</sup> Ofcom, 2024. [Understanding misinformation: an exploration of UK adults' behaviour and attitudes](#), p. 9-10. When examining data on this subject it is important to remember that misinformation is a subjective term which can result in true information being reported as false, and vice versa.

<sup>86</sup> González-Bailón, S et al, 2023. [Asymmetric ideological segregation in exposure to political news on Facebook](#). This study was a collaboration between Meta and a team of external researchers.

<sup>87</sup> Allcott, H & Gentzkow, M, 2017. [Social Media and Fake News in the 2016 Election](#), p. 222-223.

<sup>88</sup> Freeman D. et al, 2020. [Coronavirus conspiracy beliefs, mistrust, and compliance with government guidelines in England](#).

and may allow for more convincing deepfakes and deceptive content<sup>89</sup> to be produced. There are examples of the latter being used in relation to current affairs or political figures. For instance, deepfake audio recordings were reported prior to the 2023 Slovak parliamentary election.<sup>90</sup> GenAI's ability to replicate existing content and the related risk of creating content that mimics the style and tone of legitimate news articles raises a number of concerns for news companies about copyright infringement, brand attribution and audience engagement. Both ITN and the BBC highlighted concerns about this in their responses to the [House of Lords Inquiry into the future of news](#).<sup>91</sup> There is also evidence that people struggle to identify AI-generated content, suggesting that audiences will need more support in determining the authenticity of news.<sup>92</sup>

As it becomes harder for audiences to distinguish between genuine journalism and AI-generated content, news companies may need to develop advanced authentication measures to safeguard their news content.<sup>93</sup> However, there are also examples of AI being used to prevent misinformation and disinformation. The [European Broadcasting Union's AI Hub](#) includes a 'fake news analyser', which uses natural language processing and machine learning to identify potentially misleading information.

Given the proliferation of misinformation and disinformation on online platforms, it is important that people have access to accurate news of high journalistic quality. ITV has stated that it sees high quality, accurate, impartial and trustworthy news as a "key defence against distrust and misinformation" especially in light of other unregulated content online.<sup>94</sup> However, people can only make use of such news if it is visible on the platform. As mentioned above, the PSBs are all putting their news content on a range of social media platforms and YouTube. YouTube [states](#) that it promotes some "authoritative sources" that include some press outlets when audiences search for news-related topics and topics prone to misinformation. However, platforms' policies can sometimes lead to age-gates on news content which could deny particular audiences access to important stories.

There are also further initiatives launched by some of the PSBs to help to tackle misinformation and disinformation. For example, news 'explainers' are proving popular with audiences. BBC Verify and the '[Undercover Voters](#)' feature within its Newscast podcast are examples of the BBC showcasing to audiences its verification work that takes place across all news output and its work to explore what people are exposed to online. Traditional journalism continues to cut through too. Channel 5 has spoken about how, when conspiracy theories related to the disappearance of Nicola Bulley circulated online, an interview with a family member was able to provide facts rather than misinformation.<sup>95</sup> A [BBC documentary](#) recently explored the challenges of reporting on this story as it gained significant traction and interest on social media.

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<sup>89</sup> Deepfakes are forms of audio-visual content that have been generated or manipulated using AI, that misrepresent someone or something.

<sup>90</sup> Council for Media Services, 2024. [Monitoring of platform functionalities in relation to the 2023 Elections](#), p. 37.

<sup>91</sup> House of Lords' Communications and Digital Committee Inquiry into the Future of News: Impartiality, Trust and Technology, 2024. [BBC's Written Evidence](#), p. 7-9. and [ITN's Written Evidence](#), p. 5-6.

<sup>92</sup> [Ofcom Adults' Media Use and Attitudes report 2024](#), p. 22.

<sup>93</sup> Ofcom, 2024. [Future Technology and Media Literacy: Applications of Generative AI](#), p. 8.

<sup>94</sup> House of Lords' Communications and Digital Committee Inquiry into the Future of News: Impartiality, Trust and Technology, 2024. [ITV Written Evidence](#), p. 1.

<sup>95</sup> House of Lords' Communications and Digital Committee Inquiry into the Future of News: Impartiality, Trust and Technology, 2024. [ITV, Channel 4 and Channel 5's Oral Evidence](#), p. 8.



## Levels of trust and engagement in news have declined among some segments of society

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As highlighted above, more people than ever are using social media for news. However, Ofcom's 2024 News Consumption Survey found that regular users of social media rated it significantly lower than regular users of traditional news providers for accuracy (44%), trustworthiness (43%) and impartiality (42%). In contrast, the PSBs consistently delivered well on trust and accuracy. Two-thirds of regular users of BBC TV (68%) rated its news provision highly for trust. This was similar for regular users of the other main television news providers; ITV<sup>96</sup> (68%), Sky News (71%), Channel 4 (72%) and Channel 5 (67%).

Despite this, there are challenges around maintaining trust among certain audiences. Fewer people from minority ethnic backgrounds (who were regular users of the sources) rated BBC TV, BBC online news and ITV<sup>97</sup> highly for trust in 2024 compared to 2019.<sup>98</sup> Similarly, fewer users from the DE socio-economic group rated BBC TV and BBC online news highly for trust in 2024 compared to 2019, while fewer users aged 16-24 also rated BBC TV highly on this metric.

We know from previous research, that consumers of news on social media already struggle to recall exactly which sources of news on social media they have viewed stories from.<sup>99</sup> If users are also reliant on AI-generated news summaries, there is a risk of high-quality information from trusted sources being amalgamated with low-quality information from untrustworthy sources. Recent research has also shown that a majority of people in the UK are not comfortable with news produced mostly by AI.<sup>100</sup> Other recent research, including an Ofcom study, has shown how encountering misinformation on any platform can erode trust in traditional news sources, with significant proportions of people who encountered misinformation saying that, as a result, they were less likely to trust news from traditional sources including PSB news.<sup>101</sup>

In addition, [Ipsos' Global Trustworthiness Index 2024](#) shows that people in the UK are more likely to think journalists are untrustworthy (39%) than trustworthy (23%) and Ofcom's [recent research](#) into misinformation also showed that only 32% of UK adults agreed that journalists follow codes of practice. Social media also enables more people to view raw footage or read commentary from people who aren't journalists, and this may make it more likely that audiences will notice stories that they think are not being covered by established media.<sup>102</sup> All this provides further challenge for PSB news producers as they attempt to cut through to audiences. News publishers and PSBs are developing their internal guidelines to respond to emerging technologies in an ethical and responsible way. ITN is a signatory of [The Paris Charter on AI and Journalism](#) and the BBC has published its [approach to GenAI](#), and set out that it intends to use AI and GenAI capabilities to improve verification (*BBC Verify*), investigation (*BBC investigation*) and in-depth analysis and aims to be a trusted guide for those using the tools. It has announced 12 internal-only GenAI pilots which include using GenAI to translate and label content. It is also now using AI-generated subtitles on BBC

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<sup>96</sup> ITV inclusive of UTV/STV/ITV Wales.

<sup>97</sup> ITV inclusive of UTV/STV/ITV Wales.

<sup>98</sup> Ofcom News Consumption Survey 2024.

<sup>99</sup> Ofcom, 2022. [Discussion document: Media plurality and online news](#), p. 18.

<sup>100</sup> Reuters Institute of the Study of Journalism, 2024. [Digital News Report](#), p. 40.

<sup>101</sup> Harvard Kennedy School Misinformation Review, 2020. [Misinformation in action: Fake news exposure is linked to lower trust in media, higher trust in government when your side is in power](#). Ofcom

Misinformation and Disinformation Survey 2024, age: 16+, UK.

<sup>102</sup> Ofcom, 2022. [Drivers of perceptions of due impartiality: The BBC and the wider news landscape](#).



Sounds. It intends to launch an AI literacy campaign to help audiences understand the potential and the risks of AI.<sup>103</sup>

We are also seeing changes in levels of news consumption. While the cross-platform reach of PSB news is still relatively high (71% of all UK adults consume PSB news weekly), this has fallen by 9 percentage points (from 80%) in the last five years.<sup>104</sup> Conversely, a quarter (26%) of all UK adults do not consume any PSB news at all. Non-usage is significantly higher among young adults aged 16-34 (40%), people from minority ethnic groups (39%) and those in the DE socio-economic group (32%).

There is also growing avoidance of the news, in the UK and elsewhere; this stems from a variety of factors, including the news being perceived as being “repetitive and boring”, and the “depressing, overwhelming” nature of much of the news.<sup>105</sup> The 2024 [Reuters Digital News Report](#) showed that the percentage of people in the UK who were extremely or very interested in the news has nearly halved, from 70% in 2015, to 38% in 2024. Similarly, the report reveals that the proportion of individuals in the UK who say they feel worn out by the news has risen from 2019 to 2024, and 46% of UK adults say that they avoid the news sometimes or often, notably a higher percentage than the average (39%) for the countries surveyed.<sup>106</sup>

Among teens aged 12-15, while six of the top 10 individual sources they use for news are online intermediaries, 36% use the BBC for news, 20% use ITV and 12% use Channel 4, with both the BBC and ITV seeing declines over time.<sup>107</sup> Although many consume news on social media, they are generally less trusting of these sources compared to the PSBs, similar to older audiences. However, more than half of those using YouTube and X (formerly Twitter) felt those sources provided trustworthy news stories.

These developments in trust and engagement with news may have impacts on civic understanding and the levels of engagement in the UK’s democratic institutions in the future. They also present challenges for the future sustainability of trusted, duly accurate and duly impartial news provided by PSBs.

The PSB’s are working to bring audiences relevant stories by connecting with and representing communities, for example through a “[story-led, audience-centric](#)” model of journalism that can “[reflect Britain back at itself](#)”. Channel 5 has described how it works to target ‘news flirts’ – people who are not committed to watching news every day, but want to be informed. Accordingly, they place an emphasis on stories they see as being for ‘everyday Britain’ and that are ‘non-metropolitan’ in subject and tone.<sup>108</sup> Channel 4 has invested in its Leeds News operation, and has [previously said](#) that this has meant a greater diversity of people working there, and a greater number of perspectives on the stories it reports. ITV, BBC and Channel 4 also have news rails within their BVoD services as a way of promoting their news output to audiences. As mentioned above, all are experimenting with publishing their news content on third-party platforms as part of their strategies to capture harder-to-reach audiences who are less likely to consume their linear news.

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<sup>103</sup> BBC, 2024. [A BBC for the Future](#) and [Using Gen AI to add subtitles on BBC Sounds](#).

<sup>104</sup> Ofcom News Consumption Survey 2024.

<sup>105</sup> Reuters Institute of the Study of Journalism, 2024. [Digital News Report](#), p. 27.

<sup>106</sup> Reuters Institute of the Study of Journalism, 2024. [Digital News Report](#), p. 26-27. UK figure comes from UK data tables.

<sup>107</sup> Ofcom News Consumption Survey 2024. Teens survey.

<sup>108</sup> House of Lords’ Communications and Digital Committee Inquiry into the Future of News: Impartiality, Trust and Technology, 2024. [ITV, Channel 4 and Channel 5’s Oral Evidence](#), p. 3-4.

## The financial sustainability of news is under threat

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As news consumption patterns have changed, the business models of news production and distribution have been disrupted. The newspaper industry has seen a large drop in industry revenue as print circulation has declined significantly.<sup>109</sup> News publishers have innovated and adopted a variety of different strategies for growing their revenues online, including advertising-funded and reader-payment models, but digital revenues have not offset lost print sales.<sup>110</sup> TV news has also been disrupted as audiences move away from watching linear TV.<sup>111</sup>

As a result, many news publishers now rely on online intermediaries for people to discover and read their news content.<sup>112</sup> While this has brought new and hard-to-reach audiences to publishers, it has increased the financial dependency of news organisations on big tech companies. News providers have raised concerns that they are in a particularly weak bargaining position when it comes to negotiating supply arrangements with Google and Meta,<sup>113</sup> and that the “level of revenue... varies considerably between different platforms”.<sup>114</sup> The Competition and Markets Authority (“CMA”) has also identified competition concerns in digital advertising markets which undermines the ability of news providers to get a fair margin for their content through advertising revenue. It has been estimated that digital advertising intermediaries capture, on average, at least 35% of the value of digital advertising bought from newspapers and other content providers in the UK.<sup>115</sup>

Stakeholders have raised several other concerns with intermediation. The use of intermediaries weakens the relationship that publishers have with their audience, making it more difficult for publishers to learn about their readers, bundle content together, and maintain a strong brand. To deliver content on a range of online intermediaries, news providers must produce and package content in an increasing number of ways, such as vertical video on TikTok, which increases costs. News providers also say that there is a lack of certainty and transparency over the algorithms on these platforms that drive news traffic to publishers’ content, and changes can lead to large and unpredictable shifts in traffic and therefore revenue.<sup>116</sup> Recent analysis indicates referrals to news from social media companies such as Facebook and X, have been declining<sup>117</sup> as these companies made algorithmic or other changes.<sup>118</sup>

The BBC is more insulated from the effects of intermediation, given that it does not rely on advertising revenue, and people overwhelmingly go directly to the BBC website or news app without

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<sup>109</sup> Ofcom, 2022. [Media plurality and online news discussion document](#).

<sup>110</sup> Ofcom, 2022, [Media plurality and online news discussion document](#). Joint Ofcom and CMA report, 2021, [Platforms and content providers, including news publishers: Advice to DCMS on the application of a code of conduct](#).

<sup>111</sup> Barb.

<sup>112</sup> Ofcom, 2022. [Media plurality and online news discussion document](#).

<sup>113</sup> Joint Ofcom and CMA report, 2021. [Platforms and content providers, including news publishers. Advice to DCMS on the application of a code of conduct](#).

<sup>114</sup> House of Lords’ Communications and Digital Committee Inquiry into the Future of News: Impartiality, Trust and Technology, 2024. [Channel 4’s Written Evidence](#), p. 5.

<sup>115</sup> CMA, 2019. [Online platforms and digital advertising market study](#), p. 211.

<sup>116</sup> Joint Ofcom and CMA report, 2021. [Platforms and content providers, including news publishers. Advice to DCMS on the application of a code of conduct](#), p. 28.

<sup>117</sup> Press Gazette, 2024. [Facebook referral traffic for publishers down 50% in 12 months](#); Reuters Institute, 2024. [Journalism, Media, and Technology Trends and Predictions 2024](#); and Enders Analysis, 2024. [Life after Facebook: Quo vadis for news distribution](#).

<sup>118</sup> AP, 2023. [X removes article headlines in latest platform update, widening a rift with news media](#). Meta, 2023. [An Update on Facebook News in Europe](#).

being referred by an online intermediary.<sup>119</sup> Commercial PSBs do not have the same levels of direct traffic to their websites as the BBC. In addition, most people do not currently go to their BVoD services to view news programmes to the same extent they do for genres such as drama and entertainment.<sup>120</sup> As linear TV audiences decline, PSBs may therefore continue to put more news content on online intermediaries, and will be increasingly subject to the financial and content attribution challenges related to intermediation and other changes in the way news is consumed.

