

# Local and Regional Media in the UK:

## Industry round table: Ofcom Scotland

Glasgow  
10 November 2009

## Our work focuses on our statutory duties set out in the Communications Act

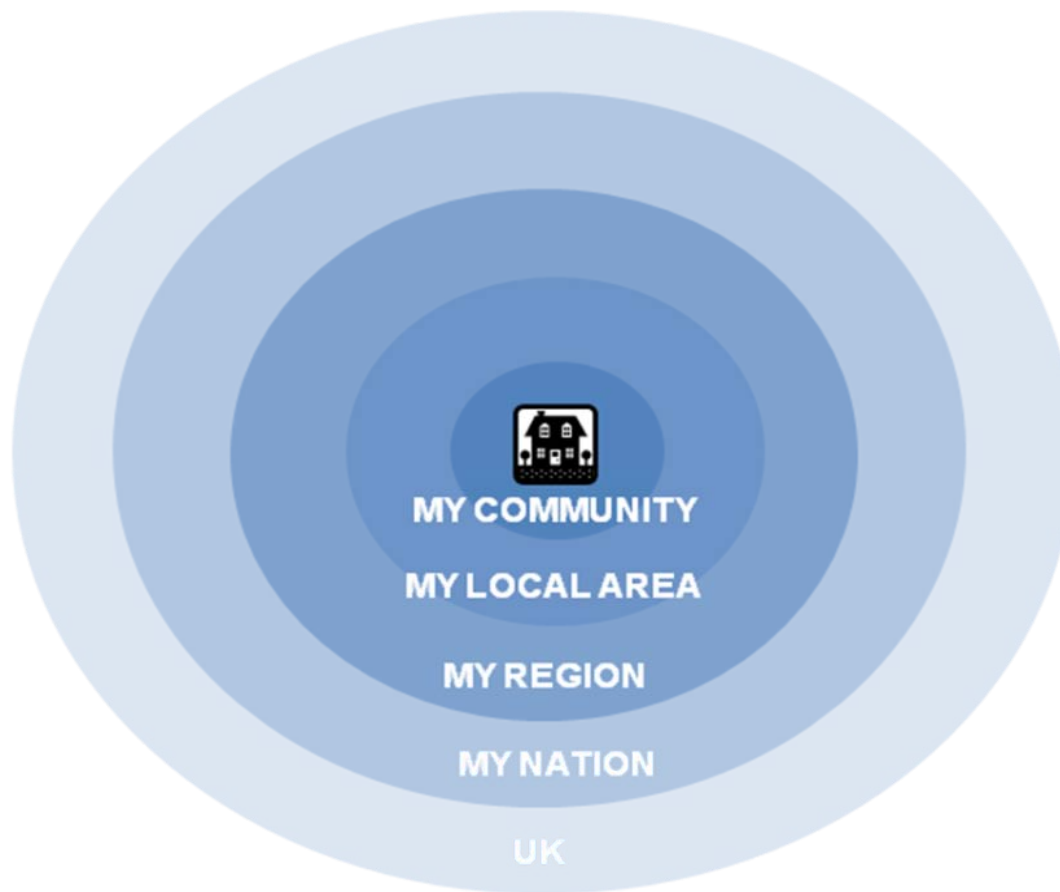
- Secure wide range of TV and radio services of high quality and wide appeal
- Maintain sufficient plurality of providers
- Licence national and local analogue and community radio stations
- Ensure optimal use of the radio spectrum – including for Local TV

Plus, in addition:

- Role in conducting Local Media Assessments for newspaper mergers
- Review operation of Media Ownership Rules for Secretary of State

