

Written evidence submitted by The News Media Association (the “NMA”)

The News Media Association (the “NMA”) is the voice of UK national, regional and local news media in all their print and digital forms - a £4 billion sector read by more than 46.1 million adults every month. Our members publish around 900 news media titles - from The Times, The Guardian, The Daily Telegraph and the Daily Mirror to the Manchester Evening News, Kent Messenger, and the Monmouthshire Beacon.

1. Background

- 1.1. In October 2022, the BBC announced cuts to local radio, and the creation of 11 investigative reporting teams across the country to provide more analysis of key local issues, including via online written news.¹ As part of a broader package detailed in ‘Across the UK’,² its proposed expansion, including the launch of new dedicated local online services for Bradford, Wolverhampton, Sunderland and Peterborough, is expected to result in a 77% uplift in local news content. This further encroaches into local news from an already damaging baseline.
- 1.2. It is not the first time the BBC has sought to expand further into local news. The BBC planned for a network of 65 local online video news sites, which had to be withdrawn 15 years ago when the BBC Trust and Ofcom found they would have had a significant negative impact on the commercial local news sector. The BBC subsequently pledged to be ‘never more local’, only for its ambitions for expansion into local news to emerge once again in the BBC Future of News report. Those plans were also thwarted but led to discussions between the BBC and NMA which resulted in the Local News Partnership (“LNP”) and Local Democracy Reporters Service (“LDRS”),³ which sees the BBC partnering with commercial publishers to create local news, rather than using public money to compete against them.
- 1.3. The BBC’s latest plans to expand into local news bypass the LNP and LDRS. Unsurprisingly, these plans have received fierce opposition from the local news media sector, those who value local radio and employees of the BBC. More broadly, it was reported that a BBC staff survey showed that only 13% of 1,480 BBC Local employees had confidence in the BBC’s executive team and its vision.⁴ Some 60% of those polled did not agree when asked if they understood why the BBC was changing its local output by switching resources from traditional broadcasting to digital.
- 1.4. We welcome the Public Accounts Committee’s interest in how the Across the UK plan could impact local creative economies. The BBC Charter requires the BBC to “*avoid adverse impacts on competition*” but in this case the guardrails which are supposed to protect commercial media from harmful market distortions by the BBC have completely failed.

¹ BBC, “[BBC local radio faces significant cuts to programming](#)”, 31 October 2022.

² BBC, “[The BBC Across the UK](#)”, March 2021.

³ BBC, “[Local News Partnerships](#)”, accessed 6 February 2024; BBC, “[Local Democracy Reporting Service](#)”, accessed 6 February 2024.

⁴ Deadline, “[BBC Staff Mocked Manager With Laugh Emojis As He Unveiled “Dreadful” Employee Survey Results](#)”, 24 May 2023.

2. Why are the BBC's plans so concerning for local publishers?

- 2.1. The BBC's dominant and influential stance within the news media landscape is underscored by the latest research findings from Ofcom's *'News Consumption in the UK: 2023'* report. Across platforms including television, radio, the news website, BBC Sounds, and BBC iPlayer, the BBC's news coverage collectively engages 73% of all UK adults.⁵ This is 31 percentage points higher than its closest competitor, ITV, and 36 percentage points higher than the collective reach of all Meta platforms (encompassing Facebook, Instagram, and WhatsApp) that serve as intermediaries for news access. The BBC is a publicly funded dominant market actor. It single-handedly surpasses the combined cross-platform reach of all NMA members included in Ofcom's dataset. Looking more specifically at consumers who use websites and apps for news, the BBC is the most utilised among them, reaching 58%.⁶ This figure nearly doubles the reach achieved by its closest contender, the global tech titan Google Search, which holds a 33% reach with respect to news content.
- 2.2. The BBC ought to reach people in the UK. However, it's crucial to consider that the BBC, the world's largest news brand,⁷ is entering further into a local market where commercial titles are grappling with concerns about sustainability. This concern is intensified when you consider the BBC's unique public financing and privileged position in the media landscape. A report by Enders Analysis published in August 2023 found that the commercial local news media sector is building confidence through innovation but a truly sustainable future would require a support framework from government, technology gatekeepers, investors and the public itself.⁸ Looking at the sector's relationship with the BBC, the report called for the sustainability of local media to be a *"recognised aim and preferred outcome within the BBC"* rather than *"a condition they respond to."*
- 2.3. To understand why, it is important to frame the BBC within the context of the news media ecosystem. As an increasing number of individuals turn to digital platforms for their news consumption, with approximately 64% relying on online intermediaries like Google or Facebook for access,⁹ the roles of these technological giants assume an even greater significance. These platforms are now gatekeepers to consumers, deciding whether, and which, news items are surfaced and to whom. Understandably, any reduction in visibility for commercial publishers leads to reduced advertising revenue and hampers the construction of sustainable subscription models. Compounding this issue further, commercial publishers also rely on the advertising intermediation services of platforms, where Google holds a strong position at each stage of the intermediation chain. Advertising intermediaries, on average, siphon off at least 35% of the advertising value procured through the open display channel—precisely the type of online advertising that sustains news creators.¹⁰ This dynamic contributes to why the average digital reader holds a value approximately eight times less than that of a traditional print reader.¹¹

