

Ofcom's Second Public Service Broadcasting Review Phase One: The Digital Opportunity

Response of the Newspaper Society

Section 9. Scenarios for the UK's nations, regions and localities

9i) To what extent do you agree with Ofcom's assessment of the likely future long term issues as they apply to the nations, regions and localities of the UK?

9ii) Which model(s) do you think will be most appropriate in each of the nations and in the English regions in the long term, and why?

9iii) What are your views on short/medium-term issues referred to, including the out- of-London network production quotas?

9iv) What are your initial views on the preliminary options set out relating to ITV plc's regional news proposal? (Please note that Ofcom will put forward firm options on these issues, and consult also on ITV plc's regional news proposal, in phase 2 of this review)?

The Newspaper Society represents the regional newspaper industry. Its member regional media companies reach over 40 million people a week across the UK's nations, regions and localities through their print, online and broadcast channels including 1300 regional and local newspapers, 1100 websites plus ever growing number of online services, 750 magazines, 36 radio stations and 2 TV stations.

The industry's core purpose and fundamental service is the provision of trusted, relevant news and information to its audience in the nations, regions, localities and communities of the UK. Over a quarter of its 50,000 workforce is employed in an editorial role. This constitutes a unique investment in regional and local journalism, unrivalled by other commercial or public service media organisations. UK regional newspapers are traditionally independent of state funding, in order to avoid compromise of their editorial independence. While often reflecting the same principles and values as those imposed upon its publicly funded competitors, the nature and content of the industry's publications often provide a greater depth and range of news and information services to UK's nations, regions and localities. However, the regional press does not benefit from the subsidies which those 'public service' competitors might enjoy in recompense for such obligations. Publishers are wholly reliant upon commercial revenues. Furthermore, their print, online and broadcast services are all in fierce competition for the audience, which underpins its advertising and other revenue, with a wide range of commercial and publicly funded rivals, across all media platforms and at all levels- local, regional and national.

The industry will therefore be directly affected by Ofcom's proposals on the future of public service broadcasting and content in the UK's nations, regions and localities and, in particular, the way that it could be funded. Ofcom's focus upon the commercial free – to - air broadcasters' declining audiences, the broadcasters' reduction in investment for unprofitable services and the role of the BBC, means that there is no detailed evaluation of the effects of its proposals for a new public service broadcasting system upon the future development of the regional newspaper industry and its multi –media activities. Indeed, Ofcom assumes that 'if local newspapers succeed in their digital ambition', they will be monopoly suppliers outside the BBC.

This rather overlooks the realities of the local market place in which the local newspaper competes, including the possible impact of the BBC's local plans and the potential effect of the other developments outlined. There must be better recognition of the range and intensity of the competition for audience, advertising and other commercial revenue with which the regional newspaper industry contends.

We submit that Ofcom ought to give more detailed consideration to the potential effect of its suggested options for intervention upon the regional press. These all involve the provision of funding support for regional news and content services, which would be in competition with the regional newspaper industry's commercial services.

For example, Ofcom's short and medium term issues include funding proposals for the existing broadcasters and the BBC, in addition to regulatory relaxation. This would impact upon the newspaper industry. Its long term issues are of even greater relevance to the industry, since they include proposals for competitive funding for multi- platform and broadcast content on devolved bases at nation, regional, local and community levels and competitive funding models, in order to offer new opportunities in the sphere of online content at a national, regional and local level. Ofcom is therefore proposing public funding options which could encourage and subsidise direct competition to the industry's current commercial services and future business strategy. Indeed the paper refers to new entrants such as online aggregators of local journalism, which might well be understood to refer to companies such as Google which commercially exploit the content generated by traditional news companies, without any contribution towards its origination.

Furthermore, of the four potential models for the future of public service broadcasting and content highlighted by Ofcom, models 3 and 4 are apparently favoured for encouragement of regional and local development,(i.e. Option 3 BBC/C4 plus limited competitive funding and Option 4 broad competitive funding, intended to deliver new entrants with new approaches and more local and multi- platform activity across all four nations, alongside a geographical spread of activity less focused on big cities.) These proposals and their implementation would obviously have an effect upon regional media companies' business and strategic development.

The Newspaper Society would be very willing to discuss these matters further with Ofcom. We would be happy to help facilitate meetings between Ofcom and individual media companies in our membership, to review the potential impacts. In undertaking its more detailed thinking and its second consultation in the autumn on the long term models and funding options and the shorter term issues involving the nations and regions, we trust that Ofcom will consider fully the impact of its strategies and proposals upon the regional newspaper industry.

