



New News, Future News

The challenges for television news
after Digital Switch-over

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Foreword

The prospects for television news in a fully digital era are a central element in any consideration of the future of public service broadcasting (PSB).

News is regarded by viewers as the most important of all the PSB genres, and television remains by far the most used source of news for UK citizens. The role of news and information as part of the democratic process is long established, and its status is specifically underpinned in the Communications Act 2003.

This report, *New News, Future News*, is one of a series of Ofcom studies focussing on individual topics identified in the PSB Review of 2004/05, and further discussed in the Digital PSB report of July 2006. The others are on the provision of children's programmes and on the prospects for a Public Service Publisher. All three studies are linked to areas of particular PSB concern for the future, and set out a framework for policy consideration ahead of the next full PSB review. Other Ofcom work of relevance includes the review of Channel 4's funding.

It has not been the role of this report to come up with solutions, and no policy recommendations are put forward. Instead, the report examines the environment in which television news currently operates, and assesses how that may change in future (after digital switch-over and, in 2014, the expiry of current Channel 3 and Channel 5 licences) . It identifies particular issues that will need to be addressed and suggests some specific questions that may need to be answered.

The report focuses on television, but sits in the wider context of other media including radio, newspapers and – ever more importantly – the internet. Ofcom's proposals for the Future of Radio are contained in a separate on-going consultation.

In some key areas this report builds on and updates analysis carried out for an earlier study, *New News Old News* - produced in 2002 for the Independent Television Commission and the Broadcasting Standards Commission.

Four particular themes emerge. All four are linked to DSO and other changes taking place in the news environment, but they each present separate challenges and demand separate solutions. Those issues are:

- ◆ Plurality and diversity in UK national and international news;
- ◆ The prospects for television news in the UK nations and regions;
- ◆ Issues of engagement and disengagement with news – particularly for the young and members of some ethnic communities;
- ◆ The relevance and practicality of requirements for due impartiality in digital news.

The future of news – and television news in particular - is important for all citizens of an informed modern democracy. For this reason, Ofcom invites the views of stakeholders and other interested parties on all aspects of our analysis. Those views will be actively reviewed and considered by Ofcom before any firm policy approaches are established. A summary of all comments received will be published in the autumn of 2007.

Comments and observations should be sent to john.glover@ofcom.org.uk. Respondents should indicate any aspects of their response they wish to remain confidential.

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Addendum (12 July 2007)

Paragraph 3.15: The figure quoted for the cost of BBC News includes network television, radio and internet newsgathering, plus production costs of BBC News 24. It excludes production costs for other network news, and for UK nations and regions news.

Section 1

Executive summary

Introduction

- 1.1 The way news is made and used is changing at an unprecedented pace. One of the significant drivers of that change is digital switch-over (DSO), although this is happening alongside other technological and commercial developments affecting all forms of news media.
- 1.2 For the last 50 years the UK's public service broadcasting tradition has ensured high quality news provision on both the BBC and independent television channels. It has been a clear policy objective of both government and broadcasting regulators to maintain and support plurality in the supply of high quality PSB news. In an era of limited TV sources, there was an assumption that this simple plurality would help avoid a one-dimensional perspective on the news, and encourage diversity and breadth of appeal.
- 1.3 Now, as analogue broadcasting gives way to a fully digital television age, with many more news sources, there are very significant new opportunities - but also some fundamental challenges to traditional models and assumptions. Crucially, it will be harder in the post DSO future to impose PSB obligations on commercial broadcasters - unless it is also in their own interests to carry such programmes.
- 1.4 **This report suggests it is *likely* that the main channels will want to continue UK national and international news after DSO, with or without regulatory obligation. In a situation of voluntary provision, however, there may still be grounds for intervention in terms of quality and resources.**
- 1.5 **Economic circumstances make it much less likely that commercial broadcasters would choose to carry news for the UK nations and regions at anything like its current level, in the absence of effective regulatory intervention.**
- 1.6 The challenges facing news in the nations and regions therefore form one of the central themes of the current study. Other key themes concern:
 - the nature and purpose of plurality in UK national and international news;
 - the future requirements for impartiality in TV news;
 - and issues of disengagement among some sectors of society.
- 1.7 The question of disengagement was raised in previous studies of news, and was linked to concerns about detachment from the wider democratic process. There are some indications in the current study that the level of disengagement among the young has actually increased over the last five years.
- 1.8 More positively, the amount and variety of news available to UK consumers has never been greater. Alongside news on the five main PSB channels, there are two home-based 24-hour news channels; a range of international and niche channels carrying news; an ever growing number of internet sources; plus thousands of newspapers and radio stations.

- 1.9 It is striking though that traditional PSB TV channels remain overwhelmingly the main source of news for most people¹. In fact, the other traditional sources (newspapers and radio) have declined in importance to people, whilst the value viewers place on television news is virtually unchanged.
- 1.10 In future, there will be ever more outlets for audio-visual news - including through the internet, with its almost limitless capacity for information, analysis and opinion. Although the importance of the internet is growing – albeit from a very small base - it seems to be a *supplementary* source of news for most (but not all) users, rather than their main source – clearly this may change over time.
- 1.11 The unprecedented availability of such a huge range of traditional and new sources of news opens up possibilities for real diversity of opinion to be heard – although, so far, the potential is far from being fully deployed or used. In future, this new environment may expose limitations in the traditional notion of plurality on PSB television news, which was originally based around a simple BBC/ITV duopoly.
- 1.12 **The historically established focus – based purely on simple plurality of supply - may not necessarily deliver *sufficiency* of plurality, nor the distinctiveness and diversity of voice for the demands of a new era.**
- 1.13 The importance of another traditional ‘value’ in television news – impartiality - may also be questioned in future, beyond the PSB channels. Impartiality rules are currently applied to all UK licensed television news, and there remains broad public support for the notion².
- 1.14 But it may be an unintended consequence that rules on impartiality serve to stifle the expression of views that are not part of the established mainstream, such as those of the young; of some ethnic minorities; and others. It arises because news broadcasters may feel compelled to offer a traditional ‘both-sides-of-the-argument’ approach, to the exclusion of more diverse voices. Thus the issue of impartiality is linked to the broader question of disengagement.
- 1.15 **Impartiality, if applied across the board, may come to be seen as a possible hindrance to a truly diverse news supply and will, in any case, be increasingly difficult to enforce. It may be that the requirement can be focussed on key PSB channels in the post DSO future, thereby encouraging a greater diversity of voice elsewhere.**
- 1.16 It is also possible that universal application of impartiality rules may become less appropriate in the future, as more and more sources of audio-visual news content – some regulated for impartiality and others not - are accessed side-by-side.
- 1.17 For some users, the internet is already becoming an important additional source of news; and there are also opportunities to access relatively newly available TV channels, ranging from Fox News to Al Jazeera. For these people, such diversity in supply may be an important key to engagement. But for large numbers of young people – always a difficult target for news broadcasters – there is strong evidence to suggest that they feel news of any kind, whether from TV or elsewhere, is of little current relevance to them.

¹ Market analysis of the UK TV industry begins at p. 17. Consumption data referred to is published in full in Annex 2 to this report.

² Issues of trust and impartiality are examined in Section 5 of this report from p. 64. Full details of research into consumer attitudes is contained in Annex 1.

- 1.18 The proliferation of previously unavailable news sources over the last decade masks a paradoxical trend in global journalism. Images and information are now easily exchanged between news-gatherers, turning news stories into international commodities. There is no doubt that multiple alternative viewpoints are available 'out there' - even though many are hard to find - but, in general, news outlets of all kinds often tell the same stories, from the same perspective, using much the same material.
- 1.19 The growth of a few dominant international video news agencies - supplying content to outlets all over the world - is a further illustration of this tendency towards ubiquity. Commercial considerations are likely to increase temptations on broadcasters to rely on such 'bought-in' material, with some forms of original in-depth journalism within news output a potential casualty (this is distinct from dedicated current affairs programming on PSB channels, which is well supplied at present)³.
- 1.20 All of these issues together raise important questions for the future of television news; the policy priorities; and the appropriate regulatory response. Among the key questions addressed in this report are:
- Can plurality of PSB services be maintained, and is that still important?
 - Can news for the UK nations and regions be maintained outside the BBC?
 - Can issues of disengagement be addressed?
 - Is impartiality in television news as assured or as important as it was?
- 1.21 The views of stakeholders and other interested parties on Ofcom's analysis of all the issues raised in this report are welcomed and encouraged as part of the wider consideration of PSB television news post digital switch-over.

The prospects for plurality in network news provision

- 1.22 Television remains by far the dominant medium of choice for most consumers of news, but there has been a gradual decline in audiences for bulletins on the main channels over the last decade. Other sectors of the news industry have seen more significant declines.
- 1.23 The five-year decline in newspaper circulations – particularly tabloids - is far greater than any decline in television news viewing. Newspaper revenues are falling in spite of the cost of papers rising above inflation - notwithstanding the growth in free editions in some main city centres⁴. In addition, while overall audience figures for radio news have changed little, there is now evidence of a slight decline in listening among younger audiences from what was already a low level.⁵
- 1.24 In television, digital switch-over will bring an end to the compact by which independent PSB channels deliver programme obligations in return for privileged access to the analogue spectrum. This means that delivery of television news cannot be taken for granted on any commercial PSB channel after digital switch-over, as revenues generated from advertising around news programmes do not appear to

³ The Provision of Current Affairs (Ofcom, July 2006)

⁴ Analysis of the newspaper industry is at p. 32-34

⁵ Analysis of the radio industry is at p. 37-39

cover costs of production⁶. However, there are other economic considerations affecting the production of news programming.

- 1.25 After DSO, statutory mechanisms to enforce the inclusion of news on television may only work on the BBC and probably on Channel 4, through the channel's remit. Elsewhere, broadcasters *may* make a judgement that they do not wish to continue scheduling of news – unless obliged to do so through remaining PSB obligations. Their decisions may be dependent on unpredictable factors – such as channel ownership and strategy.
- 1.26 **However, there appear to be good reasons to think that existing commercial PSB channels will continue to deliver some UK national and international news services, even without explicit obligation.**
- 1.27 News programmes attract respectable viewing figures and provide anchor points for nightly viewing that other programmes do not. Production costs are less than for many alternative programmes (such as commissioned drama or entertainment), and yet news is perceived to deliver status and credibility to the channels that carry it, setting them apart from 'general entertainment' digital stations. News is also an important 'live' element in an increasingly time-shifted schedule.
- 1.28 At present, the provision of television news in the UK is dominated by three big 'players' – BBC, ITN and Sky News. In future, it may also be possible for a new competitor (or competitors) to emerge and challenge the established triopoly - without deploying anything like the same resources but, so far, other TV sources have attracted only very small audiences.
- 1.29 The development of the internet; cheaper newsgathering; and the expansion of video news agencies all offer potential for new news providers to offer services at less cost than current major broadcasters. At the same time, increased commercial competition may have negative implications for the provision of expensive, in-depth journalism included in news programmes, on channels beyond the BBC.
- 1.30 For now, consumers want and expect to see high quality, well-funded PSB-style television news on all main channels: some 81 per cent say it is important to keep up with news and current affairs; three quarters of the population think news coverage on the PSB channels is important; and nearly half of consumers say news helps them feel part of the democratic process⁷.
- 1.31 80 per cent agree it is important that terrestrial channels are *obliged* to provide regular news; a majority say that neither the BBC (61 per cent), nor ITV1 (56 per cent), nor Channel 4 (52 per cent) should cut down on news. There is a particular public value in ITV news for the many people who only watch news on that channel, and no other; BBC One is similar in this respect. On the other hand, 25 per cent of viewers thought there was too much news on the main PSB channels.
- 1.32 Content analysis⁸ reveals there are far more similarities than differences in agendas on mainstream television news (although Channel 4 News is more differentiated than the others). Generally, it is not common for different UK channels to lead on different stories – and even rarer for a channel to lead on a story not also covered on all the

⁶ Economic modelling of UK national/international news provision is at p 42-48

⁷ See Section 5 on disengagement, trust and engagement

⁸ Full content analysis is contained in Annex 3 to this report

other channels too. Programmes on different channels often vary more in style than in substance.

- 1.33 **The traditional interpretation of 'plurality' – based on a limited number of TV channels – may not at present be delivering a really diverse range of views.**
- 1.34 The same content analysis does, though, challenge suggestions that the news agenda has 'dumbed down' on the main channels. In fact, the agenda remains predominantly 'hard news' on all the PSB channels, with both home and overseas stories being covered in depth each day, and with reporters on location and frequently 'live'. Public perceptions that agendas have become less weighty may be linked to style rather than actual subject matter.
- 1.35 Broadcasters themselves consider the notion of 'plurality' in much broader terms than before – i.e. no longer simply about other television stations. Already, the developing digital age has seen an enormous proliferation in the volume and range of news suppliers, making new voices and perspectives available as never before – even though mainstream PSB television remains the overwhelming source of news for most people.
- 1.36 Active news consumers in particular are employing more and more internet resources to find out about things that interest them, although they tend to use them in addition to traditional sources of news – especially television - rather than instead of them⁹. The trend might be characterised as 'news promiscuity' i.e. television provides the core relationship for these news users; but they are increasingly tempted to dabble with other sources too.
- 1.37 The biggest users of the internet specifically for news are males aged 35 to 49, reflecting a greater use of the internet in general by men – though, as with the population as a whole, few use it as a *substitute* for television. The young (16 to 24) are the biggest *overall* users of the internet, and actually come into contact (often unintentionally) with almost as much news as the older group, through home pages of internet service providers etc.
- 1.38 This contact with news may be viewed as a positive development, since this is the group least likely to seek out news from traditional sources - although young people *actively* view the news for a much shorter duration. For all groups, internet news is used for text and pictures far more than for moving images or interactivity.
- 1.39 Future developments may make web-based 'television' more accessible. Certainly, the web offers the *potential* for almost limitless diversity in news, discussion and debate. 'Citizen journalism' and other interactive exchanges also present interesting possibilities, but genuine alternatives to well funded TV news are not always easy to find. There are suggestions that many so-called 'new' sources of news are not really new at all, but instead offer multiple ways to access content already available elsewhere.
- 1.40 Overseeing a successful evolution of internet models is proving a commercial challenge to traditional news suppliers, because it undermines their established business models. Even so, the most popular news sites are those run by established media organisations, particularly TV sites – and these stakeholders are reluctant to allow new entrants to steal a march on their territory, despite the economic uncertainty.

⁹ Analysis of the internet industry is p. 34-37

Conclusions and policy considerations for discussion

- The prospects for national/international news on the main channels appear to be positive at present – without the need for new forms of regulatory intervention - although continued funding for high quality services in the long-term cannot be taken for granted.
- It will be appropriate for news to remain a central element of the Channel 4 public remit for the future. This should guarantee at least one long-term alternative service from the existing PSB tradition, in addition to the BBC.
- News might also be a priority for the limited remaining regulatory levers on ITV and Five – especially if doubts persist about long-term sustainability. In ITV's case, news for the nations and regions might be the highest regulatory priority (see below).
- Without a continuing regulatory requirement for 'high quality' (as currently defined in the Communications Act) there may be unavoidable commercial pressures for cheaper, less original journalism – although, to date, commercial news organisations remain highly regarded and continue to win prestigious industry awards.
- There is potential for genuine breadth and depth in news to be delivered in new ways via broadband and other new media sources, although this might not be recognised as 'television'. The concept of a public service publisher (PSP) may have a role in this.

News for the nations, regions and localities

- 1.41 In contrast to network news, there are more significant challenges facing the television provision of programmes for the UK nations and regions, anywhere other than on the BBC. Ofcom is committed to holding ITV licensees to nations and regions news obligations until at least 2014. But new forms of regulatory intervention are likely to be needed to ensure its long-term presence, because of the disproportionate cost of producing simultaneous programmes in all regions of the network.
- 1.42 For this reason, it must be considered whether the existing model of dual BBC/ITV provision provides the best option for the long-term future. Different considerations may apply to the nations of Scotland, Wales and Northern Ireland compared to the regions of England because of their separate political institutions – although it would be a mistake to treat 'the nations' as one entity: they each have different characteristics. But economic pressures are no less in the nations than in the regions.
- 1.43 Economics aside, the current study illustrates the high value attached to news from 'where I live'. There is significant loyalty to both BBC and ITV news as currently produced for the UK nations and regions (although this varies, particularly within England). The BBC's average audience share of 28 per cent makes the Corporation's nations and regions bulletins the most watched news programmes on television. ITV's average share of viewing to its nations/regions news is at 20 per cent.
- 1.44 There are separate political and cultural considerations in the UK nations, which are not always reflected in UK-wide news programmes. Devolved institutions mean some

Westminster-based stories may have little or no relevance in Scotland, Northern Ireland or Wales.

- 1.45 Research suggests that ‘local’ news and politics are much more likely to be of interest in Scotland and Northern Ireland than in Wales and England. In addition, 77 per cent of people from Northern Ireland; 66 per cent of Scots; and 54 per cent in Wales express a personal interest in current events in their nation. The average figure for England is 47 per cent (although the range is between 36 per cent for London and the North-West, and 60 per cent for the South-West).
- 1.46 Around 45 per cent of all consumers say they get news about current events in their region/nation from television, second to newspapers. 46 per cent get local news from newspapers and 22 per cent from radio (both of these figures are higher than for UK national news).
- 1.47 Twenty nine per cent of people who access news for the nations/regions/localities say they want to see more such news on television, compared with only three per cent who say they want less. Consumers in the nations appear to value plurality in these services – even when it is pointed out that the wider network might be showing entertainment or drama instead.
- 1.48 For commercial broadcasters, though, news for the nations and regions is the most challenging to fund. The combined cost to ITV of producing simultaneous programmes for 15 regions (or 27 including sub-regions) is very high compared to the low advertising revenue¹⁰ – although, of course, the provision of specific PSB programmes was never expected to be profitable in isolation.
- 1.49 **Whilst no form of television news in the UK currently pays its own way, the economics are particularly stark for nations/regions news and it will require regulatory intervention if its long-term presence is deemed important on commercial PSB.**
- 1.50 Beyond DSO, there will remain a residual value for broadcasters in holding a PSB licence, and some regulated commitments might be expected in return. The benefits include guaranteed digital spectrum; ‘appropriate’ prominence on EPGs; and, ultimately, ‘must carry’ status on all platforms. However, the economic analysis suggests the value of PSB benefits would not cover the cost to ITV of commitment to news in the nations and regions, after current obligations end in 2014.
- 1.51 As was identified in an Ofcom report published in 2006¹¹ local TV models – perhaps on broadband, and linked to local newspapers – may provide an alternative source of non-national news in some areas, but there may be issues over quality, and over the ability to extend this model beyond metropolitan areas. Proposals for a Public Service Publisher may have some relevance here.
- 1.52 There may also be scope for such Local TV to be delivered by cable, satellite or DTT, as recognized in the findings of Ofcom’s Digital Dividend Review. Such localised models thrive in some overseas markets, and may become more viable in UK conditions in a digital market. It may not be necessary for plurality to depend on identical ‘regional’ models on both BBC and ITV.

¹⁰ Economic modelling of UK nations/regions news provision is at p 52-54

¹¹ Digital Local: Options for the future of local video content and interactive services

Conclusions and policy considerations for discussion

- Although Ofcom is committed to holding ITV to nations/regions news obligations for the duration of current licences, some imaginative approaches will be required if it is concluded that such programming is necessary to provide plurality at the nations/regions level, as well as local and pan-UK levels. The views of stakeholders and others are welcomed.
- Some further questions arise: is it important to maintain the existing BBC/ITV duopoly at an English regional scale or – given the commercial pressures – can a more appropriate degree of plurality/diversity be assured through BBC regional alongside local TV (both on BBC and elsewhere), newspapers, radio and other outlets? Might there be a role for a PSP?

Engagement and disengagement

- 1.53 Analysis of viewing figures suggests the amount of television news being watched on the main PSB channels has declined steadily – but not dramatically – over the last 10 years or so, with the only big decline being on ITV.
- 1.54 **However, there is firm evidence of disengagement from any mainstream news sources by some sections of the young and people from some ethnic minorities.**
- 1.55 Although this lack of engagement has been evident in previous studies - and has raised questions about disengagement with the whole democratic process - there is a continued discernible trend. The number of 16 to 24 year olds who say they only follow news when something important is happening has risen from 33 to 50 per cent in the last five years – although there is some evidence that people take a greater interest in news as they get older.
- 1.56 In focus groups, some young people said they actively distanced themselves from almost any current events, politics and world affairs, although those between 16 and 19 are markedly more disengaged than those in their early 20s. The amount of television news watched by 16 to 24 year olds now stands at an average of below 40 hours a year – or around 45 minutes a week – compared to around 90 hours a year for the wider population.
- 1.57 The view that “much of the news on TV is not relevant to me” has particularly increased (44 per cent to 64 per cent). Many young people say they do not feel any need to know what is in the news because they have more important priorities - although many said they expected to become more interested as they got older.
- 1.58 **Both the young and ethnic minority audiences perceive bias and exaggeration in what they are being told.**
- 1.59 Those in some minority ethnic groups pay particular attention to how their race, culture or faith is being portrayed if they watch main news bulletins. They, express cynicism about mainstream sources, whilst being generally more interested in world events than young white people. Young Asians were more likely to turn to the internet for news (28 per cent), whereas black respondents were less likely to use this platform (19 per cent).
- 1.60 Qualitative research elicited some very strong views on the UK media among minorities. These included expressions of disillusionment and distrust arising from

the perception that issues relating to their culture, race or faith were not treated fairly. Different issues affected different groups: black viewers feared the media linked them negatively to crime; Muslims feared the media linked them to extremism.

- 1.61 Disengagement does not affect only the young and ethnic minorities. 55 per cent of all people surveyed agreed that much of the news on TV was not relevant to them - up from 34 per cent in 2002. More people in 2006 than 2002 agreed that they only followed the news when something important or interesting was happening (26 to 32 per cent).
- 1.62 Twenty two per cent of the overall population may be classified as 'news absorbed' i.e. they regard it as important to keep up to date with news and current affairs – but this varies from 29 per cent from AB socio-economic groups to 19 per cent of DEs.
- 1.63 Although news helps 43 per cent of the population to feel part of the democratic process, almost as many (37 per cent) claim that TV news puts them off politics. This view may, however, be influenced by the current political environment (mid-term; tenth year of the same Government; perceived similarities between the major parties etc).
- 1.64 There are no obvious solutions to issues of disengagement among those young people who are not interested. Although, this group has never been a major consumer of news, there are now many more channels to watch that do not carry any news at all. There are also more alternative activities to occupy their attention, making news avoidance easier than ever before.
- 1.65 Disengagement of people from some ethnic minorities is of a different nature to that of young people. Many are interested in the news and in political issues, but do not feel in tune with mainstream media.
- 1.66 For some in both disaffected groups, new forms of information exchange appear to hold an appeal. The growth of 'blogging' and of self-posted video on the internet has been exponential. Figures suggest more than a one hundred fold increase in weblogs over the last three years – although this growth comes from a very low base.
- 1.67 It is too early to assess how valuable this new resource is likely to be in terms of disseminating news, but there are signs that this may be a breaking trend. As with all forms of new media, it can sometimes be difficult to differentiate between the valuable and the trivial. But one effect may be to narrow personal news agendas – for example, users may concentrate on single issues which hold particular interest.

