

MAPPING DIGITAL MEDIA: UNITED KINGDOM



Mapping Digital Media: United Kingdom

A REPORT BY THE OPEN SOCIETY FOUNDATIONS

WRITTEN BY

Des Freedman, Justin Schlosberg (reporters)

EDITED BY

Marius Dragomir and Mark Thompson (Open Society Media Program editors)

EDITORIAL COMMISSION

Yuen-Ying Chan, Christian S. Nissen, Dušan Reljić, Russell Southwood,
Michael Starks, Damian Tambini

The Editorial Commission is an advisory body. Its members are not responsible for the information or assessments contained in the Mapping Digital Media texts

OPEN SOCIETY MEDIA PROGRAM TEAM

Mejjinder Kaur, program assistant; Morris Lipson, senior legal advisor;
and Gordana Jankovic, director

OPEN SOCIETY INFORMATION PROGRAM TEAM

Vera Franz, senior program manager; Darius Cuplinskas, director

9 December 2011

Contents

Mapping Digital Media.....	4
Executive Summary.....	6
Context.....	9
Social Indicators.....	11
1. Media Consumption: The Digital Factor	13
1.1 Digital Take-up.....	13
1.2 Media Preferences.....	16
1.3 News Providers.....	20
1.4 Assessments	22
2. Digital Media and Public or State-Administered Broadcasters.....	25
2.1 Public Service and State Institutions	25
2.2 Public Service Provision.....	29
2.3 Assessments	31
3. Digital Media and Society.....	32
3.1 User-Generated Content (UGC)	32
3.2 Digital Activism.....	35
3.3 Assessments	37

4.	Digital Media and Journalism	39
4.1	Impact on Journalists and Newsrooms.....	39
4.2	Investigative Journalism.....	43
4.3	Social and Cultural Diversity	47
4.4	Political Diversity	49
4.5	Assessments	50
5.	Digital Media and Technology	52
5.1	Spectrum.....	52
5.2	Digital Gatekeeping.....	55
5.3	Telecommunications.....	56
5.4	Assessments	59
6.	Digital Business	60
6.1	Ownership.....	60
6.2	Media Funding.....	64
6.3	Media Business Models.....	67
6.4	Assessments	69
7.	Policies, Laws, and Regulators.....	71
7.1	Policies and Laws.....	71
7.2	Regulators	77
7.3	Government Interference.....	80
7.4	Assessments	82
8.	Conclusions.....	84
8.1	Media Today.....	84
8.2	Media Tomorrow.....	86
9.	Recommendations	87
	List of Abbreviations, Figures, Tables, Companies	90

Mapping Digital Media

The values that underpin good journalism, the need of citizens for reliable and abundant information, and the importance of such information for a healthy society and a robust democracy: these are perennial, and provide compass-bearings for anyone trying to make sense of current changes across the media landscape.

The standards in the profession are in the process of being set. Most of the effects on journalism imposed by new technology are shaped in the most developed societies, but these changes are equally influencing the media in less developed societies.

The **Mapping Digital Media** project, which examines the changes in-depth, aims to build bridges between researchers and policy-makers, activists, academics and standard-setters across the world. It also builds policy capacity in countries where this is less developed, encouraging stakeholders to participate and influence change. At the same time, this research creates a knowledge base, laying foundations for advocacy work, building capacity and enhancing debate.

The Media Program of the Open Society Foundations has seen how changes and continuity affect the media in different places, redefining the way they can operate sustainably while staying true to values of pluralism and diversity, transparency and accountability, editorial independence, freedom of expression and information, public service, and high professional standards.

The Mapping Digital Media project assesses, in the light of these values, the global opportunities and risks that are created for media by the following developments:

- the switchover from analog broadcasting to digital broadcasting,
- growth of new media platforms as sources of news,
- convergence of traditional broadcasting with telecommunications.

Covering 60 countries, the project examines how these changes affect the core democratic service that any media system should provide – news about political, economic and social affairs.

The aim of the Mapping Digital Media project is to assess the impact of these changes on the core democratic service that any media system should provide, namely news about political, economic and social affairs.

The **Mapping Digital Media** reports are produced by local researchers and partner organizations in each country. Cumulatively, these reports will provide a much-needed resource on the democratic role of digital media.

In addition to the country reports, the Open Society Media Program has commissioned research papers on a range of topics related to digital media. These papers are published as the **MDM Reference Series**.

Mapping Digital Media: United Kingdom Executive Summary

The United Kingdom has had one of the highest levels of digital television uptake in Europe. Take-up of digital television has increased by 7 percent year on year since 2005, reaching 93.1 percent of households by the start of 2011.

Freeview, launched in 2002, has been the main driver of digital television take-up. Providing more than 40 free digital television channels in addition to radio and interactive services, through a normal television aerial, Freeview is now the most widely used digital television service.

At the same time, take-up of internet at home has increased significantly, reaching 76 percent of households in 2011, driven by the rise in PC and laptop ownership as well as broadband rollout which now accounts for 96 percent of home internet connections. All socio-economic and income groups have shared in the internet take-up boom.

These dramatic trends have affected news production and consumption in ways that raise important questions about the democratic role of the media.

Despite frequent predictions to the contrary, television is still the most widely accessed and trusted news platform. Yet, young people and ethnic minorities are tuning in less to television news; and in the case of young people, news consumption generally is in decline. Research suggests that middle-aged groups consume terrestrial TV news in conjunction with a rich tableau of digital and traditional news sources, in accordance with daily uses and gratifications. But younger generations are increasingly tuning out of terrestrial television news.

Print news is in decline: recent data show a year-on-year fall in readership for all major titles. As readers and advertisers migrate to the internet, the corporate balance sheets of newspapers have plunged into ever deepening crisis. Consumption of radio news has also fallen in recent years.

User-generated content (UGC), the blogosphere and social networking have become the most popular new media activity in the UK. This activity may not have much to do with news, however. Of the top 20 websites visited in the UK, only two are dedicated news providers. On the whole, studies have found that online news is still accessed largely as part of a broader news diet and, notwithstanding growing numbers, it is accessed by fewer users and for much less time than most other online activities such as shopping, games and email.

A recent study of (partly) UK news content on Facebook, Myspace and YouTube, found that these sites function mainly as reflective communicative spaces rather than as primary sources of news. News provision online is dominated by an emerging oligopoly of online content providers and aggregators such as the BBC, the *Daily Mail*, the *Guardian*, Google, Yahoo!, AOL and MSN. The fact that these latter sites rely almost entirely on newswire copy further undermines the claim that the UK is enjoying a golden age of news diversity.

News participation online continues to be marginal, by any definition. Most traditional news sites accommodate social media feeds into their pre-established news agendas, only very occasionally significantly altering their reporting frames.

The exception is Twitter, which has become a growing source of breaking news stories. A study of communication during the 2010 election campaign concluded that “Twitter cemented its place as a core tool of communication amongst political and media elites.”

The BBC is the dominant news provider across all platforms. Overall, the data suggest that it still holds a competitive edge over multi-channel news offerings. Furthermore, the BBC’s key role in digital switch-over has kept it at the cutting edge of digital innovation. Digitization has, on the whole, greatly expanded and diversified the BBC news output, and the success of its online operation has gone some way to plug the public service gap in digital media.

However, there are concerns over news quality. Despite accusations of “dumbing down” its news, the evidence suggest that the BBC operates instead a news “hierarchy”, with analysis and context increasingly restricted to flagship broadcasts with elite and relatively small audiences. Senior reporters and correspondents speak of a more directed and less questioning journalistic climate, fostering self-censorship and excessive editorial control, exacerbated by increasing resource constraints.

Away from the BBC, concerns over news quality take a different form. News in the UK is increasingly available to people anywhere and at any time, but it is increasingly clear that digital media are super-serving a minority of interested and engaged citizens. Digitization has brought benefits to investigative journalism. In practice, however, investigative journalism has become increasingly restricted to an elite tier of news outlets.

This trend begs a crucial question: can public interest journalism serve its democratic purpose if it does not reach a critical mass audience?

Journalism in the UK faces an unprecedented crisis, which has been manifest partly in the increasing homogenization of content. There has been a growth in recycled reports and “second-hand” stories in which news outlets become sources for other providers. Real-time journalism is associated with a reduction in the availability of verifiable information and a corresponding explosion of information “noise”. With news providers extending their services at ever lower costs, this has the paradoxical effect of diversifying news services whilst homogenizing news content.

In terms of policy-making in the digital environment, the key step in the UK was the establishment of Ofcom in 2003 as a response to converging media markets and to the need for a co-ordinated regulatory framework. While Ofcom has won plaudits for its research and standard-setting work, it has shown—whatever the current government may say to the contrary—a tendency to under-use rather than abuse its powers, to the detriment of the consumer and public interest.

Overall, this research shows that near universal digital media access has yielded broad benefits for citizenship and democracy. But key areas of concern have emerged that continue to pose threats to independence, plurality and diversity. These include sustained financial crises within regional and local media, public service broadcasting, and the press sector at large; acute sites of cross media concentration; and persistent digital divides in terms of access to “quality” output.

In this context, the report calls on policymakers to consider new funding options and structures to safeguard the future of public-interest oriented news. This should include the introduction of levies on the profits of the largest commercial communications companies, as well as the involvement of civil society groups and local communities, working alongside professional journalists, to create sustainable and relevant news organizations.

Future communications regulation and legislation should be based not simply on enhancing the commercial prospects of media organizations but on checking unaccountable formations of power which may inhibit the production and circulation of well-resourced, independent and investigative news. This is likely to require addressing the potentialities of new platforms and modes of collaboration to sustain an environment in which the news needs of the widest number of people are met.

Context

The United Kingdom comprises the national regions of England, Wales, Scotland, and Northern Ireland. All except England have devolved governments with differing legislative powers. It has a multicultural population of 61 million that is ageing rapidly, although this has been to some extent checked in recent years by EU migration.

The UK economy is dominated by the service sector and has a relatively large trade deficit in manufacturing. It is also one of the most deregulated economies in the European Union and is ranked by the World Bank as the fourth most “business friendly” economy in the world. Despite this, there has been a steep decline in direct foreign investment since 2007.¹ The economy’s dependence on global trade and the City of London rendered it acutely vulnerable to—and implicated in—the global financial crisis of 2008.² As a result of the economic stimulus package and bank bailouts that followed, the UK public debt ballooned to just under 65 percent of GDP in 2010 (compared to 35 percent in 2007) with a budget deficit of £7.1 billion.³ This prompted an unprecedented regime of public spending cuts in the midst of a fledgling economic recovery.⁴

The cuts were announced following a general election in 2010 that resulted in a hung parliament and a coalition government formed by the Conservative and Liberal Democrat parties. Given that the UK electoral system is “first-past-the-post,” not based on proportional representation, this outcome reflected fundamental divisions in the electorate, with a clear potential to create political instability. This potential was evident in the public unrest that surfaced at the end of 2010, primarily in response to dramatic cuts in funding higher education.

-
1. The World Bank, *Foreign direct investment, net inflows*, Washington, D.C., 2010, available at <http://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD> (accessed 20 December 2010).
 2. B. Masters, “Lehman job losses hit ailing UK economy,” *Financial Times*, 15 September 2008, available at <http://www.ft.com/cms/s/0/7484e30c-8369-11dd-907e-000077b07658.html>.
 3. Office for National Statistics, *Public Sector Finances*, London, 2010, available at <http://www.statistics.gov.uk/ci/nugget.asp?id=206> (accessed 20 December 2010).
 4. BBC, “UK unemployment total increases to 2.5m,” BBC News, 15 December 2010, available at <http://www.bbc.co.uk/news/business-11998364> (accessed 15 December 2010).

Significant social unrest followed in 2011, manifested acutely in the riots that swept through London and other urban centres in June. Though widely characterized as opportunistic and apolitical, in light of the widespread looting that followed, the riots were initially sparked by local outrage over the fatal shooting by police of an apparently unarmed suspect. They also came at the heels of a string of high-profile scandals over the past two years exposing corruption in Parliamentary finances (widespread expense fraud by elected politicians), the Royal Family (the Duke of York's close relationship with several dictators as Britain's unofficial trade ambassador), and most endemically, the tabloid media and police (the *News of the World* phone hacking scandal and alleged complicity by police and politicians in a subsequent cover-up).

This drew an unprecedented response from News Corporation—the parent company of the *News of the World*—which closed down the paper and withdrew its bid to buy out the remaining shares of BSkyB (in which it already has a controlling interest). Policymakers for their part initiated an equally unprecedented response in both the number and the scope of reform initiatives. At the centre of these is the ongoing Leveson Inquiry into the ethics and practices of the press.⁵ Although the outcome of the Inquiry and other initiatives remain uncertain, British journalism is arguably at a crossroads and facing substantive reform.

5. The Leveson Inquiry into the Culture, Practice and Ethics of the Press. The official site is at <http://www.levesoninquiry.org.uk/> (accessed 9 December 2011).

Social indicators

Population (number of inhabitants): 61.6 million

Number of households: 25.6 million

Figure 1.

Rural/urban breakdown (% of total population)

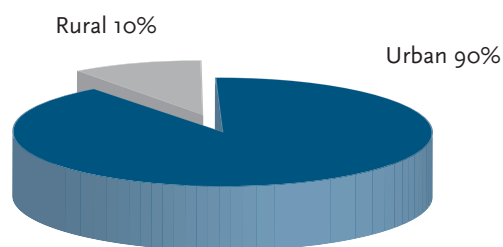
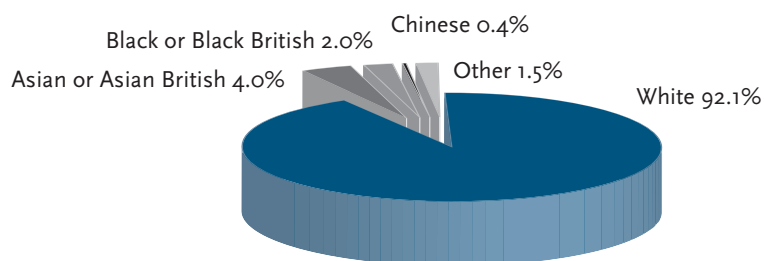


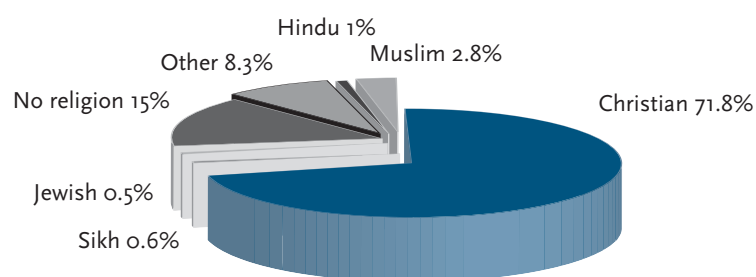
Figure 2

Ethnic composition (% of total population)



Linguistic composition (% of total population): English is the only official language.

Figure 3
Religious composition (% of total population)



Sources: Social indicators from ITU and Office of National Statistics (ONS), and most recent national census (2001).

Table 1
Economic indicators, UK: 2005–2012

	2005	2006	2007	2008	2009	2010	2011	2012
GDP (current prices) (US\$bn)	2,282.89	2,447.68	2,812.05	2,679.01	2,178.86	2,258.57	2,395.48	2,497.56
GDP (US\$ current prices), per head	20,818.39	21,924.89	23,039.69	23,554.13	22,536.24	23,540.13	24,435.36	25,306.64
Gross National Income (GNI), current US\$, per capita	33,280	35,120	36,270	38,050	37,230	n/a	n/a	n/a
Unemployment (% of total population)	4.792	5.4	5.395	5.551	7.453	7.876	7.386	6.545
Inflation (average annual rate, % against previous year)	2.041	2.3	2.346	3.629	2.12	3.078	4.5	2.4

Sources: International Monetary Fund (IMF), except GNI data from the World Bank.

1. Media Consumption: the Digital Factor

1.1 Digital Take-up

1.1.1 Digital Equipment and Literacy

Table 2

Households owning communications equipment in the UK, 2006–2010

	2006		2007		2008		2009		2010	
	HH (m)	% of THH	HH (m)	% of THH	HH (m)	% of THH	HH (m)	% of THH	HH (m)	% of THH
TV set	25.3	97.7	25.6	97.3	25.9	97.4	26.0	97.0	26.2	96.7
Radio set	25.6	99	26.0	99	26.3	99	26.5	99	n/a	n/a
PC	17.9	69	18.7	71	19.7	74	20.4	76	20.9	77

Sources: Office of Communications (Ofcom), *Consumer Market Reports*, London, 2006–2010; Rajar, *Television Ownership in Private Domestic Households 1956-2011*, available at <http://www.barb.co.uk/facts/tv-ownership-private?s=4> (accessed 6 December 2011).

Notes: HH: households; THH: total households; TV: Television; PC: personal computer; n/a: not available.

Use of digital media has become both widespread and multifarious among UK households. In a 2010 consumer survey, 79 percent of respondents attested to having accessed digital media in the past month.⁶ The rise in digital media has been experienced across all demographics but there remain significant divides, particularly in the arenas of media literacy and the quality of access. According to 2010 research by Ofcom, the converged regulator which regulates television, radio, fixed-line telecommunications, and mobiles, as well

6. KPMG, *Time is Money: The digital dilemma continues*, London, 2010, p. 6 (hereafter, KPMG, *Time is Money*), available at www.kpmg.co.uk/pubs/KPMG_Media_Entertainment_2010.pdf (accessed 2 December 2010).

as the airwaves, users who experience difficulty with various digital media are most likely to be over 75 or in the lowest socio-economic and income groups.⁷ In terms of news, traditional platforms remain dominant, although half of television news viewers access services associated with digital transmission.⁸ These include 24-hour news channels, foreign news channels, and interactive or on-demand news services.

