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

- MY COMMUNITY
- MY LOCAL AREA
- MY REGION
- MY NATION
- UK
### Local Media Snapshot: Glasgow

<table>
<thead>
<tr>
<th>Type of Media</th>
<th>Examples of Providers</th>
<th>Type of content available</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regional and Scotland-wide TV</td>
<td>• BBC Scotland&lt;br&gt;• STV</td>
<td>• BBC Scotland provides Scottish regional service&lt;br&gt;• STV news service covers central Scotland with sub-opt for Glasgow and surrounding area&lt;br&gt;• Gaelic content on BBC2, TeleG and BBC Alba</td>
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<tr>
<td>Local, regional and Scotland-wide radio</td>
<td>• BBC Radio Scotland&lt;br&gt;• Galaxy Scotland <em>(Global)</em>&lt;br&gt;• Real Radio Scotland <em>(GMG)</em>&lt;br&gt;• Clyde 1 <em>(Bauer)</em>&lt;br&gt;• Clyde 2 <em>(Bauer)</em>&lt;br&gt;• Rock Radio <em>(GMG)</em></td>
<td>• BBC Radio Scotland&lt;br&gt;• Galaxy and Real Radio are regional Scottish stations&lt;br&gt;• Clyde stations cover Greater Glasgow area&lt;br&gt;• Rock Radio coverage area focussed towards Paisley and Renfrewshire</td>
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<tr>
<td>Local, regional and Scotland-wide press</td>
<td>Papers include Glasgow papers and Scottish nations e.g. Daily Record&lt;br&gt;• Glasgow Evening Times <em>(Newsquest)</em>&lt;br&gt;• The Herald <em>(Newsquest)</em>&lt;br&gt;• Paisley Daily Express <em>(Trinity Mirror)</em>&lt;br&gt;• Paisley and Renfrewshire Extra <em>(Johnston Press)</em></td>
<td>• Glasgow Evening Times and The Herald’s editorial focussed on regional and national content&lt;br&gt;• Paisley Daily Express and Paisley and Renfrewshire Extra content focussed on Paisley</td>
</tr>
<tr>
<td>Local TV</td>
<td>None</td>
<td></td>
</tr>
<tr>
<td>Online</td>
<td>• 45 sites identified</td>
<td>• Multiple press and radio websites</td>
</tr>
<tr>
<td>Local Council</td>
<td>• Renfrewshire Magazine, published 4 times a year</td>
<td>• Council information and news&lt;br&gt;• No advertising</td>
</tr>
<tr>
<td>Community media</td>
<td>• Community radio: Sunny Govan</td>
<td>• Focused on Govan district of Glasgow&lt;br&gt;• Mixture of music and speech</td>
</tr>
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</table>
Consumption of local and regional media in Scotland differs from the rest of the UK

% Use at least weekly

Regional TV: 92% (UK), 91% (Scotland)
Local Radio: 55% (UK), 64% (Scotland)
Paid-for local newspapers: 41% (UK), 61% (Scotland)
Commercial websites: 22% (UK), 22% (Scotland)

Source: Ofcom Research
Local journalism is important because it underpins democratic participation in the UK.
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

- Regional/local news on TV: Do more - 18%, About the same - 75%, Do less - 6%, Don't know - 1%
- Local radio: Do more - 19%, About the same - 72%, Do less - 8%, Don't know - 1%
- Free local newspaper: Do more - 15%, About the same - 75%, Do less - 8%, Don't know - 1%
- Paid for local newspaper: Do more - 12%, About the same - 77%, Do less - 8%, Don't know - 2%
- Newspaper/radio websites: Do more - 43%, About the same - 49%, Do less - 6%, Don't know - 3%
- Community websites: Do more - 34%, About the same - 55%, Do less - 5%, Don't know - 3%

Source: Ofcom research
But the growth of the internet as an advertising medium has created challenges for the sector

Internet advertising spend by type at current prices, 2000 to 2008

- **Display**: £0.6 billion (40% CAGR)
- **Paid for search**: £2.0 billion (90% CAGR)
- **Other classified**: £0.7 billion (47% CAGR)

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)
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)
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

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

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

<table>
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<th>Programme</th>
<th>Percentage</th>
</tr>
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<tbody>
<tr>
<td>News</td>
<td>86</td>
</tr>
<tr>
<td>Current Affairs</td>
<td>77</td>
</tr>
<tr>
<td>News about Nation/Region</td>
<td>76</td>
</tr>
<tr>
<td>Current Affairs Nation/Region</td>
<td>73</td>
</tr>
<tr>
<td>Other programmes Nation/Region</td>
<td>65</td>
</tr>
</tbody>
</table>

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.
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

- **At least weekly**
- **Monthly**
- **Less often**
- **Never**
- **Don't know / not aware**

**Total UK**
- At least weekly: 55%
- Monthly: 6%
- Less often: 11%
- Never: 26%
- Don't know / not aware: 1%

**England**
- At least weekly: 53%
- Monthly: 7%
- Less often: 12%
- Never: 27%
- Don't know / not aware: 1%

**Scotland**
- At least weekly: 64%
- Monthly: 4%
- Less often: 7%
- Never: 21%
- Don't know / not aware: 1%

**Wales**
- At least weekly: 49%
- Monthly: 7%
- Less often: 16%
- Never: 37%
- Don't know / not aware: 1%

**Northern Ireland**
- At least weekly: 79%
- Monthly: 2%
- Less often: 5%
- Never: 14%
- Don't know / not aware: 1%

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