Conclusions and policy considerations for discussion

- Issues surrounding political disengagement go much wider than broadcasting. Parliaments and assemblies, for example, have their own job to do in disseminating information and engaging the public in dialogue.
- There are no easy or obvious ways to tackle issues of disengagement within existing television regulatory structures – but it is important in a modern democracy that citizens have an opportunity to take part.
- Disengagement takes different forms for the young and for some ethnic minorities. It may be characterised as lack of interest among the young and disenchantment among some ethnic minorities.

- Broadcasters themselves have incentives to engage with these groups - not least commercial considerations. Failure to engage with ethnic communities will further encourage the use of alternative sources of news and information, such as the internet and overseas channels.
- Ofcom welcomes input and ideas from key stakeholders and others about how this question should be addressed going forwards.

Trust and Impartiality

- 1.68 The issues of engagement/disengagement with television news are linked to those of trust and impartiality. At present, there is a legal requirement that all UK licensed television and radio news is duly impartial, and it would take a change in primary legislation to change this. So far, there is little clamour for such a change.
- 1.69 **However, it is possible that universal requirements for due impartiality may actually impede the expression of genuine diversity of views, and that a less rigid approach might – in future – encourage greater engagement among those not currently inspired by mainstream sources.**
- 1.70 Rules on impartiality affect the way stories are told, and may have some influence on the selection of stories in the first place (although regulations cover only actual content). This may have fostered a middle-of-the-road culture in mainstream news. Views that do not fit easily within a conventional two sided debate can struggle to be heard, resulting in a discussion around a narrow perceived fulcrum.
- 1.71 This ‘cause and effect’ is not intentional, and there is no real reason why widely diverse voices may not be heard within current rules about ‘*due*’ impartiality. But, in time-constrained news bulletins, the temptation is to focus only on established viewpoints.
- 1.72 Audio-visual news provided through the internet is not regulated in the same way as television; and – aside from public teletext – independent text services (including newspapers and internet) have never had a statutory requirement to be either impartial or accurate (although the Press Complaints Commission code covers the latter for the press and associated websites).
- 1.73 In future, the role of linear TV may be reduced, and websites in particular will increasingly offer video news content from different regulatory backgrounds. In such an environment, impartial sources of news will almost certainly come to be less distinguishable in the minds of audiences than now.
- 1.74 In addition, both regulated and unregulated news is likely to be accessed through the same device. It may be harder to apply traditional impartiality rules in such an environment, where users are less aware of the core source of the news they are watching. When considered alongside the availability of an ever increasing number of alternative *television* sources – including from overseas – it may be that issues of trust and credibility become more important than due impartiality.
- 1.75 Viewers say they still *want* television news to be impartial - even though research shows they are less convinced of its *actual* impartiality than previously. In fact, people have decreasing faith in the credibility of any news source - although the greatest levels of trust appear to be in television. The traditional PSB channels are seen as more credible than other commercial broadcasters, and trust in the BBC is greater than for any other source.

- 1.76 Even beyond PSB channels there is a clear public *expectation* of impartiality in television - although arguments for a relaxation in the requirement for due impartiality on fringe and niche channels are likely to grow in future. Impartiality may no longer be seen as an end in itself, but as part of a broader focus on outcome, based on trust in a particular source of news.

Conclusions and possible policy considerations for discussion

- Taking full account of issues concerning trust and viewer expectation, there is no reason for impartiality rules to be relaxed for public service broadcasters.
- But it is timely to open up a debate for the future about whether a relaxation in the *universal* application of impartiality rules for television might encourage more diverse – and, potentially, more engaging – television news in the digital age.
- Impartiality requirements for all licensed TV services may become less practical in a digital environment where regulated and unregulated services exist side by side on the same platform – at least beyond the PSB channels. It might be anticipated that viewers who place a high level of importance on impartiality will gravitate to channels they trust.

A list of questions and issues on which Ofcom invites responses is included in Section 6 of this report.

Section 2

Introduction and context

Introduction

- 2.1 Television news is the most valued of all public service programme genres and there is more of it available to UK viewers than ever before¹². What's more, television is consistently identified as the main source of news information for the UK population, well ahead of radio, newspapers and the internet¹³.
- 2.2 All five terrestrial PSB providers are currently obliged to carry news as part of their services. There are also two dedicated UK news channels (Sky News and BBC News 24); specialist news channels (such as those covering business news); and a range of overseas channels, either dedicated to news or carrying news as part of a more general service.
- 2.3 With such abundant supply, it might seem there is little to worry about in terms of availability and delivery of television news. However, it will become difficult to enforce public service obligations on independent channels after digital switch over (DSO) – and particularly after 2014 when the current ITV and Channel Five licences expire. There may also be changes to the commercial environment for *non*-PSB providers which have implications for the overall provision of television news output.
- 2.4 *New News Future News* seeks to build on the conclusions of Ofcom's 2004 PSB review to examine the current and on-going prospects for news production and consumption in the UK. It also draws on and updates the findings of *New News, Old News (2002)*¹⁴, a major study commissioned by ITC/BSC into the content of news programmes, and the 'use' of news by citizens and consumers. The study is used as a benchmark for much of the new quantitative and qualitative research.
- 2.5 The project is also linked to Ofcom's work on the Future of Radio, and related studies on the Public Service Publisher, among others, ahead of the next full PSB Review, starting later in 2007.

Objectives and methodology

- 2.6 News is important because it informs and educates citizens, helping them take part in the democratic process. *New News Future News* looks at how this objective is performed at present, and how it might continue to be performed in the post-DSO future.
- 2.7 The project starts by examining the existing state of the industry, to establish how news is made and used. It seeks to identify what trends are already evident and where there are pressures on news supply and/or consumption. It examines both UK national/international news and UK nations/regions/local forms. It looks at the industry in general; the economics of news production/supply; the content of news; and the consumer perspective.

¹² Ofcom Review of Public Service TV Broadcasting, 2004

¹³ Ofcom Research November 2006 (Annex 2 of this report)

¹⁴ *New News Old News*, ITC/BSC Research Publication (Ian Hargreaves and James Thomas)

- 2.8 It evaluates current policy objectives, including plurality of high quality PSB services; provision for UK nations and regions; engagement of citizens in an informed democracy; and rules governing such issues as due impartiality.
- 2.9 We invite stakeholders and other interested parties to comment on the findings, and to feed into the debate about future policy as it affects television news.
- 2.10 The chief focus throughout is on television, rather than other means of supply and consumption, but other media are also considered because there can be no meaningful assessment of the current and future role of TV news without first understanding how it fits into the broader environment alongside newspapers, radio, internet etc. The potential for news on newer media platforms may be particularly relevant in future. Multi-platform approaches are already being explored by all sectors of the news industry.
- 2.11 The continuing central role of the BBC in the provision of high quality PSB news for both the UK as a whole and for the nations, regions and localities is a core assumption in this report. Whatever the short-term issues about staffing, news lies at the heart of the BBC offering, and there are no reasons to doubt its long-term and relatively well-funded provision under the new BBC charter. The future of other television news services is not so certain, and a key consideration is the importance that should be attached to plurality in UK news supply along current lines.
- 2.12 Four key questions have provided a central thread to the analysis:
- Question 1: Is the current PSB model of competition and plurality sustainable – economically and otherwise - in a post DSO world, and is that important or relevant?
- Question 2: Is it possible to ensure UK nations/regions/local as well as UK national/global coverage?
- Question 3: How can news help citizens of the 21st century to play a full part in modern democracy? Can issues of disengagement among some sectors of society be addressed?
- Question 4: How should the issue of impartiality be handled in a convergent environment?
- 2.13 The report has been informed by detailed quantitative and qualitative analysis of news consumption; economic modelling of news production; analysis of television news content; and extensive stakeholder interviews as follows (the full research is published as a separate document which accompanies this report: *New News Future News: Research and Evidence Base*):
- 2.14 Quantitative Analysis: The quantitative study was designed to replicate research carried out in 2002 for the ITC/BSC report *New News Old News* as far as possible. A different sampling approach was adopted because an established survey panel used in the earlier study has since been disbanded. Some aspects of the questionnaire were modified to capture more fully the news landscape in 2006. The new survey involved a nationally representative sample of respondents aged 16+ in the United Kingdom with a boost of respondents within minority ethnic groups. It was carried out by the TNS market research agency.
- 2.15 Qualitative Analysis: A series of qualitative focus groups were carried out to explore issues of disengagement. Research was conducted with two key groups: 16-25 year

olds within the white population and those in minority ethnic and faith groups (Caribbean, African Christian, Indian Hindus/ Sikhs and mainly Pakistani Muslim groups aged 18-45). A total of 12 groups were conducted by TNS in September 2006 in London, Leicester, Birmingham, Bradford, Cardiff and Glasgow.

- 2.16 Economic Modelling: an independent media consultancy, Magentum, was commissioned to model the economics of PSB news production within the commercial sector. The study examined both UK national/international news and the provision of programmes for the UK nations and regions. It aimed to establish the net cost to broadcasters of fulfilling current PSB requirements; and then look hypothetically at how broadcasters might change their news output if existing obligations were removed. An opportunity cost framework was established to look not only at the direct costs and advertising revenues, but also at the indirect benefits that carrying news bestows on a channel. It also examined the cost of news production in relation to the costs of other programming for both peak and off-peak transmission.
- 2.17 Content Analysis: Separate content analysis was conducted for UK national and international news; and for ITV and BBC news programmes in the UK nations and regions. The UK national news analysis was based on detailed study of the evening news provision on the PSB channels over a three week period from Monday 9 October to Sunday 29 October 2006. It included the BBC One bulletins at 1800 and 2200; ITV1 bulletins at 1830 and 2230; Channel 4 News (1900); and Five News at 1730; plus weekend bulletins on all channels. The analysis assessed, amongst other things, the number of stories; the balance between hard and soft news; the amount of political coverage; and the balance between domestic and international news. This is compared to the content analysis carried out in 2002 for *New News, Old News*.
- 2.18 Analysis of nations/regions content focussed on all the ITV1 and BBC One early evening services in the UK nations and regions during the course of the week commencing 11 September 2006. This represents a detailed snapshot of a particular – but not untypical - week of programming, and is tracked to similar exercises conducted by Ofcom, and earlier by the ITC. The content analysis looked at the number of stories; the nature and treatment of those stories; and the balance of hard to soft news. The assessment also looked at differences in style and approach from one service to another, and at how far news agendas adopted by ITV and the BBC differ from each other.
- 2.19 Consumption data analysis: As part of the analysis of developments in news consumption across different media, data provided by the industry metrics systems have been examined in detail. BARB data was used to analyse trends in viewing hours, share and audience make-up of television news over the past five years. RAJAR data was used to consider the developments in reach and share of listening to flagship radio news programmes between 2001 and 2006. Finally, data provided by Nielsen/NetRatings has been used to examine recent trends in the use of online news and information websites. These sources are considered as complementary to the quantitative and qualitative analysis outlined above.
- 2.20 Stakeholder interviews: A series of 33 interviews were conducted with some key industry stakeholders. Interviews generally ranged from around an hour to an hour and a half. Interviewees included representatives of all the UK PSB broadcasters; rolling news channels; a local TV station; news agencies; national and regional press; the ethnic media; an internet news organisation; and academics.

Statutory and regulatory framework

- 2.21 The legal and regulatory framework against which PSB television news operates is laid out in the Communications Act 2003. Although the Act eliminated many programme quotas for commercial PSB channels, it still requires Ofcom to set them for UK national/international and UK nations/regions news on commercial terrestrial TV networks 'as appropriate' (see Fig 2.1). All licensed PSB channels are required to carry news (and current affairs programmes), with nations/regions news additionally on ITV1.
- 2.22 The Act also sets out a requirement for Ofcom to ensure 'high quality' delivery of UK national news on PSB channels, and to ensure that news tackles both national and international matters. In addition, the bulletins must be scheduled appropriately between peak-time and other viewing times.
- 2.23 Overall responsibility for news output on the BBC remains with the Board of Governors (now with the BBC Trust) but - for the first time - the Act charged the BBC with consulting an external regulator, Ofcom, about quotas on BBC terrestrial channels. Ofcom agreement must be sought should any reduction from 2002 levels be proposed. BBC Three and Four are also obliged to carry news.
- 2.24 For commercial television, the regulatory requirements are underpinned by a compact under which broadcasters gain their privileged access to the analogue broadcasting spectrum in return for PSB delivery. The compact has existed for half a century, but falls away with DSO, making on-going PSB obligations difficult to enforce. Although some residual commercial benefits will remain for those channels which continue to hold PSB status (such as 'must carry' obligations on platforms), these will be worth a fraction of their original value in the analogue world. This is discussed further in Section 4.
- 2.25 It is a requirement of the Act that Channel 3 news programmes "*are able to compete effectively with other television news programmes broadcast nationwide*" (notably the BBC). For this reason, Ofcom has powers to vet the financial resources available to the appointed news provider (currently ITN). There are similar back-stop powers for Channel Five, although these actually rest with the Secretary of State. Ofcom also has powers to require news provision on the public teletext service, as "appropriate".
- 2.26 The other chief area of regulatory responsibility exercised by Ofcom is over standards. The Act requires Ofcom to apply a standards objective that "*news included in television and radio services is presented with due impartiality*" and that news is also reported with due accuracy.
- 2.27 This applies as much to services such as Sky News and TalkSport as to the BBC and ITV. 'Due' impartiality, in the terms of the *Ofcom Broadcasting Code* means not favouring one side over another within a broadcast news service, but does not mean that equal time has to be given to every view, or that every facet of every argument has to be represented. Special impartiality requirements are applied to matters of political or industrial controversy and matters relating to current public policy.
- 2.28 News programmes have generally found conformity to these rules straightforward. It is certainly the case that the requirement for the broadcast media to subscribe to

impartiality rules has been a major factor in the very high levels of trust placed by audiences in TV and radio news, compared with the press¹⁵.

Fig 2.1: Current quotas for news and weather on the PSB TV channels

| Hours on average per week | National news (total) | Nat news in peak (1800-2230) | Regional news (total) | Regional news in peak |
|---------------------------|-----------------------|------------------------------|-----------------------|-----------------------|
| BBC One | 26h 28m | 5h 16m | 4h 25m ¹⁶ | 2h 16m ¹⁷ |
| ITV1 | 7h 00m | 2h 24m | 5h 30m ¹⁸ | 2h 30m ¹⁹ |
| GMTV | 5h 00m | n/a | 0h 45m ²⁰ | n/a |
| Channel 4 | 4h 00m | 4h 00m | | |
| Five | 7h 50m | 1h 55m | | |

- 2.29 The importance of news was reinforced in Ofcom's PSB TV Review of 2004, which identified it as the most valued of all the public service genres. Among the key purposes of public service broadcasting identified by Ofcom was: *"To inform ourselves and others and to increase our understanding of the world through news, information and analysis of current events and ideas."* One of the key characteristics of PSB was identified as 'high quality' programming, which viewers consider to be one of the best delivered qualities²¹.
- 2.30 Even though public service obligations will fall away under DSO, the benefits that broadcasters derive from PSB status may still allow some broadcasting commitments to be required.
- 2.31 The value of these benefits are explored later in this report, but the most valuable is reserved capacity on DTT multiplexes. Other benefits include those laid out in Section 310(2) of the Communications Act, which decrees 'appropriate' prominence of listings on electronic programme guides (EPGs); and Sections 64 and 272 to 276, which decree 'must carry' status on broadcasting platforms (although these sections of the Act have not so far been activated).

¹⁵ TV: The Public's View

¹⁶ Average delivery in 2005 for typical region; BBC One must broadcast a combined total of 3920 hours (75h 11m per week) of news from all nations and regions

¹⁷ Average delivery in 2005 for typical region; BBC One must broadcast a combined total of 2010 hours (38h 33m per week) of news in peak from all nations and regions

¹⁸ Less for Border and Channel

¹⁹ Less for Channel

²⁰ Average delivery in 2005. GMTV must broadcast regional news but has no specific quota

²¹ Ofcom PSB Annual Report, 2007

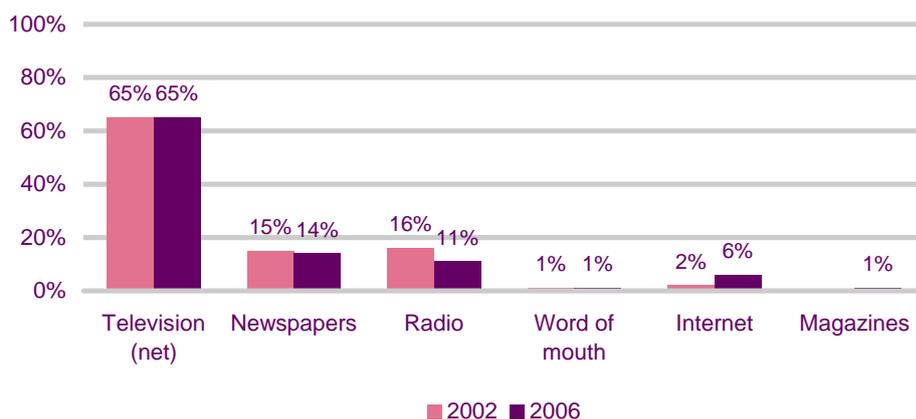
Section 3

UK television news – a market analysis

Introduction

- 3.1 This section identifies the main features of television news and its place within the broader news market in the UK. It recognises the importance of television as the main source of news for most of the population; and the dominant roles of three big organisations – the BBC, ITN and Sky News – in fulfilling current public policy objectives.
- 3.2 For the last half century, it has been the policy of government and regulators to ensure plurality in the supply of high quality television news through regulated PSB requirements. These have been secured both via the BBC charter and through obligations imposed on the terrestrial commercial channels (ITV from 1955; Channel 4 from 1982; and Five from 1997). An analysis of current programme content on PSB news programmes – both national/international and for the UK nations and regions - is detailed in an Annex to this report.
- 3.3 The advent of digital broadcasting means there is now access to many more television stations carrying news, including 24 hour news channels; specialist channels (such as business news channels); and overseas channels, either dedicated to news or carrying news as part of a wider service.
- 3.4 At the same time, the UK has one of the highest volumes of newspaper readership in the world. Radio stations, both national and local, carry significant volumes of news and analysis; and there is also an ever expanding number of news outlets on the internet.

Fig 3.1 Main source of news identified by consumers



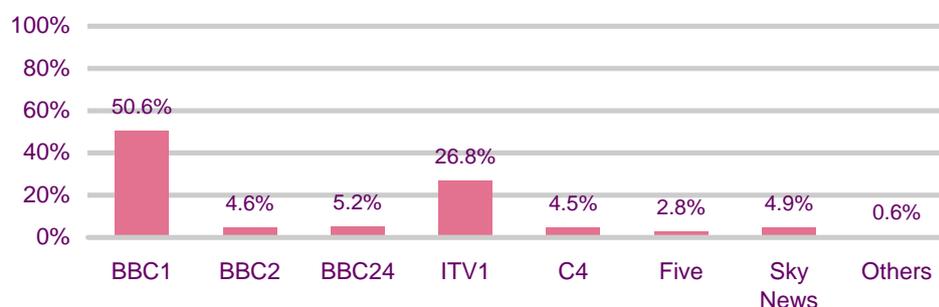
Base: All adults 16+, 2216 2002 Question: What is your one main source of news?

Note: 2002 question = Q1a) What is your one MAIN source that you use for news nowadays?
 Note2: 2002 Questionnaire was self completion so based on all who answered the question
 Source: 2002 data: Ipsos Quest panel; 2006 data: Ofcom Future of News survey

- 3.5 But television – particularly PSB television - is by some margin the main source of news for the majority of UK consumers (see Fig 3.1). What's more, there has been

no sign of any decline in the importance of television since similar analysis was conducted in 2002. Among the TV providers, the BBC takes more than 50 per cent of the television news audience (see Fig 3.2); and ITV1 more than half of the remaining audience, despite a decline in ITV1 viewership since 2002.

Fig 3.2 Share of TV news viewing, October 2006



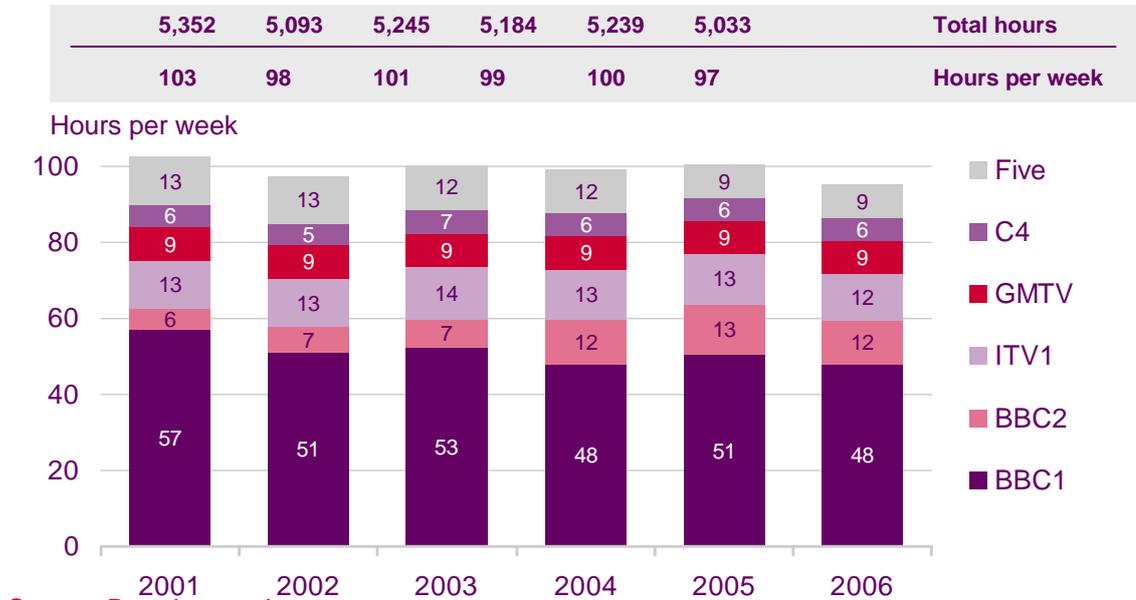
■ Source: BARB/TNS infosys, Magentum analysis, All Hours

Overview of Television News market

- 3.6 The UK television news industry has only three big 'players', the BBC; ITN and Sky News - although the publicly funded BBC is far bigger than the other two.
- 3.7 All three main news producers operate in a market where considerations other than the merely commercial play a big part. The BBC is funded by taxation through the licence fee, and transmitted under the public service ethos enshrined in its Charter. Its dominance extends across all platforms - including terrestrial, satellite, cable and internet – and embraces BBC News 24 and BBC nations and regions news obligations. The output of BBC One alone represents half of all news transmitted on the main PSB channels.
- 3.8 ITN's core business is supplying news to two other PSB channels with regulatory obligations - ITV1 and Channel 4. Although ITN sells its services on a commercial basis, these main customers are obliged to carry news under their PSB licence terms. ITV also has public service obligations to produce news for the UK nations and regions. This is provided by ITN in London, and by the individual nations/regions ITV licensees elsewhere.
- 3.9 The third big player - Sky News - also operates partly in an environment supported by obligations imposed on a PSB licensee, having captured the contract to supply news to Five from the beginning of 2005. Even beyond this public service interest, factors other than 'the market' are important to Sky's news operations. Its launch in 1989 was widely considered to be motivated in part by the desire to generate status and credibility for the fledgling Sky satellite TV platform. The news service continues to lose money for Sky.
- 3.10 The only other UK company transmitting significant amounts of mass audience general television news is the breakfast channel, GMTV. Although 75 per cent owned by ITV plc, it maintains its own news gathering operation (although it uses ITN facilities).
- 3.11 Output volumes on PSB channels have been relatively stable in the last five years (see Fig 3.3), but there was a steady increase in the provision of news on PSB

channels in the preceding 10 to 15 years. Ofcom's PSB TV review (2004) suggested that the volume of UK national news on the five main channels increased by 80 per cent between 1994 and 2003 (mainly due to more daytime and weekend news). Except for GMTV, all of this PSB output is provided either by BBC, ITN or Sky.