# Our work spans different levels of localness

Local and regional media – the consumer view



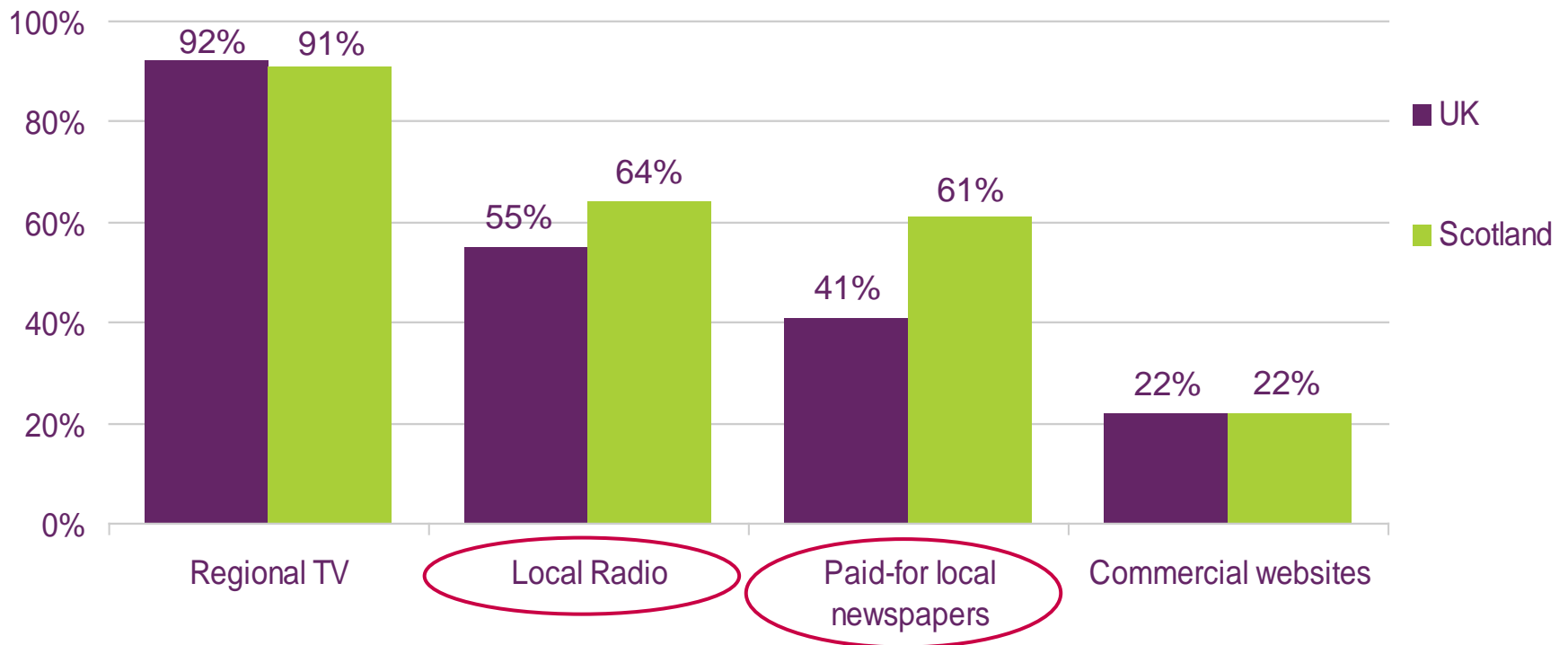
# Local Media Snapshot: Glasgow



	Examples of Providers	Type of content available
<b>Regional and Scotland-wide TV</b>	<ul style="list-style-type: none"> <li>• BBC Scotland</li> <li>• STV</li> </ul>	<ul style="list-style-type: none"> <li>• BBC Scotland provides Scottish regional service</li> <li>• STV news service covers central Scotland with sub-opt for Glasgow and surrounding area</li> <li>• Gaelic content on BBC2, TeleG and BBC Alba</li> </ul>
<b>Local, regional and Scotland-wide radio</b>	<ul style="list-style-type: none"> <li>• BBC Radio Scotland</li> <li>• Galaxy Scotland (<i>Global</i>)</li> <li>• Real Radio Scotland (<i>GMG</i>)</li> <li>• Clyde 1 (<i>Bauer</i>)</li> <li>• Clyde 2 (<i>Bauer</i>)</li> <li>• Rock Radio (<i>GMG</i>)</li> </ul>	<ul style="list-style-type: none"> <li>• BBC Radio Scotland</li> <li>• Galaxy and Real Radio are regional Scottish stations</li> <li>• Clyde stations cover Greater Glasgow area</li> <li>• Rock Radio coverage area focussed towards Paisley and Renfrewshire</li> </ul>
<b>Local, regional and Scotland-wide press</b>	<p>Papers include Glasgow papers and Scottish nations e.g. Daily Record</p> <ul style="list-style-type: none"> <li>• Glasgow Evening Times (<i>Newsquest</i>)</li> <li>• The Herald –(<i>Newsquest</i>)</li> <li>• Paisley Daily Express (<i>Trinity Mirror</i>)</li> <li>• Paisley and Renfrewshire Extra (<i>Johnston Press</i>)</li> </ul>	<ul style="list-style-type: none"> <li>• Glasgow Evening Times and The Herald’s editorial focussed on regional and national content</li> <li>• <i>Paisley Daily Express and Paisley and Renfrewshire Extra</i> content focussed on Paisley</li> </ul>
<b>Local TV</b>	None	
<b>Online</b>	<ul style="list-style-type: none"> <li>• 45 sites identified</li> </ul>	<ul style="list-style-type: none"> <li>• Multiple press and radio websites</li> </ul>
<b>Local Council</b>	<ul style="list-style-type: none"> <li>• Renfrewshire Magazine, published 4 times a year</li> </ul>	<ul style="list-style-type: none"> <li>• Council information and news</li> <li>• No advertising</li> </ul>
<b>Community media</b>	<ul style="list-style-type: none"> <li>• Community radio: Sunny Govan</li> </ul>	<ul style="list-style-type: none"> <li>• Focused on Govan district of Glasgow</li> <li>• Mixture of music and speech</li> </ul>