Financial pressures are impacting news budgets in the UK and around the world. In 2023, £572m was spent on first-run news and current affairs (including on nations and regions programming) by the PSBs, representing a 16% real terms decline compared to 2018.<sup>121</sup> The BBC has also publicly announced a number of savings across its broadcast news offering, such as merging its 24-hour UK news channel with its global BBC World News channel<sup>122</sup> and cancelling the BBC Asian Network's bespoke news service, while seeking to invest elsewhere in digital news products.<sup>123</sup> Cuts to news budgets are part of a global trend, with public broadcasters in countries such as Canada, Germany, Japan and Sweden all tightening their budgets with implications for jobs and content.<sup>124</sup> In New Zealand, the state-owned television broadcaster announced news and current affairs programme closures and significant job losses, and a second television news service closed altogether in July 2024.<sup>125</sup>

As well as understanding total expenditure on news and current affairs, there may be certain types of news content that are more under threat. Stakeholders are particularly concerned about cuts to local news, 'democracy reporting', and investigative journalism, as there could be social consequences for society and democracy if these types of journalism are scaled back or lost.<sup>126</sup> The PSBs have carried out many high-profile investigations into areas such as healthcare and politics over the past five years.<sup>127</sup>

Many stakeholders hope that AI and GenAI tools will ease financial pressures by conducting tasks more cheaply and quickly than humans, but the extent of cost savings remain largely unknown.<sup>128</sup> At the same time, stakeholders are concerned that AI applications used by online intermediaries could further entrench the problems related to intermediation if news publishers are not fairly remunerated or attributed for the use of their content when such systems are being trained or used to summarise news stories, or if their news content is being unlawfully scraped.

Many of these news-related financial issues are symptomatic of deeper structural problems threatening the sustainability of the PSM sector, as we discuss in Section 6.

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<sup>119</sup> BBC, 2022. [Digital Strategy](#). Ofcom, 2024. [Online news: Research update](#), p. 10.

<sup>120</sup> Barb as-viewed. [Ofcom Media Nations 2024](#), p. 12.

<sup>121</sup> Ofcom analysis of broadcaster data. Figures include nations' and regions' programming, but excludes S4C, BBC Alba, and BBC HD.

<sup>122</sup> BBC, 2022. [BBC sets out plans for TV news channel merger in 2023](#).

<sup>123</sup> BBC, 2023. [BBC's Newsnight to be cut back as part of savings plan](#). BBC, 2024. [BBC News job losses aim to save £24m](#).

<sup>124</sup> Public Media Alliance, 2023. [Funding cuts, freezes and reviews faced by many public broadcasters](#).

<sup>125</sup> 1news, 2024. [TVNZ, Newshub media cuts wrap: What you need to know](#).

<sup>126</sup> Ofcom, 2024. [Review of local media in the UK](#). Department of Culture, Media and Sport, 2023. [House of Commons' Digital, Culture, Media and Sport Committee inquiry into the sustainability of local journalism report](#).

<sup>127</sup> Global Investigative Journalism Network, 2024. [How BBC Newsnight exposed British healthcare scandals](#). BBC News, 2021. [The crisis at the Tavistock's child gender clinic](#). ITV News, 2023. [Partygate: The inside story – new revelations and our whistleblowers in their own words](#).

<sup>128</sup> Eurovision News, 2024. [Trusted Journalism in the Age of Generative AI](#).

## Other reports have highlighted the tough conditions faced by the industry

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The initial findings from our [review of local media](#) outlined the challenges faced by the local news sector. This included audiences migrating from print and TV news sources to online sources; 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 the growing number of people who are disengaging from, or actively avoiding, news more widely.

Consolidation and cuts in response to these challenges have affected local news provision across TV, radio and print and the changes 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. We also identified some areas where there was a more limited provision of local news, such as areas of Wales and parts of England. In these areas, any further loss of news provision would be particularly challenging.

We also found in our initial findings that news providers are working to: innovate to attract audiences and generate revenue streams; make use of new technologies, including AI, and explore different types of content to attract audiences. However, conditions remain tough, support is limited and many in the sector are struggling to thrive. In our [final report](#) we noted that there was scope for industry to do more. We highlighted some of the key factors that need to be taken into consideration when sustaining local media, including: ensuring the wide availability of, as well as easy access to, trusted and accurate local news; improving understanding and appreciation of the value of local news; and securing audiences' engagement with reliable local news sources. Following engagement with stakeholders, we laid out some possible options that could be taken up by industry, the third sector or the Government to address the challenges for industry. As we continue our PSM work, we will take into account the specific challenges to local news that have been identified through this review and will consider the options highlighted in the report.

We note that the House of Lords also recently published its [final report](#) on its inquiry into the future of news. This report highlighted a number of challenges in relation to the news sector, including the declining revenue streams of news providers, the risks AI can pose to the concept of authoritative information, and the influence global tech firms have over what news people see. It outlined concerns, that only a few large media brands and small niche outlets may have viable financial futures, and as a result, a growing proportion of the population may end up poorly served. The report noted the damaging impact this could have on society and democracy, and made a number of recommendations to Government, industry, and regulators including Ofcom. We will also consider these findings in our next phase of work.

### Summary of key challenges for high-quality and accurate news:

- Threats to financial sustainability of news, and changing audience behaviours and levels of trust in PSBs among some audience groups, present challenges for the future sustainability of trusted, duly accurate and duly impartial news provided by PSBs.
- While the increased consumption of news online has brought a range of benefits to users including greater choice and personalisation, it also presents a range of challenges in relation to the discoverability, consumption, attribution and financial sustainability of high-quality and accurate news.
- Audiences are also at greater risk of exposure to misinformation and disinformation when consuming news online, which can have significant consequences for individuals and society.

In addition, audiences have told us they have less trust in the accuracy and impartiality of news on social media.

- The PSBs play an important role in countering the effects of misinformation and disinformation by facilitating civic understanding and fair and well-informed debate. However, many providers of high-quality and accurate news, like the PSBs, are finding it more challenging to connect with audiences online.

# 5. Public Service Media and the UK production sector

## In this section we:

- Consider the relationship between the PSBs and the UK production sector in sustaining the provision of PSM content;
- Discuss how the PSBs support and rely on the sector to make content that meets audience needs, including in relation to production across the UK, skills and talent and workforce diversity; and
- Set out future challenges for the production sector in adapting to pressures on the PSBs' commissioning budgets.

## The UK production sector is diverse, competitive and globally successful

The UK's production sector is internationally renowned for its talent, skills and resources and makes high-quality content for the PSBs, commercial broadcasters and global SVoD services. The PSBs both support and rely on the UK's production sector to produce PSM content that meets evolving audience needs and represents the diversity of whole of the UK.

Ofcom has certain regulatory tools to support the supply of a broad range of high-quality PSM content that represents the diversity of the whole of the UK and meets audience needs. These include quota obligations for the PSBs to commission content from qualifying<sup>129</sup> independent producers,<sup>130</sup> to broadcast original productions, produce content across the UK and make regional programmes.<sup>131</sup> There are also requirements on the BBC to competitively tender its commissions.<sup>132</sup>

The production sector in the UK includes a diverse mix of providers, including broadcasters' in-house studios (such as BBC Studios and ITV Studios),<sup>133</sup> large production groups typically made up of multiple labels ("super-indies"), UK subsidiaries of global studios and smaller independent production companies. The sector is characterised by a small number of large broadcaster studios and super-indies, with a long tail of smaller independent production companies.<sup>134</sup>

The UK Government has identified the creative industries as one of the eight sectors which offer the highest growth opportunity and are the focus of its Invest 2035 10-year industrial strategy.<sup>135</sup>

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<sup>129</sup> The definition of an 'independent producer' is one who is not an employee of a broadcaster; does not have a shareholding greater than 25% in a broadcaster; and is not a body corporate in which a broadcaster has a shareholding greater than 25% (or in which two or more broadcasters have aggregate shareholdings greater than 50%).

<sup>130</sup> Ofcom also issues [guidance](#) for PSBs in drawing up Codes of Practice for commissioning from independent producers.

<sup>131</sup> This includes regional news and other programming of specific interest to people living in the relevant area. Regional programming is provided on national or regional variations of BBC and Channel 3 services.

<sup>132</sup> See [Annex 1](#) for more information.

<sup>133</sup> These studios may produce content both for their associated broadcaster and for third-parties.

<sup>134</sup> Oliver & Ohlbaum, 2023. [Understanding the UK'S TV Production Sector](#).

<sup>135</sup> Department for Business & Trade, 2023. [Invest 2035: the UK's modern industrial strategy](#).

## PSBs are the cornerstone of the UK’s successful production sector

The PSBs rely on a sustainable production sector to make content that meets audience needs. Although the PSBs remain the biggest contributors to primary commissioning revenues, this share has declined over time due to increased inward investment in the UK’s production sector. The PSBs accounted for 51% of commissioning revenues in 2023 (down from 65% in 2013), while international providers accounted for 39% (up from 15% in 2013). Overall, independent producers’ primary commissioning revenues have increased by 12% in real terms from 2013 to 2023, driven by investment from international commissioners (including SVoD services). Total independent producers’ revenues (including other sources such as international sales of finished programmes) have also increased by 9% in the same period, from £3.1 billion in 2013 to £3.4 billion in 2023.<sup>136</sup> However, the sector faced a challenging year in 2023 following a slow-down in commissioning (discussed further below), with an 18% real decline in independent primary commissioning revenue from 2022. This was driven by reductions in revenues from both UK and international commissioners.<sup>137</sup>

**Figure 9: Total independent primary commissioning revenues by source, 2013 and 2023 (in million £, all figures adjusted to 2023 prices)**



Source: *Pact Census 2024*.<sup>138</sup>

Though PSBs’ direct spend on first-run programming has declined, this has been offset by growing contributions from third-party funding, some of which is sourced by production companies (see

<sup>136</sup> Total independent production revenues cover total TV-related revenues for independent producers.

<sup>137</sup> Pact, 2024. [UK Television Production Census](#). Oliver & Ohlbaum analysis. Revenue has been adjusted for CPI at 2023 prices. Pact’s data represents revenues to producers not wholly owned by PSBs. The Pact Census collects financial information from participating producers via a survey, which is stated to represent around 80%-90% of total industry revenue.

<sup>138</sup> Figures were converted to real terms (2023 prices) using ONS’ CPI time series (MM23). Primary commissions refer to production of new programmes which have been commissioned by broadcasters that involves the sale of primary rights, which typically include terms such as exclusive rights to broadcast the programme in the UK for five years, repeat transmission option and exclusive licence to simulcast or make available on-demand over the internet.



Figure 14 in Section 6). Third-party funding also contributes to some commissions from multichannel broadcasters, for example, Sky Atlantic commissioned *Sweetpea* and *Gangs of London* using UK production companies in partnership with US broadcasters.

There are various sources of third-party funding, some of which have evolved over the last ten years, including:

- Co-productions: the PSBs can partner with an international broadcaster or SVoD to fund a programme in exchange for a share of the distribution rights. UK broadcasters typically acquire a licence to the primary rights in the UK and the partner may acquire rights to other countries or to exploit the content at a later date.
- Tax credits: These reduce the costs of qualifying high-end television (“HETV”) and children’s and animation productions, through a combination of reduction in corporation tax and cash payments from Government. HETV credits were first introduced in 2013/2014 and were recently updated with a new audiovisual expenditure credit system. To qualify, productions require a minimum spend and must pass a British cultural test.<sup>139</sup>

Funding models have also evolved to include a wider use of deficit funding, where the commissioner does not pay the full cost of the production. This allows the PSBs to access higher cost programming than they would be able to fully fund, where those programmes have value in the secondary rights market (particularly in drama and premium factual). These are often complex deals involving multiple parties across different territories. PSBs consider the programme’s likely secondary sales value and take account of this in determining how much funding they provide, often in conversation with distributors. ITV and the BBC also have their own distribution arms, among the largest in the UK. Compared to programmes that are fully financed by the PSBs (and which ensure a guaranteed profit), deficit financing may potentially require the producer to take on more risk, though may in some cases offer opportunities to take on more of the financial reward.

Despite the real terms decline in direct PSB spend in first-run originations, PSBs have increased the proportion of their direct commissioning spend that comes from external producers. Spend on in-house commissions declined by 20% from £2.0bn in 2013 to £1.6bn in 2023, while spend on external commissions decreased by 7% from £1.5bn in 2013 to £1.4bn in 2023 (in real terms).<sup>140</sup> The PSBs rely on a diverse mix of producers to make a broad range of content, while SVoD services generally focus on fewer, higher budget commissions.

In recent years, some of the major SVoD services, including Netflix and Amazon, have indicated long-term commitment to the UK’s creative sector through acquiring or taking out additional leases on studio spaces.<sup>141</sup> SVoD services commission a mix of UK and US production companies to make content in their UK production hubs, though all commissions draw on locally-based crew. We recognise funding and commissions from non-PSB sources can contribute to industry demand, and support scale and capacity in the sector which PSB productions can later draw on.

While the production sector has seen sustained growth overall, it has also faced some challenges in recent years relating to fluctuating levels of demand. While the sector was successful in attracting increased investment post the Covid-19 pandemic (in 2021-2022), stakeholders have said this period also led to shortages in certain skills, sector specific cost inflation (driven by increased demand for talent and resources) and pressures on studio availability. The production boom was followed by a

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<sup>139</sup> See the [Government’s 2023 reform of audio-visual creative tax reliefs policy paper](#) for more detail.

<sup>140</sup> Ofcom/broadcasters. Figures are expressed in real terms and include both spend on network originations and originations for the nations and regions.

<sup>141</sup> For example, Amazon MGM Studios and Netflix have [taken additional leases of studio space](#) at Shepperton Studios in Surrey. Amazon MGM Studios also acquired [Bray Film Studios](#) this year.



slow-down in commissioning (affected by the writers' and actors' strikes in Hollywood, inflationary pressures and the contraction of the TV advertising market), the closure of some production companies<sup>142</sup> and a rise in the number of freelancers out of work.<sup>143</sup> Industry stakeholders have told us that the pressure on studio availability has now eased and the expectation over the next few years is that production costs overall should generally follow economy-wide trends.

The PSBs collectively commission – in almost all genres – more UK productions than the largest SVoD services collectively (see Section 7). Stakeholders have told us that international SVoD services tend to commission from larger and more established producers and that it can be challenging for producers who have not already worked with global services to secure commissions. Overall, we understand that while some larger independent producers working in certain genres (such as high-value drama and factual) have more commissioning options than before and are less reliant on the PSBs, some smaller producers and those specialising in some other genres (such as regional and minority language programming) are more likely to rely on PSBs for commissions.

## Content rights have evolved to meet audience needs online

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The Communications Act includes a set of requirements about programme commissioning by PSBs from independent producers. These include, for example, an expectation that commissioning arrangements will be clear about the rights PSBs are purchasing and the duration for which they are doing so. The PSBs are required to have a Code of Practice explaining how they will comply with these requirements, based on general guidance produced by Ofcom.<sup>144</sup>

In practice, each PSB also has a set of standard commissioning terms known as the Terms of Trade (“ToT”) which it has negotiated with producer bodies Pact and TAC (in the case of S4C). These ToT are negotiated in accordance with the PSBs’ Codes of Practice. The Media Act extends the scope of Ofcom’s commissioning guidance to apply to content commissioned for PSBs’ designated on-demand services and used by the PSB to count towards its quotas in respect of independent commissioning. We plan to consult on updates to the commissioning guidance early next year.