Fig 3.3 Average weekly news output on PSB channels



3.12 Although the traditional PSB channels continue to dominate audience share, there has been a gradual 10 year decline in audiences for television news (Fig 3.4) – notwithstanding peaks in 2001 (the 9/11 atrocity) and 2003 (the Gulf War). The biggest fall is on ITV (see Fig 3.5).

Figure 3.4 Total viewing of national news on the main terrestrial channels

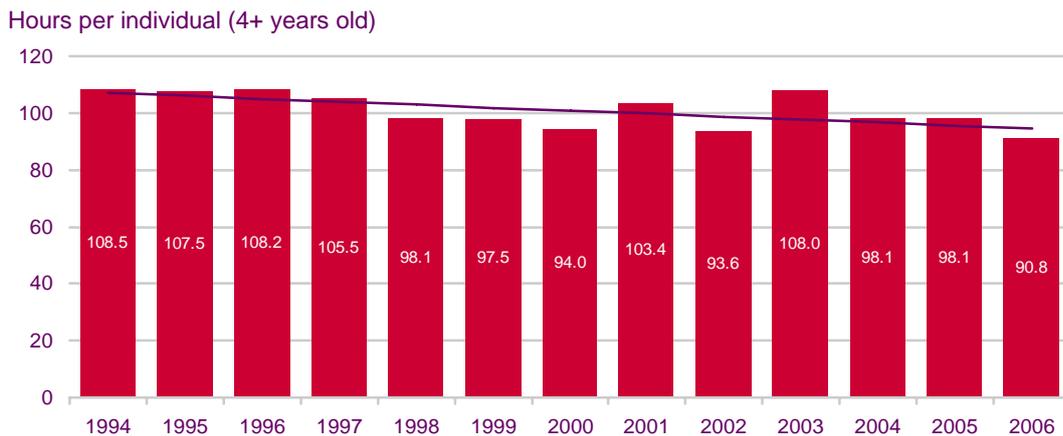


Figure 3.5 Viewing of national news on the main terrestrial channels

Hours per individual (4+ years old)



Source: BARB, all homes

3.13 Content analysis of main bulletins on the five PSB channels suggests that output remains of similar high quality to that observed in previous studies, and is dominated by hard news. A greater proportion of time was devoted to major political stories in 2006 than in 2002 – even though the current research was not conducted during a conference season, a leadership campaign, an election period, or other significant political event.

3.14 Broadly speaking, all the main PSB broadcasters offer a similar range of news stories. Channel 4 News features the highest number of international stories of any of the bulletins surveyed, but international news is an important part of the news agenda for all channels.

Delivery of UK national and international TV news

BBC

3.15 The total cost of BBC News in all its forms – according to 2005/2006 figures – is £112.6 million, of which £89.5 million is designated as Newsgathering, and £23.1 million is assigned to BBC News 24 ‘additional costs’.

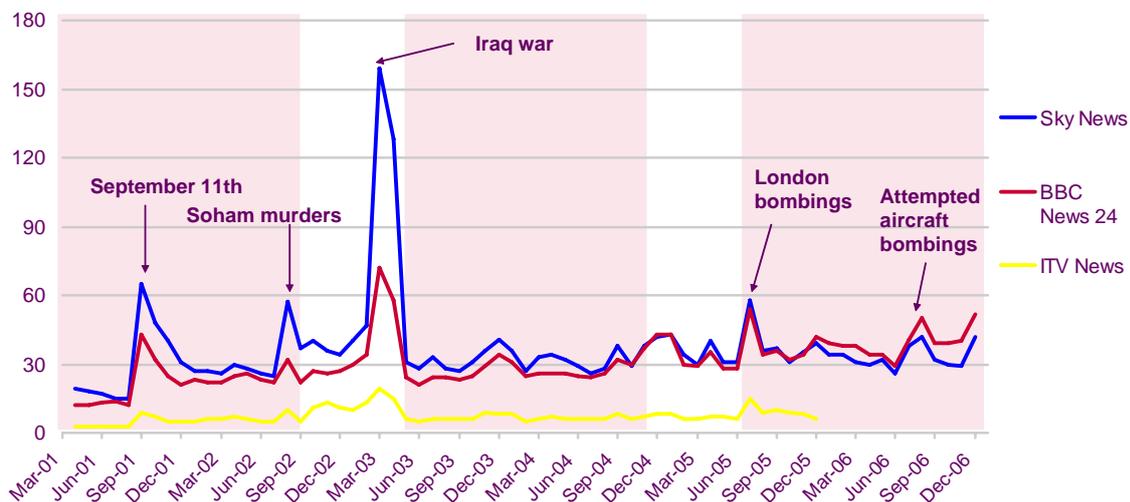
3.16 BBC news operations dwarf the competition – there are some 2,000 journalists working on the range of BBC news platforms, and more than 40 working news bureaux around the world. The BBC’s 10 o’clock news attracts a regular audience of 5 – 6 million. The other key programmes are BBC Breakfast between 0600 and 0915; BBC Lunchtime News at 1300; and BBC News at 1800. There are also news bulletins on BBC3 and BBC4.

3.17 The BBC also operates two 24 hour news channels – BBC News 24 and BBC World – although the latter is not transmitted within the UK. The quoted budget for News 24 in 2005/6 was £49 million – but straight comparison with the cost of other channels is difficult because of the different ways rival organisations account for newsgathering costs and other overheads.

- 3.18 The BBC's entry into the 24 hour news market just over 10 years ago was challenged by Sky in the European Commission. The satellite broadcaster claimed it was unfair under EU law for public money to be used to launch a rival to a commercial business. The Commission ruled that the channel's existence was justified by its public service remit.
- 3.19 Audiences of the 24-hour news channels have increased rapidly over the past six years. The combined average audiences for the main continuous news providers grew by over 90 per cent from 57,000 viewers in December 2001 to 94,000 in 2006. It is worth noting, however, that the December 2006 audience was unusually high due to several major international and national news stories.
- 3.20 Sky News was the most watched rolling news channel in terms of share of viewing until 2005, when BBC News 24 overtook it following the closure of ITV News channel in December 2005 (see Fig 3.6). As with the news on the main PSB channels, there was a substantial increase in viewing of 24-hour news during the build up to the Iraq war and subsequent events in 2003. Sky News was clearly the leader, with a three-fold increase in audience during March of that year. BBC News 24 followed with a 2-fold increase, while the increase in the ITV News channel audience was lower.
- 3.21 The two leading providers, BBC News 24 and Sky News together attracted 13.5 hours of news viewing per individual in multi-channel homes in 2006. Viewing of BBC News 24 stood at just under seven hours per individual. Viewing was higher among the ABC1 group, at 7.3 hours. Sky News attracted 6.6 hours per individual, and was more popular with C2DEs who watched 7.2 hours in 2006.

Figure 3.6 Audiences of 24-hour news channels

Audience (thousands)



Source: BARB

ITV News/ITN

- 3.22 ITV holds a 40 per cent share in ITN, the organisation that provides its core news services. Its other shareholders are Daily Mail General Trust; United Business Media; and Reuters (each with a 20 per cent stake).

- 3.23 This ownership structure places the company in a position with potential economic tensions: it is dependent on ITV for its biggest and most important contract, but also relies on important relationships and potential relationships with ITV's commercial rivals. There has been frequent speculation that ITV might wish fully to re-incorporate ITN into the PLC, but this appears to be on hold for now.
- 3.24 ITN remains the BBC's chief rival in UK television news – but its position has come under more and more pressure as the television market has evolved. The original BBC/ITV duopoly – based on fierce competition - is credited with setting historically high standards in UK television news. The ITV News at Ten was once a nightly 'appointment to view' for viewers to the channel who did not watch or listen to news anywhere else.
- 3.25 A key turning point for ITV was the 1990 Broadcasting Act, which separated ITN from the parent company and made it an independent entity, based on assumptions that there would be an ever profitable market in TV news provision. The value of ITN's core contract to supply ITV has declined ever since the separation.
- 3.26 In the 1993 ITV licence round, the ITC published an indicative figure in the Invitation to Apply stating the cost of the news service would be in the region of £55-£60 million a year (at 1991 prices). By 2001, the *actual* contract between ITV and ITN was worth only around £45 million a year. And a fresh contract between ITN and ITV which came into force in January 2003 was cut this by a further £9 million a year to around £36 million, although additional funding made available by ITV made the 'real' figure nearer £40-42 million a year. Cost savings can largely be attributed to efficiencies from new technology.
- 3.27 In April 2007, ITV announced a new six year contract with ITN worth a total of £250 million, replacing the 2003 contract which was due to run until the end of 2008. The new deal includes investment in cost-saving technology and the rationalisation of ITN's network and London regional newsrooms.
- 3.28 The main ITV News bulletin is at 1830, with additional full bulletins at 1330 and at 2230. There is also a half-hour news bulletin at 0530, and another short bulletin in mid morning.
- 3.29 The merger of most of the ITV network into a single company has been accompanied by a drive to re-identify the UK national bulletins as ITV News, rather than ITN News. Nevertheless, ITN's reputation for high quality, trustworthy news has remained, and continues to be recognised in prestigious media awards .
- 3.30 One of the reasons why ITN's reputation in the market has remained consistently high is its continuing contract to supply Channel 4 News. A new contract was signed in 2006 extending ITN's involvement until the end of 2010. The agreement, worth around £20 million a year, provides for a full news service for the corporation, including the main *Channel 4 News*, *News at Noon* and *More4 News*.
- 3.31 Of particular value in terms of prestige is Channel 4's commitment to international news coverage. The new contract included provision for a newly opened bureau in Beijing (with ITV News); and the recruitment of extra journalists for Africa, the Middle East and Asia.
- 3.32 Another key side to *Channel 4 News* is the use of independent news producers, which distinguishes the output from that of its competitors. No other news programme in the UK commissions more independents than *Channel 4 News*. The films are included

within the core output, and cover both domestic and international issues. The commissions are given to every size of independent, including lone freelancers and the larger independent production companies. ITN also supplies news to Channel 4's sister channel, More 4.

- 3.33 Both Channel 4 and ITV acknowledge the significant mutual benefits of ITN serving both channels. Core newsgathering infrastructure is shared, and video material is available to both. ITV estimates the value of the shared costs as at least £5 million a year to each company.
- 3.34 GMTV can be considered a product of ITV's piecemeal historical development, sitting as it does on ITV's main channel but being a separate company and licensee. Its three and half hour daily output (0600 to 0925) is sandwiched by ITV1. The channel is 75 per cent owned by ITV, but it maintains its own news operation - although many of the facilities are shared with ITN. Regional bulletins are provided mainly by the ITV regions.
- 3.35 The station claims to reach 13 million viewers a week, basing its weekday output on a mixture of straight news; news-based features; and lifestyle/entertainment. It is targeted at a female audience. GMTV reported production staff totalling 227 in 2004, representing 76 per cent of all staff. Total employee costs stood at £13m in the same year.

Sky News

- 3.36 Sky News has established itself as a fixture in the UK television news market and is considered by many as the 'first choice channel' for opinion formers when a major news story is breaking. Even so, its audience remains small in comparison to PSB news broadcasters (its average is around 30,000 viewers) and has actually shown a slight decline in the last year or so. It was overhauled in 2006 by the audience for BBC News 24, but audiences for all rolling news channels are, at any one time, a small fraction of those attracted to news on PSB channels.
- 3.37 Sky was Europe's first 24-hour news channel, and competes in this fairly narrow market outside the UK with BBC World, Euronews and CNN International. The station runs 7 bureaux outside the United Kingdom: Brussels, New Delhi, Johannesburg, Jerusalem, Moscow, Beijing and Washington and also maintains supportive links with other News Corporation channels such as Fox News. A new purpose-built news centre was opened at Sky headquarters in Osterley in 2005, and the channel is reported to employ 50 on-screen staff with a further 500 people working behind the scenes.
- 3.38 Sky captured ITN's contract to supply news to Five from January 2005, marking its first serious entry into mainstream terrestrial television. Before that, the Sky News Sunrise programme had been taken by Five as a simultaneous feed for its own breakfast-time news. The new Five contract – reportedly worth around £7-8 million a year - represented Sky's first non-rolling news output.
- 3.39 *Five News* has struggled to gain an audience for its news programmes in the face of BBC and ITV opposition. Before the channel's launch in 1997, it was said that none of the consortia interested in bidding for the licence wanted to carry any news programming at all. Eventually, news was mandated by Parliament as a PSB licence requirement.

- 3.40 Since its inception, Five's peak time bulletin has been tried in several slots, and has now been cut back from half an hour to 15 minutes at 1900. The channel's main bulletin is shown just before peak-time at 1730. The stated intention is to attract a younger audience than its competitors, and to have 'attitude'. Five is also the only PSB channel to offer short, hourly bulletins through the evening until 2200.

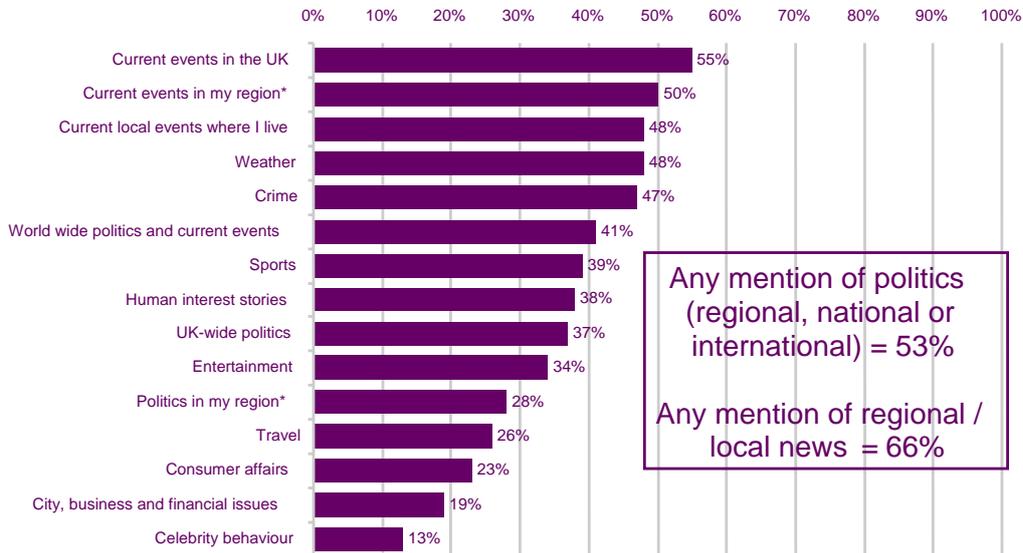
Television news in the UK nations and regions

- 3.41 The BBC charter, and PSB obligations imposed on ITV1, have ensured continuing provision of high quality news programmes for the UK nations and regions. But digital switch-over means there will be very significant challenges over the provision of television news for both the nations and the English regions, anywhere other than on the BBC.
- 3.42 Although the cost of individual programmes is not excessive, the requirement to produce separate programmes for all UK nations and regions means that the overall cost is high.
- 3.43 Historically, duality in the supply of nations and regions news has been a feature of television throughout the UK, provided by both the BBC and ITV. The nations of Scotland, Northern Ireland and Wales have been served respectively by the distinct services of BBC Scotland/SMG and BBC Northern Ireland/UTV and BBC Wales/HTV Wales (now ITV Wales).
- 3.44 The advent of devolution (return to devolution in the case of Northern Ireland) in 1999 saw major changes in decision making and government, whereby political accountability for each nation transferred from a central cabinet Minister to the elected bodies of the Welsh and Northern Ireland Assemblies and the Scottish Parliament. Policies on health, education, economic development, transport, agriculture, arts, sport and culture (including indigenous languages: Welsh, Gaelic and Irish) are locally determined and are increasingly different from England and each other. This presents challenges to national UK news programmes when covering domestic matters, and underlines the salience of accurate news for citizens in the nations.
- 3.45 There are significant differences in the character of each nation. Scotland has the longest established independent tradition, with separate legal and education systems, for example, long pre-dating devolution. It is also the biggest and most populous of the nations outside England. Northern Ireland has a tradition of devolution dating from 1920, albeit with periods of instability. It now has growing cultural and economic links to the Irish Republic, as well as its own institutions. A key feature of the Welsh nation is a vigorous indigenous language.
- 3.46 Each nation has its own mix of print and broadcast media, and patterns of consumption differ widely. As well as access to UK print and broadcasting, Scotland has a well established indigenous daily press as does Northern Ireland. Wales relies more heavily on UK national press titles, which do not generally feature devolved policies and issues. In all three devolved nations, broadcast news, especially television, helps inform citizens and allows the democratic institutions to be held to account. Plurality of nation-specific news serves different socio-economic audiences in the same way as plurality of UK-wide news.
- 3.47 Throughout the UK, nations/regions news is valued by consumers, with around 50 per cent of consumers saying they are personally interested in events "in my region/nation" or "events where I live" (see Fig 3.7). 29 per cent of people who

access news for the nations/regions/localities say they want to see more such news on television, compared with only three per cent who say they want less.

Fig 3.7 Public perception of news issues

Q1b) Which types of news are you personally interested in?



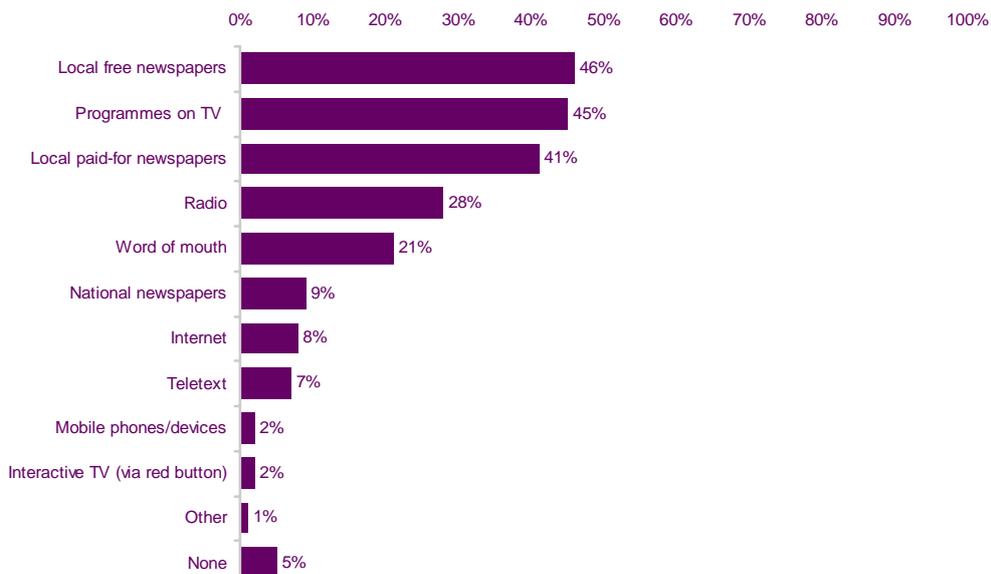
Base: All adults 16+, 2216

* note: my region replaced by appropriate country in Scotland, Wales and N.Ireland

3.48 When questioned, 45 per cent of all consumers say they get news about current events in their region/nation from television (see Fig 3.8). 46 per cent get this from newspapers and 22 per cent on radio (both of these figures are higher than for national news).

Fig 3.8 Sources used for news

Q12a) Thinking just about local news and information about where you live, which of the following do you regularly use, if any?

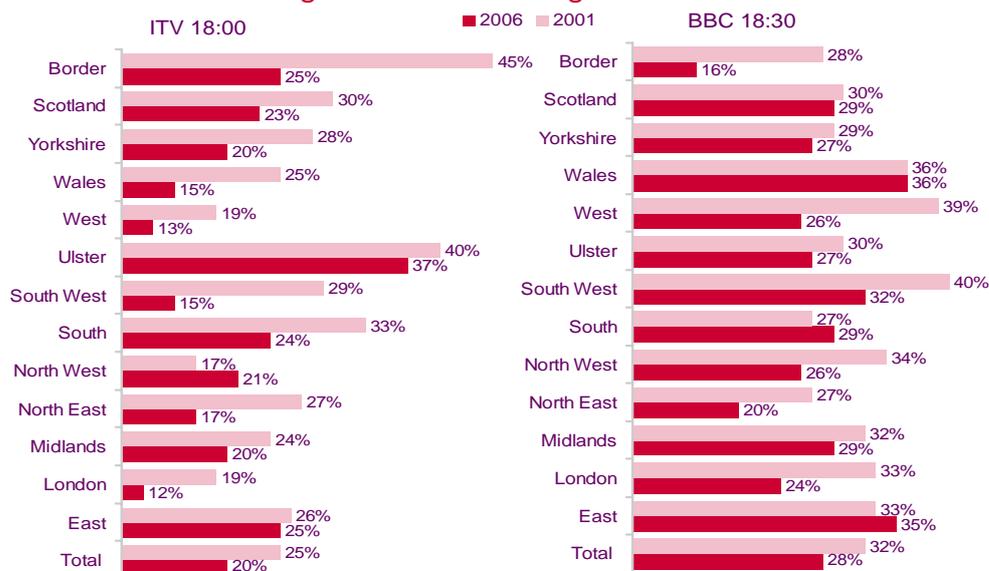


Base: all adults (2216)

- 3.49 Both BBC and ITV regional/nations news attract high viewer approval (75 and 66 per cent positive respectively). Consumers in the nations appear to value the programmes more highly than most English regions – although there are notable exceptions, such as the south west of England, where regional news has a very high approval rating.
- 3.50 Hard news remains central to programmes for the nations and regions on both ITV and BBC. Content analysis shows news agendas in the nations to be particularly hard edged, with an average of just one-and-a-half soft stories per programme. Softer features did, however, have an established place within regional news - particularly in the English regions.
- 3.51 Some overall differences of style and approach are discernable between the regional broadcasters. Evidence suggests that ITV services pursue a more populist agenda and feature a higher proportion of human interest stories; while the BBC takes a more formal approach to the structure and tone of its reports and covers a greater proportion of public policy stories.
- 3.52 Audience figures for nightly BBC nations/regions news programmes show them to be the most popular of all bulletins (including UK national bulletins on any channel). During 2006 the BBC nations/regions news at 1830 attracted shares of 28/29 per cent, peaking at around 6 million people across the UK in January. ITV's regional news at 1800 attracted shares of 19/20 per cent (network average) during 2006, with a peak of 4 million people in January. Figure 3.9 shows the nations/regions break down of these audience shares for both channels, based on areas defined by ITV.