1.1.2 Platforms

Table 3
Platform penetration in UK, 2006–2010

	2006		2007		2008		2009		2010	
	No. of HH (m)	% of TV HH	No. of HH (m)	% of TV HH	No. of HH (m)	% of TV HH	No. of HH (m)	% of TV HH	No. of HH (m)	% of TV HH
Terrestrial reception	13.1	51.7	12.7	49.5	12.8	49.9	12.3	47.8	11.9	44.0
of which digital	7.7	30.4	9.6	37.4	9.9	38.6	10.1	39.2	10.1	37.3
Cable reception	3.4	13.4	3.5	13.7	3.3	12.9	3.2	12.4	3.4	12.6
of which digital	3	11.8	3.3	12.9	3.3	12.9	3.2	12.4	3.4	12.6
Satellite reception	8.8	34.7	9.4	36.7	9.5	37.0	9.8	38.1	11.3	41.7
of which digital	8.8	34.7	9.4	36.7	9.5	37.0	9.8	38.1	11.3	41.7
IPTV	0.04	0.2	0.04	0.1	0.07	0.2	0.45	1.9	0.47	1.9
Total	25.3	100.0	25.6	100.0	25.7	100.0	25.8	100.0	27.1	100.0
of which digital	19.5	77.1	22.3	87.1	22.8	88.6	23.6	91.6	25.27	93.5

Sources: Ofcom, *Television Update*, Q4 2006–2010.

Notes: IPTV: Internet Protocol Television.

Table 4
Total internet subscriptions as % of total population and mobile phone connections as % of total population in UK, 2006–2010

	2006	2007	2008	2009	2010
Internet	28.1	29.8	30.1	31.0	32.9
of which broadband	76.2	85.6	93.0	95.2	95.4
Mobile telephony	115.2	120.5	124.5	129.5	130.1
of which 3G	11.4	17.7	25.4	33.6	40.9

Source: Ofcom, *Communications Market Report 2011*, p. 245, available at http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr11/UK_CM_R_2011_FINAL.pdf (accessed 6 December 2011). (3G—or “Third Generation”—refers to mobile phone subscriptions with access to data communication at broadband speed.)

7. Ofcom, *The Consumer Experience*, London, 2010, p. 52 (hereafter, Ofcom, *The Consumer Experience*, 2010), available at <http://stakeholders.ofcom.org.uk/binaries/research/consumer-experience/tce-10/consumer-experience-10.pdf> (accessed 9 December 2010).

8. Ofcom, *New News, Future News: The challenges for television news after Digital Switch-over*, London, 2007 (hereafter, Ofcom, *New News, Future News*), available at <http://stakeholders.ofcom.org.uk/binaries/research/tv-research/newnews.pdf> (accessed 10 September 2010).

1.1.2.1 Digital Television

The overall take-up of digital television has been rapid in the UK, and has increased significantly year-on-year since 2005, reaching 93.1 percent of households in 2011.⁹ Digital satellite began in 1998 and analog satellite services were discontinued in 2001. Cable television services continue to exist in analog form although usage has declined to the extent that digital is the near universal mode of access among cable consumers.¹⁰

In 2002 digital terrestrial services were launched in their current form, as Freeview, providing more than 40 free digital television channels in addition to radio and interactive services, through a normal television aerial. This has been the main driver of digital television take-up with a comparatively small increase in satellite subscription since 2003.¹¹ It is now the most widely used digital television service,¹² and by 2008 the UK had the highest levels of digital television uptake in Europe.¹³ This is at least partly attributable to the British Broadcasting Corporation (BBC)'s lead role in driving switch-over, building a network of digital transmitters as part of its 2006 Charter Renewal. But it also owed much to the work of the market built on the spectrum allocation policies mentioned above.

1.1.2.2 Digital Radio

In contrast, radio switch-over policy has been less successful, with digital accounting for just over a quarter of radio listening hours in 2011.¹⁴ Much of this is down to the slow migration rate of broadcasters facing high fixed costs and falling revenues. Many of those providers who have invested in digital radio are paying dual transmission fees for broadcasting in both analog and Digital Audio Broadcasting (DAB). But equally significant has been a lack of perceived benefit over costs from the consumers' point of view. This has led some to question whether a digital radio switch-over is necessary or desirable.¹⁵ The Government's Digital Radio Action Plan nonetheless set a target date of 2015 for switch-over, subject to criteria designed to ensure that the process was consumer-led, including a requirement that digital platforms account for a minimum 50 percent of all radio listening.¹⁶

9. Ofcom, *Digital TV Update Q1 2011*, London, 2011, available at http://stakeholders.ofcom.org.uk/binaries/research/tv-research/tv-data/dig-tv-updates/Q1_2011_DTV_Update.pdf (accessed 8 December 2011).

10. Ofcom, *Communications Market Report: UK*, p. 39 (hereafter, Ofcom, *CMR*), available at http://stakeholders.ofcom.org.uk/binaries/research/cmr/cmr11/UK_CM_R_2011_FINAL.pdf (accessed 8 December 2011).

11. Ofcom, *The Consumer Experience 2009*, London, 2009, p. 39 (hereafter, Ofcom, *The Consumer Experience*, 2009), available at <http://stakeholders.ofcom.org.uk/binaries/research/consumer-experience/research09.pdf> (accessed 4 September 2010).

12. Ofcom, *CMR*, p.83.

13. Ofcom, *The Consumer Experience*, 2009, p. 38.

14. Ofcom, *CMR*, p. 157.

15. Consumer Expert Group, *Digital Radio Switchover: What is in it for consumers?* Report to the Department for Culture, Media and Sport (DCMS), London, September 2010, available at: http://www.vlv.org.uk/documents/DigitalRadioSwitchoverReportFinalfromDCMSAug10_000.pdf (accessed 10 September 2010).

16. DCMS/Department for Business, Innovation & Skills (BIS), *Digital Radio Action Plan*, DCMS/BIS, London, 2010 (hereafter, DCMS/BIS, *Digital Radio Action Plan*).

1.1.2.3 Internet

Take-up of internet at home has increased significantly in recent years, reaching 76 percent of households in 2011, driven by the rise in PC and laptop ownership as well as broadband rollout, which now accounts for the overwhelming majority of home internet connections.¹⁷ There has also been a concomitant upward trend in the use of the internet in any location and in the use of mobile broadband. Although the majority of internet usage is centered around social networking and blogging sites, more than a third is occupied by online news and more than a fifth by television/video-on-demand and downloaded music.¹⁸ Ofcom research suggests that those without internet access are more or less equally divided between “voluntary” and “non-voluntary” categories; the primary issue for the latter group remains affordability.¹⁹

1.2 Media Preferences

1.2.1 Main Shifts in News Consumption

News outlets have continued to proliferate since 2005 as a result of digital media expansion, and there have been corresponding changes in consumption habits. Broadly, the most significant changes have been a relatively steep decline in print news consumption and a moderate decline in radio news listenership, both of which have been somewhat offset by a small increase in television consumption and a larger increase in online news consumption. Nevertheless, the rise of digital media has exacerbated, if not precipitated, a crisis in funding for professional journalism (see section 6).

1.2.1.1 Online News

Research in 2006 found that the online news audience was increasing rapidly.²⁰ However, other research suggested that the increase in reading or downloading news online between 2003 and 2006 was marginal.²¹ Much of this discrepancy was attributable to the increasing difficulties in measuring and defining news, particularly in the context of social media. A broader categorization tends to result in more significant growth indicators, in line with the exponential rise of social networking sites and the blogosphere. As mentioned above, just over one third of new-media usage is taken up with online news excluding social networking and blogging sites, but current traffic reports suggest that of the top 20 websites visited in the UK, only one is a dedicated news provider.²²

17. Ofcom, *CMR*, p. 72.

18. KPMG, *Time is Money*, p. 5.

19. Ofcom, *Consumer Experience 2010*, pp. 47–51.

20. Ofcom, *New News, Future News*.

21. ONS, *Focus On the Digital Age*, London, 2007, p.11, available at http://www.statistics.gov.uk/downloads/theme_compendia/foda2007/FocusOnDA.pdf.

22. Experian Hitwise UK, *Data Centre—Top sites and engines*, updated weekly, available at <http://www.hitwise.com/uk/datacentre/main/dashboard-7323.html> (accessed 12 December 2011).

On the whole, studies have found that online news is still accessed largely as part of a broader news diet and, notwithstanding growing numbers, it is accessed by fewer users and for much less time than most other online activities such as shopping, games, and email. Ofcom noted that in 2010 only 2 percent of total internet time was taken up by news consumption. This contrasts, however, with the 37 percent of all adults who *say* they use the internet to “keep up to date” with news.²³ This suggests that although more people may access news, usage is blurred with other genres and consumption may be more superficial as a result. On the whole, users predominantly access online news sites that are run by traditional news providers,²⁴ and web searching itself tends to favor established sites in a “winner takes all pattern.”²⁵ Although the dominance of traditional news providers is not total, it is eclipsed only by an emerging oligopoly of online content aggregators such as Google, Yahoo!, AOL, and MSN.²⁶

1.2.1.2 Television News

Television is the most widely accessed and trusted news platform,²⁷ and consumption increased slightly between 2002 and 2006. Furthermore, the number of hours devoted to news on the five terrestrial public service broadcasting (PSB) channels increased from 2004 to 2010,²⁸ and audiences for weekday evening news shows have remained largely stable after a steady decline throughout the 1990s and early 2000s. This is at least partly attributable to the growth of 24-hour and foreign news channels accessible to digital viewers. Significantly, however, research across the board has found that young people and ethnic minorities are tuning in less to television news and, in the case of the former, consumption of news generally is in decline.

Qualitative research suggests a “backlash against excessive attention to celebrities at the expense of properly explaining news of more direct relevance to people.”²⁹ Although this finding applied to all demographic groups, the authors caution against drawing far-reaching conclusions, given that celebrity-led programs in general are nevertheless very popular. However, they argue that there “does seem to be genuine public resistance to some broadcasters’ belief that the key to public engagement with news and political news will be achieved via the medium of celebrity presenters or other celebrity involvement.”

1.2.1.3 National Press

The same research found that print news is in decline, a pattern reflected in recent data that show a year-on-year fall in readership for all major titles.³⁰ However, it is difficult to ascertain the role of digital media in this decline. The growth of online news consumption, particularly among younger groups, has likely played a part

23. Ofcom, *CMR*, pp. 210, 220.

24. I. Hargreaves and J. Thomas, *New News, Old News*, Cardiff University, Cardiff, 2002, p. 43 (hereafter, I. Hargreaves and J. Thomas, *New News, Old News*).

25. M. Hindman, *The Myth of Digital Democracy*, Princeton University Press, Princeton, NJ, 2009, p.132.

26. Content aggregators are websites that host news content provided by other sources.

27. I. Hargreaves and J. Thomas, *New News, Old News*, pp. 46, 74.

28. Ofcom, *CMR*, p. 127.

29. I. Hargreaves and J. Thomas, *New News, Old News*, p. 77.

30. O. Luft, “ABCs: Times drops below 500,000 as all titles suffer falls,” *Press Gazette*, 10 September 2010, available at <http://www.pressgazette.co.uk/story.asp?sectioncode=1&storycode=45988&c=1> (accessed 20 September 2010).

in accentuating a long-term decline in newspaper circulation. At the same time, migration of advertisers to online search engines has left print outlets facing a double-edged assault on revenues. But the decline has also been greatly exacerbated by the financial crisis, which has combined with changing consumption patterns to create the “perfect storm” for the newspaper industry.³¹

1.2.1.4 Local and Regional Press

Structural decline in newspaper circulation has had a disproportionate impact on the local and regional press.³² However, there is evidence to suggest that it owes as much to market consolidation as to crisis (whether wrought by digitization or sustained economic recession). Prior to its economic woes, Trinity Mirror Group, which had fast become the largest owner of local and regional news titles in the UK, axed 300 jobs “in spite of a buoyant market.”³³ Such cuts may have more to do with the commercial opportunities presented by technological change than with the risks, as well as scale economies derived from mergers and acquisitions.

1.2.1.5 Radio News

Consumption of radio news has also experienced a decline in recent years, and this is in tandem with a slight fall in radio listening hours generally, although the number of people listening to the radio actually reached a new high in 2010.³⁴ This was in part driven by the proliferation of devices, platforms, and services associated with digital delivery (there has been a marked growth in the use of podcasts and internet radio, for instance). As with online news, the significance of news delivery via radio is difficult to define and measure. Although music and light-entertainment genres dominate listening hours, much of this is interspersed with regular news bulletin updates in accordance with license regulations. Furthermore, much of talk radio has a news and current-affairs basis, even if it is not branded as such. Ofcom’s research into local radio in 2009 found that news was the most valued radio service among listeners, particularly among older age groups.³⁵

1.2.2 Availability of a Diverse Range of News Sources

Clearly, the proliferation of news outlets associated with digital media development has, in one sense at least, dramatically enhanced the diversity of news services available. This is perhaps reflected most significantly in the growth of 24-hour and foreign news channels, which have particularly strong reach among ethnic minority audiences.³⁶ In addition to the regulated news bulletins and analysis programs on the five terrestrial channels, digital television viewers now have access to at least two UK-based 24-hour news channels, and premium satellite and cable subscriptions come with a range of international news services.

31. R. Greenslade, “We journalists are not to blame for the decline of newspapers,” the *Guardian*, 3 October 2008, available at <http://www.guardian.co.uk/media/greenslade/2008/oct/03/1> (accessed 20 September 2010).

32. Structural decline refers to a long-term fall in circulation related to market changes caused by factors such as technology development and ownership consolidation, rather than recessionary pressures.

33. R. Morrison, “Stop press: the sad decline of local newspapers,” the *Times*, 28 February 2006, available at http://www.timesonline.co.uk/tol/comment/columnists/richard_morrison/article735589.ece (accessed 14 September 2010).

34. Rajar, “Rajar Data Release – Quarter 2, 2010,” news release, London 2010, p. 1, available at http://www.rajar.co.uk/docs/news/data_release_2010_Q2.pdf (accessed 12 September 2010).

35. Ofcom, “Ofcom deregulates commercial local radio,” news release, London 2010, available at <http://media.ofcom.org.uk/2010/04/15/ofcom-deregulates-commercial-local-radio/> (accessed 4 October 2010).

36. Ofcom, *New News, Future News*, p. 63.

A diversity of news services, however, is not necessarily matched by diversity in news content. In television news, commentators point out that proliferation has resulted, paradoxically, in homogenization of content as news broadcasters increasingly resort to herd behaviour.³⁷ According to Alex Thomson, chief correspondent at *Channel 4 News*: “It’s about the institutional insecurity of a business that’s seeing its audiences diminish because they’re fragmenting, because advertising’s fragmenting. This has led, in my view, to a profound lack of confidence and, consequently, too many news programs are chasing the same stories, the same agenda, almost in the same order very often.”³⁸

The point here is not about a decline in news audiences *en masse* but that individual broadcasters have faced the prospect of declining audiences and advertisers as a result of increased competition. This has led to an atmosphere of insecurity in which news broadcasters become more averse to the risks associated with original content. This has had a particularly acute impact on regional television news. In 2008, Ofcom approved ITV plans to reduce its public service commitment to local and regional programming, including an overall reduction in news minutage. However, it should be noted that audiences for weekday evening news shows on BBC1, ITV, Channel 4, and Five have remained relatively stable over recent years, following a steady decline throughout the 1990s and early 2000s.³⁹ This suggests that the impact of multi-channel competition may have leveled off.

Analysis of the print sector demands a similar distinction between the quantity of different news services available, and the diversity of news content. Despite wholesale closure of local newspapers in recent years,⁴⁰ major urban centers have actually seen a rise in the number of daily papers on offer, primarily as a result of the burgeoning “free-sheet” market. Studies of newspaper content have, however, revealed increasing homogenization associated with the declining resources available to professional journalists. This has seen a marked growth in recycled “second-hand” stories, as well as straightforward publication of newswire copy and press releases.⁴¹

The same cannot be said of online news, which does support a wealth of alternative and niche news voices. From the point of view of consumption, the internet offers endless opportunity for news selection which may be said to enhance diversity in the sense that it enables users to tailor their news according to individual interests. In another sense, this can limit diversity by fostering a “daily me” diet of news which ensures that particular niche categories attract a progressively *less* diverse audience.⁴² However, news diversity online is primarily associated with the rise of user-generated content (UGC), the blogosphere and social networking,

37. N. Fenton (ed.), *New Media, Old News: Journalism and Democracy in the Digital Age*, Sage, London, 2010 (hereafter, N. Fenton (ed.), *New Media, Old News*).

38. Interview with Alex Thomson, Chief Correspondent at Channel 4 News, London, 16 August 2010 (hereafter, Interview with Thomson).

39. Ofcom, *Public Service Broadcasting: Annual Report 2009*, London, 2009, p. 76, available at <http://stakeholders.ofcom.org.uk/binaries/broadcast/reviews-investigations/psb-review/psbrpt.pdf> (accessed 14 September 2010).