Different types of rights have become more important to ensure that content is available where audiences are, particularly as audiences increasingly move online. The PSBs have renegotiated their ToT several times with Pact and generally obtained more extensive primary rights which have evolved to cover longer rights for content on their on-demand services, in return for other rights, such as a reduced share of revenue from secondary sales exploitation. For example, Channel 4 has extended its on-demand content rights to 3 years, with the option to extend, but no longer receives any revenues from international exploitation of secondary rights. In comparison, the BBC has extended its on-demand content rights to 12 months,<sup>145</sup> with the option to extend, but still receives a minority share (10%) of revenues from international exploitation of secondary rights.

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<sup>142</sup> Examples include RDF Television, Endor Productions and ZigZag Productions.

<sup>143</sup> A [survey](#) by Bectu in September 2023 found that 75% of respondents from the UK’s TV and Film workforce were out of work. 52% said they were out of work in a [survey](#) published in July 2024.

<sup>144</sup> Ofcom, 2007. [Guidance for PSBs in drawing up Codes of Practice for commissioning from independent producers](#).

<sup>145</sup> With the exception of programmes commissioned for BBC Three for which the BBC has on-demand rights of 24 months.

## The PSBs have shifted more of their production across the UK

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The PSBs play an important role in commissioning content that represents and portrays audiences across the UK and supporting the creative economies across the UK's nations and regions. The PSBs have obligations to make certain proportions of network programmes outside of the M25 each year<sup>146</sup> and in the nations.<sup>147</sup> The BBC and Channel 3 services also have obligations to make regional programming,<sup>148</sup> including regional news and other programming of specific interest to people living in the relevant area.

The PSBs have exceeded their quota obligations for network productions made outside of London over the last five years. Combined delivery outside of London has increased from 51% of qualifying network hours in 2019 to 55% in 2023 and from 48% of qualifying network spend in 2019 to 56% in 2023. For Channel 3 and Channel 5, the share of spend outside of London was higher than the share of hours in 2023, reflecting the higher cost per hour of genres such as drama, while for the BBC and Channel 4 the share of hours exceeded the share of spend.

There has been some year-on-year fluctuation in hours and spend of production across different areas of the UK, reflecting the specific programmes broadcast in particular years. However, overall, Northern England saw the biggest increase in qualifying network spend allocated out of London, from 21% in 2019 to 27% in 2023. While qualifying network spend attributed to each of the nations also varied between specific years, from 2019 to 2023 spend attributed to Scotland increased from 5% to 7%, while spend attributed to Wales and Northern Ireland remained more stable at 4% and 2% respectively (slightly up from the previous period).<sup>149</sup>

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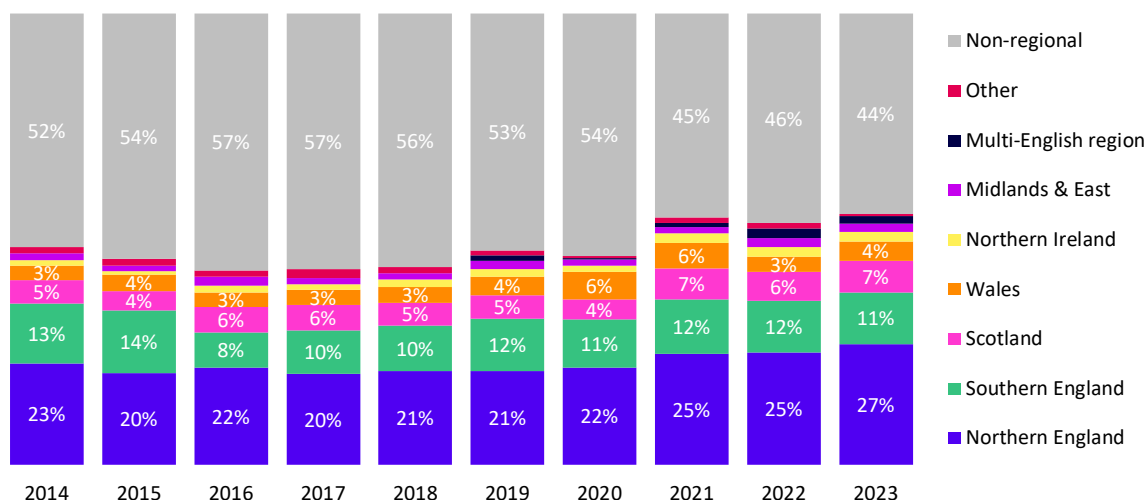
<sup>146</sup> BBC, ITV, Channel 4 and Channel 5.

<sup>147</sup> BBC and Channel 4.

<sup>148</sup> Regional programming is provided on national or regional variations of BBC and Channel 3 services.

<sup>149</sup> Ofcom analysis of broadcaster data.

**Figure 10: Percentage of qualifying network production spend (BBC, ITV, Channel 4 and Channel 5 combined)<sup>150</sup>**



Source: Ofcom/broadcasters.<sup>151</sup>

Overall, the BBC and Channel 3 services' delivery of hours of non-network regional programming<sup>152</sup> has fallen over the last five years, closer to their quota levels. ITV Cymru Wales and UTV's hours of first-run programming for Wales and Northern Ireland also fell slightly over the review period, while STV's hours of first-run programming for Scotland increased significantly, driven by a full year of the new overnight information programme *Night Vision* in 2023.<sup>153</sup>

The BBC's hours of first-run programming for Scotland, Northern Ireland and Wales generally declined, although hours of regional news and current affairs in Scotland is in line with 2019. The BBC has also provided significantly more programming of specific interest to audiences in Scotland during the review period following the launch of BBC Scotland in 2019. While the BBC has reduced hours of non-news regional programming on its opt-out channels overall, this is in line with its strategy to fund the commissioning of a smaller volume of bigger, more ambitious and high-impact programming that is co-commissioned between its nations and network commissioners, and which it believes has a strong sense of locality but also a greater appeal to audiences across the UK.<sup>154</sup>

Stakeholders have told us that these shifts in commissioning spend from the PSBs, along with investment from commercial broadcasters and SVoD services, play an important role in strengthening production hubs around the UK. Additional investment across the UK has been driven in part by the BBC and Channel 4's strategies<sup>155</sup> to spread their commissioning power and develop production capacity across the UK, while improving representation and portrayal of audiences in

<sup>150</sup> See our [2024 PSB Annual compliance report](#) for more detail.

<sup>151</sup> The data illustrates how each broadcaster performed against its regional production quota by macro region. With the exception of nation-specific quotas for the BBC and Channel 4, the broadcasters do not have quotas to meet for each macro region. Titles that are assigned to the non-regional category may be those produced in London as well as those which include elements of production or funding from outside of the UK alongside the nations and regions. "Other" denotes productions which did not meet both 70% of spend and 50% of talent in any one particular nation or macro region.

<sup>152</sup> See our [2024 PSB Annual compliance report](#) for more detail.

<sup>153</sup> For more detail, see our [2024 Media Nations](#) reports for Scotland, Wales and Northern Ireland.

<sup>154</sup> Examples of BBC co-commissions this year include *Highland Cops*, *Paranormal* and *Once Upon a Time in Northern Ireland*. See the [BBC's commissioning supply report 2023/24](#) for more detail.

<sup>155</sup> See the [BBC's 2021 Across the UK strategy](#) and Channel 4's [4 All the UK](#).

those areas. Both the BBC and Channel 4 have further commitments to increase their commissioning spend across the UK. The BBC is required under its Framework Agreement to spend 60% of its network TV spend and 50% of network radio and music spend outside of London by the end of 2027 and has said it is on track to meet its target of “over 60% sustainably by 2026” for network TV spend.<sup>156</sup> Ofcom also recently increased Channel 4’s quota on spend and programme hours outside of England from 9% to 12% effective from 2030, which Channel 4 has said it will strive to deliver in advance (by 2028).<sup>157</sup>

Some stakeholders have raised concerns about how investment is delivered by the PSBs outside of London, questioning whether production bases and workforces are sufficiently rooted in local economies to ensure a lasting economic impact. In 2019, we conducted a significant review of the ‘Made outside London’ guidance, and subsequently strengthened the criteria that define regional productions, including the substantive base criterion.<sup>158</sup> We also introduced spot-checks to monitor compliance with the regional production criteria, and we assess any complaints we receive. We continue to engage with stakeholders in the nations and regions on any concerns around the application and impact of our guidance.

While the global streamers and other commissioners also significantly invest in the UK production sector, there is no guarantee this will continue in the longer term. The streamers have no requirements to invest across the UK and stakeholders have suggested to us that investment by the streamers in different areas can depend more on producers’ existing relationships with commissioners. Spend from international commissioners and other UK broadcasters accounted for 32% and 11% respectively of spend on new UK programmes from independent producers outside of London in 2023.<sup>159</sup> The SVoD services are continuing to invest in the production sector across the UK in 2024. For example, Netflix has announced that three new drama series have been shooting in different locations in Scotland (*The Undertow*, *Department Q* and *Lockerbie*).<sup>160</sup>

## PSBs, other content providers and the wider creative sector contribute to skills and talent development

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The creation of high-quality PSM content over the longer term relies on the sustainable development of talent and skills. PSBs and the wider creative sector invest in many initiatives to support skills and talent, including among people from different backgrounds across the UK. In addition, screen agencies and other bodies such as film councils support the creative sector in the UK’s nations and regions through provision of funding and supporting training and skills development. The BBC and Channel 4 have particular obligations to support the development of the creative sector<sup>161</sup> and have made significant commitments to supporting talent and skills both within their own organisations and the production companies they work with.<sup>162</sup> For example, Channel 4

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<sup>156</sup> See the BBC’s [2022 Framework Agreement](#) and [Commissioning Supply Report 2023/24](#), p.22.

<sup>157</sup> Ofcom, 2024. [Decisions on Channel 4’s broadcast licence](#) and Channel 4’s [4 All the UK update](#).

<sup>158</sup> See our [2019 Statement](#) for more information.

<sup>159</sup> Pact, 2024. [Pact Census 2024: nations and regions annex](#). Oliver & Ohlbaum analysis. Figures have been adjusted for CPI at 2023 prices.

<sup>160</sup> The Herald, 2024. [Scotland to become the backdrop for three brand new Netflix dramas](#).

<sup>161</sup> C4C has an obligation to support the development of people with creative talent under section 198A(4)(a) of the Communications Act and the BBC has an obligation to invest in the creative economies of each of the nations and contribute to their development under Article 6(4) of the BBC Charter.

<sup>162</sup> See the BBC’s latest [Commissioning Supply Report](#) and [Annual Report](#) and Channel 4’s [Statement of Media Content Policy](#) for more detail.

recently announced that it is doubling its investment in 4Skills to £10million per year with a focus on creating opportunities outside of London.<sup>163</sup> The global streamers also invest in skills and training programmes, including for their commissioned productions. For example, Amazon Prime Video announced an investment of £10m over three years to broaden access to the sector through its “Prime Video Pathway”.<sup>164</sup>

There are also a range of cross-industry initiatives, harnessing the power of collective action. These include the TV Access Project where ten of the UK’s biggest broadcasters and streamers<sup>165</sup> have pledged to work together to ensure access provision for disabled talent. Recently the TV Foundation formed a new Impact Unit,<sup>166</sup> which aims to strengthen the TV industry’s approach to class and social mobility, building on the TV Foundation’s existing career development programme. A report by the Screen Sectors Skills Task Force found that over £100m was invested into skills in 2022 by its membership, which includes major broadcasters (including the BBC, ITV and Channel 4), studios and streamers (including Netflix and Amazon) as well as key organisations like ScreenSkills, Pact and national screen agencies.<sup>167</sup>

However, stakeholders have told us that the creative sector faces some longer-term, structural challenges around the sustainable development of skills and talent, including in relation to the large proportion of the workforce being freelance, the project-based nature of the work (often with short lead in times and unstructured recruitment) and fluctuating levels of demand. These challenges can have a heightened impact on people from certain backgrounds, for example stakeholders have raised the impact on those who have less financial support to absorb shocks in income or those less able to accept roles at short notice due to caring responsibilities. Some stakeholders have also raised challenges relating to the PSBs’ evolving content strategies, stating that some of them are commissioning fewer mid-value commissions which can be an important training ground for talent and businesses. For example, the cancellation of the long-running BBC medical drama, *Doctors*, led to discussion around the role of the show in training on-screen and off-screen talent.<sup>168</sup>

The Screen Sectors Skills Task Force report called for a more cohesive approach across industry to skills development to maximise the impact of investment, noting for example that only 27% of investment was targeted at mid- and senior-level development, despite this being a high priority area for members. ScreenSkills recently published its 5-year Powering Skills strategy<sup>169</sup> which focuses on identifying current and future skills needs and ensuring high-quality, inclusive training is accessible across the UK.

## The PSBs continue to drive equality, diversity and inclusion within their own workforces and production teams

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We have always been clear that a diverse workforce makes for better representation and portrayal on-screen and helps create content that authentically speaks to all audiences. The PSBs have improved the diversity of their workforces over the last five years, for example with the proportion

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<sup>163</sup> Channel 4, 2024. [4 All the UK update](#).

<sup>164</sup> Amazon, 2023. [Prime Video’s investment in the UK](#).

<sup>165</sup> Amazon Prime Video, BBC, Britbox, Channel 4, Disney+, ITV, Paramount Global, Sky, STV and UKTV.

<sup>166</sup> The Impact Unit was formed by the TV Foundation, the charitable arm of the Edinburgh TV Festival.

<sup>167</sup> British Film Institute, 2023. [A Sustainable Future for Skills: the Report of the Screen Sectors Skills Task Force](#).

<sup>168</sup> BBC, 2023. [‘TV Doctors a training ground for crew and actors’](#).

<sup>169</sup> ScreenSkills, 2024. [Five-Year Strategy](#).

of people from a minority ethnic group increasing from 13% of employees in 2019 to 18% in 2024, and women remaining well-represented at 50% of employees in 2024. While the proportion of disabled people has increased (from 10% to 12%) it remains well below the population average figure of 18%.<sup>170</sup> There also remains room for improvement at senior levels, where a smaller proportion of people are from a minority ethnic group (13%) or are disabled (10%). For those working in editorial and decision-making roles, unlike the TV industry as a whole, the PSBs are doing better in employing people from diverse backgrounds (for example, in commissioning and programming roles, 58% are women, 18% are from a minority ethnic group and 17% are disabled).<sup>171</sup>

As with the TV industry as a whole, the PSBs still need to make progress in representation of people from a working-class background,<sup>172</sup> as this has remained broadly stable over the last five years, at 27% in 2024, well below the 39% across the UK population.<sup>173</sup> Positively, levels of data provision have improved so we have a clearer picture than ever of who is working for PSBs and where progress is still needed.

All of the PSBs have diversity commissioning policies designed to increase the diversity of production teams, and use the [Diamond](#) system to obtain consistent diversity data on the programmes they commission. The [latest available data](#) suggests improvements in diverse representation, but as in the broadcasters' own workforces, disabled people remain significantly under-represented in off-screen contributions to programmes.<sup>174</sup>

#### Summary of key challenges for the production of high quality UK content:

- It is important that the PSBs continue to commission a diverse range of PSM content and that they have sufficient rights to put the content where audiences are, at a price they can afford. However, they also depend on a sustainable production sector to continue to provide high-quality PSM content that represents the whole of the UK.
- The production sector will need to continue to adapt to the financial challenges facing the PSBs and their changing commissioning patterns, including increasing amounts of commissioning for online platforms.