Fig 3.9 Audience share for BBC and ITV1 programmes for UK nations and regions

ITV1 and BBC One regional news viewing share 2001-2006



Source: BARB
 Note: ITV regions are used for this analysis, and so BBC1 share does not correlate exactly with distinct BBC regional news programmes

- 3.53 The total share of viewing for both ITV1 and BBC One's early evening news programmes has declined marginally between 2002 and 2006, while BBC's 1830 programmes were two percentage points down. However this masks a wide range from one area to another with some significant drops, such as ITV Border (down by 11 per centage points, albeit from a 2002 level that was higher than any other ITV region except UTV); and BBC South West (down by 12 per centage points, again from a very high 2002 level); but increases in others, such as ITV Granada (up by 5 per centage points) and ITV Anglia and BBC Northern Ireland (both up by 4 per centage points).

BBC Nations/Regions/Local news

- 3.54 The BBC provides news programming for 15 English Regions and sub-regions, and for the three other UK nations.
- 3.55 The Corporation regards itself as the national broadcaster for each of Scotland, Wales and Northern Ireland, and this commitment has gone hand in hand with political developments - such as the devolved parliament in Scotland, and the assemblies in Wales and Northern Ireland.
- 3.56 BBC One Scotland broadcasts the nightly Scottish news programme, *Reporting Scotland*, and other bulletins throughout the day. BBC Two Scotland operates as an opt-out from the UK national BBC Two, and also includes some news bulletins; some Gaelic programmes; and coverage of the Scottish Parliament. There is a Scottish 'opt out' from the network BBC Two *Newsnight* programme.
- 3.57 In Northern Ireland, the BBC output centres on the daily *Newsline* programme broadcast at 18.30 on weekdays. There are additional programmes at lunchtimes and bulletins throughout the day. There are no news programmes in Irish or Ulster Scots.
- 3.58 The flagship BBC news for Wales is *Wales Today*. As with the other nations, there are other bulletins throughout the day. Additionally, in Wales the digital channel BBC 2W currently provides a 15-minute English language news for Wales on weekdays at 2130.
- 3.59 The BBC also provides a news service for S4C, the Welsh language television broadcaster. It is provided through BBC Wales as part of the Corporation's statutory supply of S4C programmes, funded by the licence fee²². Schedule 12 (9) of the 2003 Communications Act Ofcom requires the Welsh Authority (the statutory body responsible for the S4C analogue and digital services) to ensure that the news service is of high quality and deals with national and international matters.
- 3.60 Ofcom has agreed quotas for S4C's news output with the Welsh Authority at 200 hours per year, of which 150 hours must be in peak hours. The main peak time half-hour news programme, *Newyddion*, screened at 1930 on weekdays, covers Wales, UK and international news. In addition, news headlines are screened just before 2100 on weekday evenings, with longer news bulletins being screened at variable times on weekends. The BBC also provides the children's news programme, *Ffeil*, and a news programme for Welsh learners, *Yr Wythnos*.

²² Section 58(1), Broadcasting Act 1990, as amended by s29 of the Broadcasting Act 1996. The BBC provides a minimum of 10 hours per week of programmes to S4C.

- 3.61 In England, the BBC has recently increased the number of its regions, creating new services for the South East and for East Yorkshire/Lincolnshire; and creating a new sub-region for Oxfordshire. BBC regional news begins each day with inserts into the network Breakfast programme. There are also ten minute lunchtime programmes; half-hour programmes at 1830; and a seven minute bulletin following the BBC 10 O'clock News. Shorter programmes run on Saturdays and Sundays.
- 3.62 In terms of both viewing figures and investment, the BBC has left ITV behind – despite the continuing public perception of ITV as a regionalised organisation. The corporation has also had plans to exploit its regional network to move into more local TV. A pilot project was run in the West Midlands, providing six local areas with 10-minute hourly news bulletins through 'red button' access behind the main BBC One service on satellite, as well as broadband.

ITV regional/local

- 3.63 The Communications Act 2003 requires ITV to provide regional news services in each of its 15 regions, and further licence commitments extend the total of regional/sub-regional programmes to 27. ITN has no direct role in regional ITV news coverage, except in London, although there is close co-operation. Instead, the individual ITV regions maintain their own news operations and produce self contained bulletins that are transmitted within the ITV national news.
- 3.64 All the licensees, except Ulster, SMG (central and north Scotland) and Channel are now part of ITV plc. In England, most of the established individual branding has been dropped so that the ITV plc 'family' now have the same music and titles to tie in with the UK national news. Wales is the only nation within ITV plc and is separately branded as 'ITV1 Wales'. Co-ordination of UK national and regional resources is maintained through ITV News Group.
- 3.65 The majority of the Channel 3 licence areas are required to provide an average of 5.5 hours of regional news per week (4,116 hours per year), of which 2.5 hours per week are required to be broadcast at peak viewing times. ITV Border and Channel Television are required to provide 4.5 hours per week (2.5 hours in peak) and 3 hours 9 minutes (1 hour 8 minutes in peak) respectively, reflecting their smaller size.
- 3.66 ITV fulfils its licence conditions to schedule regional news in peak by slotting half-hour main bulletins at 1800, five days a week. Elsewhere, there are regional news inserts into GMTV; and into national bulletins at lunchtime and 2230; plus an additional short bulletin on weekday mornings.
- 3.67 ITV launched an experiment to deliver more local news via broadband to Brighton and Hastings. This initiative has since been rolled out to the whole of the Meridian, Central and London regions, and it is the stated intention to extend this to the whole of the ITV network in due course.
- 3.68 The BBC and ITV's non-network news services do not all share the same geographical footprints. For example, in Scotland the BBC broadcasts a single national service, while stv North and stv Central (formerly Grampian and Scottish Television) and ITV Border broadcast separate regional services. Historically ITV has provided more regional and sub-regional services than the BBC and although the BBC has introduced new services over the last few years, this continues to be the case.

Other television news in the UK

- 3.69 Although PSB provision dominates the television news market, the expansion of digital platforms means there is an ever growing number of niche news channels and general channels carrying news as part of a wider output. Future consideration of diversity/plurality needs to take account of these sources. As has been seen, UK audiences for these channels remain minuscule by comparison to mainstream news, but they appear to meet a growing demand.

Foreign language channels

- 3.70 The Sky EPG lists around 50 ‘international’ channels, which are defined by the platform operator as channels broadcasting in overseas languages. Not all of them carry news – indeed, many do not – but a significant number are either news-based or carry news bulletins as part of a general programme mix.
- 3.71 The UK’s south Asian communities provided much of the initial impetus for foreign language television news. Diasporic Indian, Pakistani and Bangladeshi populations embraced the opportunities to keep in touch with news from the sub-continent, and to retain cultural links.
- 3.72 This has encouraged TV operators linked to the sub-continent to acquire Ofcom licences to re-transmit programmes for UK and European audiences. In addition, some home-grown channels produce their own news and news-based services which may include items or entire news programmes imported from south Asian broadcasters.
- 3.73 The major south Asian organisations transmitting news in the UK include STAR and Zee TV (Indian); ARY and PTV (Pakistani); ATN Bangla (Bangladeshi); and Asianet (trans-Asian). All have a UK presence. Some of the output is in English, but much is in south Asian languages.
- 3.74 Some western media attention has focussed on the role of Arabic television news stations in the context of tensions in the Middle East. Most prominent is Al Jazeera, which is licensed for European transmission by the French regulator, CSA. The channel itself is based in Qatar. An English language Ofcom-licensed version (Al Jazeera English) launched in late 2006. Ofcom also licenses other Arabic channels, including Abu Dhabi TV; Dubai TV and Arab News Network. The latter is based in London.
- 3.75 Other international news-based channels are also available in the UK including CCTV and PCNE (Chinese); and NTV Channel One (Russia). France 24 launched in December 2006. It is run jointly by France Televisions and TF1, and funded from the French public purse. It broadcasts in both French and English. These stations are run by major broadcasters, and their news output is regulated to be of high quality. Overseas channels licensed in the UK are required to conform to rules on due impartiality.

Other English language news channels

- 3.76 There are three main non-UK channels, aside from Al Jazeera English, broadcasting rolling news to UK audiences in English: EuroNews; CNN International and Fox News.

- 3.77 EuroNews transmits news covering a pan-European agenda simultaneously in seven languages (English, French, German, Spanish, Italian, Portuguese and Russian). Backed by the European Union as a public service broadcaster, it claims to have 25 per cent more viewers in Europe than CNN and BBC World combined – although not in the UK.
- 3.78 It was launched in 1993 and prides itself on strictly impartial coverage of news issues – with a simple logo; and no on-screen presenters. 10 per cent of its coverage is mandated to be about EU issues.
- 3.79 CNN International is a free-to-air English language television network available in most of the world, distributed via satellite and cable. Its international reach is more than 1 billion households and hotel rooms in around 200 countries. Its European operation is based in London, with a particular focus on economic and business news.
- 3.80 Fox News, on the other hand, has no real European presence, but operates as a simple re-transmission of an American service. It has attracted the attention of a number of media commentators and academics because of its brash style, and its supposed pro-US (and US Republican) perspective on issues. Its reputation has far outweighed its audience, but it has opened up a debate about regulation of news impartiality on British television.
- 3.81 There are also two main business news channels available in the UK – Bloomberg and CNBC. Both are American but with a significant editorial presence in London.

News agencies

- 3.82 An extremely important, but usually invisible, player in the news market is likely to have an increasing influence in future. Video news agencies supply content for all the main news organisations in the world – and, as the number of outlets continues to grow, their influence is certain to expand.
- 3.83 The big international news agencies are now powerful players in the news industry, encouraged by a tendency among broadcasters to send their own reporting teams only to the biggest overseas stories. There is more emphasis on immediacy in news coverage than ever before, and this is satisfied by the agencies. They are also helped by the falling cost of news technology and satellite feeds.
- 3.84 Footage from all around the world is made available through news agencies, either un-edited or pre-packaged. The material can be used as the broadcaster sees fit – often re-voiced and re-branded to emerge with the identity of the end-user.
- 3.85 Chief among the agencies for UK relevance are APTV (based in the USA but with a significant European newsroom in London); and Reuters, the old established British operator. For domestic news, the Press Association (PA) is attempting to expand its core business of supplying newspaper copy to now include video footage.
- 3.86 The larger, international agencies rely on both their own resources (APTV claims a presence in 140 international locations) and an army of freelance journalists and camera operators for their material. Reuters has 2,300 editorial staff located in 196 bureaux worldwide. A further side to the business is in supplying facilities for broadcasters to use ‘in the field’, such as satellite trucks; editing suites; and communications.

Local television news

- 3.87 Ofcom has already published a detailed study of the small, but growing, market for UK local television (*Digital Local - Options for the future of local video content and interactive services* – January 2006). It described the current ecology of local television in the UK - which is extremely sparse when compared to virtually all other European countries – and assessed the economic prospects for small scale operations on digital terrestrial; broadband and cable/satellite platforms.
- 3.88 Before the advent of local TV operations, the closest television came to delivering news to areas smaller than the UK national was in nations/regions programmes on either the BBC or ITV. By their nature, these areas were often seen as “too small to be national; too big to be local”.
- 3.89 The introduction of restricted service licences has spawned a dozen or so local analogue terrestrial channels, with mixed fortunes. Most provide a local news service alongside other types of programming, but some early services were manifestly unprofitable and unsustainable, and subsequently folded.
- 3.90 The largest current local TV operation is Channel M in Manchester, which is backed by the Guardian Media Group, and transmits on cable and satellite platforms as well as analogue terrestrial. It operates a substantial news operation with around 20 journalists. As with all restricted service licence operations, it is forced to operate on low power transmission, with consequent poor reception on its terrestrial signal.
- 3.91 A number of organisations including local and national media groups, community organisations, national broadcasters, local authorities and regional development agencies (RDAs) are exploring the potential for digital technologies to deliver local services to communities ranging from the very small (a few thousand households) to relatively large (metropolitan areas with a population of one million or more). Broadband may become particularly important.
- 3.92 At present most broadband services are available through computers or other web-enabled devices, but the availability across the UK of services delivered via internet protocol to TV sets within the next year or two may offer significant new opportunities.
- 3.93 Economic modelling, carried out for Ofcom’s earlier study, indicates that commercially-funded local services might only be viable in larger metropolitan areas, and are – in any case - likely to have limited scope for commissioning high-quality local original content. Other services are likely to rely to a greater or lesser extent on support from public agencies or community organisations.

Market review of other news media

- 3.94 Plurality in the provision of news and information does not rest solely in television, of course. The television news industry sits alongside newspapers, radio and the internet. However, there are increasing trends towards convergence of news outlets and multi-media business strategies. Both broadcasters and newspaper publishers run websites, many carrying audio-visual output.

Newspapers

- 3.95 The UK continues to have one of the highest levels of newspaper readership in Europe, and papers remain the public’s second most used source for news behind

television. The number of people claiming ‘ever’ to use newspapers has remained stable, but frequency of consumption has decreased since 2002 - claimed daily use has gone from 43 per cent to 36 per cent.

- 3.96 Eleven million national newspapers are sold each day²³. Even so, the last ten years have seen a steady decline in the sales of both national and regional paid-for newspapers, as consumers become ever more reliant on television; free editions; and the internet.
- 3.97 The top five national newspaper publishers control 90 per cent of sales with the biggest group - News International – making up 32.1 per cent of all national newspaper sales in the UK. It owns The Sun, The Times, News of the World and The Sunday Times.
- 3.98 The Sun is the most widely circulated newspaper in Britain and has accounted for nearly half of the total circulation in the popular daily market since at least 1995. Even so, its circulation fell nearly 20 per cent over the last decade, in line with a decline on other popular dailies (Figure 3.10). The rivalry between popular newspapers has seen the third most read paper, the Daily Mirror, facing a 32 per cent reduction in circulation between 1995 and 2005. The Daily Telegraph is the highest circulated quality newspaper in the UK - despite its sales declining faster than rival qualities.

Figure 3.9: Newspaper circulation

| Newspaper | Circulation | Sector Owner | |
|--------------------|--------------------|---------------------|----------------------|
| 1. The Sun | 3,072,392 | Popular | News International |
| 2. Daily Mail | 2,339,733 | Mid-market | DMGT |
| 3. Daily Mirror | 1,564,082 | Popular | Trinity Mirror |
| 4. Daily Telegraph | 896,476 | Quality | Barclay Brothers |
| 5. Daily Express | 761,637 | Mid-market | Northern & Shell |
| 6. Daily Star | 779,023 | Popular | Northern & Shell |
| 7. The Times | 642,711 | Quality | News International |
| 8. Financial Times | 445,276 | Quality | Pearson |
| 9. The Guardian | 364,491 | Quality | Guardian Media Group |
| 10. Independent | 276,182 | Quality | Independent |

Source: ABC (2007)

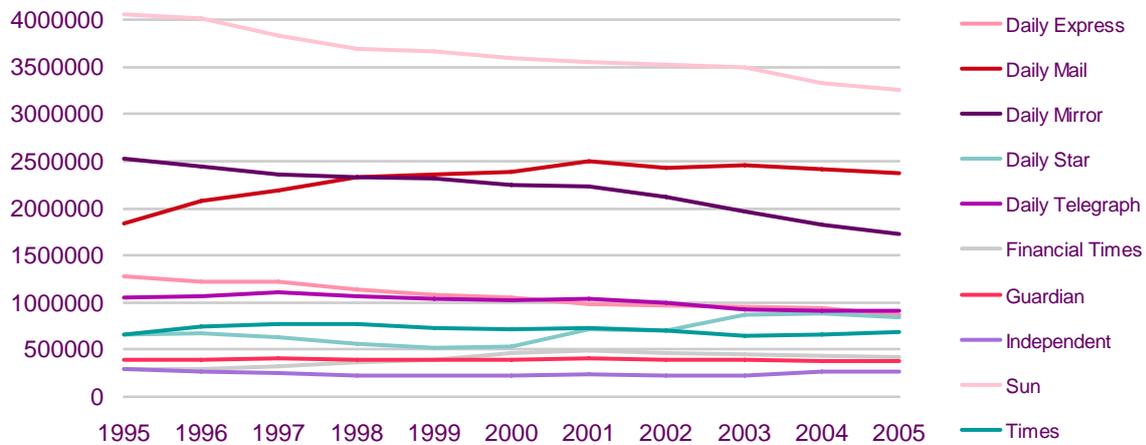
Note: Based on average net circulation. Figures are from 29 January 2007 - 25 February 2007

- 3.99 The overall drop in circulation among national newspapers reflects a trend witnessed in both Europe and most of the developed world. National daily newspaper circulation in the UK has suffered a decline since 1997 and lost 13.6 per cent of its overall sales between 1996 and 2005. The Sunday market’s circulation has also declined by 16.1 per cent over the period.
- 3.100 In the regional press, the top four publishers account for 69 per cent of combined weekly sales. They are Trinity Mirror, which had a 20.3 per cent share of all copies sold and distributed per week in 2005 (14.36 million circulation); Johnston Press (18.4 per cent, 10.19 million circulation); Newsquest (15.9 per cent share, 10.16

²³ MediaTelINSIGHT, 2006

million circulation); and Northcliffe Newspapers (14.7 per cent share, 8.74 million circulation²⁴).

Figure 3.10: Declining circulation of national daily newspapers



Source: MediaTel

Note: Total average net sales

- 3.101 Around 1,300 daily and weekly regional and local titles are read by 40 million adults every week²⁵. Paid-for regional paper circulation has dropped by 22 per cent from 2.23 billion in 1996 to 1.75 billion in 2005, but the circulation of free regional papers has increased by 5 per cent in the same period, from 1.46 billion to 1.53 billion.
- 3.102 The daily 'free-edition' model for daily newspaper distribution has been spreading throughout the developed world, including the UK. Here, it began with the launch of the London Metro, which has seen an increase in circulation from 286,000 in 1999 to more than one million in January 2006. It has become the world's largest free newspaper and the fourth highest circulated paper in the UK. The model has expanded into 13 major cities including Manchester, Birmingham and Cardiff.
- 3.103 The shift toward making news available for free has also reached previously paid-for daily regional papers. The Manchester Evening News, which has a daily circulation of more than 148,000, is now distributed for free in the city centre, but is sold for 35 pence elsewhere (via home delivery and in newspaper stands) in and around Manchester. Other papers are beginning to follow this model.
- 3.104 Internet news – also generally free to users – is a particular threat to traditional newspapers because it undermines business models which are based on sales of hard copy newspapers and on advertisers paying for space on the printed page (linked to readership and circulation). However, all of the national, and virtually all the regional newspapers have on-line platforms, and are using an increasing amount of video material within them. In this sphere newspapers are increasingly in direct competition with broadcaster websites.

New and emerging platforms

- 3.105 The internet is the fastest growing platform for news and other information - although the number of consumers who get their news via the internet is still small compared to those who get their news from television. News is ubiquitous on the internet -

²⁴ ZenithOptimedia – UK Media Yearbook 2006

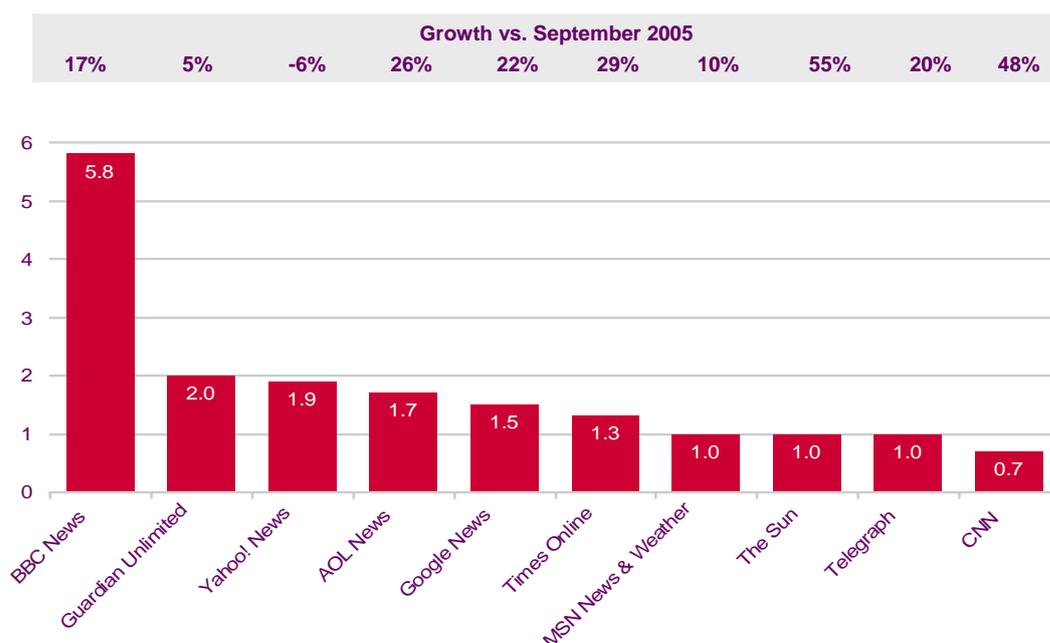
²⁵ Newspaper Society

users going to portal homepages will often be presented with news headlines whether or not they are seeking them out. Figure 3.11 shows the ranking of news websites.

3.106 The Daily Telegraph launched the first UK on-line national news operation - Electronic Telegraph - in 1994, followed three years later by the BBC's news website. The last major UK national newspaper to launch its website was the Daily Mail, in 2004. Within the last decade, web-based operations have come to be viewed as essential for newspapers – national, regional and local – and for all major broadcasters and news agencies.

3.107 The expansion of web based operations has gone hand-in-hand with the development of new forms of news gathering, including the aggregating functions built into sites like Google and Yahoo!; and the self-standing news aggregation sites of others. The sophistication of online news delivery tools has developed rapidly, enabled by the growing penetration of broadband internet access. Audio and video is now increasingly common on the broadcasters' and larger newspapers' sites, although text is by far the most used form of internet news.