⁵ Pg. 10, Figure 9, Ofcom, *"News Consumption in the UK: 2023"*, 20 July 2023.

⁶ Pg. 9, Figure 8, Ofcom, *"News Consumption in the UK: 2023"*, 20 July 2023.

⁷ Press Gazette, *"Top 50 Biggest News Websites in the World"*, last accessed 31 January 2024.

⁸ Enders Analysis, *"Signs of Local Life: A new phase for local media"* 2 August 2023.

⁹ Pg. 12 Ofcom, *"Media Plurality and Online News"*, 16 November 2022.

¹⁰ Pg. 9 the CMA, *"Online Platforms and Digital Advertising"*, 1 July 2020.

¹¹ Deloitte estimated that the industry's average annual revenue per print media user was £124 in 2016, compared to £15 per digital media user: See: Pg.5 Deloitte, *"UK News Media: an engine of original news content and democracy"*, December 2016; and Pg.37 Mediatique for DCMS, *"Overview of Recent Dynamics in the UK Press Market"*, April 2018.

- 2.4. Where a commercial publisher opts to increase advertising on their website to counter losses, it is likely to result in a lower ranking in search results. This is because faster loading times contribute to higher search result rankings, while advertisements tend to slow loading times. In this context, the BBC's advantage becomes clear. Without advertisements, and thus fast loading speeds, it escapes the trade-offs commercial publishers face. Its income, ensured by the Licence Fee, eliminates reliance on an unfair digital advertising market. Consequently, fluctuations in search visibility, such as where visibility is suddenly reduced by 50% overnight without any explanation, as experienced by commercial publishers, do not fundamentally shift the BBC's financial standing.
- 2.5. While subscription models have been proposed as an alternative funding model to advertising, the Digital News Report 2023 reveals the UK ranked joint-last amongst 20 countries in terms of consumers who paid for online news the previous year.¹² Specifically, only 9% of UK consumers pay for news compared to an international average of 17%. Publishers have shared that there exists limited incentive for consumers to pay for news when the BBC offers comparable content in substantial quantities, free of ads and subscription barriers.
- 2.6. The state of digital markets is so severe for news publishers that this has been the focus of several government reports, as well as being a driving force behind the Digital Markets, Competition and Consumers Bill. In other words, the BBC's privileged position allows it to weather the storm battering local commercial titles. It is now – in the commercial sector's hour of need – that it has chosen to expand beyond its partnerships to compete with local titles directly, compounding the problems already faced by local titles.

3. Does the BBC's expansion translate into commercial loss?

- 3.1. By its own estimates, with which we have serious concerns regarding the underlying methodology, the BBC's plans to expand further into local news will have a detrimental impact on commercial publishers to the tune of a £4.5 million loss in digital advertising revenue annually. This figure appears to be a significant underestimation, failing to encompass critical factors that could amplify the negative impact. For one, the calculation fails to consider lost revenue that results from the BBC's augmented local news offerings that in turn will disincentivise consumers from paying for news, for example. Regardless of whether we take this figure at face value or not, its significance remains substantial, and the BBC itself has provided evidence that its actions will harm the commercial sector.
- 3.2. In an environment where local publishers' profit margins are already strained to the limit, such a loss could potentially tip the scales and necessitate journalist redundancies as a survival strategy. It is crucial to note that the projected loss of £4.5 million per annum will likely not be uniformly distributed across the entire industry. Instead, it is more likely to be localised, concentrated in regions where the impact of the BBC's expansion is most pronounced. Therefore, titles operating in Bradford, Sunderland, Peterborough, and Wolverhampton may likely experience the brunt of this economic setback. For them, the BBC's conservative estimate is already significant; one which would reduce press plurality in the UK if the BBC's expansion pushed vulnerable publishers to closure.
- 3.3. The BBC's calculation serves as a reality check on its disingenuous claim that the BBC's presence in local news would act as a market expansion, benefiting all parties involved by