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<sup>170</sup> This is the figure for the economically active UK population aged 16-64.

<sup>171</sup> See our recent [Equality, Diversity and Inclusion in TV and Radio report](#) for more detail on the progress and challenges in the industry as a whole.

<sup>172</sup> Our figures here are based on occupation of main household earner when employee aged 14, with occupations divided into 'professional', 'intermediate' and 'working-class'.

<sup>173</sup> UK Workforce Aged 16+.

<sup>174</sup> The Diamond system does not collect data on socio-economic background.

# 6. Financial sustainability of Public Service Media

## In this section we:

- Consider the financial sustainability of the PSBs in terms of their ability to deliver the content that audiences need now and in the foreseeable future.

## The financial sustainability of the PSBs has been under pressure in the last decade

The provision of PSM in the UK is complex, with a variety of different institutions and regulatory structures which support the overall delivery of PSM to audiences.

## The PSBs are funded in a variety of different ways, which has implications for financial sustainability

The BBC is [incorporated by the Royal Charter](#), whereas C4C and S4C are statutory corporations. While the main Channel 4 channel is licensed, only C4C can hold that licence. These corporations are set up to deliver their public service broadcasting remits.

ITV, STV and Paramount Global (Channel 5), are commercial entities and their primary objective is to deliver returns to their shareholders. These PSBs deliver public service broadcasting via the Channel 3 and Channel 5 licences that they hold. The Channel 3 and Channel 5 licences include specific obligations relating to programming and production quotas. These licensees are also required to comply with stricter rules on the quantity and scheduling of television advertising. In return, the licence holders receive benefits including prominence within EPGs and privileged access to DTT. In principle ITV, STV and Paramount Global could choose not to hold a public service broadcasting licence and continue to provide commercial television.

All of the PSBs benefit from a prominent position on EPGs for their respective channels and have access to dedicated facilities to transmit their channels over DTT. The BBC and S4C<sup>175</sup> are funded in large part through revenues from TV licences. Channel 4, ITV, STV and Channel 5 earn much of their revenue through advertising. The BBC, ITV and STV also have production businesses.

Figure 11: PSBs ownership and main sources of funding

PSB	Ownership	Main sources of funding for PSB obligations
BBC	Statutory Corporation	<ul style="list-style-type: none"><li>• Revenue from TV licences.</li><li>• Dividends from commercial activities.</li><li>• Other revenue (e.g. grants, rents).</li></ul>
S4C	Statutory Corporation	<ul style="list-style-type: none"><li>• Revenue from TV licences</li><li>• Dividends from commercial activities</li></ul>

<sup>175</sup> In 2013, the BBC has been responsible for providing, from the licence fee, most of the public funding for S4C. This arrangement will continue until the end of the current Royal Charter in December 2027.



PSB	Ownership	Main sources of funding for PSB obligations
Channel 4	Statutory Corporation	<ul style="list-style-type: none"> <li>Advertising on Channel 4 (including benefit of EPG prominence and DTT capacity), family channels and 4 Streaming.</li> <li>Non-advertising revenue (e.g. 4Streaming+ subscriptions).</li> </ul>
Channel 3	ITV (14 licences) STV (2 licences)	<ul style="list-style-type: none"> <li>Incremental advertising revenue associated with i) EPG prominence on linear channel and ii) DTT capacity.</li> </ul>
Channel 5	Paramount Global	<ul style="list-style-type: none"> <li>Incremental advertising revenue associated with i) EPG prominence on linear channel and ii) DTT capacity.</li> </ul>

In addition, MG ALBA partners with the BBC to provide Gaelic-language content through the BBC ALBA channel. MG ALBA receives the majority of its funding through a core grant from the Scottish Government.

Given the complexities in the way PSBs are set up and how their obligations are funded there are a number of different ways we can consider financial sustainability. For each PSB their sustainability as institutions depends on their ability to carry on delivering their obligations in the long term without running into a significant financial deficit. For Channel 3 and Channel 5 licence holders, we can consider whether it is incrementally profitable to hold the Channel 3 and Channel 5 licences, and we assessed this as part of the recent relicensing process.<sup>176</sup> Ultimately what matters most for audiences in the UK is that they continue to receive the content that they need. We are therefore interested in the ability of the PSBs, and other contributors, to carry on delivering sufficient PSM content over the long term.

## The PSBs have seen significant real terms decline in their revenues in the last decade

### TV Licence fee revenue has declined

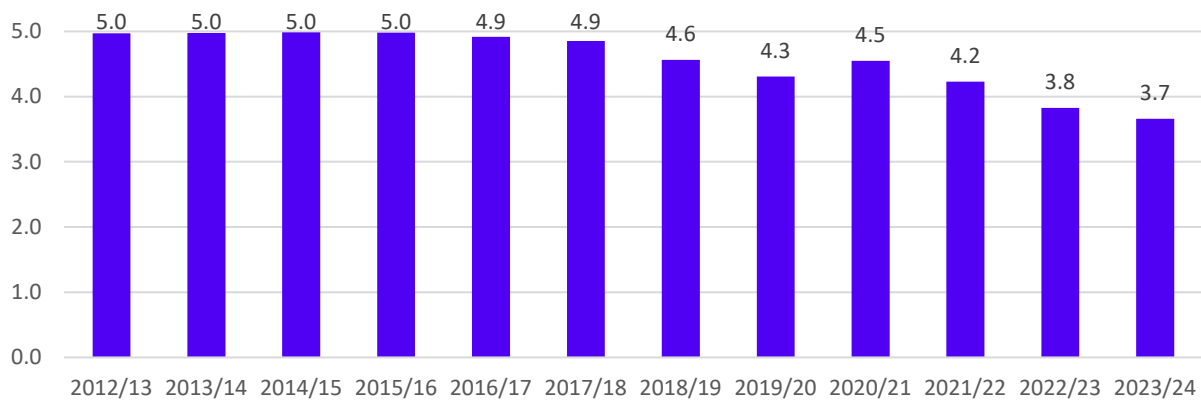
Revenue from TV licences is the main source of funding for the BBC and for S4C. Given the size and importance of the BBC, the licence fee also represents a large proportion of the funding that the public service broadcasting sector as a whole receives. In real terms the value of this revenue stream has reduced by £1.3bn over the past 10 years.

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<sup>176</sup> We reviewed the sustainability of the Channel 3 and Channel 5 licences in 2022. We said that the Channel 3 and Channel 5 licensees are likely to continue making important contributions to public service broadcasting over the next licence period. We also said that the contributions to public service broadcasting made by Channel 3 and Channel 5 could be commercially sustainable in the next licence period, but this is increasingly at risk as the value of licence benefits declines. ITV, STV and Channel 5 took up new licences this year for the next 10-year licence period which runs from 2025 to 2034. See Ofcom's [section 229 report](#).



**Figure 12: Total licence fee income, CPI adjusted (£bn), 2012/13 to 2023/24**



Source: BBC Annual Reports and Accounts, various years. Figures adjusted for CPI to present value in 2024 prices.

The decline in TV Licence revenue is the result of several factors. First, the price of the TV Licence has not kept pace with inflation as the licence price was frozen for a number of years over the last decade.<sup>177</sup> There has also been a decline in the number of TV licences in force.<sup>178</sup>

Between 2018 and 2020 the DWP's over-75s licence fee grant, worth up to £660m per year, was phased out. In June 2019, the BBC [announced](#) that free licences for all over-75s would end and that, from 1 June 2020, a free licence would only be available to people who receive pension credit.

Inflationary pressures have also impacted the funding available to BBC ALBA through MG ALBA's core grant (£13m in 2023/24), which has remained broadly flat in nominal terms since 2019.

### **Advertising revenues have also declined**

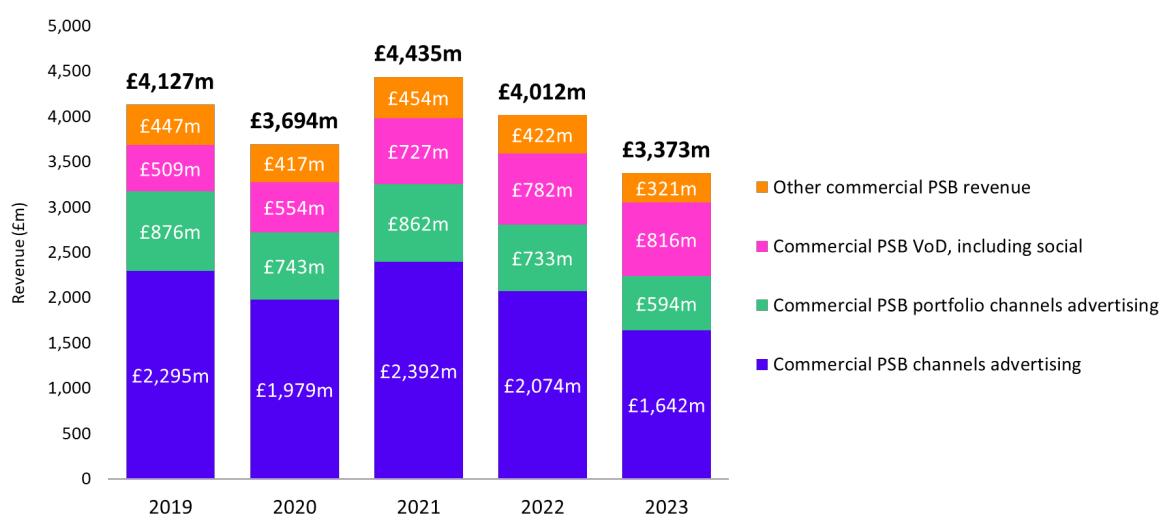
The chart below shows how much revenue the commercial PSBs have generated in recent years and the sources of this – primarily TV advertising and VoD, which together account for around 90% of the total over the period.

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<sup>177</sup> The price of a TV Licence increased to £169.50 in April 2024; however, had the price kept pace with CPI inflation over the last decade it would be 14.6% higher than this today.

<sup>178</sup> The BBC reported that 26 million TV Licences were in force at the end of the 2017/18 reporting period; by 2023/24 this had fallen to 23.9 million, a reduction of more than 8%. BBC, 2018. [BBC Television Fee Trust Statement 2017/18](#), p. 5. BBC, 2024. [BBC Group Annual Reports and Accounts 2023/4](#), p. 53.

**Figure 13: Commercial PSB TV and VoD revenue by source: 2019-2023**<sup>179</sup>



Source: Ofcom/broadcasters. Figures are presented in real terms (CPI-adjusted to account for inflation).

After adjusting for inflation, revenue from advertising on Channel 3, Channel 4 and Channel 5 declined between 2019 and 2023 from c.£2.3bn to £1.6bn in 2023. Advertising revenues on the commercial PSBs’ other channels also declined from c.£900m at the beginning of the review period to just under £600m in 2023. The PSBs’ BVoD revenues grew over the period from just over £500m to more than £800m, but this was not sufficient to prevent an overall decline in revenues from these sources of around £630m (around 17%).

The decline in linear viewing and growth of BVoD viewing are likely to have influenced advertising revenues over this period. Advertising revenues have historically been correlated with the performance of the wider economy. Real GDP growth was only 0.3% in 2023, and very high rates of inflation from 2021 to 2023 (with CPI peaking at 11.1% in October 2022) have also had a bearing on real advertising revenues.<sup>180</sup> Economic growth is expected to improve in 2024 and the Advertising Association / WARC is forecasting a 0.9% nominal increase in total TV ad spend in 2024, driven primarily by a projected 12.1% increase in BVoD spend.<sup>181</sup>

## The PSBs have diversified revenue streams in response to declining linear revenues but overall PSB finances have worsened

Given the pressure on their revenues, many PSBs have tried to diversify revenue streams and reduce operating costs in order to fund PSB activities and, in the case of the commercial PSBs, continue to report operating profit. Below we set out what steps PSBs have taken to diversify revenues and how successful they have been. On the whole, PSB finances have worsened but revenues from both digital (Channel 4 and ITV) and studios businesses (BBC Studios, ITV Studios and STV Studios) has mitigated some of the impact of lost linear revenues.

<sup>179</sup> Commercial PSB VoD is predominantly advertising revenue but also includes some other elements, such as subscription revenue. Other revenue includes sponsorship, product placement, subscriber income, TV shopping, interactive services, programme sales, pay-per-view and other sources. ‘Commercial PSB channels’ comprises the following: ITV, STV, ITV Breakfast, Channel 4, Channel 5 and S4C.

<sup>180</sup> Office for Budget Responsibility, 2024. [Economic and Fiscal Outlook October 2024](#), p. 10, chart 1.4.

<sup>181</sup> AA/WARC, 2024. [Expenditure report Q2](#).

The BBC has invested in its commercial activities. BBC Studios (the BBC's largest commercial subsidiary) has a mandate to deliver long-term, sustainable returns to the BBC to supplement the licence fee. Over the past five years, BBC Studios has grown its revenues by 32% from £1.4bn in 2019/20 to £1.8bn in 2023/24.<sup>182</sup> The BBC has [said](#) it is aiming to double BBC Studios revenue in five years to deliver over £3.2bn in revenues by 2027/28. Dividends, rather than revenues, from the BBC's commercial activities help support the BBC Public Service programming spend and this is currently around £200m per annum (c.5% of licence fee revenues). Despite this, the BBC has reported a net operating deficit of £160m over the past five years.<sup>183</sup> The BBC cannot continue to fund operating deficits indefinitely and therefore it will likely have to increase revenues or reduce costs to address its deficit.

Almost all (98%) of S4C's funding comes from licence fee revenue and given the pressures on this, it has also reported a net operating deficit of £4m over the past five years.<sup>184</sup>

Channel 4 has invested significantly in its digital services. As such it has grown digital advertising by 93% over the past five years from £145m to £280m.<sup>185</sup> It has also increased its non-advertising revenue<sup>186</sup> by 38% to £101m.<sup>187</sup> These two revenue streams have more than offset the decline in linear advertising. At the same time, operating costs have increased by 6.5% over the same period. Given the growth in revenue over the past five years, Channel 4 has reported a net operating surplus of £110m over the period 2019-2023.<sup>188</sup> However, we note that due to increased costs, Channel 4 reported an operating deficit of £55m in 2023.<sup>189</sup>

ITV Plc has also invested significantly in its digital services, for example through the launch of ITVX, and has a significant production and distribution business, ITV Studios (c.43% of ITV's total revenues and 58% of its operating profit in 2023).<sup>190</sup> ITV has grown digital revenues by 140% over the past five years to £490m.<sup>191</sup> ITV Studios has also grown over the same period and operating profit increased by 7% to £290m.<sup>192</sup> In response to declining linear advertising revenues, ITV has undertaken a significant cost cutting exercise but its Media and Broadcast division's costs increased by 18% over the same period.<sup>193</sup> Despite falling linear revenues and increased operating costs ITV has reported

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<sup>182</sup> In nominal terms.

<sup>183</sup> Ofcom analysis of BBC Group Annual Report and Accounts [2019/20](#), [2020/21](#), [2021/22](#), [2022/23](#) and [2023/24](#). Net operating deficit represents the sum of the operating deficits/surpluses in each financial year from 2019/20 to 2023/24.

<sup>184</sup> Prior to 2023, S4C received funding from DCMS and the licence fee. However, from 2023 onwards, [S4C's funding has been decided as part of the licence fee settlement](#). Operating deficits based on Ofcom analysis of S4C's Annual Report and accounts for [2019/20](#), [2020/21](#), [2021/22](#), [2022/23](#) and [2023/24](#).