Fig 3.11 Top ten news websites by unique visitor September 2006

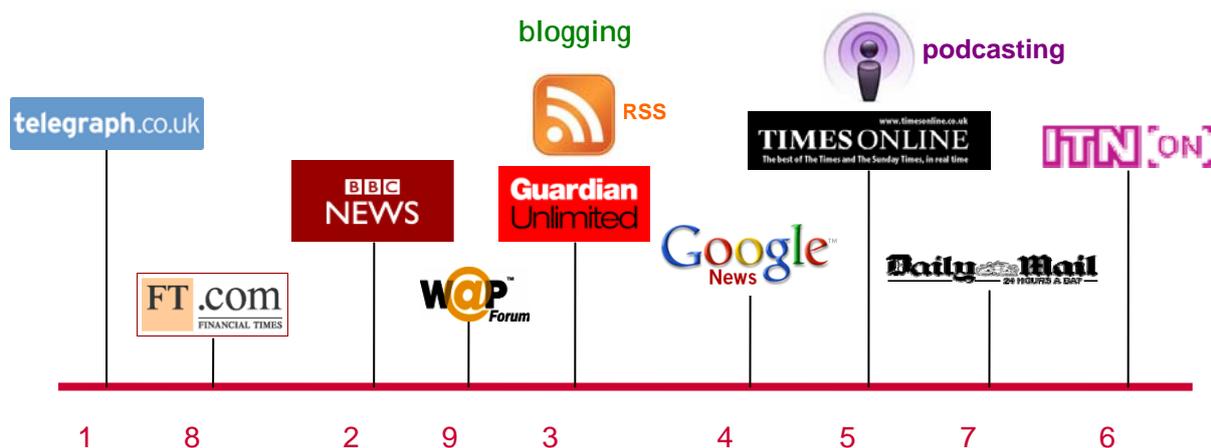


3.108 Podcasts dedicated to news (audio downloads that can be heard on a PC or portable device) are increasingly popular, as is RSS technology, which allows users to select sources of news to be delivered to them automatically. The distribution of news to mobile devices has also developed through wifi, text alerts and WAP services.

3.109 More recently an explosion in blogs (weblogs, or online journals) has harnessed the net's ability to distribute news and comment from users themselves. Measurements of the 'blogosphere' suggest that the number of blogs has grown more than a hundred-fold in three years. The diagram below (Figure 3.12) gives a rough timeline for the introduction of some notable news providers and applications.

- 3.110 The outlets for commercial news distribution on-line can be divided into three main areas: news organisation sites (newspapers, broadcasters), news agencies (wire services), and news aggregators. The entry points for original news are, as offline, the news organisations and the wire services – the companies which maintain traditional newsgathering functions.
- 3.111 Where news concerns domestic and national stories, the newspapers' and broadcasters' sites are likely to include original material (as with local stories on regional newspaper sites) – although there is considerable use of the main domestic wire service, Press Association. International news online is - other than for the very biggest stories - likely to be supplied by the wire services. Of these, AP and Reuters dominate.
- 3.112 In a commercial sense, the possibilities presented by online news are potentially very disruptive to newspapers. Strategies vary in the British market. The Guardian, for example, has embraced the web with great enthusiasm and took a decision in 2006 to introduce a 'web first' policy for its foreign and business journalism, a move also made for foreign coverage by the Times. The Telegraph is developing a fully integrated news operation mixing televisual and audio elements with traditional text and images.

Fig 3.12 Timeline of UK web news and applications



- 3.113 With one exception, all the UK's major newspapers offer their daily on-line content free (although registration can be required, and there may be charges for access to archived material). The exception, the Financial Times, illustrates a broad assumption about on-line news economics i.e. other than specialist, exclusive or business-related content, there is little belief that users will pay for news.
- 3.114 The presence of BBC Online in this market is one reason to take that view, as is the expectation of free-to-air broadcast news from both the BBC and commercial channels. Broadcasters have ready access to audio and video assets - but as broadband penetration rises and video becomes increasingly common online, news agencies are developing syndication schemes to enable print news groups to enhance their web operations. The potency of audiovisual news reporting is no longer reserved to television.

- 3.115 A pure news aggregator like Google News does not contract with news organisations but gathers links to stories on other sites. Google News operates an automated hierarchy by which, according to Google, *“results are compiled solely by computer algorithms, without human intervention”*.
- 3.116 Automating the process of editorial selection offers the prospect of many different sources of a story being easily available and, more generally, of a news agenda set without prejudice. Some news aggregators, notably the technology news site Digg.com, operate ‘community’ ranking through which users’ ratings decide the standing of stories.
- 3.117 There is a paradox about the almost limitless capacity of the internet. Although there are thousands of sources for news and information on the internet, they can be hard to find. Search engines and aggregation – far from aiding plurality – can actually give an impression of news uniformity.
- 3.118 A recent study²⁶ highlighted a major search engine boasting *“4,500 news sources updated continuously”*. Closer examination suggested that virtually all of these apparently diverse ‘sources’ from all around the globe were, in reality, posting the same news stories, using the same words, lifted directly from one or other of four key international sources – Reuters, AP, AFP or the BBC.
- 3.119 It is the future potential of the internet that makes it so central to any understanding of the post DSO news environment. So far, this enormous potential remains relatively un-tapped by the majority of consumers. Even journalists at the forefront of ‘new media’ believe it is too early to predict whether the internet will eventually replace traditional news outlets; operate alongside them; or merely supplement and enhance them.
- 3.120 Already, news websites combine different media to achieve the richest news environments. A significant news story covered on a large news organisation’s website will typically involve text, graphics and photographs; provide video and audio options, where relevant material exists; and carry links to background stories, official reports, helpline numbers, external sites and other sources of information.
- 3.121 The options that a multimedia-capable platform offers to news provision allow not only highly sophisticated news delivery but also great flexibility of format. News items can be designed in as much depth, or with as much brevity as desired, with links to other material – hosted on the site or elsewhere – expanding background and detail as far as the user wishes. The unregulated nature of the internet means some sites carry more graphic images than would appear on television, such as the execution of Saddam Hussein.
- 3.122 The internet also gives users an opportunity to change the way they use news. For example, users with particular interests may focus entirely on a single issue and avoid following the news more widely.
- 3.123 The opportunities for personalisation of online news extend to its creation as well as its consumption. Personal blogs and podcasts are positioning users as part of the news process, not just its audience. Tracking measures put the number of blogs at more than 50 million worldwide and show the numbers rising so quickly that the total

²⁶ Chris Paterson, News Agency Dominance in International News on the Internet (2005)

doubles about every 200 days²⁷. The number of posts (additions to blogs) was measured at about 1.6 million per day in July 2006.

- 3.124 Mainstream news media has itself adopted blogging as a further extension of news distribution, much as podcasting is now a well established conduit. A related aspect of 'citizen journalism' is the increasing ease with which the public can record video and audio material at the site of news stories and easily transmit to news providers.
- 3.125 Camera phones in particular have driven developments in this area. Recent UK examples include the 7/7 bombings and the explosion at Buncefield oil depot. Many broadcasters now routinely appeal for consumer-generated material to prompt or supplement a news story. The attractions of using such content quickly, and therefore possibly without adequate checks, can present a challenge to news management, however.

Radio News

- 3.126 As with television, an ever expanding choice of sources has been a major influence on radio news.
- 3.127 The BBC has five national analogue channels (Radio 1, 2, 3, 4 and 5 Live). All of them carry news bulletins, and all five are also available digitally, alongside five further national digital channels (One Extra; 5 Live Sports Extra; 6 Music; BBC 7; and Asian Net).
- 3.128 There are also 40 local BBC radio stations in England, and national stations for Ulster, Scotland and Wales/Cymru. BBC statistics suggest that for a third of its listeners, the BBC local network is the only BBC radio listening they carry out. The average weekly reach of the BBC local network is 19.5 per cent - or 7.8 million people - and that has stayed relatively stable for the last decade.
- 3.129 Generally, BBC local radio is far more news and speech-oriented during its main programming than the more music-based commercial competitors. Every BBC local radio station has a speech-based breakfast show during weekdays, and they tend to be locally focused. The latest BBC annual report signals continued expansion of its local radio network into Somerset, Dorset and Cheshire.
- 3.130 Whilst overall audiences to BBC News have fallen a little, the demand for radio news is strong. The average weekly 15-minute reach for BBC network radio news was 23.5 million adults in 2005. But RAJAR quarterly figures for July to September 2006 gave mixed signals for radio listening. There was a slight increase in listeners to Radio 4's flagship current affairs show, *Today*, up 260,000 to 6.1 million from the previous year. At the same time, Radio Five Live's news, information and sport listenership dropped by five per cent.
- 3.131 The BBC has consistently attempted to tackle a perceived 'disconnect' with under-25s through targeted programmes, notably Newsbeat on Radio 1 and programmes on the digital-only 1Xtra. *Newsbeat* is a fifteen-minute programme at lunchtime and at drive-time. Its relatively short duration reflects a BBC acknowledgment that most of its audience turn on the station to listen to music, not news. 1Xtra targets young, black music listeners and uses BBC Radio News to provide *TX Unlimited*, an hour long news and music programme on weekdays.

²⁷ Technorati.com, July 2006

- 3.132 Finally, BBC World Service radio transmits to most of the world and in 33 languages. The English service broadcasts 24 hours a day. In May 2006 the BBC reported an average weekly audience of 163 million people, up 10 million on the previous record of 153 million listeners set in 2001. Unlike the main radio and television services funded through the licence fee, the World Service is funded directly through the Foreign and Commonwealth Office.
- 3.133 News bulletins are carried on all three national commercial radio stations: TalkSport; Classic FM and Virgin. In addition, there are almost 300 local analogue radio stations across the UK, and all have obligations to broadcast news.
- 3.134 In March 2007, Chrysalis Radio and BSkyB announced a joint venture to launch Sky Radio, a 24 hour news radio service as part of a proposed line up of services on an application for the second national commercial multiplex licence. Ofcom is due to consider the award of this licence in the summer of 2007.
- 3.135 News obligations for commercial stations vary according to the detail included in licence applications. In 2004 the CRCA (the industry body for radio now known as the Radio Centre) carried out research which found that, on average, commercial radio broadcasts almost 470 minutes of news every week – well over an hour per day per station. Around half of this news is local news.
- 3.136 Until recently, there has been relatively little competition to provide national news services to commercial radio stations. Independent Radio News (IRN) has been the mainstay national/international news service for commercial radio, offering a range of services (including on-the-hour news and selected off-the-shelf items such as showbiz and politics slots).
- 3.137 IRN boasts 26 million listeners, and provides news programmes ostensibly ‘free’ to individual stations. Its service is funded directly by advertising sold either within or next to the bulletins by a company called Newslink. There is also a system of ‘cash-back’, whereby stations can profit by taking IRN as their service.
- 3.138 Apart from a brief period when a company called Network News surfaced, the only real competitor to IRN has been Sky Radio News. Sky now supplies a number of commercial stations including Virgin Radio (London and national); talkSport (national); Chrysalis stations (LBC on AM and FM in London, Heart in London and Birmingham, and the four Galaxy dance stations); ten UTV local stations; GMG’s stations (Real Radio in Scotland, Yorkshire and Wales, Smooth in Manchester and London).
- 3.139 Sky has traditionally charged for its service rather than offer an IRN style ‘contra deal’. However, in August 2006, the company began offering a direct rival service in exchange for advertising minutage. The new Sky deal is already interesting the smaller and medium-sized groups who are keen to boost income and are now weighing up whether Sky will pay them more than IRN to take the service.
- 3.140 Over the years, local news coverage on commercial radio has tended to be the first victim whenever stations hit financial problems. As with all speech-based programming, news can be particularly expensive compared to music output. Smaller stations have, by tradition, carried heavier burdens in terms of local news and information obligations (as this is their *raison d’être*) - and this has proved a particularly difficult circle for some to square.

- 3.141 Although research for this report registers an apparent decline in the number of people who cite radio as their main source of news, it is still often the only port of call for emergencies (floods, snow etc) when TV is restricted in its ability to interrupt programmes with updates; newspapers are unavailable; and the internet is not necessarily real-time.
- 3.142 Recent revenue and audience problems experienced by commercial radio have generated debate about the need for local stations to re-build and bolster local credentials. In the main this has involved news – but news which fits with the target audience. This has led to partnerships between newspapers, radio stations and their websites.
- 3.143 Stations with specific obligations to broadcast 15, 20 or 30 minute news or news/magazine programmes often speak of wanting to scrap the programmes in favour of shorter bulletin-style output. Few will cite cost-saving as the driving force, instead pointing to research which shows listeners wanting news little and often rather than in ‘chunks’.
- 3.144 Broader issues about radio licensing and the availability of broadcast spectrum were addressed in Ofcom’s consultation document on The Future of Radio, published in April 2007.

Section 4

DSO and plurality – economics and the views of stakeholders

Introduction

- 4.1 The previous section of this report looked at the way UK news is currently being delivered, and how policy objectives are being fulfilled. This section looks ahead to the post 2012 era, after digital switch-over, to consider how the news environment will change as a result, and how that might affect policy objectives.
- 4.2 DSO represents a very significant change to the environment in which television news is delivered - but the way all news is made and used is changing at an unprecedented pace in any event. The development of the internet; new digital platforms; and an attendant media convergence will all impose their influence, with or without DSO.
- 4.3 Until now, public policy has been based around principles established in the early days of television, when there were a very limited number of channels. These were granted privileged access to the analogue spectrum, and were expected to deliver PSB obligations in return.
- 4.4 The policy objectives for news involved ensuring a simple plurality through high quality services on each PSB channel. A separate principle of political impartiality was also enshrined in the rules, to ensure no single view dominated television news. This was seen as crucial in what was originally a straightforward BBC/ITV duopoly.
- 4.5 In the fully digital age, the publicly-funded BBC will remain at the heart of public service broadcasting. The Corporation's charter has been renewed and the BBC's PSB ethos is being extended to embrace new platforms and new forms of delivery. Consequently, this report is based around the clear assumption of a long-term pivotal role for the BBC.
- 4.6 Outcomes are far less clear for commercial PSB. The ending of the compact underpinning delivery of mandated programming on commercial channels changes everything. In theory, ITV and Five could opt out of recognisable PSB obligations simply by surrendering public service licences.
- 4.7 In practice, the publicly-owned Channel 4 - at least – might be expected to retain a formal PSB role, within its own particular remit. Elsewhere there are residual – if limited – economic benefits for the other channels to continue holding PSB licences. These channels might maintain PSB programming if it was in their interests to do so.
- 4.8 The public seems to support continued plurality in news supply. More than half of those questioned in Ofcom's research (55 per cent) felt it was still necessary to have news programmes on all five main channels, despite the availability of 24-hour news channels - although one third (32 per cent) said that it was not necessary.²⁸
- 4.9 When asked whether individual broadcasters should concentrate on other programmes and cut down on news provision, half felt that they should not (61 per

²⁸ See Annex 1 to the report

cent for the BBC; 56 per cent for ITV1; and 51 per cent for Channel 4) – although 25 per cent overall thought that it would be acceptable to cut down on news provision. This is largely unchanged from 2002.

- 4.10 This section of the report suggests some likely outcomes in the absence of regulatory intervention in order to identify where such intervention might be considered. It begins by examining the residual value of PSB status. It concentrates on the prospects for plurality in national/international news and the prospects for programmes in the UK nations and regions. Issues around engagement/disengagement and impartiality and trust are considered in the subsequent section.
- 4.11 Any consideration of viable on-going objectives requires an understanding of the economics of television news in a new era where it will be difficult to enforce PSB obligations. Economic modelling is used to assess the commercial prospects for both national/international television news and news for the UK nations and regions.
- 4.12 Finally, it is important to question whether pre-DSO policy objectives are still relevant; or whether a new digital environment – with multiple sources of news and multiple platforms – demands different policy priorities.
- 4.13 The views of some important stakeholders have been canvassed to help inform debate, and some of their comments are included here. The views of other stakeholders and interested parties are also encouraged in response to this report and the suggested conclusions.

The value of PSB status post DSO

- 4.14 Ofcom is keen to maintain sustainable PSB obligations on commercial licences where this is viable, but obligations impose costs on broadcasters. For example, ITV's data returns to Ofcom suggests the current cost of its regional programmes is up to £100 million a year.
- 4.15 However, the PSB Review (Phase 2) stated that the value of the privileges of PSB status post DSO were “unlikely to be worth much more than £25 million a year”. Little subsequent analysis was carried out at the time.
- 4.16 Of the sources of potential benefit identified in the PSB Review, two were thought to be particularly significant - the value of prominent position on any electronic programme guide ('EPG prominence'); and the value of reserved capacity on a DTT multiplex ('DTT capacity'). The remaining benefits - the right to broadcast on digital terrestrial spectrum and 'must carry' status on cable networks, were assumed to have minimal value, as all broadcasters are able to secure these at minimal cost.
- 4.17 The PSB Review discussed the possibility of a waiver of spectrum charges for PSB channels, a move which would greatly enhance the benefits of holding such licenses. However, a system known as Administered Incentive Pricing ('AIP charge') has now been proposed for DTT multiplex operators at a range that reflects the opportunity cost of the spectrum used – i.e. the value foregone of the alternative use of that spectrum (note: AIP is subject to consultation).
- 4.18 On the other hand, when deciding whether or not to renew licences after 2014 (with obligations), a licensee will consider whether it faces potential reduction in revenue, or increase in costs, due to any 'displacement' as the PSB licence holder. This is a calculation for broadcasters based on the likelihood of there being a replacement

PSB licensee in 2014, and the disruptive effect on audience viewing through moving to another EPG position.

Plurality

Question: Is the current PSB model of competition and plurality in UK national and international news sustainable – economically and otherwise - in a post DSO world, and is that important or relevant?

- 4.19 The current model of competition and plurality in PSB news, with its roots in an era of BBC/ITV duopoly, guaranteed very significant potential profit for franchisees/licensees. As a result, obligations to provide news and other PSB programming were accepted with equanimity.
- 4.20 The cost of news, and any other on-going obligations placed on commercial PSB channels, will be less easy to absorb after digital switchover. The fragmentation of audiences in a multi-channel environment will result in smaller advertising revenues, while the costs of providing news are unlikely to change very significantly (although costs are certainly reducing).

Economic analysis

- 4.21 Economic modelling was conducted by Ofcom and Magentum media consultancy to consider how news is consumed across different channels; to ascertain the cost of PSB news; and to assess the likely impact of removing some or all of the existing news obligations after DSO. An assessment of the opportunity cost of screening news was made to make an assessment of commercial sustainability.
- 4.22 The opportunity cost of using a resource, such as airtime, for one particular use is the resulting inability to use that resource for the most profitable alternative. In the current context, it could be argued that news requirements represent an opportunity cost to the PSB channels if, in their absence, a broadcaster could screen more profitable programming. For example, alternative programming may be cheaper; or it may attract a larger audience and attendant advertising revenue: or both.
- 4.23 The opportunity cost of providing news was determined in two stages.
- Firstly, the costs of producing news under the existing contracts were set against revenues earned from advertising in and around the bulletins. This provided an initial assessment of whether news is profitable for the broadcaster. In addition, indirect benefits, not reflected in advertising income, which stem from the provision of news were qualitatively considered.
 - Secondly, for ITV 1, Ofcom estimated the potential income and costs which might be generated by alternative programming in the place of nations and regions news (discussed later in this section).
- 4.24 The analysis of the costs of producing news against the revenues earned from advertising was applied to UK national/international news on ITV1, Channel 4 and Five; and to news programmes for the UK nations and regions on ITV1. Calculations were based around figures supplied to Ofcom by the broadcasters. The methodology used in the analysis is outlined in the box figure below (See Fig 4.1).
- 4.25 Finally, it is acknowledged that broadcasters may move advertising away from news programmes and into other parts of the schedule because it is more profitable to do

so. Under the Rules on the Amount and Distribution of Airtime, PSB channels face restrictions which limit the total volume of advertising they can show during the evening peak. This means there is a strong incentive on their part to move minutage into the sections of the peak schedule which generate the greatest audiences.

- 4.26 This adjustment to the length of advertising breaks is not necessarily a reflection of any poor appeal of news to advertisers, but rather a result of the time news is transmitted. In other words, advertising may be moved away from certain timeslots - regardless of what programme is being transmitted - because other slots in the middle of the evening have a higher potential audience and so are likely to attract higher advertising revenue. For these reasons, the analysis must be considered as indicative rather than definitive.

Fig 4.1 Methodology and assumptions used in economic analysis – national and international news

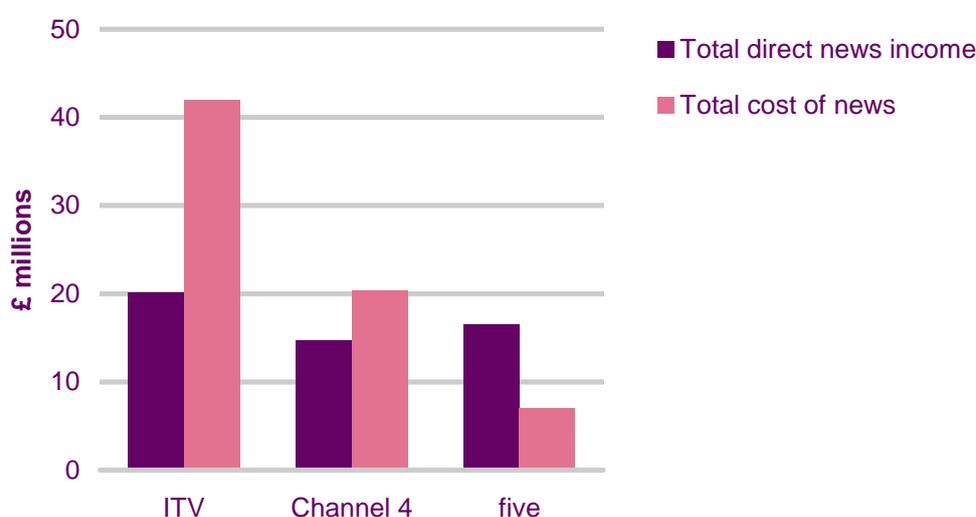
- ◆ The direct costs of news production used in calculations were based on publicly available reports of the actual price paid for news supply by ITV1, Channel 4 and Five.
- ◆ The volume of news supplied was based on current programme schedules.
- ◆ Given the nature of the existing news contracts, the incremental cost of producing additional news programming was considered to be small - most costs in news production are fixed (studios, equipment, staff etc). For the same reason, a *reduction* in volume may not reduce costs proportionately.
- ◆ As a first approximation, the calculation of revenue was based on dividing advertising breaks 50/50 between the programme preceding the break and that which followed. Ad breaks wholly within news were attributed solely to news.
- ◆ Their value was determined by multiplying the number of impacts by a cost per thousand (CPT) metric, differentiated between peak and off peak news.