40. “Newspaper closures: Stop press,” the *Guardian*, 25 August 2009, available at <http://www.guardian.co.uk/media/2009/aug/25/local-newspaper-closures> (accessed 9 October 2010).

41. N. Davies, *Flat Earth News*, Chatto & Windus, London, 2008 (hereafter, N. Davies, *Flat Earth News*).

42. C.R. Sunstein, *Republic.com 2.0*, Princeton University Press, Princeton, 2007.

which have fast become the most popular new-media activities in the UK.⁴³ Such activities provide non-traditional platforms for professional journalists, “citizen” journalists, or ordinary users. But the extent of news diversity manifested by Web 2.0 applications must be measured against the increasing online dominance of traditional, as distinct from “alternative,” providers that has resulted in an emerging oligopoly of online content aggregators such as Google, Yahoo!, AOL, and MSN. The fact that these sites rely almost entirely on newswire copy⁴⁴ further undermines the claim that the UK is enjoying a golden age of news diversity.

1.3 News Providers

1.3.1 Leading Sources of News

1.3.1.1 Print

There has been little change in the top five newspapers in the UK, which have long been dominated by tabloid and mid-market outlets. According to figures from the Audit Bureau of Circulations, the biggest-selling titles in 2005 were the *Sun* (daily circulation 3.38 million), the *Daily Mail* (2.41 million), the *Daily Mirror* (1.7 million), the *Daily Express* (0.95 million), and the *Daily Telegraph* (0.92 million). By October 2011, the top circulation titles were the *Sun* (2.75 million), the *Daily Mail* (2 million), the *Daily Mirror* (1.12 million), the *Daily Star* (0.66 million), and the *Daily Telegraph* (0.6 million). The top “quality” titles (the *Times*, the *Independent*, the *Guardian*, and the *Daily Telegraph*) experienced an average 25 percent decline in circulation over the same period, compared with an 18 percent decline for the leading tabloid/midmarket titles (the *Sun*, the *Daily Mirror*, the *Daily Star*, the *Daily Mail*, and the *Daily Express*).⁴⁵

1.3.1.2 Online

BBC News dominates the online sector and this has remained consistent over the last five years. In September 2006, it attracted just under six million unique visitors compared to two million for Guardian Unlimited, the next highest ranking site.⁴⁶ The following three biggest sites—Yahoo!, AOL, and Google News—each attracted between 1.5 and two million unique visitors. In December 2011, the top five news sites, in descending order of traffic, were the BBC, the *Daily Mail*, Sky, the *Guardian*, and the *Telegraph*.⁴⁷ The displacement of Google and AOL by the *Daily Mail* and Sky reflects the growing presence of news organization sites (newspapers and broadcasters) over news content aggregators. The *Daily Mail* was the last of the major newspapers to establish an online publication, in 2004, and it has since achieved record traffic growth rates. All of the top

43. KPMG, *Time is Money*, p. 5.

44. House of Lords Select Committee on Communications, *The Ownership of the News. Volume II: Evidence*, The Stationery Office Limited, Norwich, 2008, available at <http://www.publications.parliament.uk/pa/ld200708/ldselect/ldcomuni/122/122we01.htm> (accessed 9 September 2010).

45. Circulation figures available at <http://www.abc.org.uk/>.

46. Ofcom, *New News, Future News*, p. 34.

47. Experian Hitwise UK, *Data Centre—Top sites and engines*, week ending 3 December 2011, available at <http://www.hitwise.com/uk/datacentre/main/dashboard-7410.html> (accessed 9 December 2011).

five news sites offer their content for free. In 2010, the *Times* and *Sunday Times* websites both became a paid-for subscription service, but it is too early to assess whether this model will be sustainable and attract other leading news sites to follow suit. The fact that content from commercially oriented new sites remains largely free is at least partly a reflection of the BBC's dominant position, as well as the broader competition from non-profit providers.

1.3.1.3 Radio

The UK radio map is dominated by the BBC and (mostly local) commercial providers. A community radio license was introduced in 2003 and the sector has been growing steadily but still only attracts less than 3 percent of radio listenership.⁴⁸ The balance between BBC and commercial shares of listenership has remained more or less stable over the past five years (55 percent to 43 percent, respectively). The BBC carries regular news bulletins on all of its five national analog channels, including flagship programs such as Radio 4's *Today* (6 to 9 a.m.). Radio 5 is dedicated to news and sport, and has maintained its share of listenership over the period.

In addition, the BBC operates over 40 local and regional stations that have maintained a stable audience over the last five years, and these stations are far more news- and speech-oriented than the more music-based commercial competitors. That said, the three analog national commercial stations and over 300 local commercial stations are all obliged to provide regular news bulletins. Most of these are produced by Independent Radio News (IRN), which in 2007 boasted 26 million listeners.⁴⁹ Content is largely provided to commercial stations for free and funded by the sale of advertising within and on either side of the bulletin.

1.3.1.4 Television

According to Ofcom, "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."⁵⁰ In September 2006, BBC1 attracted over 50 percent of news viewership. The next highest outlet was ITV1, with 27 percent. Sky News, the BBC News Channel, and Channel 4 each attracted between 4 and 5 percent of news viewers. This picture was largely unchanged in 2010. Primetime BBC news bulletins regularly attracted around five million viewers compared to three million for their ITV1 counterparts.⁵¹ Although ITV is commercially funded, it is still considered part of the UK's PSB sector in view of its regulatory obligations to provide regular impartial news both nationally and regionally.

48. Rajar, *Listening figures: Quarterly listening*, updated quarterly, available at http://www.rajar.co.uk/listening/quarterly_listening.php (accessed 27 November 2010).

49. Ofcom, *New News, Future News*, p. 38.

50. Ofcom, *New News, Future News*, p. 27.

51. Broadcasters' Audience Research Board (BARB), *Weekly Top 30 Programmes*, updated weekly, available at: <http://www.barb.co.uk/report/weeklyTopProgrammesOverview?s=4> (accessed 17 November 2010).

On the whole, television news offerings range from light-entertainment formats, such as breakfast TV, to in-depth analysis programs, such as BBC's *Newsnight*. The advent of digital and multi-channel television has proliferated in the news landscape in a way similar to that which has long existed on analog radio and has been marked by the growth of rolling 24-hour news channels. Of these, Sky News and the BBC News Channel are by far the most watched. In 2005, Sky attracted slightly more viewers, with a 0.7 percent share of total television audience compared to 0.6 percent for the BBC News Channel.⁵² By 2010, however, the tide had turned in the BBC's favor with Sky attracting a 0.5 percent share versus the BBC's 0.8 percent.

1.3.2 Television News Programs

As mentioned above, recent research has confirmed that news audiences for the five terrestrial broadcasters have remained relatively stable over the past five years, in spite of the expanded choice heralded by digital television uptake.⁵³ Between 2004 and 2009, the flagship terrestrial news programs lost on average just 200,000 viewers while take-up of digital multi-channel television increased from 63 to 91 percent of households. The combined reach of the terrestrial news offerings is just over 50 percent compared to 16 percent for the leading 24 news channels. The BBC's News at Ten (broadcast at 10 p.m.) is the most popular program, with an average audience in 2009 of 4.7 million. Its rival on ITV has added 100,000 viewers since a low point in 2007, when it averaged 2.4 million. The average audience for *Channel 4 News* in 2009 was 791,000, marking a loss of around 150,000 viewers over the preceding five-year period, while the audience for Five News grew from 548,000 in 2007 to 768,000 in 2009.

1.3.3 Impact of Digital Media on Good-quality News

Digital channels are subject to the same, if not greater, economic pressure as their analog counterparts, and have largely failed to expand the range of voices, perspectives, and narratives on offer. While they are particularly well placed to cover live and breaking events, their audiences remain very small (as described above). Online and, in particular, social media do have the potential to expand the news agenda and to amplify a greater diversity of voices, but very insecure funding models and their reliance on temporary and under-resourced staff means that, as yet, this potential has yet to be fully realized.

1.4 Assessments

Overall, the figures suggest that PSB holds a competitive edge over multi-channel news offerings. Demographically, however, the terrestrial television news audience is ageing: 39 percent of viewers in 2005 were over 65, compared to 41 percent in 2009. Research suggests that middle-aged groups consume terrestrial television news in conjunction with a rich array of digital and traditional news sources in accordance with daily uses and gratifications. But younger generations are increasingly tuning out of terrestrial television

52. BARB, *Multichannel Viewing Summary 1999-2009*, available at http://www.barb.co.uk/report/weeklyViewingSummary?_s=4 (accessed 17 November 2010).

53. Ofcom, "Halt in decline of flagship TV news programmes," news release, 30 June 2010, available at <http://media.ofcom.org.uk/2010/06/30/halt-in-decline-of-flagship-tv-news-programmes/> (accessed 20 September 2010).

news. This leaves the crucial unanswered question of whether they will return to the mainstay of PSB news as they get older or remain “lifelong rejecters.”

Consumer-attitude surveys suggest that trust and credibility are the main factors behind the endurance of PSB news. But, increasingly, consumers cite convenience and selectivity as the primary value of digital news services. Rolling news channels enable consumers to “catch up” on news at a time of their convenience. The growth of these services may in turn have influenced the broader news habits of UK consumers. Commercial radio groups maintain that their listeners prefer more regular, but less lengthy, news bulletins.

Convenience may also affect preferences in less visible ways. Communities may prefer a local newspaper but, if one does not exist that meets their criteria, they will turn to other outlets.⁵⁴ Declining circulation of local newspapers is therefore not by itself an indication of a fall in demand for relevant news. Indeed, a recent report by the Media Trust calls for the creation of local news hubs staffed by both professional journalists and local community members.⁵⁵ They would work across media platforms and facilitate the ability to share information and improve the quality of journalistic investigations in a sustainable fashion that could be responsive to local demands for an easily identifiable and visible center for newsgathering.

News selectivity, on the other hand, enables consumers to access news that is more interesting and relevant to them personally. This is particularly a function of online news, where the breadth of news services is both broader and more differentiated than on other digital platforms. Nevertheless, the impact of selectivity on news habits should be treated with caution. For one thing, the phenomenon of news content aggregation suggests the opposite: that online news consumers are increasingly drawn to the most popular stories. Content aggregation is not limited to “pure” providers such as Google, Yahoo!, and MSN, but is used increasingly by traditional broadcasters and newspapers in their online services.

After trust and credibility, interactivity is perhaps the third most significant factor in the use of digital news. Two of Britain’s most popular news websites—Guardian.co.uk and Dailymail.co.uk—have each amassed over a million reader post contributions, and the 10 most popular topical polls hosted by ThisisLondon.co.uk—the website of London’s biggest newspaper, the *Evening Standard*—average 48,000 votes apiece.⁵⁶ Despite these figures, however, news interactivity is on the whole restricted to a small minority of the digital news audience.⁵⁷ Surveys suggest that most people still prefer to consume news passively on digital platforms, although such findings should be considered in the context of methodological difficulties (primarily in determining which types of interactivity count as news).

54. Goldsmiths Leverhulme Media Research Centre, *Meeting the News Needs of Local Communities*, Media Trust, London, 2010 (hereafter, Goldsmiths Leverhulme Media Research Centre, *News Needs of Local Communities*).

55. Goldsmiths Leverhulme Media Research Centre, *News Needs of Local Communities*.

56. N. Thurman, “Forums for citizen journalists? Adoption of user generated content initiatives by online news media,” *New Media and Society*, Volume 10(1), 2008, p. 2.

57. Ofcom, *CMR*, p. 233.

There can be little doubt that digital media have fundamentally changed the total news offer, expanding both the range and type of news service available (where range refers to the growing number of outlets on all platforms and associated news “brands” and type refers to the various new ways in which people can consume news, from downloading radio podcasts to inadvertent consumption through social network activity). Equally, digital media have extended the reach of news through space and time. The growth of mobile news access, particularly among younger age groups, suggests that news is increasingly available to people anywhere and at any time.

However, the preceding analysis suggests that these changes may not be as radical as they appear at first glance. Not only has traditional PSB news on television experienced a levelling off of audience decline, but the 24-hour news supply actually contracted in 2006 with the closure of the ITV News Channel. There has also been, according to some, a tendency toward homogenization of news content across television as a whole, although this is notoriously difficult to substantiate empirically. Taken together, these factors suggest that digital television has not necessarily heralded a radical diversification of the total news offer.

This is even more the case in radio, where upgrade to the digital DAB platform has been protracted and slow. In any case, unlike television, DAB radio will support comparatively *fewer* numbers of providers than analog bands due to the multiplex licensing system and the potential it carries for new forms of gatekeeping (see section 5.1.1). Internet radio and podcasting might be growing rapidly, but they are still very much a minority activity among even digital news users. Furthermore, content on these platforms is dominated by music and comedy without the PSB obligations to carry news.

The internet has clearly diversified news offerings in important ways, but there are also significant counter trends such as content aggregation (as against news personalization)⁵⁸ and the rise of traditional news organizations online (as against the rise of social media, alternative news providers, and the blogosphere).

58. Content aggregation here refers to news websites that highlight the most popular articles or features, thereby allowing audience selection *en masse* to drive the prominence of particular stories. In contrast, news personalization refers to the phenomenon of highlighting news and information according to individual tastes and preferences.

2. Digital Media and Public or State-Administered Broadcasters

2.1 Public Service and State Institutions

2.1.1 Overview of Public Service Media; News and Current Affairs Output

The BBC is the dominant news provider across all platforms in the UK. It generates around 120 hours of news broadcasting a day in addition to extensive online coverage. Although it is the only publicly funded broadcaster, Channel 4 is commercially funded but publicly owned, and all terrestrial television channels are considered a part of a broader public service broadcasting “compact” in view of their license regulations (non-terrestrial outlets are not subject to any public service regulation).

2.1.1.1 BBC Television News

BBC News produces regular national and regional programming across its two national terrestrial channels, and its flagship programs reach more than 50 percent of the terrestrial television news audience (which, in turn, accounts for more than 50 percent of the total television news audience). In addition, further news programs are broadcast on the digital channels BBC3 and BBC4. The BBC News Channel is the most watched 24-hour news channel in the UK. It provides round-the-clock updates as well as feature programs and analysis. Coverage for the BBC Parliament channel is outsourced but the BBC provides editorial and journalistic input. Finally, news content is available on the BBC’s digital interactive television services as well as the Ceefax teletext system.

2.1.1.2 BBC Radio News

BBC News is arguably even more dominant on radio than on television. Here, its share of total listenership is over 50 percent, but it provides significantly more news services than the commercial sector. BBC Radio News produces bulletins for the BBC’s national radio stations and provides content for local BBC stations via the General News Service (GNS). Regional news bulletins are produced individually by the BBC nations and regions themselves. BBC World Service currently broadcasts to some 32 countries with a weekly audience

in 2009 of 188 million.⁵⁹ Traditionally funded by the Foreign & Commonwealth Office (FCO), the World Service will be funded from 2014 by the domestic license fee.

2.1.1.3 BBC Online

Online has seen the largest expansion of BBC news services in recent years, and the investment has paid off in terms of audience reach: it is by far the most visited news website. It is also the only one of the top 10 online news providers that is subject to public service regulation. It has, however, been threatened with a 25 percent cut to its budget as part of the BBC's Strategy Review.⁶⁰

2.1.1.4 Editorial Controversies

In spite of—or perhaps because of—its stated and perceived commitment to impartiality, the BBC is regularly at the center of controversies concerning political bias in its news coverage, and it has long been the subject of content-analysis studies attempting to substantiate claims either way. Perhaps the most notable example of this in recent years concerned coverage of the Iraq War in 2003, where the BBC was regularly accused by both the Government and the conservative press of harboring an anti-war agenda in its coverage. Following the invasion, an extensive study by the Cardiff School of Journalism, Media and Cultural Studies found that out of the main terrestrial news broadcasters, the BBC was most likely to use the Government and military as its source and the least likely to question factual assumptions, and that there were notably fewer reports of civilian casualties compared to other PSB channels. According to Justin Lewis, the report's author: "Far from revealing an anti-war BBC, our findings tend to give credence to those who criticised the BBC for being too sympathetic to the Government in its war coverage."⁶¹ The BBC suffered a further blow to its authority (although not its popularity) with the publication of the Hutton Report in 2004, which criticized aspects of BBC newsgathering and led, according to some critics, to increased "timidity," "editorial caution," and a "BBC more prone to censorship."⁶² The most recent license fee settlement, in 2010, in which the BBC accepted a freeze to its license fee and a 16 percent funding cut over five years, and further agreed to fund the BBC World Service from its own budget (where previously it was funded by the FCO), has led to similar claims of government interference with the independence of the UK's main public service broadcaster. The cuts by themselves do not necessarily represent encroachment on independence. The overall picture, however, certainly seems to be one in which the BBC's capacity to resist political pressure has been significantly weakened since 2004.

59. BBC, "BBC's international news services attract record global audience of 238 million," news release, 2 June 2009, available at http://www.bbc.co.uk/pressoffice/pressreleases/stories/2009/06_june/02/audience.shtml (accessed 21 September 2010).

60. *BBC Strategy Review*, BBC Trust, London, March 2010, available at http://downloads.bbc.co.uk/aboutthebbc/reports/pdf/strategy_review.pdf (accessed 25 September 2010).

61. J. Lewis, "Biased broadcasting corporation," *the Guardian*, 4 July 2003, available at <http://www.guardian.co.uk/news/2003/jul/04/comment>.