<sup>185</sup> In nominal terms.

<sup>186</sup> Non-advertising revenue includes rights income, distribution, and theatrical revenues. It also reflects new revenue streams developed as part of Channel 4's Future4 strategy and continuing under its Fast Forward strategy.

<sup>187</sup> In nominal terms.

<sup>188</sup> Net operating surplus represents the sum of the operating deficits/surpluses in each financial year from 2019 to 2023.

<sup>189</sup> Ofcom analysis of C4C's Annual Report and Accounts for [2019](#), [2020](#), [2021](#), [2022](#) and [2023](#).

<sup>190</sup> Based on earnings before interest, taxation and amortisation (EBITA). Normally operating profit includes amortisation, however ITV Plc does not report this at a divisional level.

<sup>191</sup> In nominal terms.

<sup>192</sup> Based on EBITA.

<sup>193</sup> ITV's Media and Broadcast division contains its TV and digital broadcasting business.

operating profit over the past five years due to the contribution of digital revenues and profits from its Studios division, although we note that operating profit declined by 54% to £238m in 2023.<sup>194</sup>

STV Plc has invested in its studios business to offset linear revenue decline.<sup>195</sup> STV Studios' revenues now represent 40% of total revenues and 26% of operating profit.<sup>196</sup> Given the growth in STV Studios, STV has reported operating profits over the past five years, but, similar to ITV, STV's operating profit declined by 21% to £20.1m in 2023.<sup>197</sup>

Channel 5 is part of Paramount Global, but we note from its UK published financial statements it has generally been profitable over the past five years. However, in line with other PSBs, due to the trends in linear advertising, its operating profit fell by 72% to £22.7m in 2023.<sup>198</sup> Historically, the majority of Channel 5's revenues were from linear advertising, but we understand Paramount Global is [rebranding and relaunching](#) Channel 5's BVoD service as '5' in 2025. This could help it grow digital revenues in the future.

## The PSBs have adapted to declining real incomes by changing the way they commission content

Figure 14 below shows how revenue from the PSBs' main sources of funding has declined over the last decade. Total PSB revenues – including public funding from the licence fee and commercial revenues – fell to £6bn in 2023, down 15% in real terms from a CPI-adjusted £7bn in 2019, and compared to £7.8bn in 2014.

The PSBs have told us that their costs have not declined to the same extent over this period and that the cost of making TV programmes was affected by high levels of inflation between 2021 and 2023. In addition, PSBs have invested significant sums in developing their BVoD services in recent years.

One way the PSBs have responded to this challenge is by changing the way they commission original UK content. Figure 14 shows that, over the 2014-2023 period, real terms spending on first-run UK content fell by £560m (around 17%). However, the total amount spent on producing first-run content has remained relatively stable in real terms because the PSBs and producers are making more use of third-party funding when commissioning programmes, with third-party spend reaching £674m in 2023.<sup>199</sup>

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<sup>194</sup> Group operating profit includes amortisation. Ofcom analysis based on ITV Plc's Annual Report and Accounts for [2019](#), [2020](#), [2021](#), [2022](#) and [2023](#).

<sup>195</sup> In 2023, [STV Plc acquired Greenbird Media](#), a production company with 24 labels.

<sup>196</sup> Based on 2023 adjusted operating profit i.e. excluding one-off costs relating to the new agreement with ITV and subsequent integration of Greenbird Media Limited.

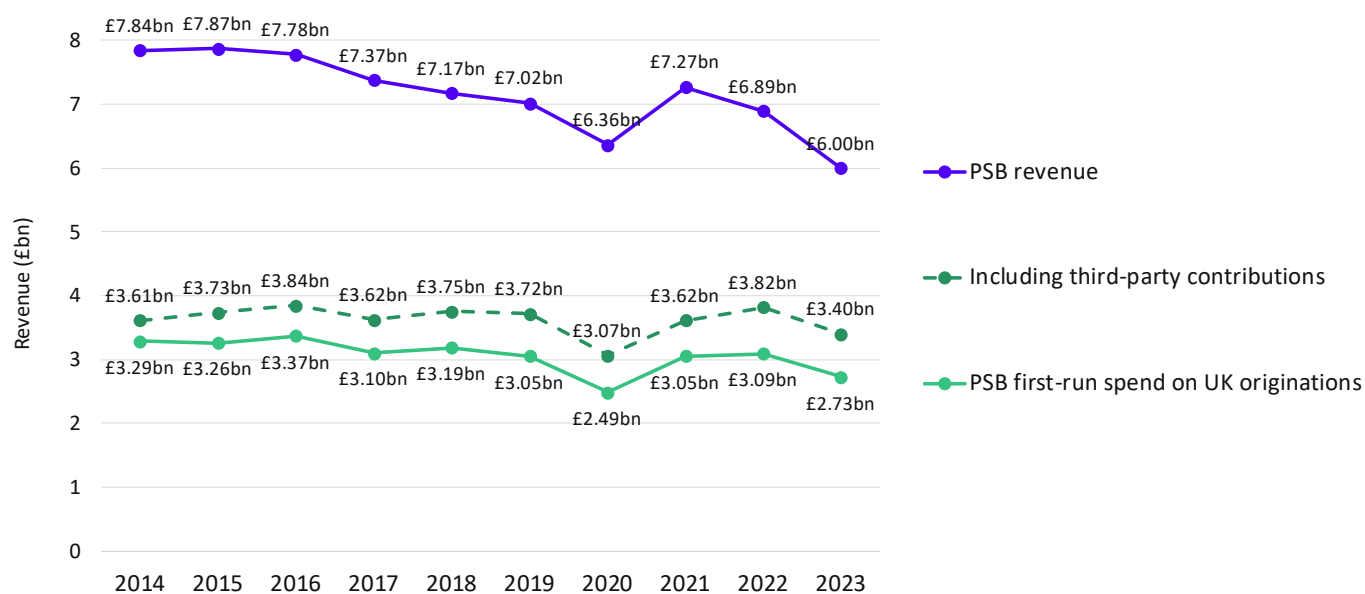
<sup>197</sup> Ofcom analysis based on [STV Plc's Annual Report and Accounts](#) for 2019, 2020, 2021, 2022 and 2023.

Operating profit is based on adjusted operating profit excluding one off costs.

<sup>198</sup> Channel 5 Broadcasting Limited reported an operating profit of £112m in 2023 but this included a one-off payment of £90m from a sales partner relating to historic under payments (£80.9m) plus interest (9.1m). We have excluded this one-off payment above for comparative purposes. Ofcom analysis based on Channel 5 Broadcasting Limited Report and Financial Statements for 2023.

<sup>199</sup> Ofcom/broadcasters.

**Figure 14: PSB revenues vs first-run UK-origination spend, 2014-2023**



Source: Ofcom/broadcasters.<sup>200</sup>

Third-party spend is heavily concentrated, with 74% of it relating to drama productions in 2023. There are fewer alternative financing options for most other types of content, which are of relevance for UK audiences, but less likely to be successful in secondary and international markets.

We set out trends in PSB spending on individual genres of content in Section 7 (see Figure 18). Real-terms spending has declined for most genres, with factual entertainment an exception. There have been real-terms cuts to most other genres, in particular films, arts and classical, comedy, education, and religious programming.

## The financial sustainability of the PSBs will remain under pressure in the long term

As we noted in Section 3, forecasts project further decline in linear TV viewing, VoD is projected to continue growing in future, but this growth is expected to slow and strong growth in viewing on VSPs and on social media is predicted.<sup>201</sup> If these trends continue as expected, they are likely to have a number of impacts on the financial sustainability of the PSBs which we outline below.

### Further decline in revenues from historic sources

As noted above, revenues from the TV Licence fee have been under pressure in recent years as the number of households paying for a TV Licence has fallen. Increases in the availability and use of ‘non-live’ services such as SVoD and VSPs may contribute to a further reduction in the number of households holding a TV Licence in future. More broadly, the future of BBC funding will be part of the next BBC Charter review. In a recent update the government said that it intends to increase the licence fee based on the annual CPI inflation rate until 2027, to provide the BBC with funding certainty for the remainder of the Charter period. This means the cost of an annual colour TV Licence

<sup>200</sup> Licence fee revenue is allocated based on Ofcom analysis of BBC data. Figures are presented in real terms (CPI-adjusted to account for inflation). Data includes direct PSB spend on network originations, and third-party contributions to spend.

<sup>201</sup> Enders, 2024. [Video viewing forecasts: A slowdown in change.](#)

from April 2025 will now be £174.50p.<sup>202</sup> Given the size of the BBC, its future funding will be an important factor in the future sustainability of PSB overall in the UK.

Longer term prospects for PSB advertising revenues will be affected by a number of factors. Linear TV advertising revenues have historically been correlated with the performance of the wider economy. Advertising revenues may therefore be buoyed in future should the economy return to growth.<sup>203</sup> Longer term growth in BVoD advertising revenues is expected to slow with some predicting that BVoD advertising revenues will reach a plateau by the late 2020s.<sup>204</sup>

We also note a number of headwinds that may reduce TV advertising revenues in the long-term. In particular, the ongoing decline in linear TV viewing and projected slowing of growth in BVoD viewing will weigh on advertising revenues to some extent.

The PSBs will also face increasing competition from new forms of video advertising. Several SVoD services have developed advertising tiers in their pricing plans alongside their subscription-based charging model. If advertising tiered pricing plans grow in popularity in the long term, then this will result in a larger amount of advertising inventory available for advertisers and more competition for advertising spend.

Competition for advertising spend from YouTube is also expected to grow over the next few years. YouTube has grown its presence on TV sets, has been developing more TV like content on its platform and is making improvements to its ability to offer advertisers brand safety and measurement. When we spoke to advertisers, all of them told us that they now invest heavily in advertising on YouTube and some of them told us that they have changed how they think about advertising, with dedicated linear TV advertising budgets much less common than in the past.

Overall, we expect that there will be a decline in the PSBs' advertising revenues in the next decade, though it is difficult to predict how far or fast they will fall. It is possible that TV advertising revenues will continue to be somewhat resilient. However, even if the impact of economic growth is sufficient to offset any decline in viewing, and the impact of new competition from SVoD services and VSPs is limited, such that nominal levels of advertising revenue remain flat, this would result in PSB annual advertising revenue falling by £500m in real terms (-19%) by 2034.<sup>205</sup> As part of recent relicensing processes some of the PSBs provided Ofcom with projections of their advertising revenues. Overall these forecasts imply PSB annual advertising revenues may fall in real terms by around £1bn (-40%) by 2034.<sup>206</sup> As noted above, advertisers have suggested that the advertising market may be changing as competition from VSPs gets stronger. If so, it is possible that TV advertising revenues may decline more quickly than the PSBs have projected.

## Prospects for significant new revenue from other digital platforms are uncertain

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<sup>202</sup> DCMS, 2024. [New plans to ensure the BBC's financial sustainability set out by the Culture Secretary](#).

<sup>203</sup> We note that the OBR projects that the economy will grow by just over 1% in 2024, rising to 2% in 2025, before falling to around 1.5%. Office for Budget Responsibility, 2024. [Economic and Fiscal Outlook 2024](#), p. 5.

<sup>204</sup> See, for example, projections from AA/WARC expenditure report and Ampere Analysis. PSBs have also invested in their subscription BVoD offerings e.g. ITVX and Channel 4+. However, given the intense competition from SVoD services, subscription-based revenues are likely to remain a small overall percentage of total PSB revenues.

<sup>205</sup> Based on Ofcom modelling: in this scenario we assume that revenue remains flat in nominal terms over the period between 2024 and 2034.

<sup>206</sup> This more pessimistic scenario is informed by a range of forecasts submitted to Ofcom by ITV, Channel 4, and Channel 5 as part of their respective re-licensing processes.

VSPs like YouTube or TikTok and social media services that carry video content such as Instagram and Facebook, provide broadcasters with a new way to reach audiences and earn additional revenues.

Providing content on VSPs or social media is very different to supplying content through the PSBs' own linear TV channels or BVoD services. VSPs and social media platforms do not give the PSBs a direct relationship with their viewers, and it is the platform that hosts the content, which has control over the interface with the viewer, and which monetises the content (through subscriptions, advertising or a combination of the two). As content providers, the PSBs are then reliant on that platform to pay them for their content, provide data and insight into their viewers and to ensure that their content is seen and given adequate brand attribution.

Posting content onto a VSP or social media platform means that viewers can access PSB content without having to switch to the PSBs' own services, so PSBs may need to be careful about what content they post to avoid cannibalising other revenues or slowing the growth of their BVoD services.

So far, the PSBs have been experimenting with putting varying amounts of content onto third-party platforms and so it may be too soon to tell what the balance of factors is in practice. Some of the PSBs have told us that returns from third-party platforms are very low and that their primary strategy is to attract viewers back to their BVoD services. In contrast, Channel 4 has put more material onto YouTube, including some full-length programmes.

Confidential data we collected from the PSBs suggests that the revenues they earn from VSPs and social media, account for only a very small portion of overall PSB VoD revenue. This is despite social platforms generating significant volumes of content views for the PSBs (see Figures 25 and 26 in Section 7). The data indicates that the average value of a social media or VSP view is much lower than the average value of a BVoD viewing request. This highlights the challenges for commercial PSBs in monetising audiences on these platforms, especially if this is at the expense of growing viewing on their more lucrative BVoD services.

## **Broadcasters face the costs of reaching viewers across multiple platforms**

Content costs make up the majority of PSBs' cost base.<sup>207</sup> PSBs report that they have seen the cost of content increase in recent years as a result of very high rates of inflation. Stakeholders told us that they intend to invest in high value productions as part of their strategy to grow their BVoD services. They report that inflation in genres like drama has been particularly high in recent years.

The rate of inflation has fallen considerably in the last 12 months, from the high levels seen in 2021 to 2023, and is expected to be lower in the future.<sup>208</sup> If this is the case, then this will ease the pressure on the PSBs' content budgets to some extent. However, we expect that PSBs will need to continue their investments in high value productions to attract viewers to their BVoD services.

Data we have collected from broadcasters shows that, aside from content spend, the main costs to PSBs for their linear channels are marketing, transmission, and administration. Aggregated across the commercial PSBs' main channels and commercial portfolio channels, these costs have fallen in real terms over the review period, declining by 15% since 2019 to £589m in 2023.

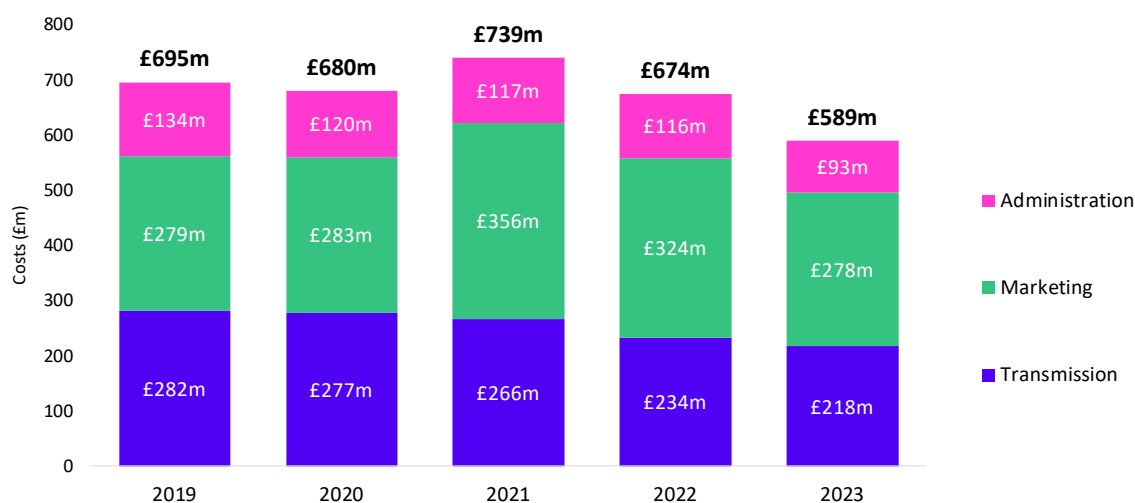
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<sup>207</sup> For example, the PSBs collectively spent £2.7bn on first-run original content in 2023.