# Consumption of local and regional media in Scotland differs from the rest of the UK

% Use at least weekly



Source: Ofcom Research

**Local journalism is important because it underpins democratic participation in the UK**

**Informing**

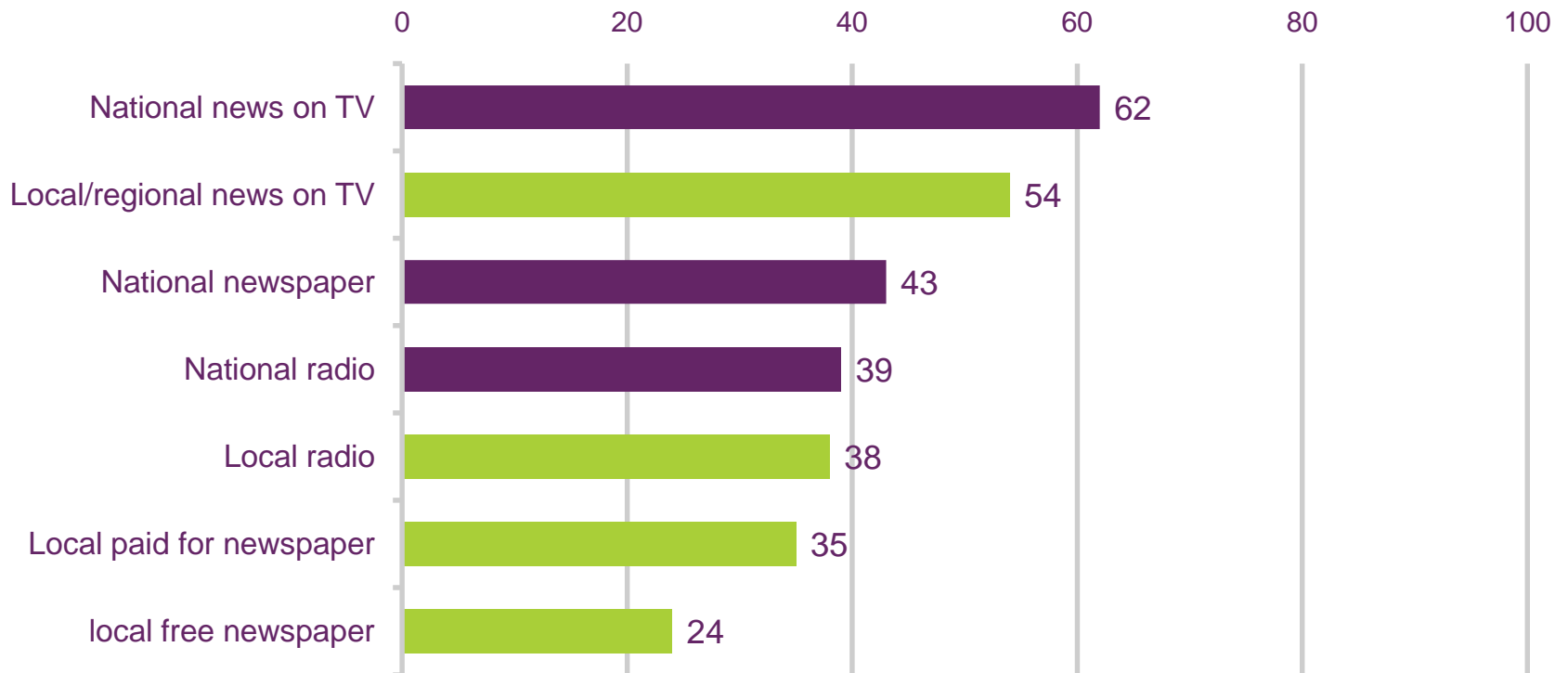
**Representing**

**Campaigning**

**Interrogating**

# Consumers value local and regional content – particularly news

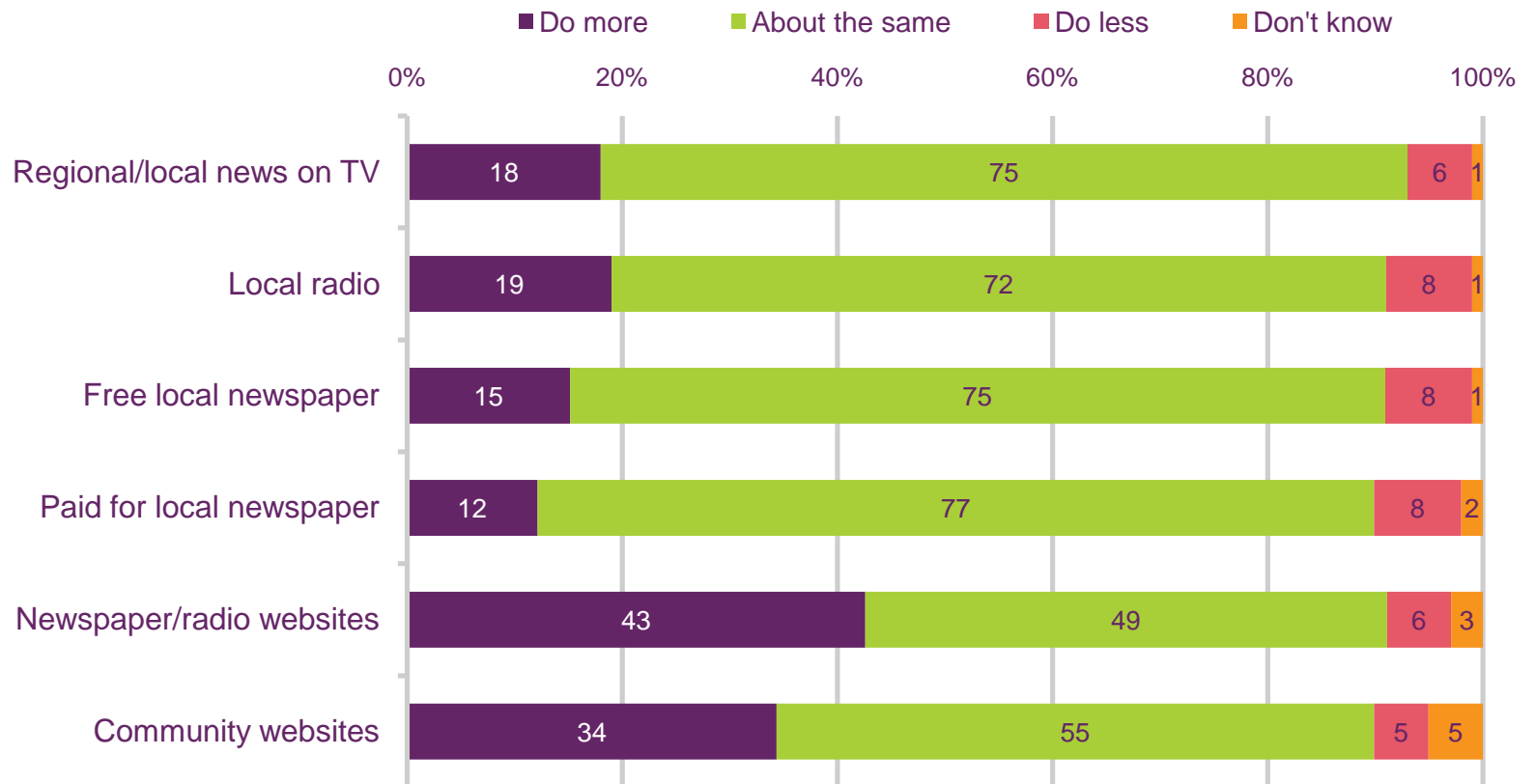
% saying local and regional content is very important - weekly users



Scores based on respondents importance rating 9/10 on a scale of 1-10. Source, Ofcom research

# People using internet for local media more than they used to

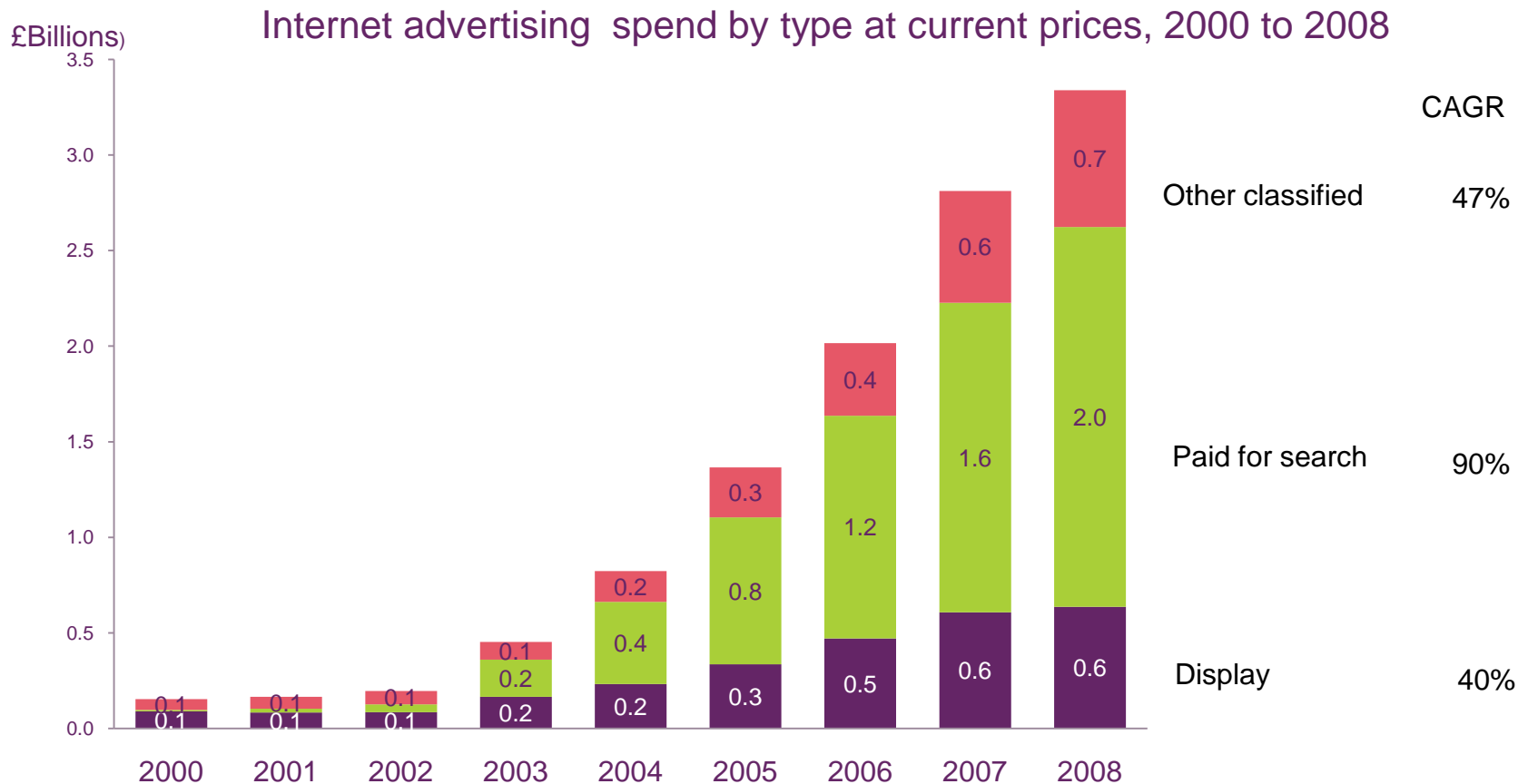
Use of local media now compared to two years ago