62. G. Born, *Uncertain Vision: Birt, Dyke and the Reinvention of the BBC*, Secker & Warburg, London, pp. 464-5 (hereafter, G. Born, *Uncertain Vision*).

2.1.2 Digitization and Services

Digitization has, on the whole, greatly expanded and diversified the BBC's news output. As detailed above, on television it has resulted in additional channels, programming, and new interactive service, while online it has resulted in an extensive news service that includes live streaming of radio and television broadcasts, "catch-up," and on-demand content (partly through the BBC's iPlayer, the most widely used TV-on-demand service). It also offers applications for mobile news, news feeds, and news alerts.

On radio, all five of the BBC's national analog channels are simulcast both online and on DAB in addition to five further specialist channels available digitally. These channels are considerably more audience-targeted—for example, 1Xtra, aimed at urban-music listeners, and 6 Music, which caters for a range of alternative popular music genres. Recent proposals by the BBC management to close 6 Music and the Asian Network as part of the 2010 Strategy Review were met with widespread criticism and successful campaigns to save the stations.

What is clear is that the BBC has invested heavily in expanding both digital news output and delivery. Indeed, it has been accused, in particular by its commercial rivals, of overinvesting in these areas, an argument given weight by the relatively small audiences for its digital-only radio stations. What is less audible in public discourse surrounding BBC spending are the longstanding cuts in operational journalism which have been made partly as a means to fund digitization (see sections 4.1.1 and 8.1).

It is also worth noting that there has been a vigorous debate about future funding of the Welsh language television channel, S4C. In the context of digital switch-over and public funding cuts, some have argued that it is more difficult to justify the subsidizing of minority services.⁶³ Indeed, as part of the Government's Comprehensive Spending Review in October 2010, the DCMS announced that S4C would have its budget cut by 25 percent over the next four years, with most of its funding to be supplied by the license fee from 2013 onwards. While saving public expenditure was the primary motivation for this cut, it is clear that arguments concerning "abundance" can be mobilized to cut services that are not easily justifiable in simple market terms.

Finally, in October 2011, the BBC announced plans to reduce its entire budget by 20 percent over the next five years in order to comply with the demands of a reduced license fee settlement. The proposals contained in *Delivering Quality First*⁶⁴ are set to involve the loss of some 400 jobs in local broadcasting, a reduced number of regional television bulletins, and the sharing of some local radio programmes.⁶⁵

63. M. Shipton, "Figures reveal of S4C to attract TV audiences," the *Western Mail*, 10 March 2010.

64. BBC, *Delivering Quality First*, 2011, available at <http://www.bbbc.co.uk/aboutthebbc/dqf> (accessed 9 December 2011).

65. BBC, "BBC job cuts: Local radio, television and online affected", BBC News Online, 6 October 2011, available at <http://www.bbc.co.uk/news/uk-england-15204257> (accessed 9 December 2011).

2.1.3 Government Support

There has been no additional state-level support for the funding of public service digitization. The BBC's funding is derived 100 percent from the license fee, paid on the use of television in the home. Furthermore, £603 million of this was ring-fenced for investment in a digital switch-over help scheme as part of an agreement in 2006 between the Government and the BBC over its Charter Renewal. This meant that the BBC received more favorable license-fee settlement terms in exchange for investment in and administration of the help scheme. There is no evidence to suggest that this agreement had any direct effect on the BBC's independence (although it did require it to assist with the delivery of one of the Government's key public-policy objectives) or that it has won any additional legal advantages or privileged access to spectrum as a result of its investment more broadly in digitization.

There has, however, been firm political support from the coalition government for the development of commercial television services providing local news and informational content. This followed the rejection by the BBC Trust in 2008 of a proposal for the BBC to offer web-based local video services owing to the perceived negative impact they might have on commercial rivals. Instead, the Shott report on the viability of local television, commissioned by the DCMS and published in December 2010,⁶⁶ found that while it would be difficult to sustain local television channels distributed by digital terrestrial television (DTT), "in the long-term, local TV will be well placed to exist through distribution to television sets and other devices through IPTV."⁶⁷ This was followed in January 2011 by the publication by the DCMS of a Local Media Action Plan, inviting expressions of interest to operate new local television channels on DTT,⁶⁸ and subsequently by a consultation paper, *A new framework for local TV in the UK*, in July 2011.⁶⁹ It remains to be seen whether a series of for-profit local television services, supported by a national advertising contract and some programming provided by the BBC, will be either financially sustainable or a significant factor in increasing the diversity of public service output in the UK.

2.1.4 Public Service Media and Digital Switch-over

Digital radio aside, the process of digitizing terrestrial platforms by the BBC must be viewed on balance as a success. In every aspect of digital news delivery—from the iPlayer to its 24-hour news channels—the BBC has eclipsed its commercial rivals in terms of audience reach. At the same time, it has long faced a crisis of engagement with particular audiences, notably young people and ethnic minorities. While there is some evidence to suggest that digitization is helping the BBC to reconnect with these groups, it has not yet managed to reverse this trend of disengagement.

66. N. Shott, *Commercially Viable Local Television in the UK*, DCMS, London, 2010 (hereafter, N. Shott, *Commercially Viable Local Television*).

67. N. Shott, *Commercially Viable Local Television*, p. 2.

68. DCMS, *Local Media Action Plan*, London, 19 January 2011, available at http://culture.gov.uk/images/ConDoc-Local_Media_Action_Plan_190111.pdf (accessed 25 January 2011).

69. DCMS, *A new framework for local TV in the UK*, London, DCMS, available at http://www.culture.gov.uk/images/consultations/Local-TV-Framework_July2011.pdf (accessed 9 December 2011).

Much of the public discourse surrounding digitization and audience engagement centers on the potential to revolutionize traditional relationships between the producers and consumers of news. The BBC has certainly embraced user-generated content (UGC), but one recent study found that its use of audience material remains “firmly embedded in the longstanding routines of traditional journalism practice.”⁷⁰

2.2. Public Service Provision

2.2.1 Perception of Public Service Media

The notion of “public service” in the context of UK broadcasting has evolved ever since the BBC’s first Director-General described its remit as “to inform, educate and entertain.” Today, public service broadcasting is understood in much less missionary terms with an emphasis on catering to tastes and interests rather than shaping them. The BBC’s Strategy Review around the turn of the century brought audience targeting into sharp focus for news and current affairs for the first time.⁷¹ In essence, the BBC’s news mission has evolved from one that serves “the nation and its regions” to one that serves a multiplicity of fragmenting audiences along ethnic, demographic, and socio-economic lines. While this has led to accusations of the BBC “dumbing down” its news offerings, the evidence suggests that it operates instead a news “hierarchy” in which analysis and context are increasingly restricted to flagship broadcasts with elite and relatively small audiences.⁷²

Nevertheless, the influence of audience targeting and news branding in the BBC has shifted the terms of debate over public service media. Populists and market advocates tend to focus their critique of the BBC less as a paternalistic and out-of-touch institution and more as a “bloated” monopoly that uses digitization as a cover for extending its anti-competitive reach across media.⁷³ Such arguments formed the basis of the BBC Trust’s rejection of a BBC management proposal to invest in new online local news services, including “hyperlocal” websites. The plan was perceived by many as a timely antidote to market failures, both in online news and the local and regional press.⁷⁴

Critics argue that the key foundational justification for the BBC’s monopoly over the license fee was spectrum scarcity, and the need for state regulation to ensure diversity and choice where the market couldn’t. With digitization, however, it is argued that this justification no longer applies. In recent years, vocal opposition from the tabloid press and elsewhere has highlighted the expansion of the BBC’s management, as well as celebrity salaries, to prove its over-sized and out-of-touch mindset.

70. A. Williams, C. Wardle, and K. Wahl-Jorgensen, “‘Have They Got News for Us?’ Audience revolution or business as usual at the BBC?,” *Journalism Practice*, 14 April 2010 (hereafter, A. Williams, C. Wardle, and K. Wahl-Jorgensen, “‘Have They Got News for Us?’”).

71. G. Born, *Uncertain Vision: Birt, Dyke and the Reinvention of the BBC*, Vintage, 2005.

72. J. Harrison, *Terrestrial TV News in Britain: The Culture of Production*, Manchester University Press, Manchester, 2000.

73. See, for example, BBC, “Murdoch attack on ‘dominant’ BBC,” BBC News, 29 August 2009, available at <http://news.bbc.co.uk/1/hi/8227915.stm> (accessed 12 September 2010).

74. See BBC Trust, *Local Video: Provisional Conclusions Consultation: Organisation Responses*, February 2009, available at http://www.bbc.co.uk/bbctrust/assets/files/pdf/consult/local_video/org_responses.pdf (accessed 10 September 2010).

The BBC itself prefers to justify its role and funding by demonstrating “public value,”⁷⁵ which it defines in three respects: *individual value* (the value of BBC services to individual listeners and viewers), *citizen value* (“merit good” aspects such as contribution to a better-informed democracy and more inclusive society), and *net economic value* (the value of the BBC to the wider media sector). However, these are in some ways conflicting values and, faced with the pressures of its need to service multiple audiences and objectives, the BBC has found itself increasingly caught in a vice. On the one hand, demonstration of public value requires it to achieve sufficient audience reach in order to justify its receipt of the full license fee income; on the other hand, it must continue to provide the merit goods that, in the words of a recent report by the Work Foundation, “viewers and listeners are not aware that they want or need.”⁷⁶

A survey in 2006 found that the British public were willing to pay over and above the current license fee to support BBC services through to 2017,⁷⁷ and this is reflected in Ofcom’s most recent PSB review, which found overwhelming public support for PSB and for the BBC as a “cornerstone” of the sector.⁷⁸

2.2.2 Public Service Provision in Commercial Media

Public service obligations are formally applied to the three commercially funded terrestrial television broadcasters, as well as to over 300 commercial radio license-holders. There is widespread variation as to the extent of these obligations, which cover such broad areas as advertising sales, news provision, regional programming, and access services for the hearing-impaired. At their heart is a commitment to providing regular news according to standards of impartiality and balance. Recent research by Ofcom suggests strong public support for public service broadcasting beyond the BBC, with nine out of 10 respondents saying they did not want the BBC to be the only public service broadcaster.⁷⁹

In recent years, public service regulation of commercial broadcasters has come under pressure, most notably in respect of ITV’s commitments to regional programming. In 2008, Ofcom approved ITV’s plans to reduce its public service commitment to local and regional programming, including an overall reduction in news minutage, as well as a 50 percent cut in non-news content. The emphasis was placed on programming seen as “increasingly commercially unattractive, such as current affairs, nations and regions programming, challenging drama, scripted comedy, and drama and factual programming for children ... made worse by the deterioration in the advertising market.”⁸⁰ Although not an explicit reference to digitization, the crisis

75. BBC, *Building public value: Renewing the BBC for a digital world*, BBC, London, 2004, available at <http://downloads.bbc.co.uk/aboutthebbc/policies/pdf/bpv.pdf> (accessed 2 October 2010).

76. R. Collins, *Public Value and the BBC*, The Work Foundation, London, 2007, p. 62, available at http://www.theworkfoundation.com/assets/docs/publications/174_publicvalue_bbc.pdf (accessed 15 September 2010). A “merit good” is a commodity that individuals or society need, regardless of ability to pay for it.

77. R. Fauth et al., *Willingness to Pay for the BBC during the next Charter period*, The Work Foundation, London, 14 September 2006, available at http://www.theworkfoundation.org/Assets/Docs/DCMS_willingness%20to%20pay.pdf (accessed 15 September 2010).

78. Ofcom, *Ofcom’s Second Public Service Broadcasting Review: Putting Viewers First*, London, 2009, p. 5 (hereafter, Ofcom, *Putting Viewers First*).

79. Ofcom, “Ofcom publishes its second consultation into the future of Public Service Broadcasting,” news release, 25 September 2008, available at <http://media.ofcom.org.uk/2008/09/25/ofcom-publishes-its-second-consultation-into-the-future-of-public-service-broadcasting/> (accessed 12 September 2010) (hereafter, Ofcom, news release, 25 September 2008).

80. Ofcom, news release, 25 September 2008.

in advertising revenues is best seen as a synthesis of pressures emanating from the migration of advertisers online and the broader financial crisis. Under new leadership, ITV recently shifted its position and restated a commitment to regional news, but in what form remains to be seen.⁸¹

2.3 Assessments

The gains and losses for UK public service media as a result of digitization in the last five years may be summarized as follows:

Gains

- expansion of the BBC's audience reach with the development of new channels and services (including the BBC News Channel, BBC News Online, BBC3, BBC4, 1Xtra, and 6 Music)
- development of a range of innovative platforms including the iPlayer and YouView (formerly Project Canvas), a service that integrates digital channels with on-demand content
- new means of engagement with ethnic minorities and younger audiences
- cost efficiencies associated with new technologies of production
- ability to leverage public service values into the on-demand world.

Losses

- renewed pressure on the license fee stemming from accusations of over-extension
- renewed pressure on a public service regulatory regime stemming from "end of scarcity" arguments
- pressure on commercial PSBs from migration of advertisers online and a willingness demonstrated by regulators to loosen public service commitments
- declining and/or fragmenting audiences as a result of outlet proliferation
- difficulties of filling yet more news space with the same number of, or fewer, journalists.

Public service provisions have become less significant in recent years, mainly in respect of commercial PSBs, as discussed above. This is not because regulation in the public interest is less necessary or possible in a digital age, or because public support for these provisions has declined, but simply because arguments for liberalization and deregulation have become more commonplace in a situation in which "abundance" rather than "scarcity" has emerged as a key mobilizing presupposition.

81. P. Preston, "ITV U-turn on regional news knocks culture secretary's aim off," the *Guardian*, 26 September 2010, available at <http://www.guardian.co.uk/media/2010/sep/26/itv-u-turn-regional-news> (accessed 28 September 2010).

3. Digital Media and Society

3.1 User-Generated Content (UGC)

3.1.1 Overview

Of the 10 most popular websites in the UK at the time of writing, six qualify as UGC websites. UGC sites generally are growing steadily in terms of visitation. However, survey data suggests that actual content creation by users remains a “minority pursuit” for UGC sites that are not based on photo sharing or social networking.⁸²

Of the six most popular UGC sites, Facebook, YouTube, and eBay may be considered pure UGC sites insofar as virtually all their content is user-created. They include photos, videos, personal or product descriptions, updates, and a host of interactive features and applications. The remaining three most popular UGC sites are the BBC homepage, MSN UK, and Yahoo! UK. On these sites, UGC may be considered secondary and responsive to the primary content, which is either editorial (as in the case of the BBC) or aggregated (as in the case of MSN and Yahoo!). Based on a typology adopted by Williams et al.,⁸³ this type of secondary UGC may be categorized as follows:

1. audience comment (usually following particular stories or videos)
2. audience content (usually videos or photos sourced from users but not uploaded directly as in the primary UGC sites)
3. collaborative content/networked journalism that involves a more direct form of UGC (examples on the BBC include Web diaries and Video Nation).

Analyzing UGC content based on the most visited sites does not, however, provide the full picture insofar as it excludes niche UGC sites that cumulatively account for a significant proportion of internet activity. Blogging is increasingly popular but is often merged with social networking in the reporting of survey data. Recent

82. Ofcom, *CMR*, p. 233.

83. A. Williams, C. Wardle, and K. Wahl-Jorgensen, “Have They Got News for Us?”

data shows that the growth of blogging is evident both in the number of people visiting and commenting on blogs. The latter activity was carried out by 29 percent of all internet users in 2010, up from 19 percent in 2008.⁸⁴

3.1.2 Social Networks

According to Hitwise Experian, the top 10 social networking sites in the UK, based on share of visits during the week ending 3 December 2011, were as follows:⁸⁵

Table 5
Top 10 social networking sites in the UK, December 2010

Rank	Website	Share of visits (%)
1.	Facebook	52.30
2.	YouTube	22.66
3.	Twitter	3.00
4.	YouTube Mobile	1.88
5.	Yahoo! Answers	1.08
6.	Gumtree	0.94
7.	LinkedIn	0.80
8.	Tumblr	0.78
9.	Yahoo! UK & Ireland Answers	0.69
10.	MoneySavingExpert.com Forums	0.42

Clearly, this ranking adopts a fairly loose definition of a social networking site (along the lines of UGC criteria). The vast majority of YouTube users, for instance, are not registered members with personal profiles. Based on a definition that restricts social networking sites to those based on registered users with personal profiles, the top sites are currently Facebook, Twitter, LinkedIn, BBC, Myspace, Tumblr, and Friends Reunited.⁸⁶

Facebook does not provide specific data on its number of registered users by country. According to news reports, the number of Facebook users in the UK surpassed 25 million in 2010, although it is not clear if this refers to active or registered users.⁸⁷ According to Ofcom survey data, there were 24.8 million unique UK visitors to the site in April 2010. This would suggest that the vast majority of registered users are active (defined as having visited the site within a 30-day period). Twitter and Myspace attracted respectively 4.1 and 3.1 million unique visitors during the same month. The fastest-growing social networking site over the

84. Ofcom, *CMR*, p. 233.

85. Experian Hitwise UK, *Data Centre – Top sites and engines*, week ending 3 December 2011, available at <http://www.hitwise.com/uk/datacentre/main/dashboard-7323.html> (accessed 9 December 2011).