<sup>208</sup> The OBR and Bank of England project that UK inflation will remain at around the target rate of 2% from 2025 onwards.



**Figure 15: Selected non-content costs for the commercial PSBs' TV channels: 2019-2023**



Source: Ofcom/broadcasters. Figures are presented in real terms (CPI-adjusted to account for inflation). Data includes the commercial PSB channels and the commercial PSB portfolio channels. Transmission includes DTT, satellite and cable.

The commercial PSBs have collectively reduced their total linear TV services' transmission costs, which – at £218m – were 23% lower in 2023 compared to 2019. However, the PSBs have told us that some of these cost savings were one-off that are unlikely to be repeated. Another cost reduction being realised in 2024 – the [closure of standard-definition channels on satellite services](#) – will also be one-off. Meanwhile, stakeholders have also flagged that there are increases in some costs associated with DTT transmission that will begin in 2024.

We noted in our [Future of TV Distribution report](#), that the less time people spend on DTT, the less cost effective per viewer it is. We expect that this trend will continue in the future absent any changes to how DTT is delivered. Many broadcasters have told us that they foresee a tipping point at which it is no longer economically viable to support DTT in its current form. In this report we also set out three broad approaches to how DTT might change in the future. Each of these would have different implications for the PSBs' distribution costs, depending on how they were designed by Government.

Data we collected from the PSBs shows that their non-content costs of providing BVoD – including live linear IP streams via these services – have been rising as these services have grown. For the BBC, ITV, Channel 4 and Channel 5, these costs have collectively increased in real terms by 55% since 2019, to £587m in 2023.<sup>209</sup> The largest non-content costs directly attributed to BVoD are marketing, development, underlying rights payments and distribution, which together accounted for 82% of the total over the period. As audiences watch more content from the PSBs' BVoD players, PSBs may face higher costs from IP distribution, depending on how commercial relationships with distribution partners evolve.<sup>210</sup>

<sup>209</sup> We note that some general costs for broadcasters' wider businesses, including some from which BVoD services benefit, are captured under broadcast/linear and therefore not reported as on-demand costs.

<sup>210</sup> Unlike traditional linear distribution methods, IP distribution costs increase as the number of viewers increase, however in recent years many of these costs have fallen on a per viewer basis. MTM & Ofcom, 2024. [Broadcast Distribution Costs](#).

We expect that the PSBs will need to continue investing in their BVoD technology in coming years. For example, the BBC's overall spending on its digital product development was £98m in 2021-22 and it expects to invest approximately £50 million extra annually in digital product development by 2025. The National Audit Office noted that BBC iPlayer had performed well but that available funding is considerably lower than the other media organisations it competes with. Netflix, in particular, spent £1.7bn on technology and development in 2021.<sup>211</sup>

It is possible that the integration of AI across the supply chain will result in some efficiency savings for broadcasters. 57% of surveyed production companies told Pact that they are already using AI or plan to use AI in the near future in their production process.<sup>212</sup> We note that the industry is in the early stages of this development and so it is difficult to predict the likely scale of any cost reductions.

### The Media Act may impact the financial sustainability of PSBs

The Media Act will change how PSBs are regulated in a number of ways (as set out in our [Roadmap to Regulation](#)). Some of the changes brought about in the Media Act could be helpful in ensuring the financial sustainability of the PSBs. For example:

- Part 1a: Provides increased flexibility in the way that PSBs are able to deliver their obligations by extending the scope of most quotas to cover content delivered online. This will make it easier for PSBs to implement their digital-first strategies and to fulfil their obligations in a way that is platform neutral.
- Part 1b: Makes some changes to the listed events regime, making it clear that it applies only to PSBs.
- Part 2: Introduces prominence for PSBs on connected TV services. We will shortly be consulting on the details of how this regime should be implemented. We expect these changes may be of benefit to PSBs by helping them reach audiences more easily with their BVoD services.
- Part 3: Removes the restriction on Channel 4 producing its own content. This could provide a new source of funding for Channel 4.

The overall scale and nature of the impact on each of the PSBs will be determined in part by the detail of how the Media Act's provisions are implemented. As we set out in our roadmap, our timetable for framework changes and licence amendments will run to 2026.

#### Summary of the key challenges for the financial sustainability of PSM content:

- The PSBs are facing significant financial challenges. We expect that linear TV advertising revenue will continue to decline and is unlikely to be offset by BVoD revenue increases. In addition, to reach all audiences, the PSBs have to bear the costs of providing programmes over linear and online services.
- Reaching certain audiences requires the PSBs to put their content on VSPs like YouTube. This raises monetisation and attribution issues and may reduce audience use of their BVoD services. To appeal to changing audience tastes, the PSBs may also need to invest in new types of content.
- These challenges put pressure on the ability of PSBs to maintain their spending on TV programmes and they will find it increasingly difficult to meet their obligations in terms of the range, volume or quality of the TV programmes commissioned.

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<sup>211</sup> National Audit Office, 2022. [A Digital BBC](#).

<sup>212</sup> Pact, 2024. [Pact TV Production Census](#).

# 7. Delivery of the Public Service Broadcasters' purposes and objectives

## In this section we:

- Set out our assessment of how the PSBs have together met their purposes and objectives over the review period; and
- Compare the PSBs' first-run UK-originated output and spend to the contribution made by the multichannel broadcasters and SVoD providers.

## The PSBs have delivered against their purposes and objectives

Our assessment concludes that the PSBs – in a highly challenging period characterised by the Covid-19 pandemic, difficult economic conditions, and destabilising geopolitical events – have delivered their purposes and objectives. They have provided audiences with a broad range of original and high-quality programming that meets their different needs and interests, reflects communities and cultures across the UK, and delivers duly accurate and duly impartial news – as outlined in detail in Sections 3 and 4. Overall levels of first-run programming output have remained stable; first-run spend has declined in real-terms, although this is somewhat skewed by a period of high inflation – in nominal terms, spend has increased slightly.

To reach and better connect with audiences, the PSBs have continued to develop their BVoD services, including by significantly increasing the volume of UK-produced content available in their streaming catalogues.

The PSBs' continued delivery of the public service broadcasting purposes and objectives has come despite declining revenues that have put pressure on funding, negatively impacting the provision of some more specialist genres.

For our assessment of C4C's delivery of its duties, see [Annex 3](#).

## The PSBs maintained their level of output of original UK TV content, although spend declined in real terms

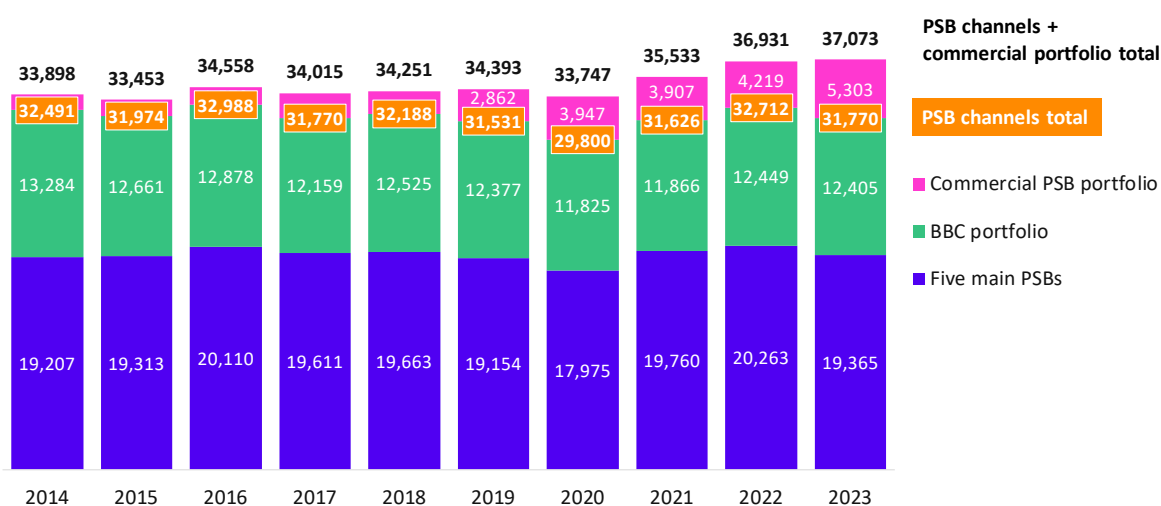
Delivery of original and high-quality UK content enables the PSBs to fulfil several of the public service broadcasting purposes and objectives. The volume of first-run programming, and levels of investment in them (a proxy for quality) provide key metrics for measuring the PSBs' performance.

Overall levels of output across the five main PSB channels and BBC portfolio channels were relatively stable over the review period (see Figure 16). This is despite disruption caused by the Covid-19 pandemic, during which the PSBs' continued delivery of new UK programming – particularly news –

was highly valued by audiences.<sup>213</sup> The variations in total hours over the period in part reflect some of the year-to-year fluctuations that come with major sporting events that do not take place annually (for example the FIFA World Cup and the Olympic Games). First-run hours as a proportion of total broadcast hours on PSB channels have also remained consistent, averaging 43% annually between 2019 and 2023,<sup>214</sup> compared to 44% over the preceding five years.

Making a further contribution to first-run output are the commercial portfolio channels of ITV, Channel 4 and Channel 5, with this category also including some online originations debuting on the broadcasters’ respective BVoD services and on social platforms. There has been a notable increase in first-run hours from these services over the period – up to 5,303 in 2023 compared to 2,862 in 2019 – driven by an increase in hours of entertainment and, to a lesser extent, sport and factual. These three genres together, accounted for 93% of first-run hours on the commercial PSB portfolio channels over the period. In terms of total broadcast hours, though, these channels still primarily serve as outlets for acquired content and repeats of programmes first broadcast on the main PSB channels.

**Figure 16: PSB first-run UK-originated programming hours, by channel type, 2014-2023**



Source: Ofcom/broadcasters. Figures exclude BBC ALBA and programming for the nations and regions. First-run UK originations on PSB services (such as BBC iPlayer, ITVX, Channel 4 streaming and My5) and social platforms (such as YouTube, Instagram, Snapchat and Facebook) are included as part of their respective portfolio figures.

Maintaining levels of investment in original UK TV content, in real terms, has been more challenging than maintaining output. Adjusted for inflation, first-run spend averaged £2.9bn annually between 2019 and 2023, compared to £3.2bn between 2014 and 2018. This real-terms decline is exacerbated by a period of high inflation. However, when evaluated in nominal terms, first-run spend increased, at a compound annual growth rate (“CAGR”) of 2% over the period.

Each individual PSB’s share of first-run spend (main channels and BBC portfolio only) has remained stable, with the BBC accounting for just under half (49%) each year on average, ITV 31%, Channel 4

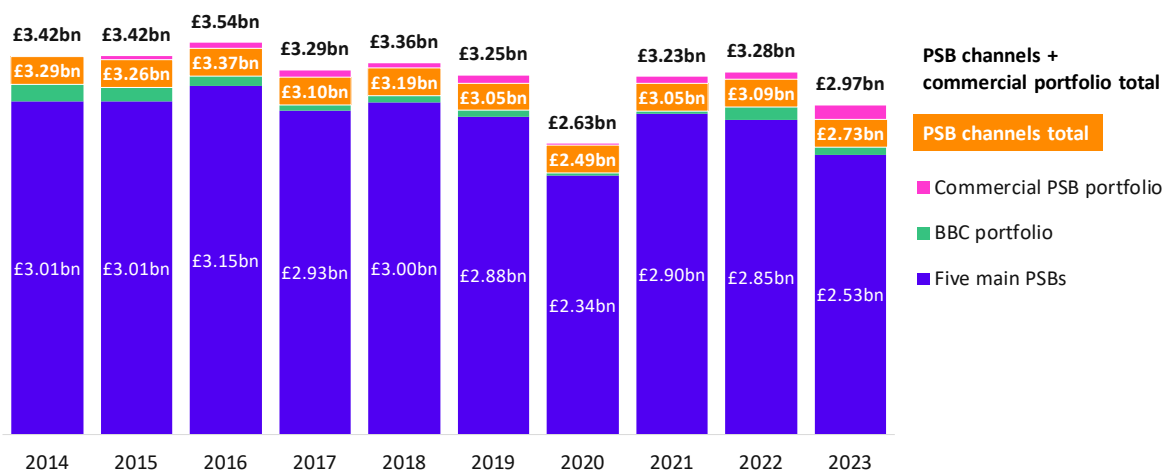
<sup>213</sup> The Covid-19 pandemic period saw the PSBs take different approaches to explaining the latest public health policies to audiences, including in each of the nations, where Covid-19 pandemic-related restrictions varied. See our [Media Nations 2020](#), [Media Nations 2021](#) and [2022 Network News Report](#) for more information.

<sup>214</sup> Acquisitions represented an average of 5% of total hours broadcast, with repeats making up the remaining 52%.

16% and Channel 5 5%.<sup>215</sup> First-run spend on the commercial PSB portfolio channels contributed a further £189m on average each year over the period (in real terms).

An increase in third-party spend – which comes from sources such as co-productions with other commissioners, Government HETV tax credit, deficit financing and advances from independent producers – has partially offset the real-terms decline in PSB first-run spend, averaging around £642m a year over the review period, compared to £471m over the preceding five years.

**Figure 17: PSB first-run UK-originated programming spend, by channel type, 2014-2023**



Source: Ofcom/broadcasters. Figures are presented in real terms (CPI-adjusted to account for inflation).

## There has been a reduction in hours and spend for some genres

One of the purposes of public service broadcasting is to provide services that are “properly balanced, so far as their nature and subject matters are concerned”.<sup>216</sup> In meeting this purpose, the public service broadcasting objectives include a number of different genres of programming, such as content reflecting and supporting UK cultural activity, sport and leisure interests and educational, religious and specialist interest programmes.<sup>217</sup> A wide range of different programmes is important to PSB audiences, as discussed in Section 3.