Source: Ofcom research



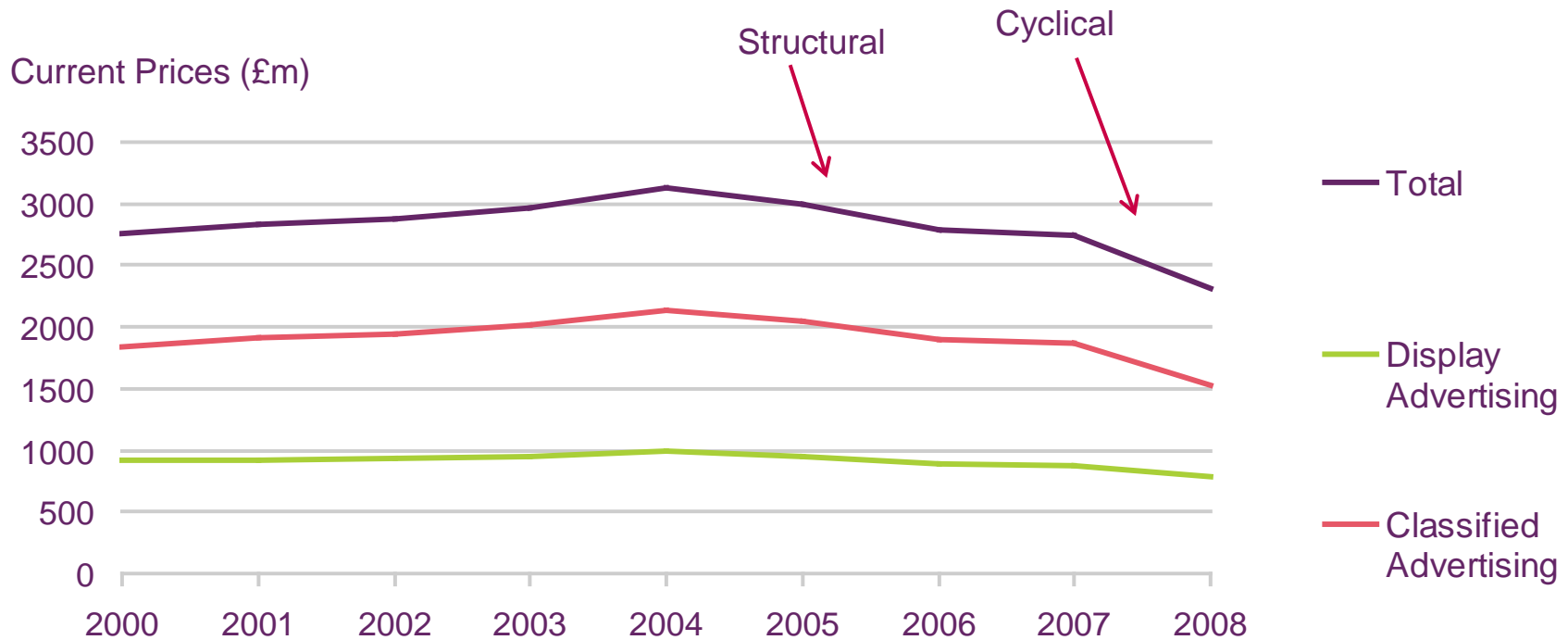
# But the growth of the internet as an advertising medium has created challenges for the sector

Source: Advertising Association, IAB, PWC, WARC, Oliver & Ohlbaum Analysis

# The recession has placed further pressure on regional and local media

## Regional Press advertising revenues

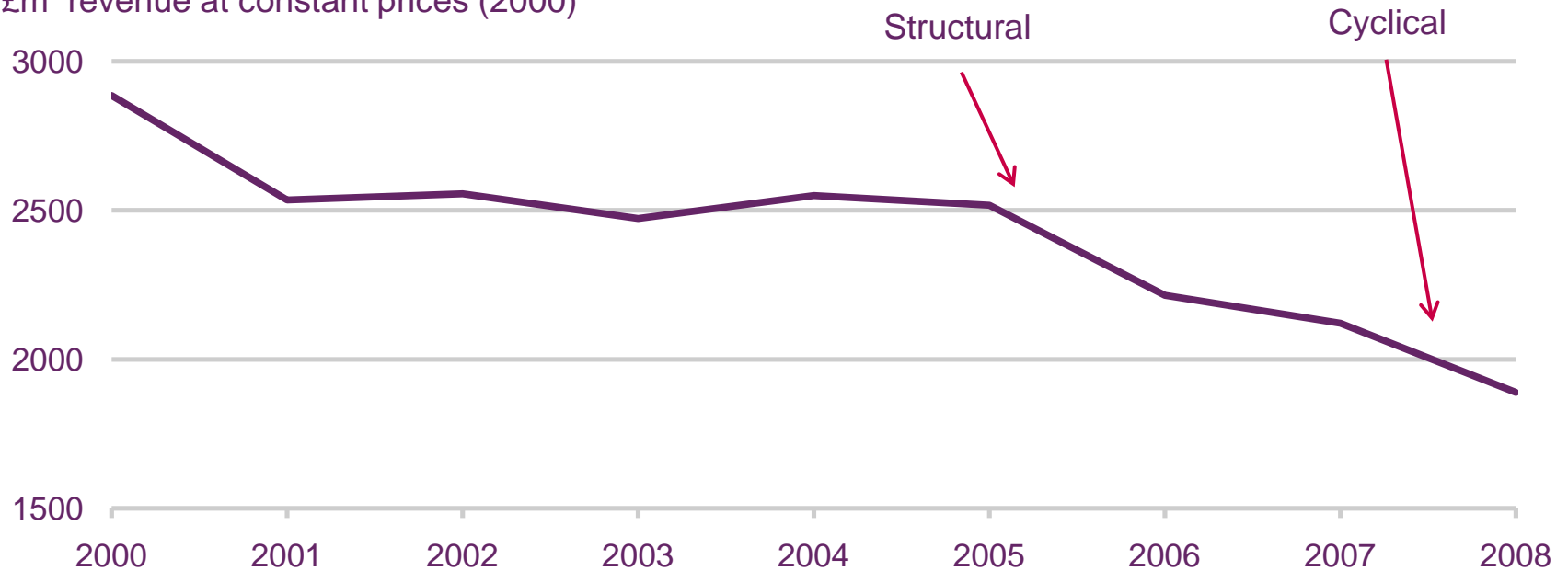


Source : Advertising Association/ WARC ([www.warc.com](http://www.warc.com))

# The recession has put further pressure on regional and local media

## TV net advertising revenues

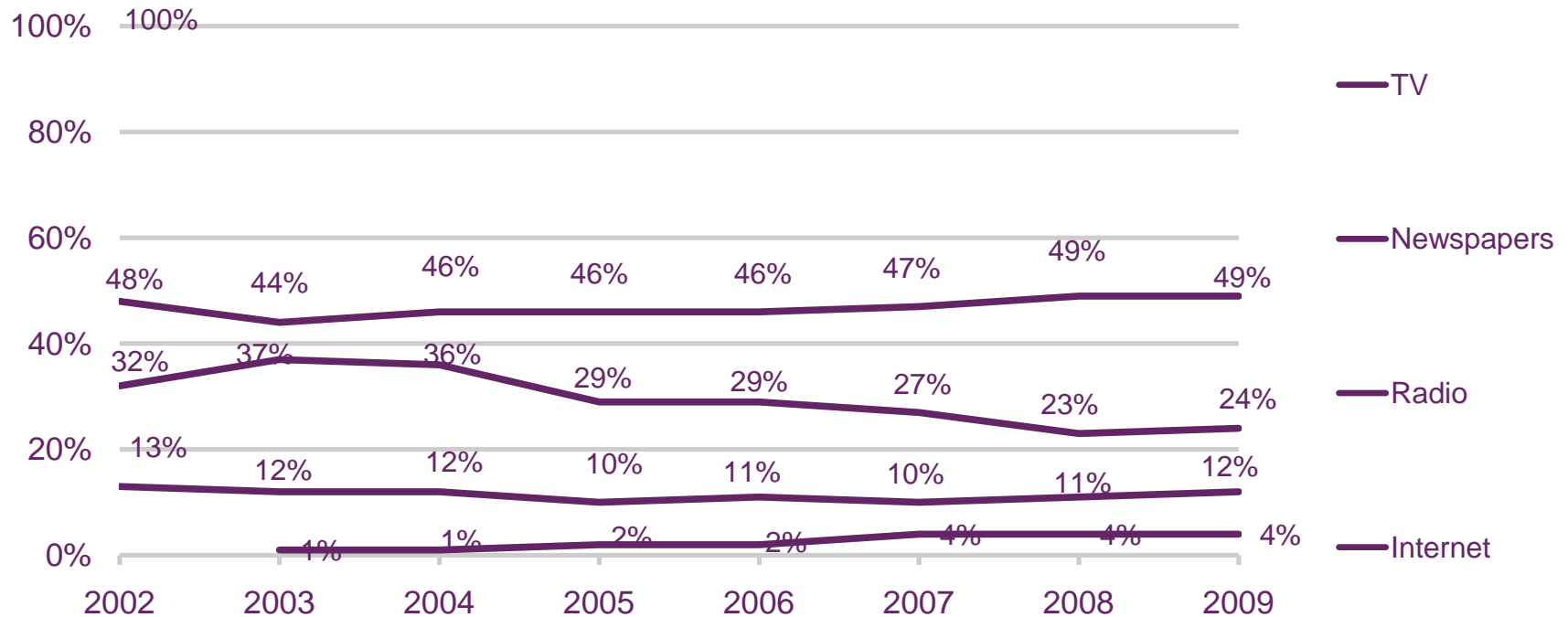
£m revenue at constant prices (2000)