¹² Pg.18 Reuters Institute for the Study of Journalism, "[Digital News Report 2023](#)", June 2023.

growing the proverbial 'pie' rather than taking a slice away. However, the figures presented here reveal a different narrative—one that tacitly acknowledges the financial impact of the BBC's heightened involvement in local news on its commercial counterparts. This admission substantiates the reality that the presence of the BBC translates into diminished revenue streams for local commercial publications. An NMA survey of editors from its membership conducted between 29 August and 12 September 2023 found that 86 per cent of editors agreed that the BBC's plans to cut its local radio provision and expand its online local news content in competition with local newspaper sites will damage independent local journalism in the UK.

4. BBC Abuse of Market Power

- 4.1. Considering the BBC's privileged position and its expansion into vulnerable local markets, it is reasonable for the public to anticipate that the BBC would act as a responsible neighbour to local independent titles. Inflicting harm on local competitors is not conducive to a positive outcome for the UK taxpayer. However, the tactics employed by the BBC suggest a lack of intention to improve its conduct. Further to our concerns, we note a statement from Radiocentre on Wednesday 7 February on the BBC's plans to launch new brand extensions on DAB+ and BBC Sounds in which a Radiocentre spokesperson criticises the plans and accuses the BBC of *"attempting to compete directly with commercial radio stations, interfering with the market and failing to provide distinct public value."*¹³
- 4.2. The Charter explicitly outlines the BBC's obligation to *"show the most creative, highest quality and distinctive output and service."*¹⁴ It emphasises that the BBC's *"services should be distinctive from those provided elsewhere and should take creative risks, even if not all succeed, in order to develop fresh approaches and innovative content"*. The directive is clear; it should not duplicate content already being produced by commercial players, and most certainly should not be copying their content. Despite this mandate, the BBC falls short in this regard.
- 4.3. According to the BBC Online Local News Analysis, an independent report released in December 2023 and commissioned by the Department for Culture, Media and Sport ("**DCMS**"), approximately 42% of local news events were covered by both the BBC and commercial local news providers, with fewer than 2% of local news events covered by only the BBC.¹⁵ For local news events that were covered by the BBC (rather than all events covered by any provider), they were covered on average by three commercial news providers as well as itself. The report found that the BBC was the third or fourth outlet on average to report on each event, meaning it generally picked up stories after other outlets had published them.¹⁶
- 4.4. This evidence suggests that the BBC targets an audience already well-served and able to access the same content on commercial platforms, engaging in unfair competition with local titles. Leveraging its globally recognised brand and utilising public funds, the BBC provides a service similar to local titles, but with the added advantage of a subscription and ad-free model. We do not understand how this dynamic provides value to the UK taxpayer. We have

¹³ Radiocentre, "[Radiocentre Statement on BBC Radio Brand Extension Plans](#)", 7 February 2024.

¹⁴ 6(3), [Royal Charter for the continuance of the British Broadcasting Corporation](#), December 2016.

¹⁵ Pg.13 Alma Economics (commissioned by the Department for Culture, Media and Sports), "[BBC Online Local News Analysis](#)", December 2023.

¹⁶ Pg.15 Alma Economics (commissioned by the Department for Digital, Culture, Media and Sports), "[BBC Online Local News Analysis](#)", December 2023.

also heard anecdotally from editorial directors that, as it expands its local news services, the BBC has been poaching local journalists from commercial titles with higher salaries than those available in the commercial marketplace. The effect of this is hard to quantify but it most certainly represents a serious market distortion.