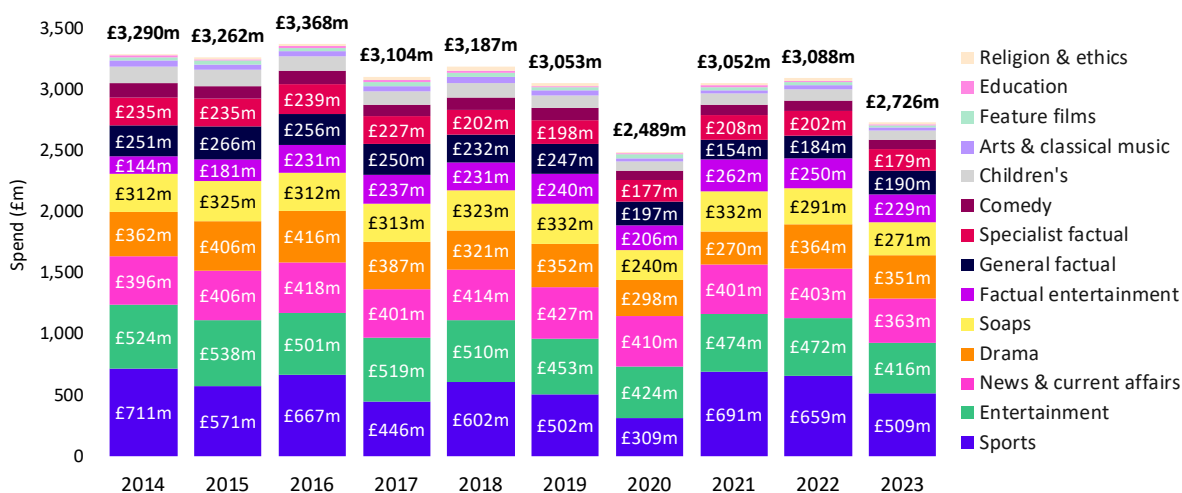
The genre mix of the PSBs’ output and spend illustrates the range of programming they offer, and the areas in which this is more heavily weighted than others. The PSBs continue to invest in programming in a range of genres catering for different interests. Most of this spend – 91% over the review period – went on sports, entertainment, news and current affairs, drama, soaps and factual, with these genres accounting for 97% of first-run hours. News and current affairs alone accounted for 60% of hours, driven in large part by the BBC News and BBC Parliament channels.

<sup>215</sup> Detailed breakdowns of first-run hours and spend data for the individual PSBs can be found in our [2024 Communications Market Report](#).

<sup>216</sup> Communications Act 2003, section 264(4).

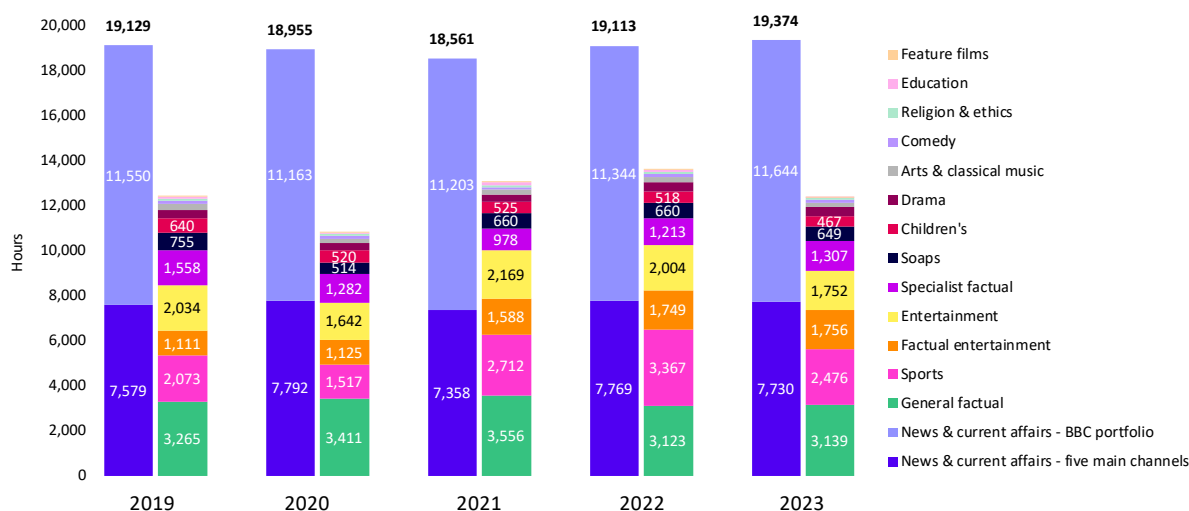
<sup>217</sup> Communications Act 2003, section 264(6).

**Figure 18: PSB first-run UK-originated programming spend, by genre, 2014-2023**



Source: Ofcom/broadcasters. Figures are presented in real terms (CPI-adjusted to account for inflation).

**Figure 19: PSB first-run UK-originated programming hours, by genre, 2019-2023**



Source: Ofcom/broadcasters. Figures exclude BBC ALBA and programming for the nations and regions.

During the period, entertainment and sports saw the biggest reduction in hours, with average annual output between 2019 and 2023 down 21% and 12% respectively compared to the average over the preceding five years. However, there was growth in hours of factual entertainment, up 39%, and to a lesser extent news and current affairs (up 1.3%, but representing a notable increase in absolute hours).

Most of the more specialist genres had fewer first-run hours produced over the period, with specialist factual (-10% compared to 2014-2018), arts and classical music (-34%) and children's (-16%) seeing the biggest absolute declines. Investment in all of these genres fell in both real and nominal terms, reflecting challenges in sustaining a broad range of programming across all genres.

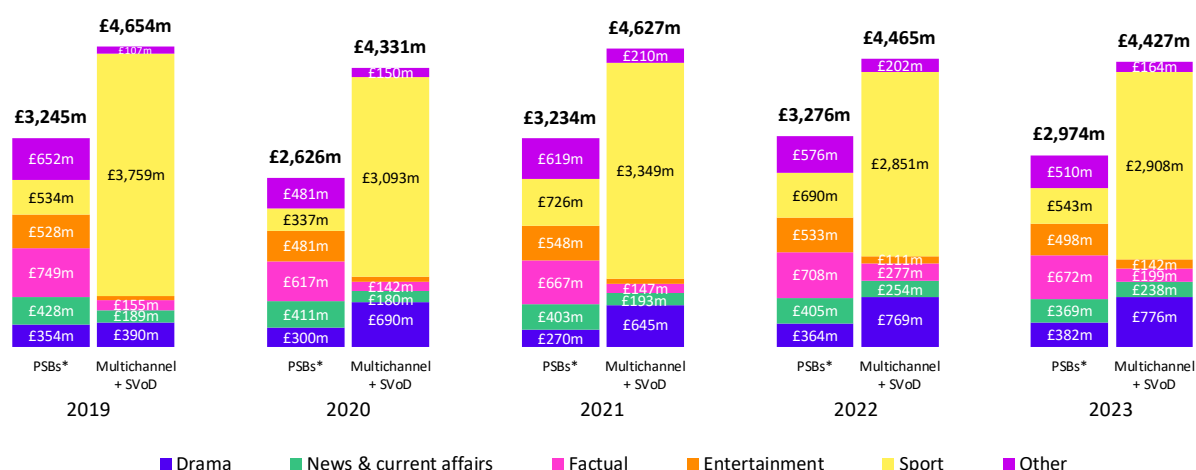
Rising production costs have put pressure on PSBs' ability to increase or even sustain the same volume of original content in some key genres. For drama, comedy, children's and entertainment, the cost per hour of programming has increased in real terms since 2019.

The volume of production the PSBs have supported in the UK, including across the nations and regions and outside of London, is assessed in Section 5 of this review – as noted there, the PSBs exceeded their quota obligations for network programming over the review period.<sup>218</sup>

## Other broadcasters and VoD providers make a valuable contribution to several genres

Multichannel broadcasters and SVoD providers also play an important role in the provision of first-run UK-originated programming for audiences – although much of it, unlike PSB, is behind a paywall. These providers collectively outspend the PSBs overall, but the majority of their £4.5bn average annual investment over the period goes on sports (71% annually on average), driven by the premium offerings of Sky Sports and TNT Sports. Drama is another genre in which multichannel and SVoD providers have outspent the PSBs, with their combined spend on the genre doubling in real terms over the period, from a CPI-adjusted £390m in 2019 to £776m in 2023. But the PSBs lead investment in news and current affairs, factual, and entertainment.

**Figure 20: First-run UK-originated programming spend, by genre and provider type, 2019-2023**



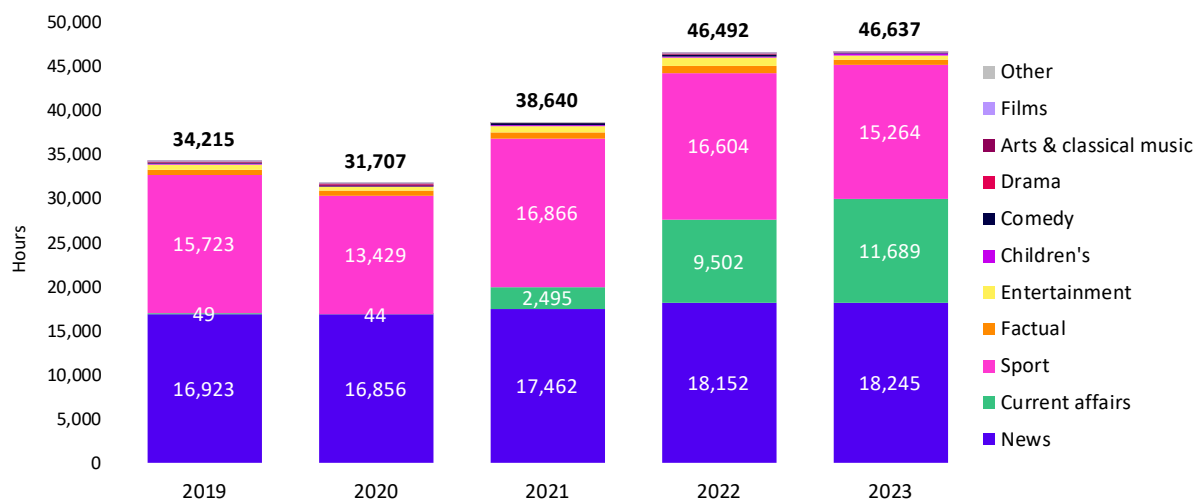
Source: Ofcom/broadcasters / VoD providers. Figures are presented in real terms (CPI-adjusted to account for inflation). \*PSB figures include commercial portfolio channels. Multichannel and SVoD includes linear and VoD services – the latter where offered and where data was submitted to Ofcom – of: Bloomberg, BritBox, CBS AMC Networks, GB News, Hearst Networks EMEA (formerly AETN), Moochi TV, Narrative Entertainment, Netflix, Paramount Global, Sky, Talk TV, Talking Pictures, UKTV, and Warner Bros. Discovery (including CNN, Turner Broadcasting, and TNT Sports).

In terms of output, multichannel broadcasters overtook PSBs in total first-run hours in 2021 – they increased by a CAGR of 8.1% over the review period. The genre mix is again narrow, though, and more so than for spend – news and current affairs and sports accounted for an annual average of 96% of first-run hours. News and current affairs was the primary driver of the increase in hours, with GB News (2021) and Talk TV (2022) channels respectively launching during the period – although the latter [ceased operating as a linear TV channel](#) in May 2024, moving exclusively online.

<sup>218</sup> See our [PSB annual compliance report](#).



**Figure 21: Multichannel first-run UK-originated programming hours, by genre, 2019-2023**



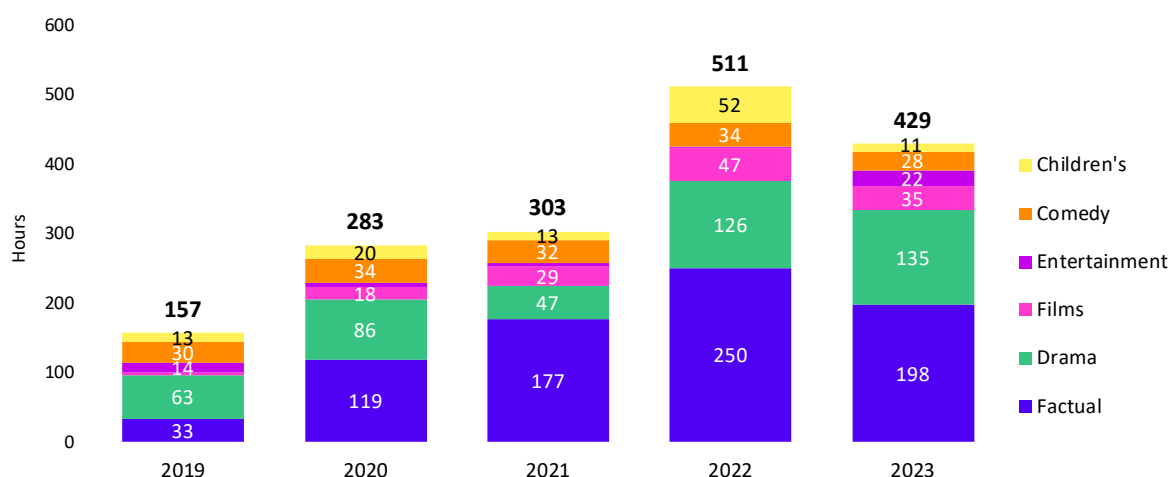
Source: Ofcom/broadcasters. Includes Bloomberg, CBS AMC Networks, GB News, Hearst Networks EMEA (formerly AETN), Moochi TV, Narrative Entertainment, Paramount Global, Sky, Talk TV, Talking Pictures, UKTV, and Warner Bros. Discovery (including CNN, Turner Broadcasting, and TNT Sports).

Volumes of first-run programming from multichannels and SVoD providers in other genres – such as factual, entertainment, drama and children’s – are relatively small. The scope of more specialised content is narrower still, with a reliance on licensed programming to diversify content offerings that often lack the depth generally delivered by the PSBs. Notably, though, comedy is a genre in which the multichannels have delivered around the same volume of first-run hours as the PSBs over the review period, averaging 150 hours a year to the PSBs’ 154.<sup>219</sup>

SVoD providers have delivered a relatively modest number of UK original content hours, primarily in the factual/reality (for example Amazon Prime Video’s *The Grand Tour*) and drama genres. Much of their investment has focused on a selection of high-budget drama titles designed for both UK and global audiences (e.g. Netflix’s *Bridgerton*). By prioritising impactful scripted content, supplemented with locally relevant factual and entertainment programming, the growing investment from SVoD services has positioned the UK as a key hub for international production investment.

<sup>219</sup> Including the commercial PSB portfolio channels.

**Figure 22: SVoD newly released UK-produced original content hours, by genre, 2019-2023**

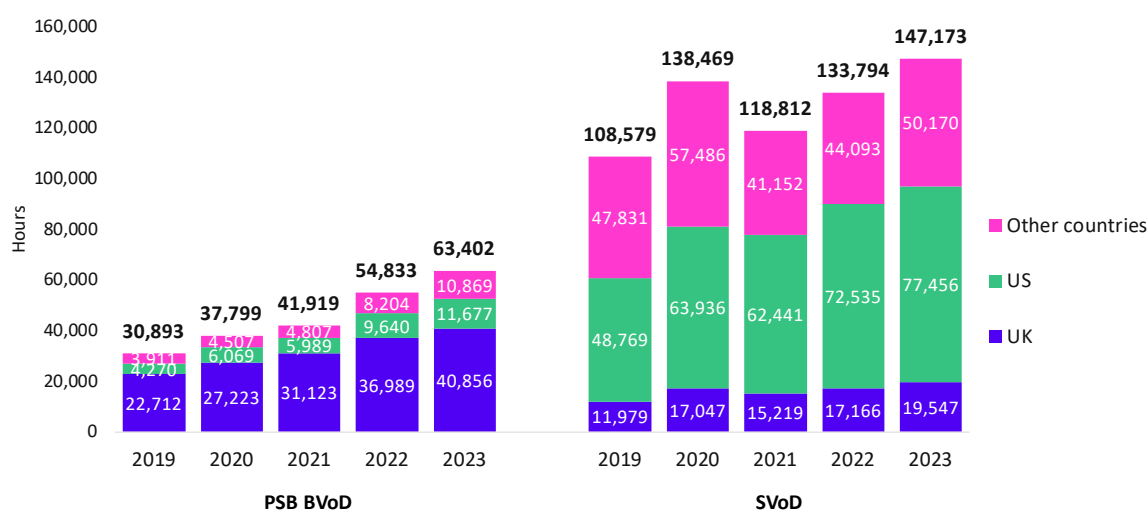


Source: Ampere Analysis. Includes Netflix, Amazon Prime Video, Disney+, Apple TV+, Discovery+, and Paramount+ – data represents brand new UK-produced originals added to UK catalogues each year; excludes sports content.