- 4.27 ITV generates the great majority of its news revenue in and around its main weekday evening programmes. A smaller amount of revenue is generated by its shorter weekday news bulletins and by programmes at the weekends.
- 4.28 The revenues that Channel 4 derives from advertising in and around news follows a broadly similar structure to that of ITV, except that Channel 4 does not broadcast short bulletins and so receives no associated additional revenue. The main weekday programmes on Channel 4 together generate by far the greatest income for the channel, compared to weekend bulletins.
- 4.29 The pattern of revenue generation for Five is different to that of ITV and Channel 4. Five places three-minute news updates throughout its weekly peak programming schedule, at 2000, 2100 and 2200. Given this pattern of short news bulletins, the proxy that is used to attribute revenue to news programming could overstate the revenue which Five might attribute to news programming e.g. it might not be the case that there is a significant audience that tunes into Five for these news bulletins alone. It is far more likely that the neighbouring programmes are driving these commercial impacts. If 'short-bulletin revenue' were excluded, Five would also be in similar

position to the other PSB channels in which revenues directly attributable to news programming is less than its costs.

4.30 Figure 4.2 below compares indicative yearly revenues earned by national news to the annual costs incurred by ITV1, Channel 4 and Five. ITV's national news costs of £42 million (contract price plus 'top-up') are more than twice the £20 million in direct revenues that news generates. For Channel 4 too the cost of news at £20.3 million exceed the revenue of £15 million. Only for Five do the revenues from advertising in and around news exceed the costs (although subject to the caveats discussed above). The revenues of £16.5 million are significantly higher than the costs of £8 million.

Figure 4.2 Costs and revenues associated with news on commercial PSB channels



4.31 However, it is acknowledged that this analysis forms only part of the true cost to the broadcasters, which is the opportunity cost. In addition to the direct revenues of news earned from advertising there are indirect benefits that flow from news provision – although the monetary value of these factors is difficult to quantify.

4.32 There are four main factors which confer benefit to the broadcaster:

- Flexibility within the schedule
- Reach
- Ability to manipulate advertising minutage
- Reputation.

4.33 The duration of a news programme can be altered to fill airtime of any desired length. Additional volumes of news are relatively inexpensive to produce, because the marginal costs of producing them are low compared to the high fixed costs of news gathering. News bulletins can therefore play an important strategic role in the schedule, being able to fill gaps of an awkward length and assisting in the ability of a

broadcaster to move advertising minutage into the most heavily watched times of day.

- 4.34 Another important property of news is that it can increase the reach of a channel, allowing it to address viewers who may not necessarily watch other programming on that channel (see Fig 4.3 below). 75 per cent of the audience who watch three consecutive minutes of Channel 4 News at 1900 had not watched three consecutive minutes of the preceding programme.

Figure 4.3 Unique audiences to ITV1 and Channel 4 News March 2006.

ITV1 Late evening news



Channel 4 main evening news



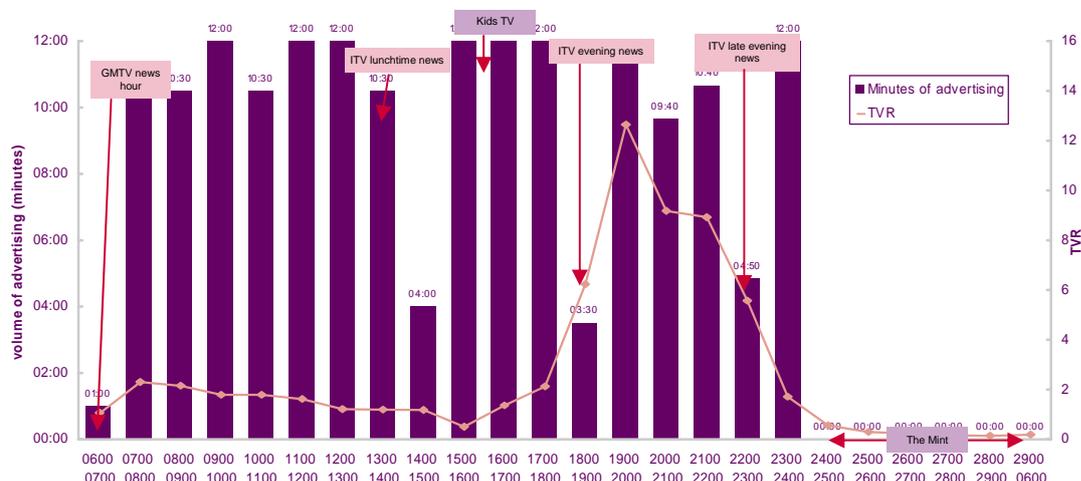
- 4.35 Although the moving of advertising minutage away from news may seem to suggest that news is not a valuable source of revenue in itself, there is a significant corresponding benefit from moving minutage away from news.
- 4.36 Figure 4.4 shows how ITV1 uses its discretion to remove advertising slots from the hours which contain its evening and late evening news programmes. It is apparent that it is economically beneficial to move advertising away from the 1800-1900 hour, and into later peak slots when overall TV viewing is greater, regardless of whether news or other programming is shown at 1800.
- 4.37 The final indirect benefit to broadcasters is the notion that news brings significant reputational benefits to a channel. This is certainly considered to be the case with the main network channels in the United States, where there are no PSB obligations. CBS, ABC and NBC all offer peak time news programming, in spite of a 48 per cent decline in combined nightly news viewing since 1980²⁹.
- 4.38 In the case of the UK, the reputational importance of news seems compelling. It is difficult to envisage ITV1 attempting to compete with BBC One without news content.

²⁹ The State of the News Media 2006

http://www.stateofthenewsmedia.org/2006/narrative_networktv_audience.asp?cat=3&media=5

Similarly Channel 4 places great weight on its main evening news programme³⁰, identifying it as signature output. News is seen as important in distinguishing these channels from either general entertainment channels, or niche channels which carry only a particular type of programming.

Figure 4.4 – Distribution of advertising minutage across a day for ITV1



- 4.39 The *indirect* costs associated with PSB news are the benefits foregone from not being able to broadcast alternative programming. In the absence of requirements, a broadcaster might choose to show cheaper programming which generated similar revenues, or programming of a similar cost which returned much higher revenues.
- 4.40 Figure 4.5 shows the cost per hour of news on the three commercial PSB channels. This suggests that news is less costly per hour than much other peak time programming.
- 4.41 Although these figures give an indicative comparison of the costs of news to the costs of other types of programming, they must be interpreted carefully. The bulk of news costs are the fixed costs of a news gathering infrastructure. Given the nature of a news operation, the extra costs involved in creating an extra hour of news, or the costs saved from removing an hour of news, are likely to be much smaller than the costs per hour outlined.

Figure 4.5 Average cost of national news across the major commercial PSBs

| | Total cost (£000) | Hours | Cost per hour (£000) |
|-----------|-------------------|-------|----------------------|
| ITV1 | 42,000 | 690 | 61 |
| Channel 4 | 20,400 | 320 | 64 |
| Five | 7,000 | 448 | 16 |

- 4.42 Based on the above discussion, it is possible to conclude that although the direct revenues attributable to news programming are typically less than the direct costs of

³⁰ “Channel 4 News...continues to command a reputation as the most comprehensive and soberly analytical news programme on British television.” – Channel 4 annual report 2004

that programming, there are other indirect costs and benefits to take into account in order to build up a picture of the true economic cost of the news programming obligations. That said, it can be difficult to quantify the scale of these indirect costs and benefits precisely - although it is possible to describe them in qualitative terms.

- 4.43 In 2003, the ITC carried out an exercise to estimate the opportunity costs of the various PSB obligations that ITV1 faced³¹. In that study, the ITC compared the production costs of programmes in the PSB genre relative to the cost of programmes that could have been shown in their place. In addition, it estimated the advertising revenue foregone from showing explicit PSB programmes rather than the broadcasters' other programming in the same slot across the year. That study suggested that the opportunity cost of national news programming to ITV1 might be in the region of £14 million per annum.
- 4.44 This study has adopted a similar approach – in terms of looking at the revenues and costs of alternative schedules - but the methodology has been further developed. A key area of difference is that the 2003 analysis assumed the alternative to current network news arrangements would be the complete removal of news from the schedule.
- 4.45 Ofcom's present analysis, supported by the views expressed in stakeholder interviews and the analysis undertaken by Magentum, suggests that some news programming would be maintained in the schedule and thus a 'no news' scenario is not the correct benchmark from which the opportunity cost should be calculated.
- 4.46 In terms of modelling the change in the mix of programming and the resultant change in advertising revenues, Ofcom used Nielsen data on impacts and estimated costs per thousand (CPT - a measure of what advertisers are charged for each impact) for the 12 months ending July 2006. For each slot where Magentum's analysis suggested that a broadcaster would replace news, Ofcom determined the programming which would be the most profitable to broadcast as a replacement. Assuming a constant audience size, this would be the genre of programming which had the greatest CPT to programme cost per hour for each particular slot.

Economic conclusions

- 4.47 Ofcom's initial modelling work suggests there may be an opportunity cost associated with national news broadcasting requirements on ITV1. However, this is likely to be small in magnitude, and relates primarily to the peak time news requirement.
- 4.48 As set out above, the direct costs of news exceed the indicative direct revenues for ITV1 and Channel 4. All three of the commercial PSB channels choose not to exceed their regulatory requirements for peak time news. On the other hand, off-peak news is over-supplied against requirements by all of the channels, and by significant amounts for ITV1 and Channel 4. Moreover, there seem to be significant indirect benefits associated with news, as discussed above. The indirect costs of news appear to be of a fairly small magnitude – news is inexpensive to produce at the margin in comparison to other peak time programming.
- 4.49 Taking into account the indirect costs and benefits, in the absence of any regulatory requirement, it is suggested that broadcasters might face incentives to reduce some volume of national news in peak-time and/or move it towards the edges of peak time.

³¹ Measuring Public Service Broadcasting;
http://www.ofcom.org.uk/tv/psb_review/reports/psb/m_psb.pdf

Other programming, if not cheaper than news, might seem better able to attract larger audiences.

4.50 However, there is no evidence that news would cease to be an important component of any of the channels' peak-time schedules. In addition, with the possible exception of Five, the initial modelling would suggest that broadcasters would maintain large volumes of off-peak news, as it attracts healthy daytime audiences for a relatively low cost.

Plurality: the views of consumers

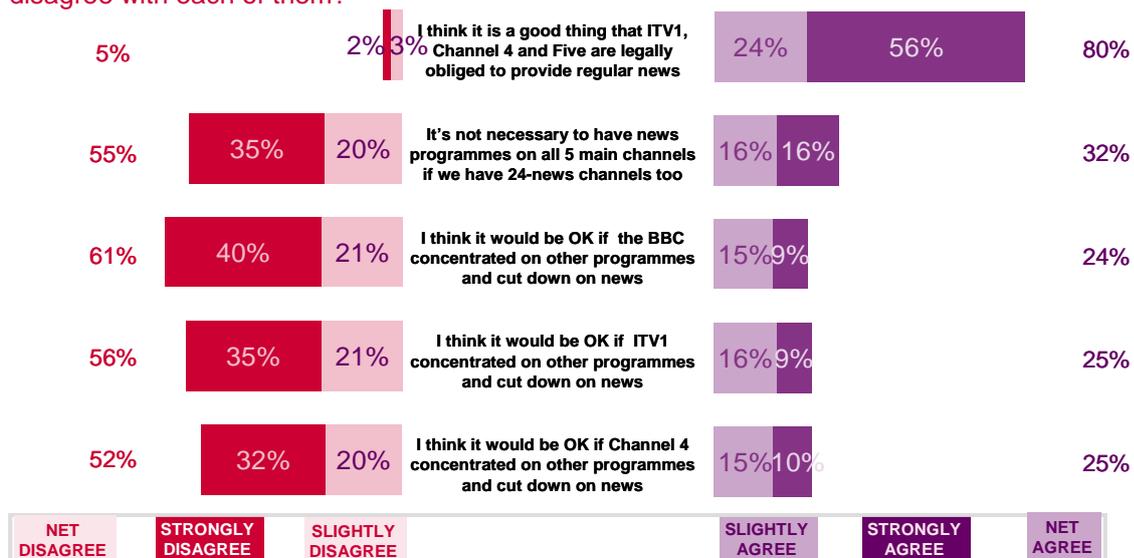
4.51 Research carried out by Ofcom suggested wide public support for the traditional notion of plurality in TV news provision. Survey respondents were asked their opinions on a range of statements to gauge whether they felt such plurality was needed, or whether it was something that could be relinquished. Results are shown in Figure 4.6.

4.52 A significant majority of people (80 per cent) agreed that it was a good thing that the main commercial TV channels are legally obliged to provide regular news, with only 5 per cent disagreeing. More than half (55 per cent) felt that it was still necessary to have news programmes on all five main channels, despite the availability of 24-hour news channels, although one third (32 per cent) said that it was not necessary.

4.53 When asked whether individual broadcasters should concentrate on other programmes and cut down on their news provision, more than half felt that they should not – 61 per cent for the BBC, 56 per cent for ITV1, and 52 per cent for Channel 4. One quarter (25 per cent) thought that it would be acceptable to cut down on news provision.

Figure 4.6: Attitude statements about plurality of TV news provision

Q16) I am now going to read out some statements about news. To what extent do you agree or disagree with each of them?



Base: All adults 16+, 2216

Note: Neither/nor and Don't Know responses were collected but not shown here

The views of key stakeholders

- 4.54 Some 30 or more key stakeholders were interviewed for an hour or more each about the issues facing news and the likely future of news provision. Among the topics discussed were the prospects for plurality in news, and the range and depth of news coverage in the future.

Plurality

- 4.55 There was almost unanimous agreement among them about the importance of maintaining high quality television news outside the BBC. David Mannion, Editor in Chief of ITV News, said that the loss of effective competition *“would be like taking television back half a century.”* Chris Shaw, Head of Five News, said: *“A world where there is just the BBC plus a load of minnows is not a good place to be.”*
- 4.56 Even beyond the television industry, Neil Benson, Editorial Director at Trinity Mirror Newspapers added: *“The BBC is not enough – however powerful it is. One of anything in a market is unhealthy. It’s important for democracy – there needs to be more than one voice.”*
- 4.57 The BBC itself sees effective competition as something that will come increasingly from sources other than just television. Mark Byford said: *“We shouldn’t be worried just about the future of ITN or Channel 4 or Sky News. We should be thinking instead about the provision of news overall – whatever the source. ITN and Sky are only part of the landscape.”*
- 4.58 Voices within the ITV camp itself were adamant that there was no immediate threat to its network news. Clive Jones, recently retired Chief Executive of ITV News and Regions, said: *“I find it impossible to believe that national and international news won’t be a big part of ITV beyond DSO. It’s a signature aspect of the channel, and although it doesn’t rate as highly as it did, it is a serious provider of commercial impacts and highly cost effective”.* Mark Wood, ITN Chief Executive said: *“Overseas operators look at us in astonishment that we’re even having this debate. Serious channels always have news as part of their offering. It is a brand distinction for all of them, and it defines any channel as a serious network”.*
- 4.59 Most observers outside ITV/ITN also thought ITV News was likely to remain important to the channel in the medium term – but there was some concern about the long term future. Professor Stewart Purvis, former chief executive of ITN and now of City University said: *“It’s noticeable that all the US networks still include news as part of their offering – without the need for regulation.”* However, he suggested that if the market was driven solely by commercial considerations it might lead to natural reductions in hours: *“I think the most logical outcome would be a programme at breakfast time and a bulletin at around 6.30. It’s the pattern that seems to work in all the English speaking world.”*
- 4.60 A number of other stakeholders – including Dorothy Byrne, Head of News and Current Affairs at Channel 4 – warned against complacency, and suggested that the future ownership of ITV may be an important factor in the long term. She was candid about the inter-dependence of Channel 4 News and ITV News, both supplied by ITN, but added: *“If ITV news declines, Channel 4 will become even more important as a rival to the BBC.”*
- 4.61 Few industry executives were willing to argue against the notion that plurality in the supply of PSB television news was a “good thing” – but there were one or two. Simon

Hinde, Head of Day Team at AOL but speaking personally, said new forms of media would provide alternatives: *"If we've got the BBC, why do we need to protect other traditional TV? The market will provide if people want it – but if no-one's watching anymore, what's the point?"*

- 4.62 Paul Corley, Managing Director of GMTV, said: "Plurality is valuable – but it's not worth paying for out of the public purse". John Ryley, Head of Sky News, said: *"The UK is small. Does it need or can it sustain three major broadcast news services?"* And Stewart Purvis concluded: *"No matter how much money you throw at something, commercial channels won't do news unless it's in their interests."*
- 4.63 In assessing the need for regulated plurality in a world of multiple news sources, the role of the internet and broadband based news was considered. Stakeholders generally agreed that it was already an important media platform for news, and that its significance will grow. But many pointed out that its influence is still dwarfed by the main PSB television bulletins as a source of news for the population as a whole.
- 4.64 Simon Hinde at AOL said: *"The idea of web based TV is much talked about, but [so far] is not really done to any great extent by anyone in practice. It is very expensive to provide content in this way, and there is little proven market."*
- 4.65 He also pointed to the difficulties of competing with BBC On-Line: *"News sites in the UK are always going to struggle because of the absolute dominance of the BBC. Why would anyone else bother to set up a stand-alone full-service news site? There's certainly no money in it. The only viable sites are likely to be those run alongside other media platforms – like newspapers or TV. Only these companies are in a position to provide original content"*.
- 4.66 Professor Steven Barnett of University of Westminster said: *"TV news will still be conceptually different in 10 years' time from something that's downloaded from the internet. TV does something special and people want it to continue doing something special."*
- 4.67 Nigel Baker, managing director of video news agency APTV, said that 'proper' journalism on the internet had yet to find its form, and that the threat to conventional television was - as yet – overstated: *"The strength of the internet lies in searching and interactivity - watching a news programme is an entirely different experience"*.
- 4.68 Mark Byford, looking at developments from the BBC perspective, said that internet news would be much more important in future – but television was not going away: *"By 2015 the primary source of news will be 'pull down' on demand. But in 10 or 15 years will there still be a BBC 10 O'clock news and a 6 O'clock news? Yes there will. It won't be so dominant, but it will still be important."*
- 4.69 Clive Jones at ITV said: *"There will be new opportunities presented by broadband and internet, but it may be less of a challenge to TV than people think. Video journalism is very different to print journalism, and the way people use new platforms is much closer to newspapers than TV"*.
- 4.70 John Ryley of Sky News reflected the thoughts of many when he cautioned against reaching negative conclusions too quickly: *"The idea that we will sit down at a fixed time to get a fixed agenda of news determined by someone else is outmoded. Everyone – but especially the young – will develop a range of different ways to find out what they want to know."*

Quality

- 4.71 All the main television stakeholders said UK news on PSB channels continued to be well funded and well resourced. All major stories were covered – often in depth – by reporters ‘on the ground’ both in the UK and overseas. Even though all stakeholders interviewed agreed that budgets would get tighter, none pointed to cost as being a key driver of future changes to content.
- 4.72 There was agreement, however, that budgetary pressures will increase for commercial players, leading Mark Byford - for one - to suggest that in future: *“There is a real possibility for the BBC to be on its own in supplying certain types of content – especially current affairs. The BBC might also be alone in producing some kinds of local news and international news too.”*
- 4.73 In relation to foreign news, David Mannion at ITV News stressed that there was no less commitment than before – and costs could be overstated. Clive Jones added: *“There’s a real myth that foreign news is expensive. It isn’t. What is expensive is the bureaux.”* Even so, he pointed to ITV’s £2 million investment in a new Beijing bureau as a sign of on-going commitment: *“What matters in journalism is having something different. For that you need someone on the ground”.*
- 4.74 Professor Stewart Purvis said the cost of news could become much cheaper as the role of video news agencies became ever greater. It raised questions about plurality, though, if news organisations all over the world ended up transmitting the same agency material.
- 4.75 David Mannion acknowledged that news agendas were changing, but rejected suggestions that news was “dumbing down”. Rather, he said, society’s definition of what was news had evolved: *“Every day, it can be Kylie’s breast cancer versus the coup in Thailand for the lead story – and it’s no longer a foregone decision. It’s the way the story is told that matters”.* He said TV news agendas were more female these days, but this was a legitimate reflection of changing attitudes: *“Why should male dominated politics always be more important than health issues?”*
- 4.76 Some saw consumer choice – through interactivity and ‘pull down’ access - as a bigger threat to serious content than budgetary issues. Simon Hinde at AOL said: *“Proper’ news may become the niche selection of the committed and/or politically active. The end result of democratising access to TV news could be political disengagement by the majority and a dumbing down through a popularity contest of stories.”*
- 4.77 Hinde warned that the greatest danger to ‘serious’ content would come when factors driven by both consumer choice and high cost combined: *“At present, a news bulletin is about expensive stories and cheap stories mixed together. When users pick their own stories, it will show that it just isn’t economically viable doing some ‘expensive’ stories.”*

UK Nations and Regions

Question: Is it possible to ensure regional/local PSB news as well as national and global coverage?

- 4.78 As has been seen, PSB news has its roots in the BBC/ITV duopoly established half a century ago. For national and international news, this duopoly has since been supplemented by PSB news requirements for Channel Four and Five. In addition,

there is UK rolling news on BBC News 24 and Sky News, plus a growing number of niche and international news channels.

- 4.79 In contrast, PSB news for the UK nations and regions continues to be delivered only by BBC and ITV1. The continued provision of BBC news for the nations and regions is a core element in the Corporation's charter; and remains an important licence obligation for ITV1 until 2014. Beyond that date, there is doubt about the future of nations and regions news on ITV, because of the high cost of producing simultaneous programmes for all areas.
- 4.80 There is an obvious justification for separate news in the distinct nations of Scotland, Wales and Northern Ireland with their individual political institutions and cultural heritage. But, as indicated in the previous chapter, it would be wrong to consider 'the nations' as one – they have important distinctions from one another, and 'one-size-fits-all' approaches may not, ultimately, be appropriate. Within the English regions too, there are differing views about the value of 'regional' television.
- 4.81 Research suggests it is highly valued in some English regions, but much less valued in others. In reality, the 'regional' structure of both main channels owes as much to the accident of transmitter patterns as to geographical logic (for example, ITV's Border region is based in Carlisle and covers areas of both England and Scotland). The phrase *"too big to be local; too small to be national"* has been used in previous studies to describe regional news.
- 4.82 Overall, the total share of viewing commanded by both ITV and BBC's main nations/regions news programmes has declined between 2001 and 2005: ITV was down by 4 percentage points to 21 per cent, and BBC down by 3 percentage points, to 29 per cent. It is also true that newspapers and radio are more important sources for consumers of local news than they are for national and international news – more people use newspapers for local news than use television.
- 4.83 At present, news for Scotland and Northern Ireland is provided on ITV1 by home-based companies removed from the UK national ITV plc (SMG and UTV respectively). These, logically, may have a closer tie to their nations than a UK national or a multi-national operator, but there are no long-term guarantees about their ownership, and the status quo cannot be taken for granted. The economic considerations for commercial PSB operators appear to be as challenging in the nations as they do in the English regions.
- 4.84 As with analysis for national and international news, this report examines the economics of news production for the UK nations and regions before considering the views of audiences and of major stakeholders.