86. Ofcom, *CMR*, p. 228.

87. E. Barnett, “Facebook reaches 500 million users,” the *Telegraph*, 21 July 2010, available at <http://www.telegraph.co.uk/technology/facebook/7902749/Facebook-reaches-500-million-members.html> (accessed 10 September 2010).

past year was LinkedIn, which expanded its user base by 96 percent, followed by Twitter (56 percent), and Facebook (36 percent). Not all social networking sites are growing, however. Myspace, Bebo, and Friends Reunited experienced an annual decline in users of between 37 percent and 60 percent.

3.1.3 News in Social Media

Recent survey data and content analysis studies suggest that news-related activities are relatively marginal on social networking sites. According to Ofcom, 76 percent of survey respondents in 2010 expressed no interest in setting up their own weblog (or “blog”), and 63 percent were not interested in contributing comments to other people’s blogs.⁸⁸ A recent content analysis study of (partly) UK news content on Facebook, Myspace, and YouTube found that they function mainly as reflective communicative spaces rather than as a primary source of news: “social media are being used to organize, to communicate experience and thoughts, and to respond to events that are in many cases brought to their attention by the mainstream news.”⁸⁹

The same cannot be said of Twitter, which has become a growing source of breaking news stories. As of October 2009, there were more than 500 known UK journalists using the service, indicating its significance to “old media” as a newsgathering tool.⁹⁰ Nic Newman assessed the impact of social media on the UK 2010 general election and found that, for young voters in particular, social networking sites played a very important role in facilitating discussion, with one quarter of 18-24 year-olds posting election-related comments on Twitter and Facebook.⁹¹ He also found that newspapers and broadcasters were turning to social media as valuable sources of news and concluded that, during the election campaign, “Twitter cemented its place as a core tool of communication amongst political and media elites.”⁹²

However, even as a primary news source, Twitter UK has not resulted in the ascendance of alternative news and amateur journalists over professional journalists in the creation and distribution of news. On the contrary, Chadwick analysed the germination and spread of a major UK political news story in 2010 to show that although stories may “break” on Twitter, the superior financial and organizational resources of old media enabled their journalists to “out-scoop” their online rivals.⁹³

There is another compelling reason for why established old-media news brands are looming ever larger in the online news space. According to Mark Kortekaas, general manager of the BBC Online Technology Group: “If anything, you’re going to see the value of brands—perversely the large brands—being more important in this space as people wonder ‘is that a farce or not?’ ... The fact of the matter is, someone can post something

88. Ofcom, *CMR*, p. 233.

89. J. Redden and T. Witschge, “A New News Order? Online News Content Examined,” in N. Fenton (ed.), *New Media Old News: Journalism and Democracy in the Digital age*, Sage, London, 2010, p. 182.

90. A. Chadwick, “Britain’s First Live Television Debates: From the News Cycle to the Political Information Cycle,” *Parliamentary Affairs*, Volume 64(1), 2010, p. 6 (hereafter, Chadwick, “Britain’s First Live Television Debates”).

91. N. Newman, *#UKelection2010, Mainstream Media and the Role of the Internet: How social and digital media affected the politics of business and journalism*, Reuters Institute for the Study of Journalism, Oxford, 2010, p. 49 (hereafter, N. Newman, *#UKelection2010*).

92. N. Newman, *#UKelection2010*, p. 3.

93. Chadwick, “Britain’s First Live Television Debates.”

that looks an awful lot like news to my feed and it's the *Onion*, and someone else can post a little blurb that's from CNN or the BBC or Sky or the *Daily Mail* or whoever, and then I can say well I trust that, it's from the BBC, therefore it's real."⁹⁴

The point here is that the growth of unfiltered news networks such as Twitter has led to a flux of rumor and gossip in among genuine news stories. This information "noise" has paradoxically enhanced the value of established news brands online. It is a point reinforced by recent audience studies that found that established news brands online offer not only authoritative verification of news stories, but also a respected editorial voice.⁹⁵

3.2 Digital Activism

3.2.1 Digital Platforms and Civil Society Activism

The role of the internet as a mobilizing force has been well documented.⁹⁶ The way in which digital tools are exploited by campaigning and activist groups is constantly evolving, as recently exemplified by groups such as Plane Stupid, a network of direct-action groups campaigning against the expansion of aviation,⁹⁷ and more recently, UK Uncut, a diffuse online group that has mobilized spontaneous protests at high-street stores against tax avoidance by prominent businesses and individuals.⁹⁸

But cases have also occurred where exclusively online activism has been both substantial and consequential. Social media have provided a key platform in this respect, as demonstrated by one particular Facebook campaign in 2009 that successfully promoted U.S. alternative rock group Rage Against the Machine to the top of the UK's singles chart. It was, in essence, a protest against the commercialization of popular music in the UK, epitomized by the media saturation of the television talent contest *The X Factor*, which has consistently propelled its winners to the coveted Christmas number one spot in recent years.

In the event, the track by Rage Against the Machine selected by campaigners won the chart race on the back of unprecedented download-only sales generated by the campaign (more than half a million in one week). The campaign was started by Jon Morter, a 35-year-old logistics expert and part-time rock DJ.⁹⁹ Notably, the campaign received considerable boosts from celebrity endorsements through Twitter and eventually through

94. Interview with Mark Kortekaas, General Manager, BBC Online Technology Group, London, 29 August 2010.

95. N. Fenton (ed.), *New Media, Old News*.

96. W.L. Bennett, "Communicating Global Activism: Strengths and Vulnerabilities of Networked Politics," in W. Van de Donk, P.D. Loader, P.G. Nixon and D. Rucht et al. (eds), *Cyberprotest: New Media, Citizens and Social Movements*, Routledge, London, 2004.

97. See <http://www.planestupid.com/aboutus> (accessed 3 October 2010).

98. O. Van Spall, "Tax protesters target high street retailers," *Financial Times*, 18 December 2010, available at <http://www.ft.com/cms/s/0/62507d0a-0acf-11e0-9b58-00144feabdc0.html#axzz18fEs1R1X> (accessed 19 December 2010).

99. H. Pidd, "Rage Against the Machine Beats X Factor's Joe to Christmas No. 1," the *Guardian*, 20 December 2009, available at <http://www.guardian.co.uk/music/2009/dec/20/rage-against-machine-christmas-number-1> (accessed 14 November 2010) (hereafter, H. Pidd, "Rage Against the Machine Beats X Factor's Joe to Christmas No. 1").

mainstream conventional media. The cultural significance of the victory lay in the song's repeated, defiant refrain "Fuck you, I won't do what you tell me." According to Morter, "it just shows that in this day and age, if you want to say something, then you can—with the help of the internet and social networking sites like Facebook and Twitter. If enough people are with you, you can beat the status quo."¹⁰⁰ Skeptics, however, were quick to point out that both the *X Factor* and *Rage Against the Machine* tracks were released by labels under Sony, one of four major record companies accounting for more than 70 percent of global record sales.

3.2.2 The Importance of Digital Mobilizations

The power of digital media in civil-society activism has also been exemplified by 38 Degrees, a campaigning website launched in 2009 that amassed over 250,000 members within 18 months. The group engages with a broad range of non-partisan issues, from child poverty to media monopoly, and claims to have been instrumental in driving recent Government proposals aimed at making lobbying more transparent.¹⁰¹ It has managed to secure a broad base of support which, according to its founder David Babbs, extends "from the very young to the very old, all parts of the country, and a broad range of socio-economic backgrounds."¹⁰²

Perhaps more significantly, the group's own research has found that over two thirds of its members have never engaged in civil-society activism before. This suggests that the website is helping to expand the space for digital activism, citizenship and political engagement. For Babbs, the key to 38 Degrees' rapid growth and broad-base support lies in its use of "digital tools": "38 Degrees is growing extremely rapidly, we've just passed a quarter of a million members and we've doubled in size since the election. That growth trajectory is continuing, and I think we see that as being very much thanks to the methodology that we're using and the way in which we're using digital tools to engage people online, rather than it being an inevitable consequence of people having the internet."¹⁰³

Social networking has provided a key leverage in enabling civil-society activism online to reach beyond the "usual suspects" of politically engaged individuals and groups. According to Babbs, this is achieved by the breakdown of barriers between activists, their friends, and their wider social community. The result is that "people's political identity becomes more part of their broader identity, and that has been very important to 38 Degrees in reaching well beyond people who always do this kind of stuff." Equally, interactivity has proved crucial in both fueling grassroots participation and exerting political pressure and influence.

When our members contact their MP, we enable them to subsequently upload any response from their MP, browse other responses, spot whether an MP is using a canned response that's been presented to them from their party headquarters, and offer critiques of that. Another example is that there's been a couple of occasions now where during a tight vote in

100. H. Pidd, "Rage Against the Machine Beats X Factor's Joe to Christmas No. 1."

101. 38 Degrees, "Ban Secret Lobbying Now," *38Degrees.com*, available at <http://38degrees.org.uk/page/speakout/lobbyinglawsnow> (accessed 14 December 2010).

102. Interview with David Babbs, Executive Director, 38 Degrees, 30 November 2010 (hereafter, Interview with Babbs).

103. Interview with Babbs.

parliament, there's been a brief where we've been pushing MPs to vote a particular way. A briefing has been issued by, I think on both occasions, the Parliamentary Labour Party [PLP] telling their MPs why our campaign was misguided and why they should vote the other way, and we were able to get a rebuttal to that briefing out and shared with our members within a few hours, in a way that meant lots of MPs were hearing from their constituents critiquing the PLP briefing before they actually got round to reading the PLP briefing. So I think in that sense the internet has totally revolutionized the scope for being transparent and sharing information.¹⁰⁴

However, it would be a mistake to overestimate the extent of civil-society activism online. As discussed above, most online activity is unrelated to news or political engagement of any sort. Social networking platforms serve primarily as communicative spaces in which politics and news-related topics are relatively rare. Nevertheless, the spectacular growth rate of new online campaigning groups, fuelled by their integration with social media, suggests at the very least that the marginalism of political and citizenship participation online is not necessarily permanent.

3.3 Assessments

Digitization has both broadened and redefined the news offer but there are conflicting trends. Social media sites have bolstered “citizen journalism” but have also been incorporated within conventional journalist routines; the blogosphere has provided a platform for new entrants while at the same time contributing to the ascendance of “celebrity editorial journalism” (whereby news has become more personality- and opinion-led, favoring professional journalists with offline recognition); news personalization has both expanded and fragmented the online public sphere; the explosion of new news outlets has renewed demand for established news brands; and diversification of news outlets has accompanied homogenization of content.

These trends are subject to swift and ongoing change as social media evolve and professional journalism struggles to find a sustainable funding model on or offline. However, recent research indicates that digital platforms serve predominantly as an accompaniment rather than as a substitute for traditional news sources. This adds weight to the view that digitization has changed the overall news offer in significant but not necessarily fundamental ways.

To date, news and political activity on digital platforms has been a minority pursuit largely restricted to a media-literate, informed, and already-engaged user base. However, new models of activism online offer the potential to expand this space, particularly through integration with social media. Platforms such as Facebook and Twitter are enabling campaigning groups to reach beyond the “usual suspects” of active and engaged citizens and have produced some tangible results. The spectacular growth of both single-issue and broad-

104. Interview with Babbs.

base online campaigning groups in the last two years testifies to the power of social media as a mobilizing force. UK Uncut, a loose organization of anti-cuts campaigners, has exploited social media to “transform the nature of protest in the UK.”¹⁰⁵ Focusing on the tax avoidance schemes of retail and financial corporations, the group morphed into a nationwide network with widespread mainstream media coverage within just two months of its first online blog entry.

The significance is evident not just in membership numbers but also in their members’ social diversity. Perhaps most crucially, these groups claim to be attracting members who have never been active before, either on or offline. Whether the mobilizing success of these groups proves to be a long-term phenomenon remains to be seen. Following the 2010 elections, the UK entered a period of relative political instability as the coalition government wrestles with growing popular resistance to a regime of unprecedented public-spending cuts. The broader political context may yet prove to be more instrumental in fostering the growth of civil and political activism than the spread of digital platforms.

105. M. Taylor and J. Howorth, “UK Uncut: ‘People are starting to listen to us,’” the *Guardian*, 10 February 2011, available at <http://www.guardian.co.uk/uk/2011/feb/10/uk-uncut-tax-avoidance-twitter?INTCMP=SRCH> (accessed 14 February 2011).

4. Digital Media and Journalism

4.1 Impact on Journalists and Newsrooms

4.1.1 Journalists

In 2009, an extensive study by the Reuters Institute for the Study of Journalism concluded that “increasing commercial pressure, mainly driven by the inherent characteristics of the digital revolution, is undermining the business models that pay for the news.”¹⁰⁶ As a consequence, this threatens to “hollow out the craft of journalism and adversely affect the quality and availability of independent factual journalism in Britain.” However, the changes precipitating these threats are not exclusively a function of disruption to business models. The report notes that “the process of industry convergence is driven by the remorseless pursuit of productivity and cost-efficiency.”¹⁰⁷

The picture is complex. There are, for instance, specific aspects of digital technology that are said to be both advancing and impeding the cause of journalists’ autonomy, particularly in relation to time and space. In terms of time, new technologies mean journalists can access and communicate data with increasing speed, often pre-empting intervention from official sources. With the growth of social media sites, this has made professional journalism in the UK an increasingly “real time” practice. At the same time, it is amplifying the role of amateur journalism. According to Mark Harding, media analyst for KPMG: “It’s not necessarily news that’s creative in the way that it was in the past. It’s created live, not necessarily by journalists, quite often by people who just happen to be in the right place at the right time but have the technology now to send something which has wide consumption either through Twitter or through film ... bringing together people who challenge it in real time, people who give opinion on it in real time, and therefore the news story evolves very fast.”¹⁰⁸

106. A. Currah, *What’s Happening to our News? An investigation into the likely impact of the digital revolution on the economics of news publishing in the UK*, Reuters Institute for the Study of Journalism, Oxford, 2010, p. 5 (hereafter, A. Currah, *What’s Happening to our News?*).

107. A. Currah, *What’s Happening to our News?*, p. 6.

108. Interview with Mark Harding, Intellectual Property Director, KPMG (leading financial services company), London, 24 July 2010 (hereafter, Interview with Harding).

As well as making journalism more opinionated, real-time journalism is associated with a reduction in the availability of verifiable information and a corresponding explosion of information “noise.” For Lewis et al., the culture of immediacy that began with the development of the 24-hour news cycle restricts “the kind of analysis or context that might explain the meaning and significance of a story.”¹⁰⁹ However, there are signs that this trend is being reversed as consumers look for more reliable sources, helping traditional news brands expand their online reach. “What we’re finding,” says Peter Williams, former finance director of the Daily Mail and General Trust (DMGT), “is that the tried and trusted brand names are still getting the traffic on line ... because of poor experiences that people have had with the un-tried names.”¹¹⁰

As well as changes to the timing of journalism, there have been equally profound and accelerating changes to the space with which journalists work. The web has greatly enhanced the plurality of news providers available to UK consumers and the quantity of content that can be published. This has further lowered the barriers to amateur journalists and “writer gatherers” unshackled by the editorial constraints on their professional counterparts.¹¹¹

But the proliferation of news platforms coinciding with wholesale cuts in operational journalism has meant that journalists have to fill more space with less time.¹¹² This has led to a rise in “cut and paste,” deskbound journalism at the expense of “on the beat” reporting, in-depth analyses, or investigations. It has also engendered a need for new skills and capabilities for carrying out day-to-day journalism.¹¹³

The increasing confinement of journalists to the newsroom is at least partly the consequence of news outlets seeking to exploit cost efficiencies yielded by new technologies. This has spurred a growth in recycled reports and “second-hand” stories in which news outlets themselves become sources for other providers.¹¹⁴ With news providers expanding their range of services at ever-lower costs, this has had the paradoxical effect of diversifying news services while homogenizing news content.¹¹⁵

More broadly, homogenization favors a growing emphasis on “soft” news items such as sports, human interest, and celebrity stories. In contrast to the “hard news” domains of politics, current affairs, and business, soft news stories are relatively cheaper to produce, with less need for on-site or investigative reporting. They are also seen as more audience-friendly and hence more commercial. As a result, corporate media outlets

109. J. Lewis, S. Cushion and J. Thomas, “Immediacy, Convenience or Engagement? An analysis of 24-hour news channels in the UK,” *Journalism Studies*, Volume 6(4), 2005, p. 469.

110. Interview with Peter Williams, Finance Director, DMGT, London, 25 October 2010 (hereafter, Interview with Williams).

111. N. Couldry, “New Online News Sources and Writer-Gatherers” in N. Fenton (ed.), *New Media, Old News*, pp. 138–152 (hereafter, N. Couldry, “New Online News Sources and Writer-Gatherers”).

112. N. Fenton (ed.), *New Media, Old News*.

113. A. Phillips, J.B. Singer, T. Vlad, and L.B. Becker, “Implications of Technological Change for Journalists’ Tasks and Skills,” *Journal of Media Business Studies*, Volume 6(1), 2009, pp. 61–65.

114. N. Davies, *Flat Earth News*.

115. G. Born, “Digitizing Democracy,” *Political Quarterly*, Volume 76(1), 2009, pp. 102–23.

are said to be engaged in a perpetual “race to the bottom” in news quality,¹¹⁶ while public service news, with its long-term fate acutely in the balance, increasingly adopts the same commercial values that promote homogenization and an emphasis on soft over hard news.