Source : Advertising Association / WARC ([www.warc.com](http://www.warc.com))

# TV is still the main source of information about people's local area

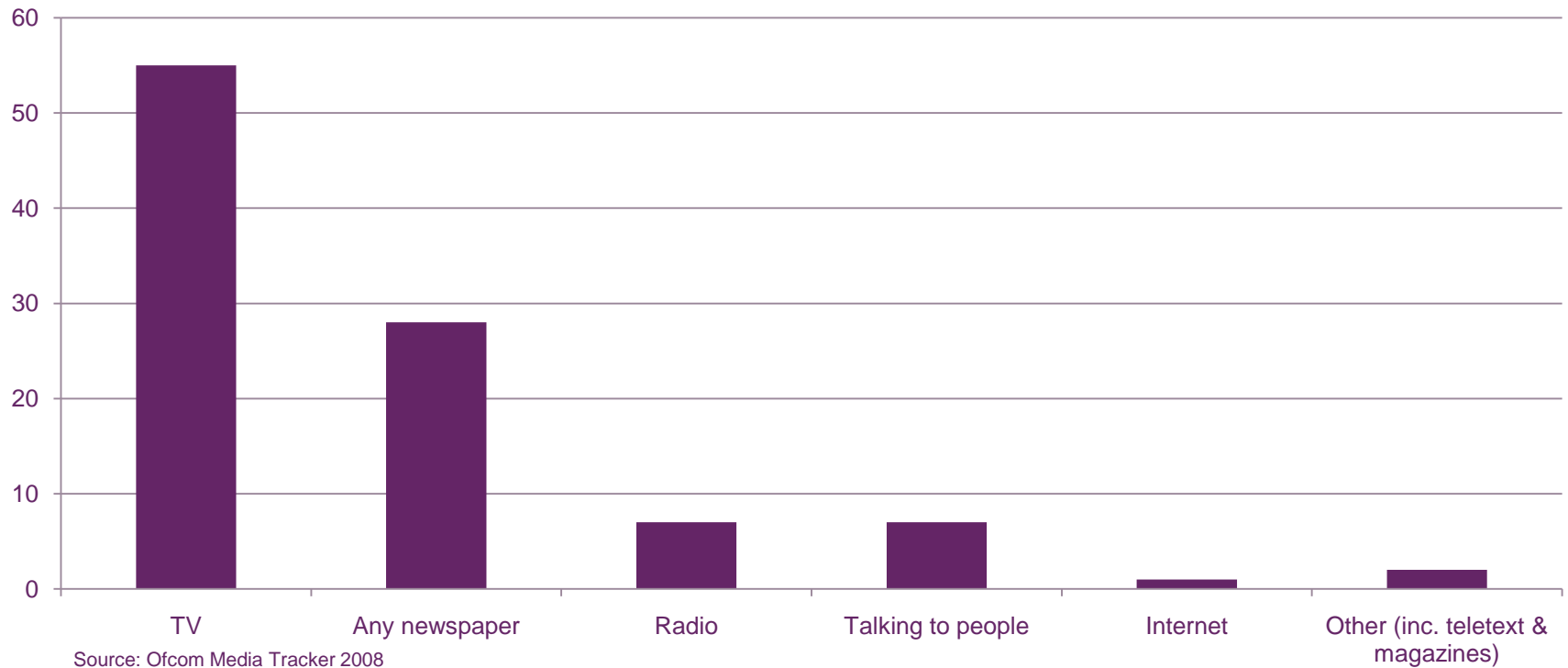
Which if any is your main source for information about local area?



Source: Ofcom's Media Tracker, rolled data from April and October 2008 compared to April data from 2009  
 Base: 2046 UK adults aged 15+