- 4.5. Compounding this issue, we have consistently called for better linking and attribution between the BBC and its competitors. Under the Operating Licence, the BBC must ensure that it provides adequate links to material provided by third parties.¹⁷ However, the BBC Online Local News Analysis report found that, of the 57,123 BBC articles in the report's dataset, 7% included links to other news providers. An Oliver Wyman report published in 2022 held that the BBC "*is not doing enough to support the commercial sector through article linking*".¹⁸ The BBC has chosen therefore to not pursue a relatively straightforward means of using its leverage to the benefit commercial providers, and instead draw readers to its own platforms.
5. **What should the BBC News website provide as a public service, where are the boundaries, and how should this remit be monitored?**
 - 5.1. **Build on partnerships with news publishers:** BBC investment in partnership schemes should be increased, building on the recognised success of the LNP and LDRS. If the BBC has the funds available to invest in 100 new digital community reporters, then it should invest that resource in the LNP scheme, alongside the existing 165 LDR reporters, so that these reporters are employed by commercial news publishers and the content produced can be shared with the BBC. The LDRS should become an independent scheme, not one controlled by the BBC.
 - 5.2. **Reach local audiences through existing news providers:** The BBC does not need to own all its own distribution and it should not waste licence fee payers' money by duplicating content already available elsewhere. Instead, it could reach audiences through others. It could retain its [larger regional 'rails'](#) based on its regional radio footprint, but should publish limited stories related to the broadcast output, while relying instead on the in-depth, quality coverage of local news provided by recognised local news publishers. Each of the BBC's 39 local radio stations could direct visitors to a news tab which takes them to a list of links to locally recognised news publisher sites, flagging the headline of the latest lead story for each local news site. It should apply its usual disclaimer: 'The BBC is not responsible for the content of external sites.'
 - 5.3. **Linking:** Traffic to commercial local news sites from web linking on BBC sites appears to be consistently poor; we attribute this in part to the poor quality and number of links from the BBC site, but also growth in mobile and app usage which is a less 'link-friendly' environment. While the BBC should prominently link to original source news content in its own reporting, the broader value of linking is diminished.
 - 5.4. **Stop competing with the commercial sector:** The BBC should focus on distinctive content and avoid soft news, comment and analysis online, such as human interest and entertainment stories, recipes, showbiz, long reads, Behind the Headlines, etc. – all of which are available elsewhere. Text news content should primarily replicate broadcast content, with few if any 'web only' articles published. Instead, it should promote and link to the

¹⁷ Pg.4 "[Operating Licence for The BBC's UK Public Services](#)", 23 March 2023.

¹⁸ Pg.53 "[Media Market Assessment](#)", October 2022.

wealth of existing feature content on news publisher sites. The BBC should withdraw the BBC News Daily email which directly competes with commercial alternatives. It should open BBC Sounds to include podcasts from commercial publishers.

- 5.5. **Promote and celebrate recognised news publishers:** The BBC should prominently feature commercial news publishers by creating dedicated sections on its website which showcase their content and drive traffic to their sites. Referral links should be included prominently in the BBC's news articles, directing readers to the sites of commercial news publishers for more information and more detailed reporting. This would complement improved attribution of original sources.
- 5.6. **Governance and monitoring:** The objectives and remit of the BBC's news operations should be reshaped to have an emphasis on news partnerships, collaborative working and content sharing, sourcing and attribution. There must be clear targets, timetables and accountability measures for delivering on cross-sector working. Specific controls around the scope of BBC news online are required. The BBC must commit to sourcing news content from existing news providers rather than replicating or repurposing their coverage, with annual monitoring by an external third party. Significantly tightened definitions of the scope of the BBC's online news services are required.
- 5.7. **Search:** The BBC should consider proactively downranking its search performance, especially in local news, so that the algorithms preference the original source of news stories and commercial providers over and above the BBC. As search provides a key discovery gateway and driver of traffic for news publishers, the BBC's dominant performance in search - for the reasons discussed above – actively damage commercial competitors ability to monetise digital audiences.
6. **Summary: The BBC has a unique and privileged place in the media landscape and with that power comes responsibilities. By beefing up its own local news services, in direct competition with commercial providers, the BBC is ignoring these responsibilities and instead risking the future sustainability of the local commercial sector. The industry's strength of feeling on this issue was seen in December last year when senior editorial directors from local publishers joined forces for an unprecedented joint call for the "neighbour from hell" BBC to abandon the plans.¹⁹ We do not understand how the BBC's ambition to compete with local publishers generates value for the UK taxpayer and we urge the Committee to make this point clear in its report.**

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¹⁹ News Media Association, "[Senior Local Editors Call On 'Neighbour From Hell' BBC To Rein In Local Expansion Plans](#)", 5 December 2023.