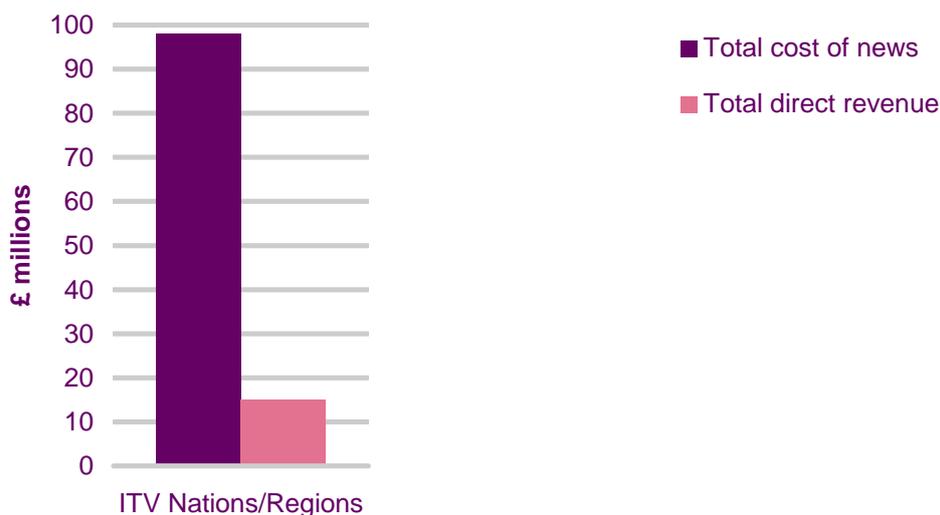
Economic analysis

- 4.85 Ofcom/Magentum used a similar opportunity cost framework to assess the economics of news for the ITV nations and regions as for the analysis applied to national and international news. As with national and international news, analysis was based on the actual cost of programmes for the nations and regions, as disclosed in annual returns.
- 4.86 Each of ITV1's 15 nations/regions produces its own news broadcasts. When additional sub-regions and opt-outs are included, this comes to 27 different variants of the regional news. All the news programmes are produced 'in-house' with the

exception of the ITV London news, which is produced under contract by ITN, and some of Channel TV's output.

- 4.87 On weekdays, the main thirty minute nations/regions programmes air at 1800, preceding ITV1's early evening network news. In addition, there are shorter nations/regions news bulletins following the mid-morning network news bulletin, the lunchtime national news programme and the late-evening national news. At the weekend there is much less nations/regions news: ten minute bulletins in the late afternoon/early evening Saturday and Sunday; and a short bulletin after lunchtime on both days.
- 4.88 Ofcom/Magentum calculated the revenues from advertising in and around nations/regions news. The methodology used was the same as that employed for network news. Figure 4.7 compares the yearly direct revenues earned to the annual costs of nations/regions news for ITV. ITV's apparent costs are more than six times the indicative value in direct revenues that the news generates.
- 4.89 Examination of the opportunity costs applied to nations/regions news requirements cannot be considered complete without also considering the associated indirect benefits and costs. Two major indirect benefits flow. First, the news bulletins are the most valued part of all nations regions output. Almost one in three viewers across the UK placed regions/nations news in their 'top five' most important TV genres and many of the programmes attract decent viewing shares.
- 4.90 Another indirect benefit is that it can support and share resources with the UK national news. Regions/nations based reporters and newsrooms can often reach breaking stories before UK national correspondents and news crews. However, although nations/regions news may be able to provide indirect benefits similar to those for UK national news, such as flexibility and reach, it does so at a much higher cost.

Figure 4.7: Direct revenues and costs of ITV1 nations/regions news



- 4.91 There are indirect costs associated with the requirement to broadcast nations/regions news – namely the benefits foregone from not being able to broadcast alternative programming. In the absence of requirements, a broadcaster may choose to show

cheaper programming, or programming of a similar cost which may return higher revenues.

- 4.92 The cost per hour of nations/regions news, when averaged across the whole ITV network is in the region of £25,000 per hour for each area - which is a third of the cost of ITV's network news. However, when viewed from the perspective of the network itself, the cost per hour is more than £350,000 per hour because of the need for ITV to produce 15 or more simultaneous programmes. Figure 4.8 places this cost in perspective.

Figure 4.8: Average cost of the peak schedule on PSB channels

| | Peak cost per hour (£000) |
|-----------|---------------------------|
| BBC One | 289 |
| BBC Two | 122 |
| ITV1 | 362 |
| Channel 4 | 136 |
| Five | 66 |

- 4.93 The cost of nations/regions news, on a per hour basis, is higher than the average cost of the *peak-time* schedule on any channel apart from ITV1. The extent of profits foregone for may therefore be very high and there is certainly scope for a broadcaster to replace news with network programming, which could come in at a much lower cost and could also deliver higher audiences. From Ofcom's analysis it appears that the opportunity cost of the nations/regions news requirement on ITV is in the region of £50m a year.

Economic conclusions

- 4.94 Analysis shows that nations/regions news requirements represent a significant opportunity cost for ITV. The considerable expense, combined with the lack of revenues and indirect benefits that it confers, suggest that - in the absence of effective requirements after 2014 - ITV would have a strong incentive to replace nations/regions news with network programming.
- 4.95 Although the opportunity cost may currently be significantly high, this is predicated on the current ITV configuration of delivering nations/regions news. If ITV were to deliver the programmes using a different structure, reducing the number of simultaneous programmes needed, then consequently the opportunity cost would be reduced.

Consumer view of programmes for the UK nations and regions

- 4.96 As with UK national and international news, Ofcom carried out research to assess the value placed by viewers on news for the UK nations and regions. It is clear there is significant loyalty to both BBC and ITV news as currently produced for the nations and regions (although this varies, particularly within England).
- 4.97 There are significant differences in interest levels between the UK nations (see Fig 4.9). 77 per cent of people in Northern Ireland are interested in current events in their

country compared to 47 per cent of people in England being interested in their region. Scotland too has high levels of interest in current events in the country (66 per cent). Wales less so (54 per cent).

Fig 4.9: Types of news viewers are personally interested in

| Base | England (1,703) | Scotland (172) | Wales (171) | NI (170) |
|--------------------------------------|--------------------|-------------------|----------------|-------------|
| Current events in UK | 55% | 62% | 46% | 50% |
| Current events in my region/country* | 47% | 66% | 54% | 77% |
| Current local events where I live | 47% | 48% | 46% | 53% |
| UK-wide politics | 38% | 31% | 32% | 28% |
| Politics in my region/country* | 27% | 29% | 31% | 51% |

Note: 'My region*' is replaced with Scotland, Wales, Northern Ireland in those nations

4.98 In England too there are wide differences between the apparent appetite for local/regional news between different locations (fig 4.9a below). Greatest levels of interest in regional news are in the south west, with the lowest in London and the north west.

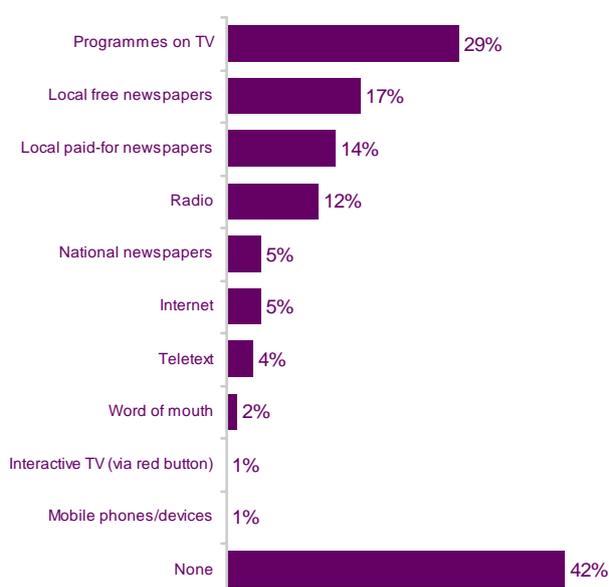
Fig 4.9a News of personal interest (England)

| Base | South East (193) | South West (170) | East Midlands (203) | West Midlands (198) | Yorks/ Humbs (175) | East Anglia (174) | North East (153) | North West (170) | London (271) |
|-----------------------------------|---------------------|---------------------|------------------------|------------------------|--------------------------|----------------------|---------------------|---------------------|-----------------|
| Current events in UK | 65% | 63% | 55% | 57% | 56% | 61% | 43% | 33% | 56% |
| Current events in my region | 52% | 60% | 47% | 45% | 51% | 53% | 50% | 36% | 36% |
| Current local events where I live | 54% | 59% | 47% | 49% | 53% | 49% | 46% | 34% | 37% |
| UK wide politics | 42% | 42% | 39% | 36% | 34% | 43% | 23% | 27% | 44% |
| Worldwide politics/current events | 44% | 50% | 45% | 41% | 34% | 44% | 29% | 31% | 56% |
| Politics in my region | 29% | 36% | 26% | 29% | 28% | 24% | 24% | 18% | 26% |

4.99 Respondents were asked whether they would like to see more local news on various platforms. Figure 4.10 shows their responses. Two out of five (42 per cent) of those interested in local or regional news did not think it was necessary for any more local news to be available through any platform. Television was the platform nominated by the greatest number of respondents (29 per cent).

Figure 4.10: Interest in more local news

Q12b) And would you like to see a higher quantity of local news on any of them?

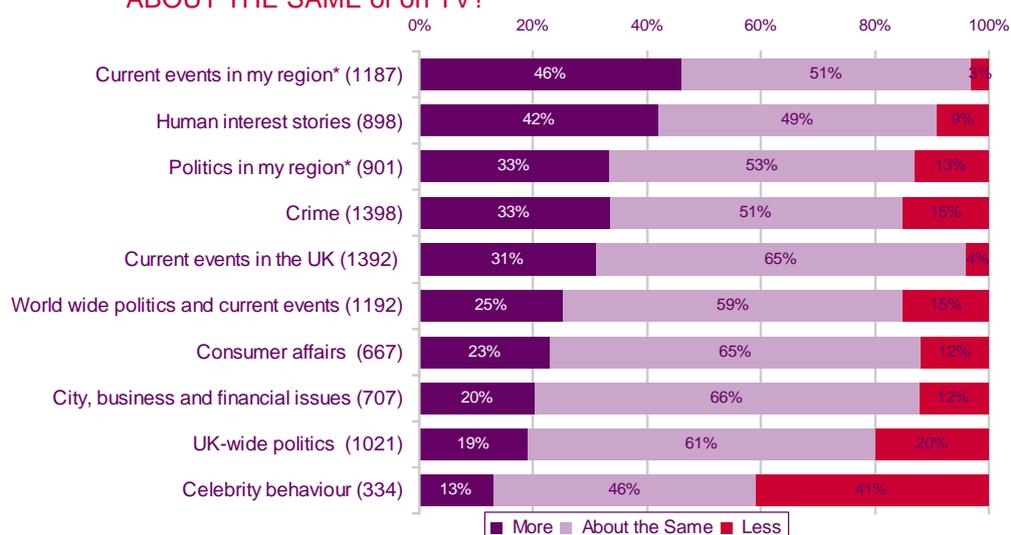


Base: all adults interested in local/regional news (1401)

4.100 Viewers were also asked to say whether they would like to see more or less of certain types of news on television. The greatest positive response was for news about “current events in my nation/region”, with only three per cent wanting to see less (see Fig 4.11 below). The positive response was particularly high in Scotland.

Figure 4.11: Quantity of topics desired on TV

Q11) Please tell me for each one whether you would like to see MORE of, LESS of, or ABOUT THE SAME of on TV?



Base: All adults 16+ who use TV as a news source and consider topics to be news, n= see brackets

* note: my region replaced by country in Scotland, Wales and N.Ireland

4.101 For the majority of subjects, more than half of respondents who were asked the question stated “about the same”, suggesting that their current needs were being adequately met.

The views of key stakeholders on news in the UK nations and regions

- 4.102 The views of key stakeholders were also sought on the future of news for the nations and regions. There was almost universal acceptance that non-network news on ITV was not viable, if judged purely in commercial terms, but many felt that the ITV regions – and regional news – were central to the network’s very being.
- 4.103 Clive Jones, the executive until recently responsible for nations/regions programmes on ITV, assessed the issues this way: *“There are commercial problems with regional news on ITV, but its death is not inevitable. For one thing, it’s part of ITV’s USP. ITV would like to maintain regional news after DSO – but the cost basis must change. I don’t see any other serious operators moving into this space. Regional and local news content is just so expensive. It needs a big operator with an existing infrastructure.”*
- 4.104 Gordon McMillan, Head of News at SMG (part of the ITV network, but not part of ITV plc) spoke volubly about the importance of programmes in the Nations – especially Scotland – since devolution: *“Life in Scotland is significantly different than in the other ITV regions. We have a separate legal system and our own devolved government.”*
- 4.105 He urged consideration of new funding for non-network news: *“Scotland Today achieves a healthy audience share but this does not result in more revenue, due to regulatory restrictions. Ofcom’s remit to protect public service broadcasting is very relevant to a situation where advertising decline is potentially damaging the ability to sustain quality news. Everyone is trying to be as efficient as possible but there is a critical mass below which we can’t go.”*
- 4.106 Paul Corley at GMTV was one of very few stakeholders who saw some commercial potential in the existing ITV nations/regions model: *“We’re too metropolitan sometimes. 75 per cent of the country doesn’t live in London, and regional news is very popular outside. The biggest area of untapped advertising revenue in the country is regional and local. In a multi-channel environment [regional news] gives ITV something different. If they lose it, they’ll just pass a whole audience over to the BBC. Why would they want to do that?”*
- 4.107 The idea that only existing broadcasters can develop non-network markets was challenged by Mark Dodson, Chief Executive at Channel M (Manchester) – a station backed by Guardian Media Group: *“ITV is an example of market failure – they do regional news by obligation, and they can’t make it work. But local news isn’t uninteresting – it’s vital. The US model shows how it can work with sometimes 3 or 4 local stations in one city.”*
- 4.108 For the BBC, Head of News Helen Boaden agreed that a mix of regional and more local themes seemed to be ever more important for consumers – as in the Corporation’s experiment with BBC Local in the West Midlands: *“Traditionally, local news has been seen as the bottom of the food chain by broadcasters, but it is actually growing in importance as people pursue new kinds of news for themselves.”*
- 4.109 Regional newspapers are also attempting to develop multi-platform models, with reporters now going equipped with video cameras to record pictures and interviews. The Press Association too sees a growing role for a newspaper-styled multi-platform approach - although Jonathan Grun, PA Editor, cautioned: *“We absolutely shouldn’t be making TV. It’s a mistake because the big broadcasters are best placed to do that. This is a different kind of video content.”*

- 4.110 Neil Benson of Trinity Mirror said: *“At the moment we’d see Google as a bigger threat than something like ITV Local. If ITV moves away from regional news, then the regional press will have a big role to play in delivering plurality - there needs to be someone to challenge the BBC.”*

Section 5

Disengagement, trust and impartiality

Introduction

- 5.1 If simple plurality of supply was one core principle in the development of PSB television news, a second and separate core principle has been the requirement for due impartiality. It is a tenet enshrined in successive acts of Parliament. As with other aspects of PSB, the concept has its roots in the old BBC/ITV duopoly. It was considered important, in such a narrow and influential market, that one political view or another should not have a dominant voice.
- 5.2 Although the PSB market subsequently expanded to take in first Channel 4 and then Five, due impartiality remained as a fundamental principle for all news – including non-PSB output such as Sky News and UK licensed foreign channels. It continues to be a requirement for news under the Communications Act.
- 5.3 Unarguably, rules on due impartiality have contributed to the high level of trust accorded to television news by users, compared to other news outlets such as newspapers.
- 5.4 However, the expansion of digital channels and the internet mean there are now very many more sources of news than ever before. In future, when multiple sources – some regulated for impartiality, and others not - are all available through the same reception equipment, issues may be more complicated. Trust may come to be more important than traditional concepts of impartiality.
- 5.5 Both trust *and* impartiality are linked to issues of engagement and disengagement. In an era of very few television channels, viewers were highly likely to come into contact with news whether they deliberately set out to watch it or not.
- 5.6 It is now much easier to avoid contact with news because there are many more channels available to viewers, and a large majority of these carry no news at all. In addition, the relatively recent availability of overseas channels and internet news sources means that some sections of society can disengage from PSB news in favour of news from alternative sources.
- 5.7 This section of the report considers the public policy questions arising from increased disengagement from news; and whether due impartiality is still relevant as a core value in television news. The analysis is informed by extensive consumer research and though the detailed interviews conducted with key industry stakeholders. As with other sections, the further views of stakeholders and other interested parties are welcomed by Ofcom.

Engagement and Disengagement

Question: How can news help citizens of the 21st century to play a full part in modern democracy? Can issues of disengagement among some sectors of society be addressed?

- 5.8 It is generally considered healthy in a modern democracy for society to be one which is well informed. As has been demonstrated, there is more news around than ever before – and available from many more sources than previously.

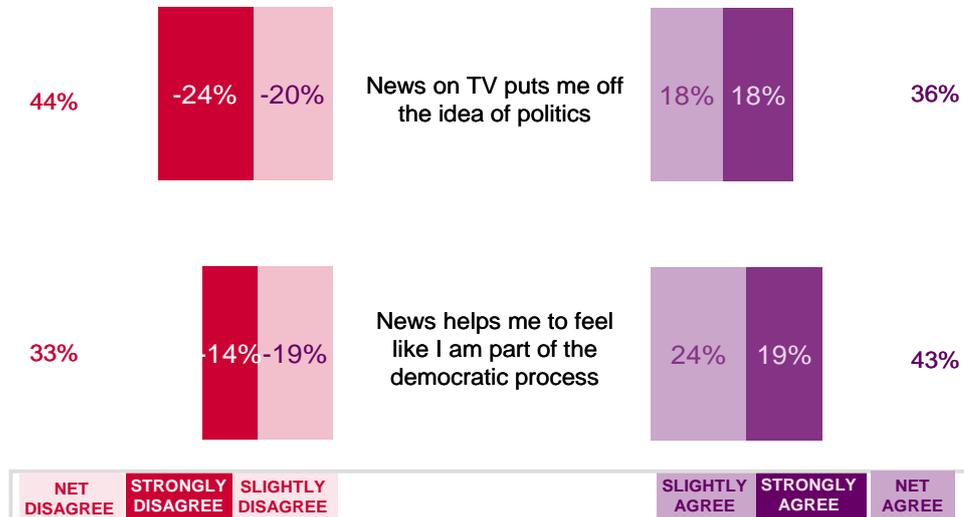
- 5.9 It means that citizens who take an active interest in news and world events can receive information, views and opinions in greater depth and breadth than ever before. But the same technologies delivering news and information are also providing ever greater volumes of alternatives to news – such as music, films, entertainment, games, sport etc. It is very easy for those with no interest in news to avoid it.
- 5.10 Television is central to consideration of issues of engagement and disengagement because it remains the overwhelmingly dominant source of news for most people. As has already been seen, figures suggest the amount of television news being watched on the main PSB channels has declined steadily – but not dramatically – over the last 10 years or so.
- 5.11 When there were only a limited number of channels, even those with little interest were likely to come into contact with news, since it was carried on all channels and at prominent times in the schedule. Nick Pollard, former Head of News at Sky, said in stakeholder interview: *“The thing we have to get use to is that we won’t be able to make people watch what they don’t want to watch. And you can’t stop that trend. Many people will see choice as an opportunity to become politics avoiders.”*
- 5.12 Emily Bell, editor of Guardian Unlimited, said of new media sources: *“We are superserving the small bands of people who are passionately interested in any given issue - but anyone who isn’t interested just isn’t engaged. They’re just using the web for entertainment and sport.”*
- 5.13 Issues of disengagement have been identified in previous studies of news, including *New News Old News*.³² The current study has identified particular issues of disengagement among young people and those from some ethnic minorities – although there are also more general issues too.
- 5.14 A survey statement that “much of the news on TV is not relevant to me” was agreed to by 55 per cent of all people surveyed - up from 34 per cent in 2002. More people in 2006 than 2002 agreed that they only followed the news when something important or interesting was happening (26 to 32 per cent). Generally, viewers were most concerned about the lack of ordinary people on the news. These findings are discussed in more detail below, in relation to young people.
- 5.15 Although news helps 43 per cent of the population to feel part of the democratic process, almost as many (37 per cent) claim that TV news puts them off politics (see Fig 5.1). It is not possible to determine what influences this view, although it may be influenced to some extent by the current political environment (mid-term; tenth year of the same Government; similarities between the major parties etc).
- 5.16 Qualitative research focussed on disengagement with the young and minority ethnic groups. Clear themes emerged:
- Apathy – especially among the young. Many felt they did not need to know what was covered in the news.
 - Cynicism – some negative attitudes towards the editorial policies and controls behind news stories.
 - Lack of relevance - low interest in news content that people felt had little or no impact on them.

³² New News Old News, ITC/BSC Research Publication (Ian Hargreaves and James Thomas)

- Disillusionment and distrust – especially in some minority ethnic groups, including feelings that they were not treated fairly.

Figure 5.1: Attitude statements on political disengagement and news

Q16) I am now going to read out some statements about news. To what extent do you agree or disagree with each of them?

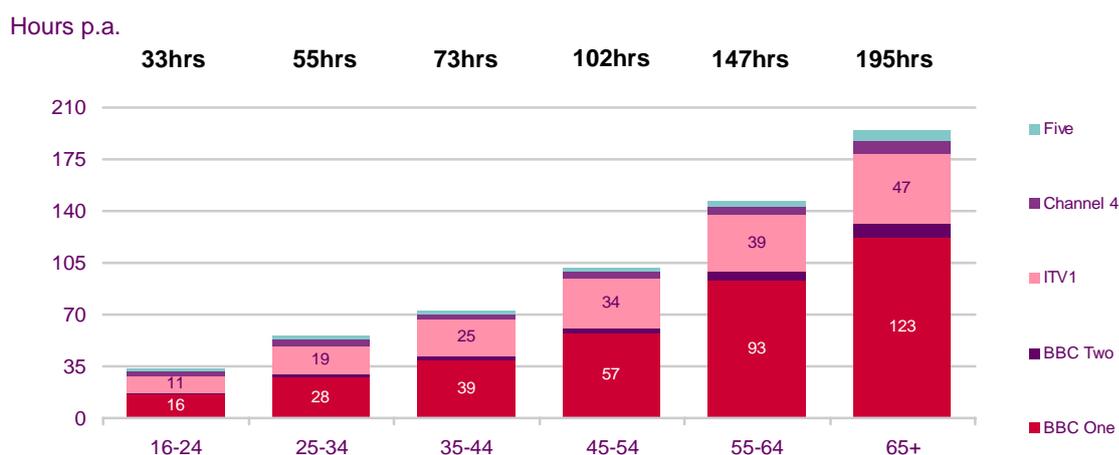


Base: All adults 16+, 2216

Disengagement and young people

- 5.17 Actual consumption of news by the 16-24 age group has decreased across all the main news platforms, with the exception of the internet and magazines, which have increased. The average amount of television news watched by 16 to 24 year olds is around 40 hours a year – or around 45 minutes a week – compared to around 90 hours a year for the wider population. The viewing to main channels is shown in Fig 5.2.
- 5.18 Television has seen the least decline among those who ‘ever’ access news (92 per cent to 86 per cent); compared to use of newspapers (78 per cent to 61 per cent); and radio (60 per cent to 44 per cent) the most. Use of the internet as a main news source has doubled (from 5 per cent to 10 per cent).
- 5.19 The greatest evidence of disengagement is in changes to attitude (see Fig 5.3). 64 per cent of young people believe that much of the news is not relevant to them (compared to 44 per cent in 2002); 50 per cent say they only follow the news when there is something important happening (compared to 33 per cent in 2002).