Resource cuts have partly manifested in newsroom convergence. As well as driving homogenization, this can also increase the extent to which journalists are “directed.” According to one senior television news editor: “Cuts have brought about a situation where newsrooms merge, and certain individuals become more instrumental in defining the agenda, not just for one program or group of bulletins, but for the broader output in deciding what is or is not a story. And I think that’s definitely happened.”¹¹⁷ The same individual points to the direct effect of new technologies of production in contributing to homogenization: “Some people even put things down to our digital video storage system that leads to more homogenization of output.”

Overall, it is the unremitting financial pressure, partly related to digitization (see section 6), which is seen as critical in limiting the scope of “questioning news.” It is not, however, simply financial pressure in relation to journalism but the broader economic climate and associated employment insecurity that has had a significant impact on output. It has created a “generation of people now that are very keen to rise, will do what they think the editorial bosses want them to do, and are less awkward in terms of how they interpret directives from the top. So all of that doesn’t add up to a particularly healthy picture, I think. You end up with an output that is too homogenized, too reactive, and I think probably not questioning enough.”¹¹⁸

However, the extent of a diminishing quality news sector in the UK should not be overstated. For one thing, in spite of declining audiences and the creeping influence of commercial values, news retains an elite status within the BBC. Perhaps more significantly, it is specialist and in-depth programs with especially small audiences (such as BBC2’s *Newsnight* and Radio 4’s *Today*) that command elite status within the News and Current Affairs division itself. This status is reflected in the relative resource and personnel advantage that these programs enjoy, as well as the relative immunity to centralization and commercialization pressures that have had a much greater impact on mainstream outlets.¹¹⁹

Perhaps more crucially, the prevalence of information “noise” online has, to some extent, renewed demand for reliable journalism, evident both in the stabilization of PSB news audiences and the growing reach of traditional news brands online. Furthermore, while the blogosphere and the ascendance of opinionated journalism have opened the door to amateur and citizen journalists, it has also contributed to a developing culture of celebrity personality-led journalism. This has favored the established news brands that have been able to deploy their well-known journalists in traditional media in order to gain leverage in the blogosphere. According to Kortekaas, it is the “low end” of journalism that is being squeezed by digitization:

116. See, e.g., C. Sparks & J. Tulloch (eds), *Tabloid tales: Global debates over media standards*, Rowman & Littlefield, Lanham, Maryland, 2000.

117. Interview with senior BBC news correspondent, London, 24 November 2010.

118. Interview with senior BBC news correspondent, 2010.

119. G. Born, *Uncertain Vision*.

I think there's still a market, and probably will always be, for high-end, well-produced content that talks about investigative journalism and does high-end production value stuff. I mean, you are still watching this on 52-inch high-definition sets in your living room—you want this stuff to look good. So, I think the very big stories will get covered. The question is, where is the feeder zone for creating the next generation of good journalists? I think there is a bigger question there that goes, as you lose all of these low-end positions, where does the next generation come from?¹²⁰

There is a growing consciousness among established news providers of the need for credible information, and this is acting as a check on the use of UGC by mainstream news organizations. According to Kerstin Mogull, chief operating officer of the BBC's Future Media & Technology division:

We're not going to be run by user-generated content in the news area for any time ... in terms of the BBC what is fundamentally important is that our news is sourced in the right way, that it is independent, that it is impartial, that it's always of the highest standard and, I think talking very broadly, in the world overall that's probably more important today than it's ever been. Therefore we can't just take any user-generated content unless it's been carefully checked and validated, and just stick it up there.¹²¹

This insight chimes with recent content analyses that suggest that UGC has, to some extent, reinforced rather than revolutionized traditional journalism practice.¹²² It serves as a reminder that, while changes in UK journalism have been broad and rapid over the last five years, they may not be as deep and durable as they first appear. This has both positive and negative implications for diversity and journalists' autonomy.

4.1.2 Ethics

Digitization has increased the scope of individual monitoring which has prompted key changes to the code of practice underpinning the Press Complaints Commission.¹²³ The code was amended in 2004 to cover illicit monitoring of mobile phone calls, text messages, and emails. However, this has not prevented high-profile controversies over allegations of press invasion of privacy. In 2006, the Metropolitan Police revealed that “a vast number of public figures” had had their voicemails intercepted by journalists working for a popular tabloid, the *News of the World* (*NOTW*). Investigations led to the arrest and conviction of two *NOTW* journalists who were sentenced to four months' imprisonment. The controversy has been ongoing ever since, with allegations that Andy Coulson, then the *NOTW*'s editor, was aware of the monitoring.¹²⁴

120. Interview with Kortekaas.

121. Interview with Kerstin Mogull, Chief Operating Officer, BBC Future Media and Technology, London, 30 August 2010 (hereafter, Interview with Mogull).

122. A. Williams, C. Wardle, and K. Wahl-Jorgensen, “Have They Got News for Us?”

123. The Press Complaints Commission (PCC), formerly the Press Council, is an industry-funded body designed to regulate the behavior of the UK press and magazine sector. While it has no formal, statutory powers, a title that breaks the PCC's code of conduct may be required to issue an apology or a correction.

124. D. Van Natta Jr, J. Becker & G. Bowley, “Tabloid Hack Attack on Royals, and Beyond,” the *New York Times*, 1 September 2010, available at http://www.nytimes.com/2010/09/05/magazine/05hacking-t.html?_r=2&pagewanted=1&ref=world (accessed 10 September 2010).

The political sensitivity of the story has been intensified by the fact that Coulson, who resigned from the newspaper following the conviction of his journalists, was in 2011 forced to step down from his position as director of communications for the Conservative Party. He was subsequently arrested in connection with the scandal, followed shortly by his former boss and chief executive of News International, Rebekah Brooks. The story began to dominate headlines after it was discovered that the subjects of the *NOTW* phone hacking extended far beyond celebrities.

However, despite a strong association between digitization and an expanding surveillance industry in the UK,¹²⁵ it was not clear whether the practice at *NOTW* was in any way related to the enhanced methods of intelligence gathering afforded by digital technology. Even when evidence surfaced of broader surveillance methods beyond phone hacking in November 2011, it highlighted the use of traditional, rather than hi-tech, methods of spying.¹²⁶

For some commentators, the uncertainties unleashed by both technological and economic changes have made “ethical reporting” very difficult. At a time when resources are scarce, and where there is a pressure to meet multiple deadlines across a series of news platforms, “the already limited autonomy of journalists and their freedom to act ethically is in danger of being further eroded.”¹²⁷ This is leading to a greater use of unattributed rewrites of newswire or public relations material and more examples of “cutting and pasting” stories from a range of sources.¹²⁸

4.2 Investigative Journalism

4.2.1 Opportunities

Digitization has brought some benefits to investigative journalism. It has enhanced access to whistleblowers (most notably through online intermediaries such as WikiLeaks); it has improved access to information held by public bodies and institutions; and it has led to innovative methods of information-gathering such as wikis, social networking, and crowdsourcing.¹²⁹ According to David Leigh, an award-winning investigative journalist for the *Guardian*, the benefits of digitization for investigative journalism are manifest simply in the fact that “I have more information at my fingertips than ever before.”¹³⁰ This has led some, including Peter

125. L. Keating, “Surveillance: A thriving British industry,” *The Bureau of Investigation*, 1 December 2011, available at <http://www.thebureauinvestigates.com/2011/12/01/surveillance-a-thriving-british-industry/> (accessed 8 December 2011).

126. “NoW hired ex-policeman to track hundreds of people,” BBC News, 8 November 2011, available at <http://www.bbc.co.uk/news/15644038> (accessed 8 December 2011).

127. A. Phillips, N. Couldry, and D. Freedman, “An Ethical Deficit?,” in N. Fenton (ed.), *New Media, Old News: Journalism and Democracy in the Digital Age*, Sage, London, 2010, p. 63 (hereafter, A. Phillips, N. Couldry, and D. Freedman, “An Ethical Deficit?”).

128. A. Phillips, N. Couldry, and D. Freedman, “An Ethical Deficit?,” pp. 61–2.

129. See, e.g., <http://www.helpmeininvestigate.com/> (accessed 4 December 2010). Crowdsourcing refers to the capacity of online peer-to-peer applications to produce collaborative knowledge.

130. C. Arthur, “They’ve got your number,” *the Guardian*, 13 April 2009, available at <http://www.guardian.co.uk/media/2009/apr/13/investigative-journalism-protecting-sources> (accessed 14 September 2010) (hereafter, C. Arthur, “They’ve got your number”).

Williams of DMGT, to conclude that there is “more exposure, more people held to account and a greater ability to hold people to account than there was before [digitization].”¹³¹

There certainly remain, as alluded to in section 4.1.1, certain key vehicles in UK journalism for “quality” news production, including investigative journalism. According to Thomson, this results from a number of factors, both organizational and cultural. “I’d put my finger on a number of things ... we have more time, we have very strong editorial encouragement to go out and make trouble ... [and] unlike the BBC, when trouble comes over our horizon, by and large we don’t back down.”¹³²

There have certainly been several high-profile investigative exposés in recent years that have earned journalists international recognition. In 2010, David Leigh won the Daniel Pearl Award for Outstanding International Investigative Reporting for a story exposing oil firm Trafigura’s dumping of toxic waste in the Ivory Coast. This followed a long-term investigation into corruption in the UK arms trade. The role of “computational journalism” and the analysis of datasets in UK investigative reporting was recently documented in relation to coverage of the MPs’ expenses scandal in which journalists took an increasingly “active role in understanding, verifying and reporting clues or conclusions that arise from the interrogations of datasets.”¹³³

However, commentators have cited a crisis in investigative reporting as the key factor in perceived journalistic failures, particularly in relation to the Iraq War (2003) and the financial crisis (2008—). Concerns point to the increasing unwillingness of mainstream news organizations in both print and broadcasting sectors to maintain sustainable levels of investment in long-form journalism. This is partly related to the indirect effects of digitization (summarized in section 4.1.1). Investigative journalism has long been associated with high financial risk and little guaranteed reward in terms of audience ratings or circulation. In the midst of structural declines in both traditional news audiences and advertisers, it is little wonder that investigative journalism is often first to face the investment axe. However, empirically substantiating a decline is not easy, not least because of the difficulty in defining what counts as investigative reporting in practice.¹³⁴ For instance, while core vehicles for investigative journalism have been retained by programs such as the BBC’s *Panorama*, the content has arguably become progressively less “serious” both in terms of the content covered and the personality/celebrity status of presenters. On the other hand, investigative reporting has arguably extended beyond the confines of professional journalism with much of the “watchdog” role of the press now being carried out by bloggers, campaigners, and academics. While this might impede accurate assessments of the extent of the decline, there can be little doubt that UK investigative journalism is in the midst of a funding crisis, made more acute by the lack of foundational and donor support models that exist elsewhere.¹³⁵

131. Interview with Williams.

132. Interview with Thomson.

133. A. Daniel and T. Flew, “The Guardian reportage of the UK MP expenses scandal: A case study of computational journalism,” paper presented to Communications, Policy and Research Forum, Sydney, 15-16 November 2010, available at <http://eprints.qut.edu.au/38701/2/38701.pdf> (accessed 4 December 2010).

134. P. Lashmar, “Investigative journalism: a case for intensive care?,” paper presented to Journalism in Crisis Conference, 19-20 May 2009, available at <http://bura.brunel.ac.uk/bitstream/2438/4337/1/Fulltext.pdf> (accessed 24 November 2010) (hereafter, P. Lashmar, “Investigative journalism”).

135. P. Lashmar, “Investigative journalism.”

4.2.2 Threats

If we adopt a broad conception of investigative reporting to include campaigning and political research, then there have been cases in recent years of researchers as alleged victims of data theft and political intimidation. In 2007, the group Campaign Against the Arms Trade (CAAT) was the victim of data theft at the height of the controversy over alleged corruption in the UK arms trade. According to one ITV news reporter, “someone somehow managed to steal dozens of confidential emails and pass them on to BAE.”¹³⁶ More recently, several campaigners investigating the death of government scientist Dr David Kelly—including the current minister of transport, Norman Baker—have complained of having their computers “hacked” remotely and confidential files stolen.¹³⁷

Notwithstanding such allegations, the main threat to UK journalists spawned by digitization has been the increase in public-authority investigative powers through successive legislation and budgetary measures. Most recently, the coalition government has revived plans to extend the state’s powers of communications interception that were shelved by the previous (Labour) government.¹³⁸ The concern among journalists is not so much a threat to themselves personally as to the protection of their sources or whistleblowers. Of particular concern have been regulations introduced that require telecoms companies and internet service providers (ISPs) to retain traffic and geographical data of their customers for inspection by a range of public bodies following judicial application.¹³⁹ This has prompted corresponding tactics of evasion on the part of investigative journalists, but it has, as one reporter put it, nonetheless “desperately threatened” the already long-suffering sector. According to Leigh, “the bottom line about this is that anybody who imagines that electronic communications is secure is crazy.”¹⁴⁰

Such regulations have also given further weight to counterterrorism legislation as well as the Official Secrets Act 1989, which has long been lamented by journalists for its draconian restrictions on whistleblowers from within the security services.¹⁴¹ All this is set against the backdrop of an expanding secret state and, as researchers at the London School of Economics argue, “one of the most expansive communications surveillance regimes in the democratic world.”¹⁴²

136. ITV *Late Evening News*, 9 November 2007. BAE Systems is a British defense and security company, a major player in the global market.

137. G. Owen & M. Goslett, “13 doctors demand inquest into Dr David Kelly’s death,” the *Daily Mail*, 13 July 2009, available at <http://www.dailymail.co.uk/news/article-1199109/13-doctors-demand-inquest-Dr-David-Kellys-death.html> (accessed 14 September 2010).

138. LSE Policy Engagement Network, *Briefing on the Interception Modernisation Programme*, London, 2010, available at http://www.lse.ac.uk/collections/informationSystems/research/policyEngagement/IMP_Briefing.pdf (accessed 16 December 2010).

139. C. Arthur, “They’ve got your number.”

140. C. Arthur, “They’ve got your number.”

141. Leader, “An Odious Law,” the *Observer*, 16 November 2003, available at <http://www.guardian.co.uk/news/2003/nov/16/leaders.politics1> (accessed 7 December 2010).

142. LSE Policy Engagement Network, “Briefing on the Interception Modernisation Programme”, 2010.

4.2.3 New Platforms

Recent research has found that even professional and institutionalized blogs are not news sites, but rather that they “insert streams of individual opinion, often highly forceful in language, into the wider ambit of public debate.”¹⁴³ This is true even more so of prominent amateur news blogs that have emerged in the UK in recent years. In 2008, the *Economist* listed “Guido Fawkes” as having the UK’s most popular blog. Although self-styled as “a campaigning journalist who publishes via a website,” much of the blog’s tone borders on satirical commentary.¹⁴⁴ More “serious” blogging sites tend to be issue-specific campaigning sites.¹⁴⁵

Broadly, there are three limitations to the capacity of blogs and other new entrants to fill the gap left by the funding crisis in professional investigative journalism. First, news blogging tends to be personality- rather than investigation-led. Even sites that are ostensibly dedicated to investigative reporting are limited to covering issues of personal interest to bloggers which are often unrepresentative of public-interest issues.¹⁴⁶ Second, news blogs are irrevocably opinionated and lack the rigors of detachment associated with professional investigative reporting.¹⁴⁷ Third, the blogging sector as a whole has been to a large extent incorporated into the professional sector, limiting the impact of new entrants or citizen journalists.¹⁴⁸ All of this has left many journalists to question the extent of investigative journalism online. According to veteran reporter Duncan Campbell: “I don’t think, despite the claims of the blogocracy, that they have stepped into legally hard investigative journalism.”¹⁴⁹

4.2.4 Dissemination and Impact

The proliferation of news platforms has certainly enabled established vehicles for investigative reporting to be “leveraged” onto a range of news outlets. Access has also been enhanced through interactive features and links to primary source material.¹⁵⁰

However, in practice, investigative journalism has become increasingly restricted to an elite tier of news outlets. For one thing, news online remains a minority activity and limited to upper-income groups. According to one senior BBC executive, online news has reflected a “super-concentration of consumption” of quality news within ABC1 groups.¹⁵¹

143. N. Couldry, “New Online News Sources and Writer-Gatherers,” p. 145.

144. See “Guido Fawkes’ Blog of Plots, Rumours and Conspiracy,” available at <http://order-order.com/2004/01/09/about-guidos-blog/> (accessed 7 December 2010).

145. See, e.g., OfcomWatch (<http://www.ofcomwatch.co.uk/>), Spyblog (<http://spyblog.org.uk/>), and UKUncut (<http://www.ukuncut.org.uk/>). All accessed 9 December 2010.

146. Goldsmiths Leverhulme Media Research Centre, *News needs of local communities*, p. 38.

147. T. Witschge and G. Nygren, “Journalism: A profession under pressure?,” *Journal of Media Business Studies*, Volume 6(1), 2009, pp. 37–59.

148. C. Atton, “Alternative and Citizen Journalism,” in K. Wahl-Jorgensen & T. Hanitzsch (eds), *The Handbook of Journalism Studies*, Routledge, New York, 2009.

149. C. Arthur, “They’ve got your number.”

150. “The BAE Files,” the *Guardian*, available at <http://www.guardian.co.uk/world/bae?INTCMP=SRCH> (accessed 21 September 2010).

151. Interview with senior BBC news correspondent, 2010. ABC1 refers to upper and middle classes as defined by the National Readership Survey. It is used as a generic reference for relatively high earners, particularly in consumer market research.