## The PSBs have delivered increasing volumes of UK content online

The PSBs have continued growing their respective BVoD services as they transition to digital-first. In terms of content, they have expanded their on-demand catalogues and maintained a focus on UK-produced programming – cumulative hours of UK content increased by 80% between December 2019 and December 2023, and represented 64% of catalogue hours at the end of the period (although this is down from 74% in 2019). By contrast, the largest SVoD services collectively offer less than half the number of UK content hours (and do so behind a paywall), focusing mainly on US-made programming.

**Figure 23: VoD catalogue hours by production country for PSB BVoD services and SVoD services, 2019-2023**

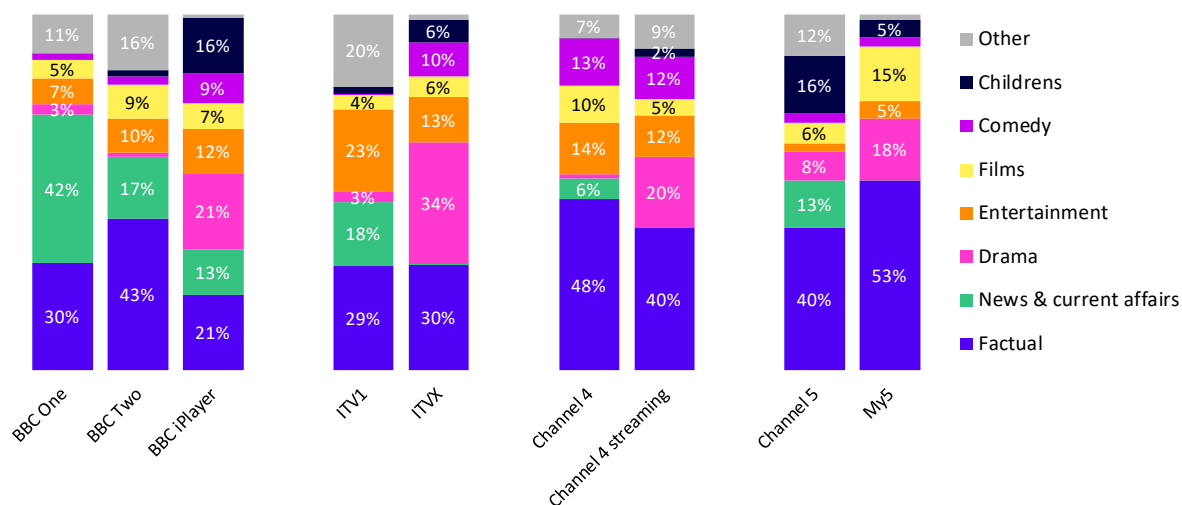


Source: Ampere Analysis. PSB BVoD is cumulative catalogue hours for BBC iPlayer, ITVX / ITV Hub (free-to-view content only), Channel 4 streaming / All 4, and My5; SVoD cumulative hours are for Netflix, Amazon Prime

*Video, Disney+, NOW, Apple TV+, Discovery+, and Paramount+ (in the years in which the services were available). December each year.*

On-demand content propositions are distinctly different from linear TV services, as reflected in the different genre mixes of channels compared to BVoD catalogues. One consistent difference across the PSBs, is a higher proportion of drama hours available on-demand compared to total hours<sup>220</sup> broadcast on their main TV channels – particularly true for the BBC, ITV and Channel 4. Drama is an example of a genre that is well-suited to on-demand viewing, unlike, for example, news and current affairs, which has very limited value after first broadcast.

**Figure 24: Genre mix of broadcast/catalogue hours on PSBs’ five main channels and BVoD services, 2023**



*Source: Ofcom/broadcasters (channels data), Ampere Analysis (BVoD catalogue data). Channels data represents total network hours (first-run, acquisitions and repeats) broadcast in 2023. BVoD data is catalogues as they were in December 2023 (the end of the review period).*

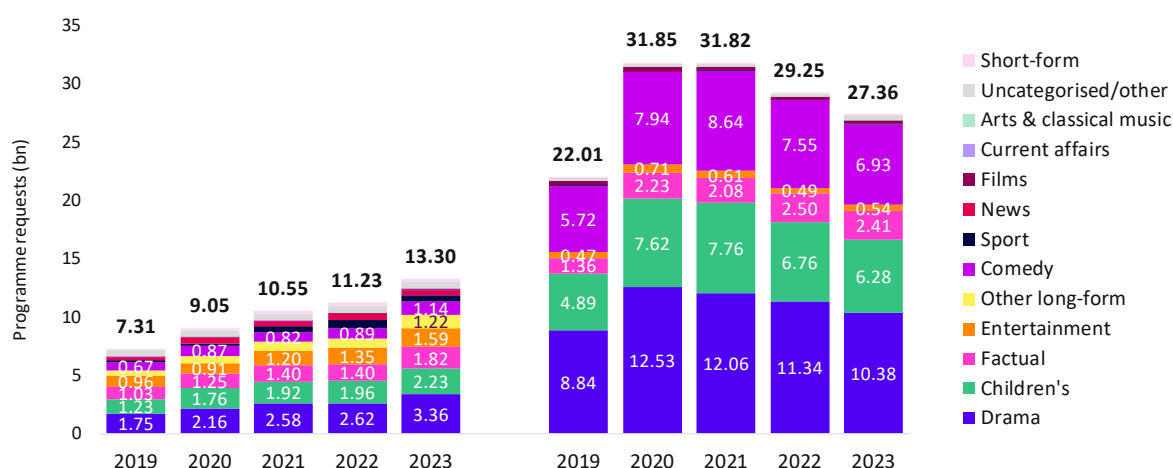
The appeal of drama on VoD services is reflected in programme requests data<sup>221</sup> – it is the most-requested programme genre across the PSBs’ BVoD services, consistently accounting for around a quarter of total requests. Children’s is the second-most popular genre, reflecting not only its suitability for on-demand viewing but also rapid growth of the youngest audiences online.

Growing demand for PSB content online is evidenced by programme requests increasing at a CAGR of 16% between 2019 and 2023, to 13.3 billion in 2023. This is significantly lower than the number of cumulative requests received for SVoD and multichannel services, though, which – for services that submitted data to Ofcom – totalled 27.4 billion in 2023 (see Figure 25). However, the trend for SVoD and multichannel reflects a slight decline / plateauing in on-demand viewing on these platforms following the Covid-19 pandemic driven surge in 2020. This means that PSB BVoD has made some headway in proportionally closing the gap, although it remains large – PSB BVoD requests represented a third of the SVoD and multichannel total in 2019, increasing to around half in 2023.

<sup>220</sup> First-run, acquisitions and repeats.

<sup>221</sup> Detailed analysis of PSB viewing based on Barb data can be found in Section 3. The programme requests data quoted here was collected by broadcasters / VoD providers and provided to Ofcom by them.

**Figure 25: VoD programme requests by genre for PSBs and non-PSBs, 2019-2023 (bn)**



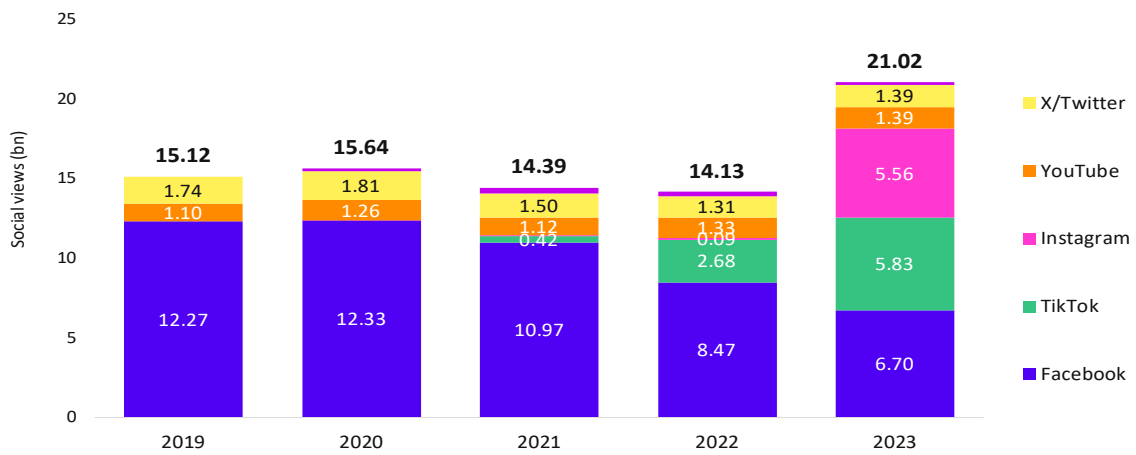
Source: Ofcom/broadcasters / VoD providers. SVoD and multichannel data is for the VoD services – where offered and where data was submitted to Ofcom – of: Bloomberg, BritBox, CBS AMC Networks, CNN, GB News, Hearst Networks EMEA (formerly AETN), Moochi TV, Narrative Entertainment, Netflix, Paramount Global, Sky, Talk TV, Talking Pictures, UKTV, and Warner Bros. Discovery (including TNT Sports). Films are defined as those receiving a theatrical release.

The PSBs also have audiences for their content on social platforms, with views there – totalling 21.2 billion in 2023<sup>222</sup> – consistently exceeding programme requests on BVoD platforms. These views are predominantly for short-form video though, as opposed to the predominantly long-form programming watched on BVoD. Despite YouTube having high reach among UK adults compared to other social platforms,<sup>223</sup> it accounts for only a small proportion of PSB social content views, at around 7% in 2023 – although it should be noted that what constitutes a ‘view’ can vary, and YouTube is likely to account for longer engagements than other platforms and therefore more viewing minutes. Facebook continued to attract the largest number of views at the end of the review period, although it has been in decline, while TikTok and Instagram have grown in popularity – together, these three platforms accounted for 86% of views in 2023.

<sup>222</sup> Based on data submitted to Ofcom by the PSBs. This data comprises a mixture of UK-only and global data; where the data is global, UK audiences are likely to account for most of the views, given that the content is typically designed for UK audiences and is in some cases geo-blocked, e.g. sports content.

<sup>223</sup> [Ofcom Online Nation 2024 report](#).

**Figure 26: PSB content social views by platform, 2019-2023 (bn)**



Source: Ofcom/broadcasters. Social views data provided to Ofcom comprises a mixture of UK-only and global data; where the data is global, UK audiences are likely to account for most of the views, given that the content is typically designed for UK audiences and is in some cases geo-blocked, e.g. sports content. Instagram data is not reported in full in the years prior to 2023 – the jump that year should not be interpreted as representing sudden, massive growth.

## 8. Next steps

In early 2025, we will be publishing further supporting documents for this review on:

- The UK TV advertising market;
- The relationship between using PSBs for news and a range of societal outcomes; and
- Online intermediaries and the diversity of news content.

We will engage with a broad range of stakeholders in the first quarter of 2025 to discuss the future challenges set out in this document and explore potential options for addressing them. We would like to hear stakeholders' ideas for the future sustainability of PSM in the UK. Please contact [PSMReview2025@ofcom.org.uk](mailto:PSMReview2025@ofcom.org.uk) if you would like to be involved in the conversation.

During Summer 2025 we will publish the findings from our PSM Review. This document will build on the changing trends and challenges for PSM identified in this document and will consider opportunities to support the sustainability of PSM and the availability of high quality and accurate news that audiences can trust. The findings will be informed by our ongoing stakeholder engagement programme.

To date, stakeholders have identified a number of opportunities for supporting PSM provider's ability to connect with audiences, the availability of high-quality and accurate news and the financial sustainability of PSM. These include but are not limited to steps that would help ensure the prominence of PSM content across a wide range of services including on-demand and VSPs, initiatives to improve the visibility and discoverability of PSM news online, to combat and reduce the spread of misinformation and disinformation and measures to support the financial sustainability of PSBs and the creation of PSM content.

As part of this review we will work closely with other related Ofcom programmes, including the implementation of both the [Media Act](#) and the [Online Safety Act](#).

# Glossary

**AVoD** – Advertising-supported video on-demand. On-demand/streaming services that include advertising and are not affiliated with broadcast TV channels (distinct from BVoD).

**BVoD** – Broadcast video on-demand. Video on-demand services provided by linear TV channels. Examples of BVoD services include BBC iPlayer and My5. Such services typically include programmes previously broadcast on linear services and, increasingly, programming that has not yet been broadcast or is only intended for the BVoD service.

**CAGR** – Compound annual growth rate. It measures the mean annualised growth rate over a given period.

**DTT** – Digital Terrestrial Television. It sends TV content to homes over radio spectrum via an aerial.

**IPTV** – IPTV is TV-like content delivered over the internet, including on-demand streaming services and internet-based linear propositions.

**Linear TV** – Refers to content that is broadcast according to a schedule. It can be watched either live (at the time it is scheduled) or delayed by pausing live TV or using a recording device. It excludes on-demand/streaming services.

**Multichannels** – The multichannel sector consists of all television channels, other than the PSB main and portfolio channels, that are broadcast in the UK.

**Nominal terms** – Data presented in nominal terms has not been adjusted to account for inflation and may be historical.

**Online intermediary** – Online intermediaries are services that operate between the publisher of online content, for example news content, and users which access the content in question via the intermediary service. Such services may organise how the content is displayed, tagged or sequenced. Types of online intermediary include: search engines, news aggregators and social media.

**Public Service Broadcasters** – The Public Service Broadcasters in the UK are the BBC, those providing the Channel 3 services, Channel 4 Corporation, the Channel 5 licensee and S4C. While all BBC public service television channels are PSB channels, only the main channels of each of the other PSBs have this status. They have a collective duty to fulfil public service broadcasting purposes and objectives.

**Public Service Media** – A wide range of content on linear, BVoD and online services that is of high quality, reflects the whole of the UK, and brings audiences together. It includes high-quality, trusted, accurate news.

**Real terms** – Data presented in real terms has been adjusted for inflation (measured using the Consumer Price Index).

**SVoD** – Subscription video on-demand. On-demand/streaming services that are only available on a paid-subscription basis. Examples include Netflix, Amazon Prime Video and Disney+.

**VoD** – Video on-demand.

**VSP** – Video sharing platforms. Online video platforms which allow users to upload and share videos with the public are classed as VSPs, even if they are funded by subscriptions or advertising. These include YouTube, TikTok and Twitch.