Fig 5.2: Total viewing to network national news programmes, by channel, by age



Source: BARB 2006

5.20 In focus groups, some young people said they actively distanced themselves from almost any current events, politics and world affairs. However, there were some differences between 16 to 19 year olds and those in their early 20s. Many young people said they did not feel any need to know what was in the news because they have more important priorities - although many said they expected to become more interested as they got older.

Figure 5.3: Attitude statements on disengagement

“I am now going to read out some statements about news. To what extent do you agree or disagree with each of them?”

| ALL ADULTS (bases: 5192, 2216) | 2002 | | 2006 | |
|---|----------|-------|----------|-------|
| | Disagree | Agree | Disagree | Agree |
| I think it is important to keep up to date with news and current affairs | 2% | 90% | 3% | 90% |
| I follow the news only when something important or interesting is happening | 58% | 26% | 59% | 32% |
| Much of the news on TV is not relevant to me personally | 30% | 34% | 28% | 55% |

| 16-24 YEAR OLDS (bases: 230, 352) | 2002 | | 2006 | |
|---|----------|-------|----------|-------|
| | Disagree | Agree | Disagree | Agree |
| I think it is important to keep up to date with news and current affairs | 4% | 89% | 5% | 81% |
| I follow the news only when something important or interesting is happening | 45% | 33% | 37% | 50% |
| Much of the news on TV is not relevant to me personally | 24% | 44% | 20% | 64% |

5.21 The picture is not universal. There is evidence that some groups of young people are engaged with issues of the day (such as climate change and environmental matters) whilst not necessarily being engaged with parliamentary politics or traditional news agendas. Others were interested in entertainment and celebrity news, and regarded it as part of the news agenda.

Disengagement among some ethnic minorities

5.22 The evidence of disengagement among some ethnic minorities is more complicated. Different ethnic and faith groups appear to have different attitudes towards

mainstream media. A more comprehensive analysis is shown in Appendix 1, which accompanies this report.

- 5.23 The recent availability of international channels has encouraged some audiences – particularly those with links to the south Asian sub-continent – to view channels bringing news from ‘home’, rather than UK domestic channels. This appears in many cases to be a question of preference, rather than a simple rejection of UK services. In a number of cases there are multi-generational households in which the older generations, with little English, choose to watch Asian services. Many south Asian channels carry both Asian and UK news. However, some groups show evidence of a more active rejection of UK news.
- 5.24 In focus groups, members of some ethnic minority groups suggest they watch UK news to see how their race, culture or faith is being portrayed. They express cynicism about mainstream sources whilst being generally more interested in world events than young white people. Many are interested in the news and in political issues, but do not feel in tune with mainstream media. Young Asians were highly likely to turn to the internet for news (28 per cent), whereas black respondents were less likely to use this platform (19 per cent).
- 5.25 Different issues affected different groups: black viewers feared the media linked them negatively to crime; Muslims feared the media linked them to extremism.
- 5.26 Some 46 per cent of people from minority ethnic groups felt that ethnic minorities got too little airtime in mainstream news, although this, too, varied among different groups. While 25 per cent of Asian respondents felt that this was the case, the figures for Black Caribbean and Black African respondents were much higher at 60 per cent and 61 per cent respectively.
- 5.27 Qualitative research identified the clearest feelings of dissatisfaction with mainstream UK media. Muslims were particularly interested in the news stories, and analysis that covered Islam and its perceived connection with terrorism. There was a strong feeling that Muslim terrorism had dominated most news agendas and therefore had a personal impact on them.
- 5.28 Forum group discussions indicated that they felt the media had tended to focus to an intrusive extent on the Muslim community. As a result, they were willing to go to different platforms to access viewpoints. They felt that the British media would give just one point of view – the Western view. One young Muslim in Leicester said: *“They can see the bad light of the Muslim people. I think [the British media] take it out of context, everything they basically say.”*

The views of key stakeholders on disengagement

- 5.29 Of the 30 or more stakeholders interviewed, BBC Deputy Director General Mark Byford expressed the greatest concern about disengagement of the young. He said: *“If we look at linear TV news: the young people increasingly don’t touch it, and the under 34s audience is falling away fast. There’s a danger we’re producing a lost generation among 15 to 24 year olds if we’re not careful. They may not ever come to public service TV news.”*
- 5.30 Helen Boaden also pointed to internal BBC evidence suggesting that – unlike in the past - fewer young people were now engaging with news as they got older.

- 5.31 Emily Bell at Guardian Unlimited was scathing of both politicians and the media: *“For the young, it is not a media literacy issue. It is more about them being disengaged from the whole political system. The idea that political news is ‘tablets of stone’ passed on by broadcasters is dead. We have bad politicians who are still trying to work in the old model. Young people are perfectly well engaged in issues, but not with politics.”*
- 5.32 Mark Dodson of Channel M in Manchester pointed out that traditional regional television contained little to attract a young audience. He was unapologetic about targeting local entertainment and local sports news, within a wider agenda: *“Younger people feel dislocated not just from the BBC type regional news formats but the whole style.”*
- 5.33 The issues surrounding disengagement among some ethnic minorities were seen as more complicated. Many stakeholders insisted that viewers *did* watch mainstream television news in large numbers – but also used ethnic media.
- 5.34 Wayne Bower of the Ethnic Media Group spoke more generally: *“It amazes me that so many young Asians who are born here; brought up here; work here; and appear far more British in outlook than Asian still watch and listen to Asian channels out of choice. Zee TV produces news in England, but nearly all of it is items about India and Pakistan. Many of the younger viewers have hardly ever been there.”*
- 5.35 And of other minorities: *“I think it’s interesting that there are no serious TV channels for the black community – or for the Jewish community for that matter. I think there’s a different dynamic when English is the first language. It automatically makes choices more mainstream. But I’m sure there’s a market there for someone.”*
- 5.36 Steve Clark, Director of News at Al Jazeera’s English service said his channel aimed to reverse the flow of world news from south to north. *“Our philosophy is to have as many voices as possible. CNN and the BBC nearly always lead on the same world story. There’s a pack mentality in international news.”*
- 5.37 Mark Byford concluded by saying that the key to attracting all disengaged audiences lay in delivering news on multiple platforms and in the widest possible forms: *“Mobiles are the news medium of the masses. And that means text. For others, 5 Live and local radio may be the most important sources. Newsround for children is just as important as other news. And News 24 – which was once a BBC afterthought – is now central. Ditto Breakfast TV. We’re learning and changing all the time.”*
- 5.38 Nick Pollard, formerly head of Sky News agreed: *“There are – potentially – big changes possible if consumers are choosing their own content. It undermines the editorial role of broadcasters. The bar has risen in terms of what grabs people’s attention.”*

Trust and Impartiality

Question: How should the issue of impartiality be handled in a convergent environment?

- 5.39 The requirement for due impartiality in television news is enshrined in the Communications Act 2003. The principle dates back to the earliest days of television when it was considered unacceptable that one of only two television news outlets might have a political bias.

- 5.40 There is little doubt that impartiality has been a major factor in generating the high levels of trust viewers place in television news, as compared to newspapers and the internet, for example. Nevertheless, there is now evidence of a decline in the levels of trust placed in television news, although it remains the most trusted of all news sources.
- 5.41 Until now, the impartiality requirements have affected both the way stories are told and – to some extent - the selection of stories in the first place i.e. there has been a tendency to clustering around a narrow, generally perceived news agenda.
- 5.42 The enormous expansion in the number of television news services available to viewers raises questions about the continuing relevance of rules on impartiality. There are those who argue that impartiality rules are now resulting in similar types of news being delivered by an ever expanding number of channels, and that such ‘plurality’ is not the same as diversity of voice. Views that do not fit easily within a conventional ‘both sides of the argument’ approach can struggle to be heard, it is argued. A relaxation of impartiality rules for channels other than the main PSBs might encourage the emergence of new and alternative voices, they say. This, in turn, might encourage greater engagement.
- 5.43 There is also a more practical issue. In future, it may become increasingly difficult to tell the source of news content delivered through the same technological device. Newspaper and other broadband websites are already delivering audio visual news that has many of the characteristics of television. In future, such non-regulated output may well be delivered into living rooms through screens alongside traditional – regulated – television. In such circumstances, impartiality may come to be seen as less of an end in itself, and more of an element within a broader focus, involving trust.
- 5.44 Viewers themselves say they still want television news to be impartial – even though research shows they are less convinced of its *actual* impartiality than previously (see Fig 5.4). Impartiality was seen as important on TV and radio by nearly all respondents (87 per cent), although one in seven 16-24s (15 per cent) said it was not important.

Figure 5.4: Importance of accuracy and impartiality (2002-2006)

% saying important to provide

| | All adults | | 16-24s | |
|--------------|------------|------|--------|------|
| | 2002 | 2006 | 2002 | 2006 |
| Accuracy | 99 | 93 | 99 | 87 |
| Impartiality | 97 | 87 | 93 | 73 |

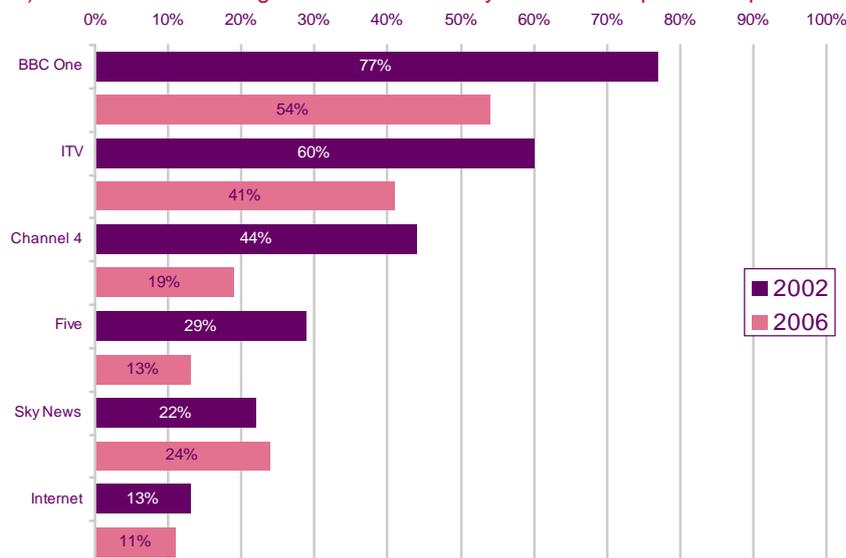
Source: 2002: Quest panel, n=4000; 2006: TNS omnibus survey n=1011

- 5.45 Perceived levels of actual impartiality are significantly lower for the main terrestrial TV news providers than they were in 2002 (see Fig 5.5). In 2006, BBC One was seen as impartial by 54 per cent of the sample (compared to 77 per cent in 2002), and ITV1 by 41 per cent, a decrease from 60 per cent in 2002. One in five people (19 per cent) felt that Channel 4’s output was impartial in 2006, compared with 44 per cent in 2002. Some 11 per cent of people felt that the internet was impartial. It should be noted that different methodologies have been used between 2002 and 2006 and the differences may be magnified - although not the trend.

5.46 Levels of trust in news outlets tend to be higher than perceptions of impartiality – although these have declined too (see Fig 5.6). Trust in the BBC and ITV, while showing a decrease, are not dissimilar to 2002, while Channel 4 and Five have decreased more substantially.

Figure 5.5: Perception of impartiality 2002-2006

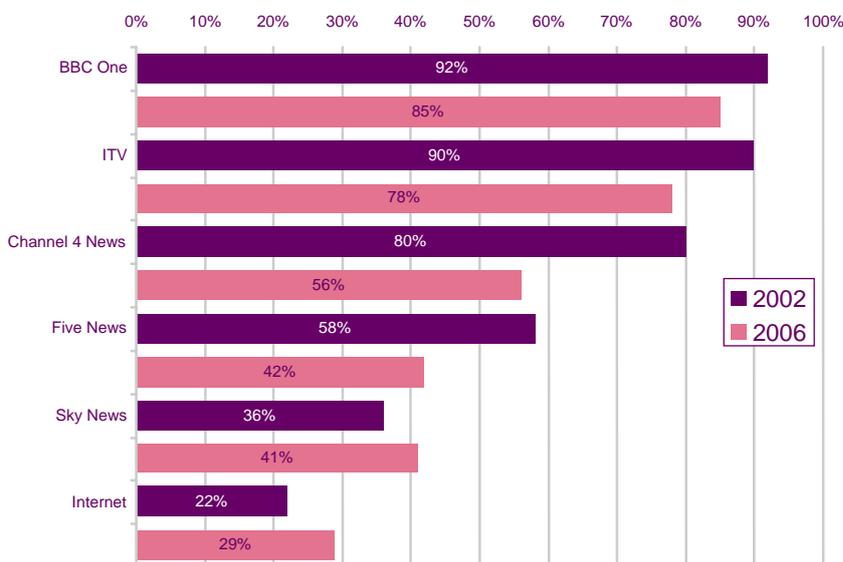
Q) Which of the following sources of news do you feel would provide impartial news coverage?



Base: All who answered question, 4938 (2002) and All adults 16+ (1011) (2006) TNS omnibus

Figure 5.6: Trust in news 2002 - 2006

2002 and 2006 Q) How much or how little would you trust the following to tell the truth about the news?



Base: All who answered question, 4938 (2002) and All adults 16+ (1011) (2006) TNS omnibus
 Note: the increase in trust in Sky News is not significant at the 99% confidence level

The views of key stakeholders on impartiality

- 5.47 Very few stakeholders interviewed for this report were willing to question the desirability of due impartiality in television news. It was seen as especially essential for the publicly owned BBC and Channel 4, but also important for other terrestrial and non-terrestrial channels. A number spoke of impartiality being a key factor in making British media among the most trusted and respected in the world.
- 5.48 Mark Byford said: *“If no-one but the BBC provides impartial news then we will be pulled in strange directions too. It helps the BBC to have other news around that is also impartial.”*
- 5.49 Dorothy Byrne at Channel 4 said: *“It is important from a citizen point of view that impartiality in broadcast news remains. It would be very concerning if there was ‘different news for different people’. I think the idea of that kind of news on British television is ‘terrifying’”.*
- 5.50 Chris Shaw at Five News added: *“Impartiality is important but accuracy and fairness is even more important going forward. I think more and more news organisations will try to distinguish themselves in the crowd by taking a particular angle, pursuing a particular agenda or concentrating on a specific area of news. None of these tendencies could be called strictly ‘impartial’ but I don’t think we should be frightened of this trend so long as everyone is honest about their parameters.”*
- 5.51 Mark Byford agreed, albeit with qualification: *“I do see an opportunity for polemic programmes, provided the viewer knows where it’s coming from and it is clearly labelled. The audience is quite savvy. But overall, the cultural expectation in Britain is that impartiality should not be diluted.”*
- 5.52 Transparency is more important than impartiality, according to Emily Bell: *“It’s about trust - but it’s not always as straight forward as that. Why do Americans think Saddam caused 9/11? They’ve got it from their media - and they trust it. Ironically, to be useful on the internet you sometimes need to be more impartial than ever. That’s because no-one uses you unless you are reliable.”*
- 5.53 There were only a few who thought impartiality unimportant outside the BBC. Simon Hinde at AOL said: *“With dozens of news sources in addition to the BBC, what’s the point of impartiality rules? It’s a waste of time.”* Professor Stewart Purvis said: *“As it stands, impartiality in news can be regulated under the law. If you want my personal opinion, impartiality is actually important on PSB. But would it be the end of the world if it went? Probably not.”*
- 5.54 Chris Shaw at Five added: *“You need to know where your content is coming from. That’s more important than impartiality. You will always trust the BBC more than Popbitch.”*

Section 6

Policy considerations and further questions

- 6.1 As has been seen throughout this report, the policy objective for television news over the last half century has been the maintenance of a simple plurality in supply of high quality programming. This has included national and international news on all PSB channels, and programmes for the UK nations and regions on BBC and ITV1.
- 6.2 High quality has been defined – loosely – by reference to the funding of news programmes. Indeed, for many years, regulators have been tasked with vetting ITV news contracts to ensure the news provider was financially capable of competing with ‘other’ national news organisations (i.e. the BBC).
- 6.3 Further regulatory principles of due accuracy and due impartiality have cemented the place of PSB television news within the broader news environment, setting it apart from sources such as newspapers which do not have such regulated requirements.
- 6.4 PSB news obligations on commercial channels have been underpinned through the compact by which valuable analogue spectrum was granted in return for delivery of programmes. Regulators have set quotas for volumes of news; and exercised some control over scheduling. Similar leverage cannot be applied to anything like the same extent in a multi-channel digital world.
- 6.5 This report has examined how policy objectives are currently being delivered; and how PSB television news fits into the broader news environment. It has raised questions about whether established policy objectives are still relevant; and identified areas where delivery of television news may be less effective now than it has been in the past.
- 6.6 Finally, it has looked ahead to digital switch-over to assess what effect that has on the commercial and physical environment for news, particularly when considered alongside other media developments taking place at the same time.
- 6.7 Four main areas have been identified for particular consideration in relation to on-going policy objectives. These are:
- The prospects and relevance of plurality in national and international news;
 - The nature of plurality in news for the UK nations and regions;
 - The concerns about disengagement from news among some sections of society;
 - The practicality and desirability of on-going requirements for impartiality in television news.
- 6.8 Through research and analysis, some initial themes have been identified; some tentative conclusions reached; and some further issues raised. The future of television news is an important subject which now requires the fullest possible debate. Ofcom has become aware of many competing points of view about possible areas for action, in terms of policy and stakeholder response etc. As a prompt for that

debate, what follows is a synthesis of Ofcom's initial findings and some the policy questions they raise. Responses are invited.

Issues for debate and response

Plurality in national and international news

- ◆ Television news cannot be taken for granted on any commercial channel after digital switch-over, because revenues generated from advertising around news programmes do not appear to cover costs of production.
- ◆ Existing public service broadcasters will make their own judgement call on whether they wish to continue providing national and international news - and this may depend on unpredictable factors – such as channel ownership and strategy. However, it is likely that news provision will continue to be regarded as a critical component of continuing PSB status – there will remain commercial and non-commercial benefits in holding such status.
- ◆ In any case, there are good reasons for existing commercial PSB channels to continue delivering national and international news services – even in the absence of obligation. News programmes attract respectable viewing figures; they provide anchor points for nightly viewing that other programmes do not; production costs are less than for many alternative programmes; news is perceived to deliver status and credibility to channels.
- ◆ There must be some concern that further squeezes on budgets will affect the depth and breadth of television journalism beyond the BBC. However, commercial channels wishing to retain their PSB status will continue to be bound by a requirement for 'high quality' news provision. Will this be a sufficient safeguard, and does it matter?
- ◆ The traditional interpretation of 'plurality' is beginning to be challenged. Broadcasters themselves consider the notion of 'plurality' in much broader terms than before – i.e. no longer simply in terms of other television stations. Is this analysis correct?
- ◆ Ofcom suggests that news should remain a central element of the Channel 4 public remit for the future. This will guarantee at least one alternative service from the existing PSB tradition, in addition to the BBC. Is this appropriate?
- ◆ Is it necessary for news to also be a long-term priority for remaining regulatory levers on ITV and Five? This might help to preserve 'news in depth' outside the BBC – although in ITV's case, news for the nations and regions might be a higher priority.

Television news for the nations and regions

- ◆ It is appropriate to consider whether the existing model of dual BBC/ITV provision provides the best option for the nations and regions after 2014. However, different considerations may apply to the nations of Scotland, Wales and Northern Ireland compared to the regions of England.
- ◆ Ofcom is already committed to holding ITV to nations/regions news obligations for at least the duration of current licences. Beyond that, more imaginative approaches will

be required if it is concluded that such programming is necessary to provide plurality at the UK national/regional, as well as local and pan-UK levels.

- ◆ News for the Nations may be a greater priority than for the English regions because of the political, cultural and institutional differences in Scotland, Wales and Northern Ireland. If that is so, what should be the difference in approach?
- ◆ In some parts of England, might it be appropriate to allow ITV to develop macro-regional hubs and be allowed to merge regions; drop sub-regions; and/or produce shorter bulletins?
- ◆ Could special dispensation be considered to allow extra advertising minutage to be scheduled around programmes for the nations and regions – provided the income was ring-fenced for regional provision?
- ◆ Is there scope for incentives to be introduced in order to maintain programmes for the nations and regions, such as a discount on spectrum price in return for commitments?
- ◆ If ITV is commercially unable to continue news for the nations and regions beyond 2014, is it realistic to consider awarding the existing regional licences - and attendant frequencies - to other organisations with more regionally based business models? Might the benefits of PSB status be conferred on other providers?
- ◆ Might there be a role for devolved governments in funding news in the UK Nations (although television is not a devolved function). What might be the drawbacks of such an approach?
- ◆ Is there scope for any relaxation of rules on media ownership to enable economies of scale in news for the nations and regions?
- ◆ Might there be a bigger role for local TV models – perhaps on broadband, and linked to local newspapers – in providing an alternative source of non-national news in some areas? Does this raise issues over quality, and over the ability to extend coverage beyond metropolitan areas?

Engagement and disengagement with television news

- ◆ Ofcom particularly welcomes input and ideas from key stakeholders and others about how the question of disengagement should be addressed going forward.
- ◆ There are no easy or obvious ways to tackle such issues within existing television regulatory structures – but it seems important in a modern democracy that citizens have an opportunity to take part.
- ◆ Broadcasters have clear incentives to engage with disaffected groups - not least commercial considerations. Failure to engage with ethnic communities, in particular, will further encourage the use of alternative sources of news and information, such as the internet and overseas channels.
- ◆ What else might be done to encourage greater levels of engagement among young people and those from some ethnic minorities?

Impartiality in television news

- ◆ It is Ofcom's view that television should play its part in encouraging diversity of provision within a core of impartial news on which viewers can rely (in line with viewer expectation).
- ◆ However, universal impartiality may become less enforceable in a digital environment, where regulated and unregulated services exist side by side on the same platform. It follows that consumers who place a high level of importance on impartiality will find it harder to discover channels they can trust.
- ◆ For these reasons, the requirement for the BBC and Channel 4 to be impartial should continue; and there appear to be no reasons for any relaxation on other channels with PSB status.
- ◆ For channels other than the main PSBs, is impartiality still important, or is it a barrier to diversity in an era with a wide range of services available to viewers?
- ◆ Subject to changes in legislation, should other channels be allowed to offer partial news in the same way that newspapers and some websites do at present?