# TV is also particularly strong in Scotland as main source of local news

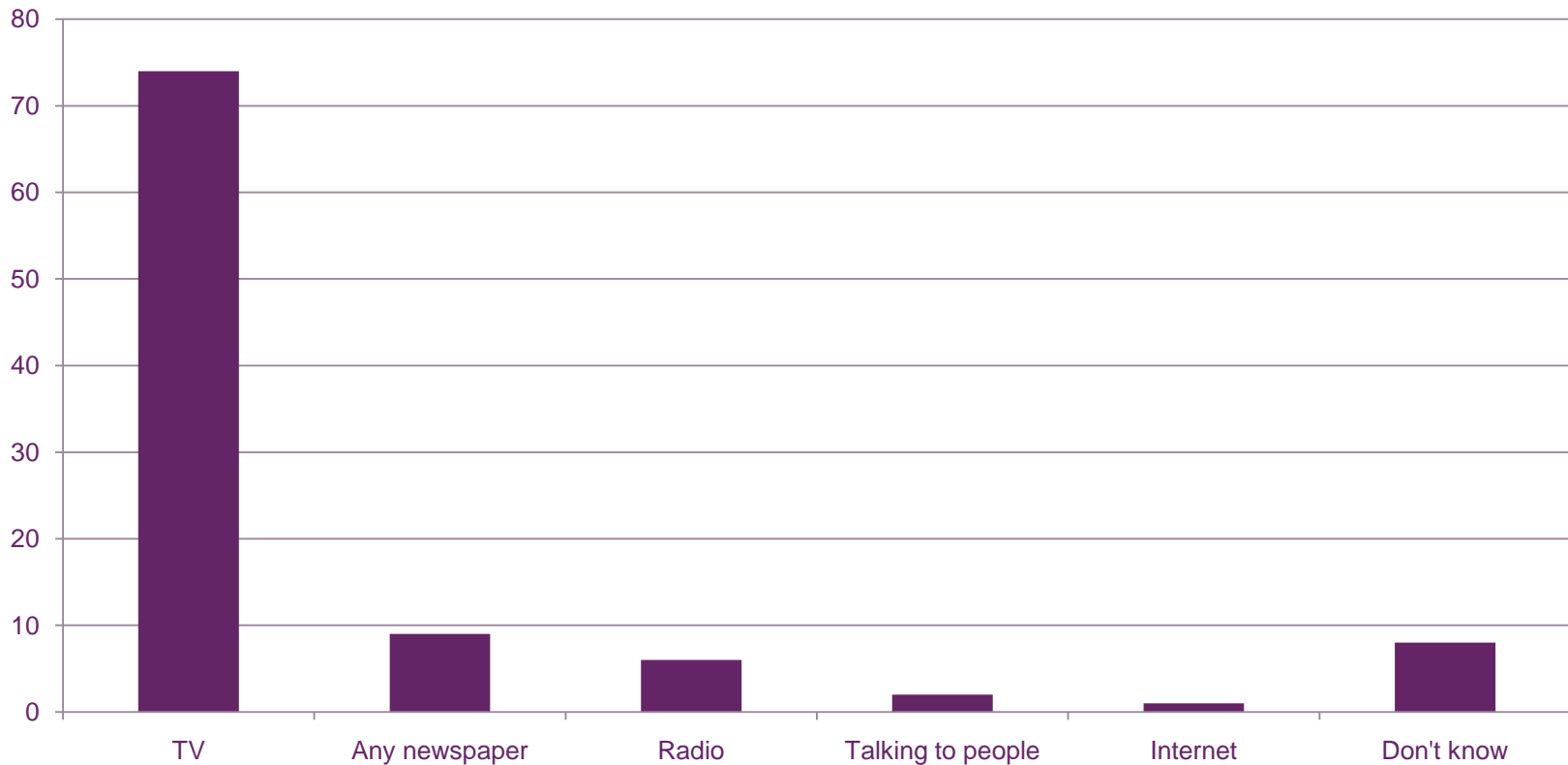
Main source of local news in Scotland



Source: Ofcom's Media Tracker, rolled data from April and October 2008 compared to April data from 2009  
 Base: 2046 UK adults aged 15+

# And over 70% use TV as main source of Scottish news

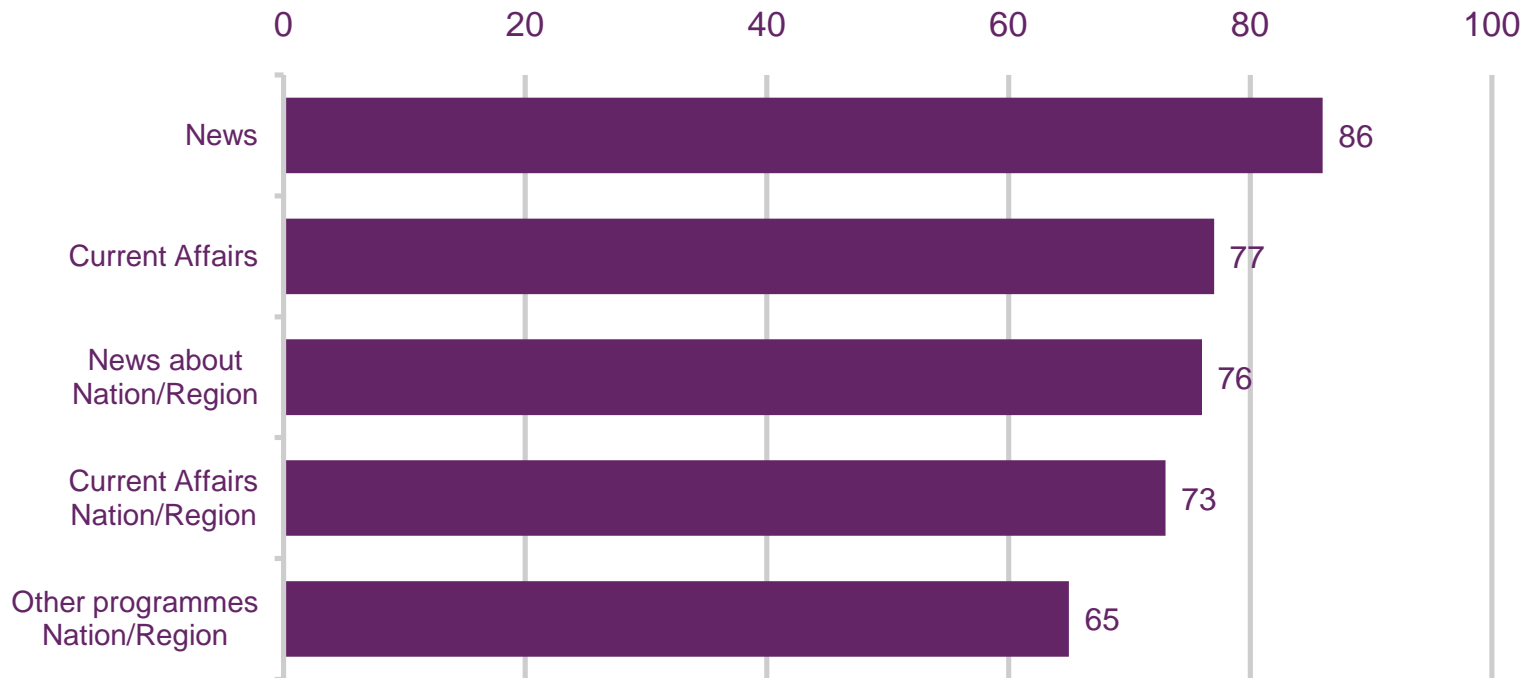
Main source of Scottish news in Scotland



Source: Ofcom's Media Tracker, rolled data from April and October 2008 compared to April data from 2009  
 Base: 2046 UK adults aged 15+

# We know that consumers value plurality in regionally based TV news

Percentage who state it is important to be on than more than one of the main channels



Source: Ofcom Research

# Both BBC and STV/Border licensees are important in delivering news for Scotland

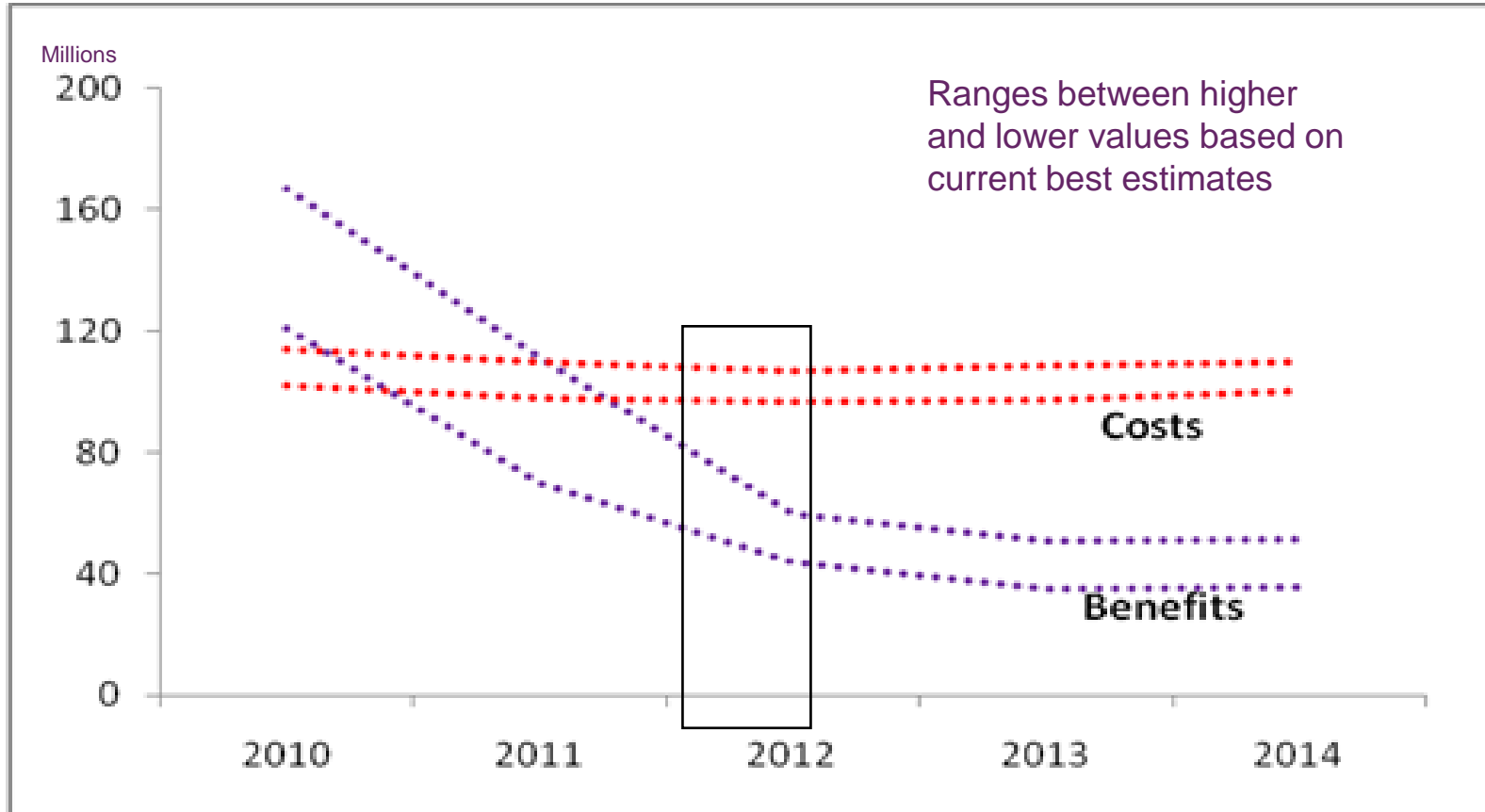
Share of early evening regional news bulletins, all homes in 2008