In broadcasting, the elite tier of investigative news outlets is associated with minority audience programs such as *Channel 4 News*. According to the program's chief correspondent, Alex Thomson: "It's an hour long at seven in the evening. That's really hard for a lot of people. Anyone with young kids and anyone with a major commute can't do it—they can't make the appointment. So it's a big ask and it's a serious old digest, and it's probably commercial suicide even to think about doing it. But in a world which is crowded in television news by these thousand-pound gorillas at the BBC on the one hand, and Sky at the other, by God you've got to have something that at least points toward this word plurality."¹⁵²

The implication here is that a "serious news digest," while enduring in the face of commercial and digitization pressures, is nonetheless becoming increasingly marginalized in terms of audience reach. This raises important questions for news diversity and, perhaps most acutely, asks whether public-interest journalism can be said to serve its democratic purpose if it does not reach a critical mass audience.

4.3 Social and Cultural Diversity

4.3.1 Sensitive Issues

A major recent survey on British social attitudes revealed overwhelmingly negative sentiments toward the multicultural "experiment." In particular, the study suggests that Islamophobia is rife among the UK population, with only a quarter of respondents feeling positive toward Muslims.¹⁵³ Such attitudes mirror sustained negative media coverage of Muslims in the British press. A content analysis of newspaper reportage between 2000 and 2008, by the Cardiff School of Journalism, Media and Cultural Studies found that 26 percent portrayed Islam as dangerous, backward or irrational.¹⁵⁴

Negative portrayals of Islam in the media are related to negative portrayals of immigration and asylum seekers. In both cases, minority groups are portrayed as the "alien other."¹⁵⁵ The issue is particularly sensitive because it has become the platform upon which far-right parties, notably the British National Party and the English Defence League, have increased their support. This has culminated in the BNP winning a seat in the London Assembly in 2008 and two seats in the European Parliament in 2009.

4.3.2 Coverage of Sensitive Issues

Broadcasting is the only news sector in the UK with positive content controls in relation to minority programming. This is particularly so in the case of Channel 4, which was established primarily to give voice to minority groups in public service television. Accordingly, its license requirements include quotas for regional

152. Interview with Thomson.

153. J. Wynne-Jones, "Britons are suspicious towards Muslims, study finds," the *Telegraph*, 9 January 2010, available at <http://www.telegraph.co.uk/news/newstoppers/religion/6958571/Britons-are-suspicious-towards-Muslims-study-finds.html> (accessed 14 December 2010).

154. K. Moore, P. Mason and J. Lewis, "Images of Islam in the UK: The Representation of British Muslims in the National Print News Media 2000–2008," *Cardiff School of Journalism*, Cardiff, 2008, p. 3.

155. A. Saeed, "Media, Racism and Islamophobia: The representation of Islam and Muslims in the media," *Sociology Compass*, Volume 1(2), 2007, p. 446.

and independent production, as well as targets for religious and multicultural programs. Channel 4 claims to go beyond these numbers in its editorial purpose; in 2009, it broadcast 228 hours of original programming whose subject matter covered religion, multiculturalism, disability, or sexuality. In 2008, the channel broadcast a documentary entitled *Muslims Under Siege*, which reported on the research it commissioned from the Cardiff School of Journalism, bringing the issue of Islamophobia in the British media to the attention of a peak-time audience. In effect, this underlined the gulf between public service broadcasting and the press in covering issues of social and cultural diversity.

4.3.3 Space for Public Expression

Although there is a wide body of research into the issues discussed in section 4.3.1 in relation to press coverage, there has been comparatively little in relation to the digital domain. One exception is a recent study which revealed that online outlets can be used both to fuel and combat Islamophobia,¹⁵⁶ while Atton found that the British National Party exploits the language of progressive cyber-activism in its online discourse.¹⁵⁷

On the whole, respondents were split on the extent and impact of the internet's capacity to cater for diverse groups. On one hand, interactivity offers the potential for "deep" content that can better represent the interests of marginal and minority groups than traditional news platforms. According to Mogull:

As we are unavoidably moving to an age where IP delivery and interactivity will become more predominant, I think that it does give its users an ability to create their own version of the BBC and all the stories we put on there will be the same very high editorial standard, so I'm actually quite OK with that. I think that's fine, that's a compliment. You can, if you are incredibly interested in what's going on in Africa, of course you can bookmark that and spend a bit more time. But not only can you do that but you can also link to an enormously rich factual content site about Africa and what we've done about Africa for a very long time. It gives you the ability to personalize and focus a bit more on your interest in Africa—but it also gives you, as importantly, the ability to dig much, much deeper.¹⁵⁸

On the other hand, the very personalization that promotes diversity can also fragment community interaction. In the words of Mark Harding, "increasingly you're going to go to your, let's call it your web personality or your web profile, and it will be adequate enough for you to think that you've been consuming the news."¹⁵⁹ In other words, while social media can give greater voice to diverse groups, they can also reinforce the danger of information "ghettos" and thus limit the opportunities for diverse cultures to intersect with each other.

156. G. Larsson, "Cyber-Islamophobia? The case of WikiIslam," *Contemporary Islam*, Volume 1(1), 2007, pp. 53-67.

157. C. Atton, "Far-right Media on the Internet: Culture, Discourse and Power," *New Media and Society*, Volume 8(4), 2006, p. 583.

158. Interview with Mogull.

159. Interview with Harding.

4.4 Political Diversity

4.4.1 Elections and Political Coverage

The only change to regulation of media coverage of elections that has been triggered by digitization has been the inclusion of digital broadcasts of national analog radio stations in requirements for airing party political broadcasts. In television, these rules, as well as specific regulation governing impartiality during election coverage, are applied only to licensed public service broadcasters.

There has been ongoing public debate over whether digitization has undermined or reinforced the rationale for rules that prohibit political advertising in broadcasting. On the one hand, the ban on advertising in broadcasting limits the extent to which grassroots political movements born online can reach mass critical audiences (as has been demonstrated in the United States by MoveOn.org).¹⁶⁰ On the other hand, the myriad channels that digital media provide for political parties to “get their message out” detract from arguments against the ban that rest on appeals to plurality or diversity. On balance, it seems reasonable to speculate that a pluralized digital media landscape has benefited grassroots campaigners and established political parties equally. As a result, digitization has not been particularly disruptive in this respect, for better or for worse.

4.4.2 Digital Political Communications

A recent in-depth qualitative and meta-analysis study found that digital media in the UK have generated conflicting trends in relation to political communication and diversity.¹⁶¹ Online spaces and digital communicative exchanges have both expanded and enriched the overall news diet. But these spaces are defined by insularity, while mainstream offline media are becoming progressively less informative. This is structuring a two-tier system of political communication akin to an “elite polyarchy.”

Such arguments have been reflected elsewhere, such as a study of recent election coverage which found that digital media are super-serving a minority of interested and engaged citizens.¹⁶² For these users, digital media are supplementing access to an already pluralistic range of political information sources. However, for the vast majority of the electorate, conventional media remains the primary means of political communication. Indeed, the most recent general election in the UK was characterized as one in which the power of conventional media was reasserted. For the first time, coverage included live television debates featuring the leaders of the three major parties. These debates have been cited as instrumental in re-invigorating public interest and engagement in politics and in checking a long-term decline in voter turnout.¹⁶³

160. MoveOn.org is a progressive campaigning organization in the United States that has been particularly effective in using online tools to mobilize popular opposition to the Iraq War and to campaign for Democratic candidates.

161. A. Davis, *Political Communications and Social Theory*, Routledge, London, 2010, p. 142.

162. S. Schifferes, W. Lusoli & S. Ward, “What’s the Story...? Online news consumption in the 2005 General Election,” *Northern Lights*, Volume 7(1), pp. 57–71 (hereafter, S. Schifferes, W. Lusoli & S. Ward, “What’s the Story...?”).

163. D. Wring and S. Ward, “The Media and the 2010 Campaign: the Television Election?,” *Parliamentary Affairs* 63(4), pp. 802–817.

4.5 Assessments

The impact of digitization on the work of journalists has been widely researched in recent years and has found to be manifest in myriad ways. The overall picture suggests that quality and accuracy of reporting have been compromised with digitization contributing to an increase in homogenization, and a corresponding decline in original, “on the beat” reporting. As journalists have become increasingly deskbound, they have faced growing pressures as a result of sustained cuts in operational resources, compounded by the fact that, in a digital news environment, they are required to produce more copy for a greater number of outlets at ever-greater speed.

There have been paradoxical effects. While newsroom convergence has contributed to an increase in editorially directed output, this has been checked by the emerging real-time news landscape. As resources have been squeezed there have been some gains recovered as a result of enhanced access to sources and news-production efficiencies gained through digital technologies. However, the evidence suggests that, in many cases, this has merely provided further rationale for intensified cuts.

There is evidence that points to a resurgence in demand for quality and accurate news as a result of the explosion of personalized and opinionated journalism through the blogosphere and unverified information “noise” through social media. However, professional journalism has yet to find a sustainable model of funding in the digital environment, and employment insecurity is having a chilling effect on journalistic output. Local news and entry-level journalism are facing the thin edge of the crisis to the extent that professional, local journalism is fast becoming a rarity in the UK.

The impact of digitization on election coverage has been relatively minor. While there has been expansion in online political communication in line with the growth in broadband take-up, televised debates during the 2010 election provided an indication of the enduring power of conventional broadcasting news during election coverage.

Digitization has certainly enhanced opportunities for diverse political engagement and representation of marginalized groups. The growth in civil-society platforms, news personalization, and the expansion of e-government resources have all contributed to this. However, news personalization threatens to fragment the public sphere further. This suggests that appraisal of diversity in the digital environment should extend beyond measures of consumption and examine the extent to which diverse groups intersect with each other.

Digitization has aided investigative journalism through enhanced access to sources and information, as well as new innovative methods of data-gathering. But it has faced the brunt of resource cuts as commercial news organizations, in particular, seek to prioritize “soft” news and move away from the more high-risk and costly long-form journalism. Although this has not prevented UK journalists from making award-winning exposés in recent years, it has prompted questions of what might have been uncovered in a more investigative-friendly environment, particularly in relation to war reporting and the financial crisis.

Source protection has become an increasingly sensitive and difficult issue for investigative journalists, threatened by increasing powers of state surveillance. This in turn has made the job of effective investigative journalism an increasingly technical endeavor, further removed from the amateur and opinionated journalism that characterizes the blogosphere.

Although digitization has expanded the number of potential outlets for investigative journalism, it has in practice restricted it to an evolving elite tier of news output. As mainstream broadcasters offer an increasingly homogenized news product, serious public-interest journalism is increasingly becoming the preserve of minority-audience programs with flagship reputations.

5. Digital Media and Technology

5.1 Spectrum¹⁶⁴

5.1.1 Spectrum Allocation Policy

The allocation of digital terrestrial television (DTT) spectrum in the UK has mirrored the balance between public service and commercial providers that evolved in the analog era. This principle resulted in three public service and three commercial multiplexes. The three incumbent PSB providers were enabled to provide additional digital-only services while the other three multiplexes were open to new entrants on the basis of a ‘beauty contest’ and were awarded, after open competition, to ONdigital. This balance has ensured the continuance of free-to-air television under digitization, as well as the public service remits of the BBC, ITV, Channel 4, Channel 5, and S4C.

The reach of public service broadcasting was further expanded following the collapse of ITV Digital (a commercial consortium distinct from the public service multiplex shared by ITV and Channel 4). The new bid was won by Freeview, a consortium that included the BBC and BSkyB.

Aside from the reservation of DTT spectrum for analog terrestrial channels, the regulator has adopted a market-based approach to allocation. Prior to 2003, this was conducted by the Independent Television Commission. Since its establishment in 2003 as the UK’s converged media and telecoms regulator, Ofcom has been explicit in its commitment to liberalizing spectrum and using the allocation system to raise public funds. As set out in the 2004/5 Spectrum Framework Review, this has encompassed a twin strategy:

- allocating newly available spectrum (for which demand outstrips supply) on the basis of sealed bid or open auction
- liberalizing existing license regulations in order to enable spectrum trading.

164. By “broadcasting spectrum,” we refer to the radio frequencies or waves in the electromagnetic spectrum, which carry radio (including mobile phone), television, and radar signals.

Inevitably this approach favors large-scale and incumbent operators who have sufficient financial capital to compete in bidding wars. Any reservation of spectrum for new entrants has been rejected on the basis that Ofcom does not perceive itself to have a role in “determination of the most appropriate market structure.”¹⁶⁵ Small-scale and amateur operators are further disadvantaged by the auctioning of licenses for an “indefinite duration.” This is adopted with a view to providing “sufficient security of tenure for licensees.” Such measures are likely to maximize public revenue from the digital dividend as well as encourage commercial investment in new platforms and technologies. The downside is that they restrict the development of competitive markets and open standards, and favor incumbents over new entrants.

In digital radio, the favoring of larger players is compounded by the owners of commercial multiplexes passing on the relatively high costs of bandwidth to would-be operators. The result is that DAB continues to be a platform reserved for the BBC and major commercial providers. The latter have struggled to make ends meet despite steady growth in consumer uptake. In 2008, Channel 4 announced the closure of its ambitious digital radio operation.¹⁶⁶ BBC digital-only stations have also been at the forefront of recent planned cuts.¹⁶⁷

For some commentators, Ofcom’s support for large-scale commercial investment in the public interest is in reality a manifestation of commercial capture. According to Robin Mannings, former futurologist at UK telecoms company BT: “They’re too worried about the companies being profitable. I would personally favor a more open approach where everything’s open to anybody who wants to set up and so on. I think there is a degree of protectionism that goes on ... I guess they would probably be saying they have to sometimes discourage complete openness to let the organizations that are investing make a return, but I think that’s manipulating the market, to be honest.”¹⁶⁸

5.1.2 Transparency

Ofcom holds public consultations on all spectrum license awards as well as its periodic strategy reviews. Full details in relation to consultations are published on its website. There is also a dedicated department for research inquiries and Freedom of Information requests. The regulator is, by any measure, unrivalled in its commitment to transparency procedures. However, it is questionable whether the ends of transparency in a regulatory context are met by open-access measures alone. Clearly, there may be invisible barriers associated with literacy or public awareness that can militate against the goals of transparency and restrict the forum of debate to elite stakeholders. This is likely to be particularly acute in relation to complex technical issues such as those involving spectrum allocation.

165. Ofcom, *Spectrum Framework Review: Implementation Plan—Interim Statement*, London, 2005, p. 36, available at <http://stakeholders.ofcom.org.uk/binaries/consultations/sfrip/statement/statement.pdf> (accessed 19 November 2010).

166. J. Plunkett, “Channel 4 axes radio projects,” the *Guardian*, 10 October 2008, available at <http://www.guardian.co.uk/media/2008/oct/10/channel4-radio> (accessed 3 October 2010).

167. BBC, “BBC 6 Music and Asian Network face axe in shake-up,” BBC News, 2 March 2010, available at <http://news.bbc.co.uk/1/hi/8544150.stm> (accessed 16 October 2010).

168. Interview with Robin Mannings, consultant futurologist and former foresight manager at BT, 1 October 2010, London (hereafter, Interview with Mannings).

The Spectrum Framework Review consultation in 2004/5 garnered responses from 35 commercial corporations, nine industry trade bodies, 12 governmental or state institutions, and two amateur associations.¹⁶⁹ No consumer groups, individuals, or civil-society organizations participated in this consultation, despite its critical implications for diversity, innovation and competition in new communications markets. The problem is not just one of complexity, but also publicity. One way of potentially broadening access might be to include technical considerations in broader policy consultations concerning the future of broadcasting or next-generation services. These have tended to attract a much wider range of public responses.

Even among those who do participate in consultations, there are further barriers in line with the relative resources and influence of stakeholders. Not surprisingly, the largest commercial groups in the above consultation submitted the most in-depth and analytical responses, often citing their own research data in support of their arguments. According to Philip Napoli, Associate Professor of Communications and Media Management at Fordham University's Graduate School of Business, "when the gathering of such data is a function of marketplace demand, data that have commercial value are gathered quite well, while data that might have little commercial value, but tremendous policy value, are not gathered as well, if at all."¹⁷⁰ The relatively detailed responses of larger groups were much more likely to be referenced in Ofcom's final consultation document than those of smaller or amateur organizations.

Finally, recent research has suggested that existing broadcasting license-holders enjoy a dual channel of access in light of their established relationships with the regulator. Thus, in addition to the formal channels provided by Ofcom's consultation procedures, license holders can lobby informally through regular meetings and shared social milieu with the regulator.¹⁷¹

5.1.3 Competition for Spectrum

The technical standard adopted for digital radio (DAB) has been met with some controversy, partly because of its inferior audio quality compared to newer technologies such as DAB+, as well as the FM analog band. What is certain is that DAB is less efficient than either of those alternative platforms and is licensed through a limited capacity system of multiplexes.

In theory at least, this has created the conditions for larger operators to use market power to control spectrum. Certainly, the BBC has led the DAB charge and has seen its share of the radio market increase as a result. This has been helped by the closure of several DAB commercial stations in recent years (Oneword, theJazz, Core, Capital Life, and Virgin Radio Groove). Some stations, notably Four Digital, never even made it to transmission. For them, DAB presented the worst of both worlds, combining high costs (owing in part to low capacity) with small audiences (as a result of the protracted consumer take-up of digital platforms).

169. Ofcom, *Spectrum Framework Review*, consultation responses, 2005, available at <http://stakeholders.ofcom.org.uk/consultations/sfr/?showResponses=true> (accessed 12 September 2010).