Source: BARB



# Our analysis shows that the Channel 3 licences could face a deficit of £38-64m by 2012



Deficit will affect different Channel 3 licensees at different times

Source: Ofcom

# Independently funded news consortia could deliver reach and impact but also greater localness and cross media news provision

## Reach

8.7m adults watch regional news on TV every night – more than early evening national news

## Localness

- Extend TV coverage beyond regional transmission footprint and share local news content

## Cross media provision

- Enhanced news services across range of different media platforms

A number of potential bidders have already emerged, including in Scotland



D C Thomson & Co Ltd

**NORTHCLIFFE MEDIA**

## A large number of stakeholders have responded to the DCMS consultation

- Plurality in regional TV news is important
- Additional funding may be required
- Support for IFNCs as a mechanism to achieve this – but was not universal
- Issues around governance, competition and accountability
- Issues in Scotland
  - Non-news as important as news Scottish audiences
  - Proposed level of funding may not be sufficient
  - Scottish Digital Network
  - 2011 Scottish elections

## There are 3 potential models for delivering local TV in the UK....

Networked service

- Similar to affiliate model in US

Standalone service

- Similar to current Channel M model

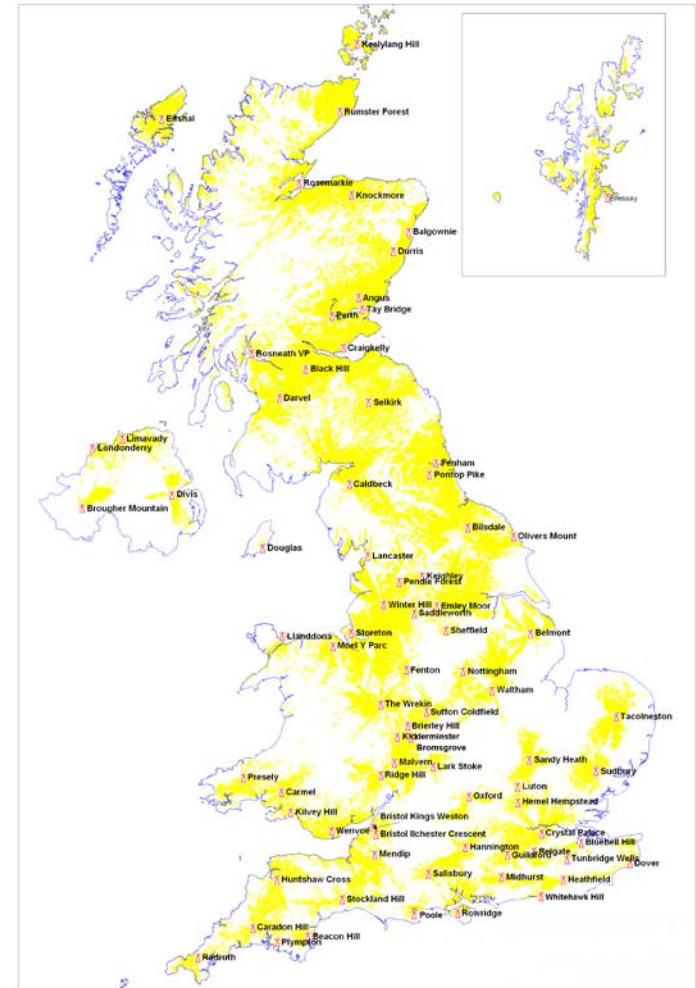
Hybrid service

- Characteristics of both

These could be provided by a range of organisations (including IFNC members) and carried on either an existing DTT multiplex or via spectrum released by DSO

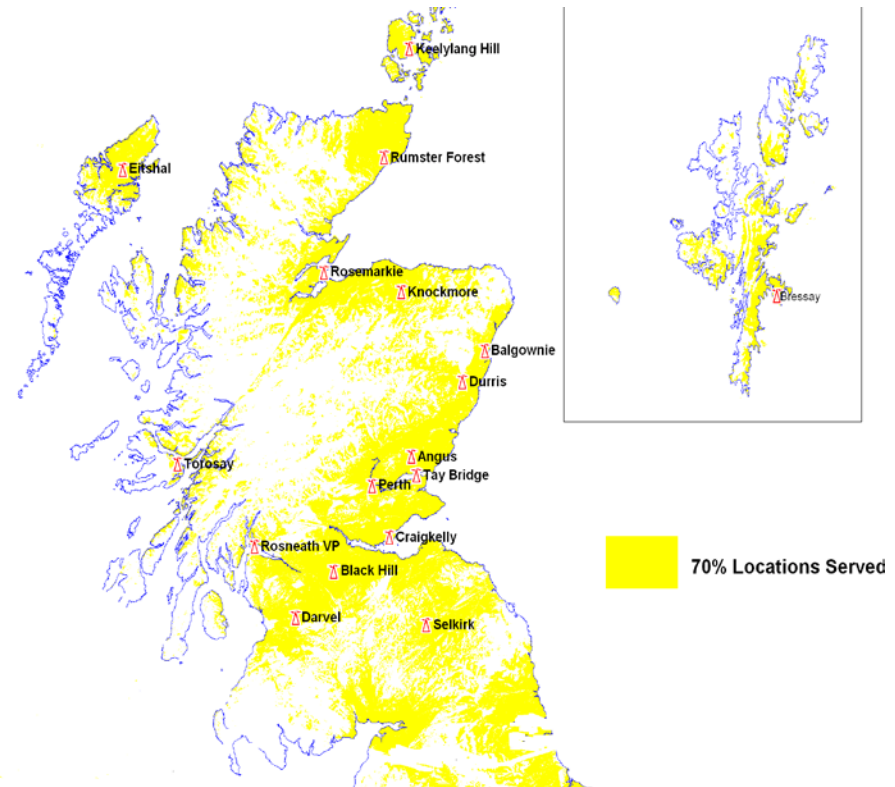
# Digital Switchover will create new opportunities for local TV

- Awareness of current services low and economics uncertain
- New spectrum available through digital switchover
- Up to 81 possible transmission sites
- Final spectrum awards dependant on international negotiations
- We aim to consult on uses of spectrum in due course



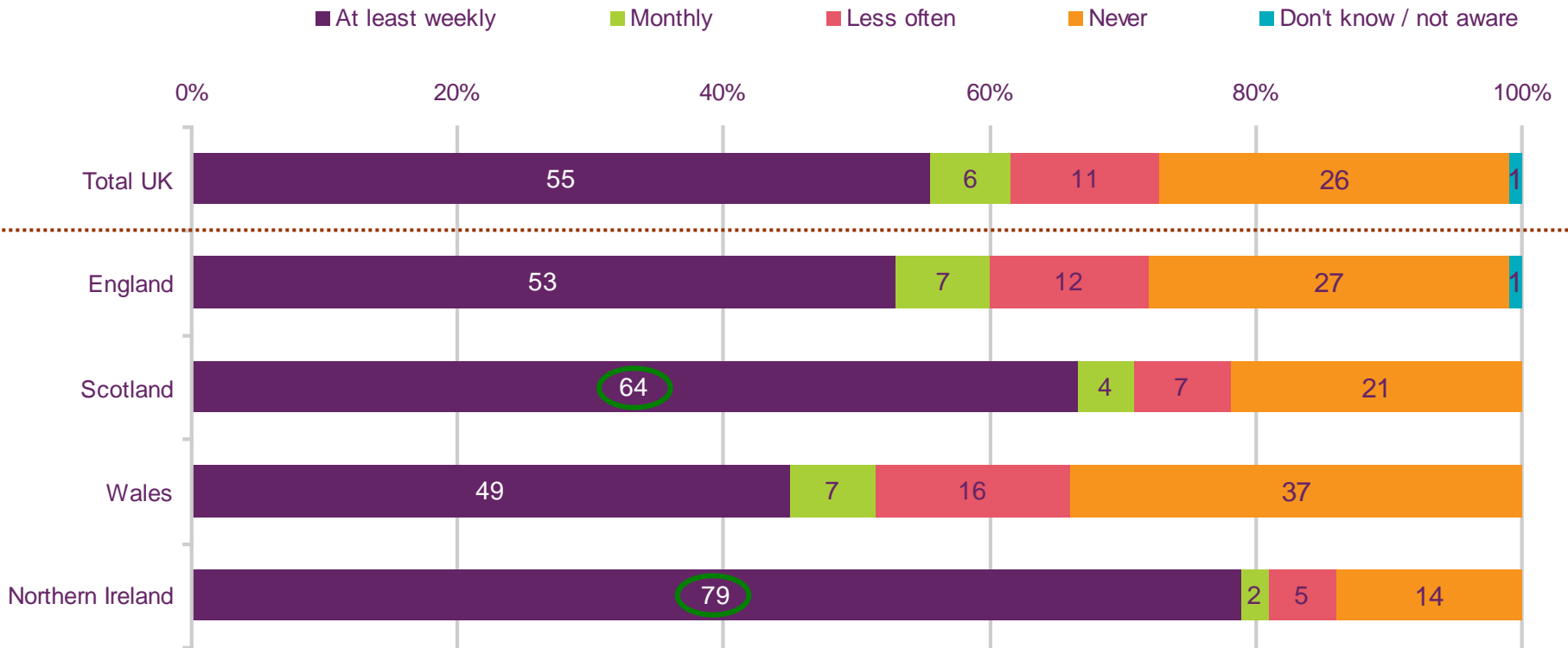
## DTT may also offer potential for pan-Scotland service

- More interleaved spectrum available in Scotland than other parts of UK.
- High interest in Scotland
- Several possibilities:
  - Pan Scotland
  - Glasgow and Edinburgh
  - Local TV services



# Local radio more frequently used in Scotland than across UK as a whole

Frequency of use of local radio – By country



Source: Q4 *How often do you do each of the following?* Base: UK adults (Total UK n=1034; England n=574; Scotland n=158; Wales n=156; Northern Ireland n=146)



# Our radio consultation seeks to balance regulation of localness against service viability

New UK-wide services

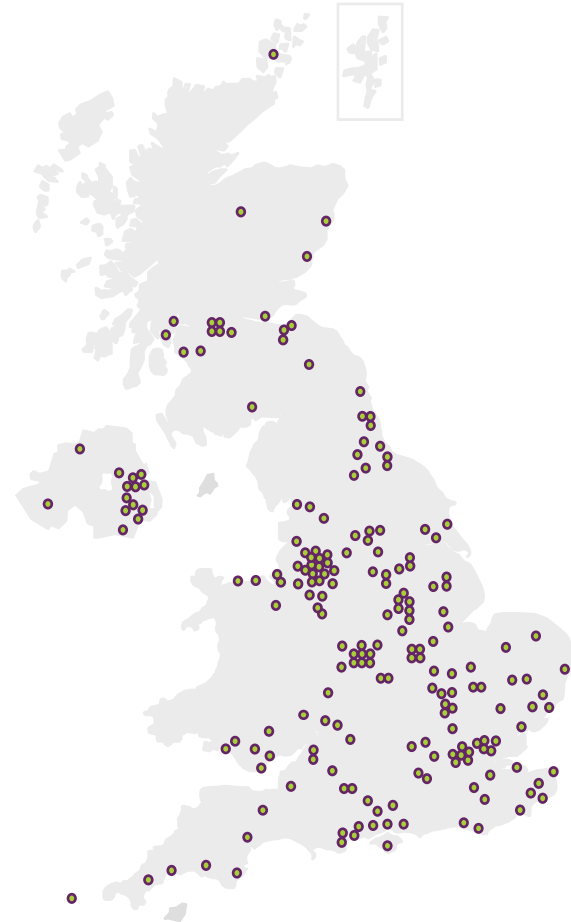
Sustainable tier with defined localness obligations

Small-scale stations

Changes to content regulation

## We also believe there are opportunities for building on the success of community radio

- Over 200 community radio stations licensed since 2004 and around 150 on air
- New opportunities for community media on internet
- Scottish Govt taking greater interest in this area



# The evidence supports liberalisation of radio and local cross-media rules

Radio ownership rules

- Remove rules altogether

Local cross-media ownership rules

- Relax rules

## We are currently finalising recommendations on media ownership rules

- Consultation over proposed recommendations: July-September
- Three respondents raised specific concerns for Scotland:
  - Consumer Focus Scotland
  - Ofcom's Advisory Committee for Scotland
  - Prof. Hutchison from Glasgow Caledonian University
- Main issues raised:
  - Media dominance at a Scottish level, including at a local level
  - Lack of involvement of devolved administration in application of the media public interest test.
- Next steps:
  - Report to Secretary of State by 13 November
  - Ultimately matter for Govt and Parliament

# We believe the future of the sector should be driven by the needs of citizens and consumers

## Current challenges

- Continued provision of regional news on Channel 3 in doubt
- Local commercial radio sector under pressure
- Small local TV sector
- Local and regional newspaper closures
- Limited visibility of community media sector



## Future opportunities

- More localised, cross-media service
- Reinvigorated and fit for digital age
- New opportunities on DTT
- A wide choice of content, available on traditional platforms and online
- Thriving community media sector

## Next Steps

- Digital Economy Bill
- Government leading on-going work on IFNC pilots
- Ofcom's Statement with recommendations on Media Ownership Rules – due to Secretary of State by 13 November
- Ofcom Consultation on DDR in due course