170. P. Napoli, statement to Congressional Briefing on "Local Media Diversity Matters", January 2007, available at <http://mediaresearchhub.ssrc.org/news/napoli-statement-to-congressional-briefing-on-local-media-diversity-matters> (accessed 22 September 2010).

171. J. Schlosberg, "Transmit/Disrupt: Why does illegal broadcasting continue to thrive in the age of spectrum liberalisation," *LSE Media Working Papers*, 2011.

Combined with the effects of the financial crisis, it was inevitable that commercial broadcasters would seek to cut back on their digital operations first and foremost. But the BBC has not been immune to the problem of high costs and small audiences, proposing the closure of two of its digital stations in 2010 (the Asian Network and 6 Music). Consumer-led campaigns have curtailed the closure epidemic and saved stations in the commercial sector (Planet Rock) and at the BBC (6 Music), but the overall problem of UK digital radio to date has been one of insufficient spectrum demand rather than excess supply.

In television, however, market power may have led to a reduction in the plurality of spectrum licensing, particularly as mentioned above on the digital satellite platform, exclusively controlled by BSkyB. News Corporation's controlling stake in BSkyB was the subject of significant controversy in 2011 when Ofcom approved its bid to buy the company outright. In the event, this decision was to prove immaterial as News Corp withdrew the bid following the scandal over phone hacking at the *News of the World* (see section 4.1.2). But Ofcom's decision was certainly greeted with widespread criticism and accusations of capture. Prior to this however, Ofcom had at least demonstrated a willingness to curb BSkyB's market power: in March 2010 the company was ordered to make a 23.4 percent cut in the price of its Sky Sports packages to digital competitors.¹⁷²

5.2 Digital Gatekeeping

5.2.1 Technical Standards

Debate regarding the adoption of technical standards this has taken place largely within policy communities and specialist media, and there is little evidence to suggest wider public participation (see section 5.1.2). In radio, debates have centered on the limitations of DAB over DAB+ in terms of audio quality and spectrum efficiency, as well as the switch-over controversy (see section 1.1.2).

The digital TV standards for the UK are DVB-S (satellite), DVB-C (cable), and DVB-T (terrestrial). Although these are all open European standards, the standard for conditional access services operated by Sky is a closed one. This is significant because conditional access services are the means by which other pay TV broadcasters can compete with Sky on the digital satellite platform. The conditional access standard used by Sky is Videoguard, provided by a company in which it owns a 49 percent stake. In 2011, Ofcom upheld a complaint regarding Sky's decision to exclude a third party from broadcasting Sky Sports channels via its conditional access modules.¹⁷³ This was said to have contravened the "wholesale must-offer" obligation in relation to Sky's premium sports channels. The obligation was imposed by Ofcom as part of its pay TV review the previous year.¹⁷⁴

172. M. Sweney, "Ofcom orders Sky Sports price cut," the *Guardian*, 31 March 2010, available at <http://www.guardian.co.uk/media/2010/mar/31/ofcom-sky-sports-price-cut> (accessed 22 October 2010).

173. Ofcom, *BT complaint against Sky under the wholesale must-offer obligation*, 29 March 2011, available at http://stakeholders.ofcom.org.uk/binaries/enforcement/competition-bulletins/closed-cases/all-closed-cases/cw_01061/bt_complaint.pdf (accessed 5 January 2012).

174. Ofcom, Pay TV statement, 31 March 2010, available at http://stakeholders.ofcom.org.uk/binaries/enforcement/competition-bulletins/closed-cases/all-closed-cases/cw_01061/bt_complaint.pdf (accessed 5 January 2012).

5.2.2 Gatekeepers

Ofcom has been proactive in recent years in checking digital gatekeeping in Subscription Management Systems (SMS). The Sky Sports example (see section 5.1.3) is a recent case in point. But SMS operators have long been bound by must-carry and Electronic Programme Guide (EPG) regulations with regard to public service terrestrial content.¹⁷⁵ In relation to news services, at least, carrier gatekeeping has not been a significant issue in the development of UK digital broadcasting.

A much greater gatekeeping threat is posed in the internet domain, and UK policymakers have been notably less forthcoming than their European and U.S. counterparts in providing assurances that net neutrality will be preserved. In response to comments by communications minister, Ed Vaizey, that “ISPs should be free to abandon net neutrality,”¹⁷⁶ Mogull argues that “to avoid creating a two-tier internet or throttling some types of traffic, that’s another topic at the moment where I sense the UK is heading in a slightly different direction from the rest of Europe and the U.S., where there’s more protection for net neutrality.”¹⁷⁷

This has led to fears of “walled gardens” of content and associated forms of gatekeeping emerging from bandwidth discrimination.¹⁷⁸ The potential impact of a *laissez-faire* policy on net neutrality remains a significant concern.

5.2.3 Transmission Networks

Under the terms of the Communications Act 2003, Ofcom was charged with the allocation, management, and enforcement of spectrum licensing for all uses and services. However, as the preceding analysis suggests, instances in which spectrum policy may be said to have privileged particular interests have been primarily the result of a *lack* of intervention in key areas, namely satellite broadcasting and net neutrality (see sections 5.1.1 and 5.2.2).

5.3 Telecommunications

5.3.1 Telecoms and News

All major telecoms companies play a role in distributing media and news content. For the fixed-line network operator BT, this consists in its broadband and digital television services. BT’s share of the national broadband market has remained stable at around 35 percent for the last three years.¹⁷⁹ In 2006 it launched BT Vision,

175. EPG regulations refer to the obligation of carriers to include and give due prominence to public service programming in their channel guides and related information.

176. J. Halliday, “ISPs should be free to abandon net neutrality, says Ed Vaizey,” the *Guardian*, 17 November 2010, available at <http://www.guardian.co.uk/technology/2010/nov/17/net-neutrality-ed-vaizey> (accessed 12 December 2010).

177. Interview with Mogull.

178. “Walled gardens” refers to content discrimination exercised by service providers in which non-preferred applications or content may be restricted or blocked.

179. BT Group, *Annual Report 2010*, available at <http://www.btplc.com/Sharesandperformance/Annualreportandreview/pdf/BTGroupAnnualReport2010.pdf> (accessed 7 December 2010).

an IPTV service featuring interactive and on-demand content which presently attracts 467,000 subscribers. It is also involved in a joint venture with PSB channels to provide free digital television with free on-demand content from PSBs delivered over broadband. In addition to its range of retail consumer and business services, BT also operates a major wholesale business which includes the provision of connection to the fixed-line network at regulated prices, as well as wholesale broadband and Wi-Fi services.

The status of BT today is the product of three successive policy paradigms: liberalization, regulation, and deregulation. This began with the privatization of BT (known then as British Telecom) in 1984. Regulation subsequently introduced a duopoly in the fixed-line telephone market and wider competition in the 1990s. This culminated in 2004 with the structural separation of BT's wholesale and retail arms in order to ensure that interconnection for BT's broadband provision was on the same terms as its competitors. In addition to access and price regulation, BT is charged with a set of Universal Service Obligations. In September 2009, Ofcom decreed that BT no longer had Significant Market Power (SMP) in retail telephony, with the subsequent removal of all SMP related conditions. Recently, BT has exploited new regulatory freedom to provide bundled packages that include telephone, broadband, and television services.

The only other fixed-network operator is Virgin Media, which competes with BT's wholesale operations through its control of the cable network. Like BT, it is considered to have SMP in the wholesale market and is subjected to corresponding regulation. In addition, Virgin Media delivers media content on all platforms including mobile. It is the second-largest pay-television provider and the largest provider of "quadruple-play" bundled services including fixed-line telephone, mobile, broadband, and television packages.¹⁸⁰

What is clear is that telecoms companies across the board are increasingly looking to media content as the key area of revenue growth. Overall, voice revenues have been in decline since 2003 and mobile voice revenues fell for the first time in 2009.¹⁸¹ Take-up of 3G mobile connections accelerated in 2009, reaching just under eight million. In conjunction with expanding Wi-Fi networks, this has driven a marked growth in mobile internet. According to Ofcom survey data, by 2010, 31 percent of adults were accessing web and data services via their mobile phone.¹⁸²

Telecoms companies are thus at the forefront in driving broadband take-up as well as digital television services. As such, they are likely to be central to the proliferation of news platforms enabling users to access the news that they want, as well as when and where they want it. News providers have responded to the growth in mobile internet by offering a range of device-specific applications and services including tailored mobile news feeds, and podcasts. However, the impact of fixed- and mobile-broadband expansion on the overall news offer should not be overestimated. For one thing, online news consumption is, by any definition, marginal compared to activities such as email, online shopping, and social networking. Even those who do

180. Virgin Media Group, *Annual Report 2009*, available at http://media.corporate-ir.net/media_files/IROL/13/135485/Virgin_Media_Annual_Report2009.pdf (accessed 7 December 2010).

181. Ofcom, *CMR*, p. 9.

182. Ofcom, *CMR*, p. 208.

access news services online do so primarily as a supplement to, rather than a replacement of, traditional modes of consumption.¹⁸³

But perhaps the most limiting factor concerns the perceived revenue potential of digital news services among telecoms companies. Growth strategies are centered on “premium” media content—notably films and sport—an emphasis reflected in the most recent regulatory response to competition in pay-television services that found that BSkyB commands SMP in these areas and imposed wholesale obligations with price capping.¹⁸⁴ According to Mannings, the consumer and industry perception of digital news as a free service will inevitably restrict telecoms investment in that area relative to premium media content. The problem for digital news services is that “by and large, the quality of service is determined by the amount of investment”:

The thing to bear in mind is that when a [telecoms company] gets into a service, it’s about industrial strength. There are some activities on the internet-streamed videos and so on, where it’s very obvious sometimes that the quality is poor. Things stop and start ... if you look at a YouTube clip when the bandwidth is in short supply and it jerks, it starts and stops and so on, and the end result is pretty annoying. One of the advantages of a [telecoms company] involvement is that the huge scale of what’s being done—because it’s being done for millions of people—you’ve got a large investment in quite difficult to configure, big machinery.¹⁸⁵

On the other hand, the availability of diverse digital news services may be said to have been enhanced by their limited profitability. Many digital news applications and services are made available as “loss leaders” and Sky News is currently available on Freeview digital television. This has expanded the overall free TV news offer beyond that which is already ensured by must-carry PSB regulation.

5.3.2 Pressure of Telecoms on News Providers

We are not aware of any cases where cable companies or telecoms operators have deliberately sought to restrict access to news services through pricing or traffic management. As we have just argued, there is little incentive for such operators to use news as a bargaining tool in relation to other more lucrative services. Furthermore, cable and telecoms providers are obliged to respect must-carry rules for public service broadcasting. However, in the mid to long term, when telecoms and cable companies seek to take advantage of IPTV technology, there is a real concern that the abandonment of net neutrality, as described above, may lead to the exclusion or limiting of news in favor of content with more immediate financial rewards.

183. S. Schifferes, W. Lusoli & S. Ward, “What’s the Story...?”

184. Ofcom, *Pay TV Statement*, 31 March 2010, available at http://stakeholders.ofcom.org.uk/consultations/third_paytv/statement/ (accessed 3 September 2010).

185. Interview with Mannings.

5.4 Assessments

A balanced analysis tends to support the view that spectrum allocation by the state is always subject to at least some measure of politicization.¹⁸⁶ Ofcom has adopted a framework, shared by recent governments, that has prioritized a market-based approach to spectrum allocation which has inevitably favored incumbent and large-scale operators.

In line with statutory legislation, Ofcom is committed to ensuring that the roll-out of next-generation services and the target of universal broadband access is driven by commercial operators. Consequently, perhaps too much attention has been paid to preserving the profitability of existing operators and providers, and hence maximizing incentives for investment in network infrastructure and new services. It is difficult to tease out from the evidence available the extent to which this approach has been adopted with full consideration for the public interest, or whether an element of regulatory capture by telecoms and major content providers has played a role. Must-carry regulation has certainly preserved the space for public service broadcasting in the ever-expanding digital landscape, and recent interventions suggest that Ofcom is concerned to limit the market power of individual broadcasters. However, there is still a considerable lack of competition within specific broadcasting platforms (notably satellite and cable). The Digital Economy Act 2010 did provide for a nominal public fund to help secure universal broadband access, but attention remains focused on physical connection rather than quality of access. It is in this context, and in particular media literacy, where the UK digital divide is most significant.

Regulatory, public service, market, and civil-society discourse in the UK all center on notions of the public interest. At times, these notions conflict. For market advocates such as News Corporation's CEO, James Murdoch, public interest is seen exclusively in terms of consumer choice. For public service advocates, emphasis is placed on the citizenship value and merit goods that PSB can provide.

Ofcom attempts to tread a line between these two broad conceptions, but in the allocation and regulation of newly available spectrum, primacy has been placed on market value. This has been associated with an explicit distancing of the regulator from selecting or favoring technologies or applications in the issuing of new spectrum licenses. The central argument is that the public interest would be at risk from path dependency, meaning that future consumer choices may be restricted by favoring particular technologies in the present.

186. P.M. Lewis and J. Booth, *The Invisible Medium: Public, Commercial and Community Radio*, McMillan, London, 1989; L. Lessig, *Free Culture: The Nature and Future of Creativity*, Penguin, London, 2004.

6. Digital Business

6.1 Ownership

6.1.1 Legal Developments in Media Ownership

Recent proposals to further deregulate and liberalize media ownership are inextricably linked to digitization insofar as they have invoked structural shifts in advertising revenue as a key justification for change.¹⁸⁷ But these proposals have been met by strong opposition from campaigners who argue that economic pressures (emanating in part from digitization) are being used as a mask to cover what is, in reality, a continuation of a decades-long, ideologically-driven policy paradigm. In common with other developed nations, this has seen media ownership rules in the UK fall victim to radical liberalization, particularly in the 20 years since the Broadcasting Act 1990.

The remaining rules concern who is allowed to hold broadcasting licenses, as well as ownership of national press and ITV licenses, and ownership of local press/radio licenses. Media mergers are covered by competition law, with special provisions for intervention, as laid out in the Enterprise Act 2002, by the Secretary of State for Business, Innovation and Skills, if a proposed merger is deemed to threaten plurality and diversity.¹⁸⁸ The Communications Act 2003 scrapped many of the other provisions that were contained in the 1990 Act, including a ban on individuals from outside Europe owning a commercial television license—a move unreciprocated by most other developed nations. The 2003 Act further stipulated that the remaining laws governing cross-media and local-media ownership be subject to a tri-annual review by Ofcom.

In Ofcom's first review of the ownership rules, following the 2003 Act, it found that although "some consolidation" had occurred, this did not present "substantive problems" and, accordingly, advocated little change.¹⁸⁹ In fact, the only recommendation in the 2006 review called for *further* liberalization with regard to

187. Barnett 2010. "What's wrong with Media Monopolies? A lesson from history and a new approach to media ownership policy," *Media@LSE Electronic Working Papers*, No. 18, 2010. ++PLEASE NOTE BROKEN LINK++

188. O. Gibson, "Cross-media ownership," the *Guardian*, 8 July 2003, available at <http://www.guardian.co.uk/business/2003/jul/08/citynews.broad-casting> (accessed 24 September 2010).

189. Ofcom, *Review of Media Ownership Rules*, London, 2006, p. 2, available at <http://stakeholders.ofcom.org.uk/binaries/research/media-ownership/rules.pdf> (accessed 19 September 2010) (hereafter, Ofcom, *Review of Media Ownership Rules*).

local radio and local cross-media ownership rules. This, it was argued, would help the struggling commercial digital radio sector to compete more effectively with the BBC and enhance plurality on this platform.¹⁹⁰

Not long after this review, BSkyB purchased a 17.9 percent stake in ITV, triggering the public-interest test for media mergers laid out in the Enterprise Act 2002. The Competition Commission ruled against BSkyB—the only such proposed merger not to have been partly or wholly cleared by the Competition Commission since the 2002 Act.¹⁹¹

The Digital Economy Act 2010 further liberalized the rules governing Channel 3 licenses, in particular enabling one company to hold the license for both England and Scotland.¹⁹² The Government had previously asked Ofcom to focus its next review on local cross-media ownership rules to see if further liberalization might be warranted, given that the market was reeling from sustained economic recession. Ofcom's review reiterated its concerns expressed in 2006 but went further. It recommended liberalization that would leave only a provision against one company owning an ITV license, radio station, and more than 50 percent of local newspapers in the same region.¹⁹³ The government, however, passed legislation in June 2011, removing all cross-media ownership rules operating at a local level in order to allow commercial media organisations “to develop new business models that allow them to move more freely from platform to platform, enabling a strong and diverse local media industry.”¹⁹⁴ It may be claimed that any threat to plurality which this may pose would be offset by government proposals to develop local television stations across the UK (see section 2.1.3).¹⁹⁵ However, whether these stations will be commercially viable remains to be seen, let alone whether they will plug the plurality gap threatened by further liberalization.

Although principles of media diversity and pluralism are routinely invoked in respect of media regulation, there are real concerns that recent implementation of policy has done the very opposite and inched the UK media industries toward ever greater liberalization, with accompanying consolidation.¹⁹⁶ This is especially the case given the stated preference for further liberalization in the DCMS Communications Review, which is likely to provide the basis for future communications legislation.¹⁹⁷

190. Ofcom, *Review of Media Ownership Rules*, p. 4.

191. Office of Fair Trading, *Review of the local and regional media merger regime*, discussion paper, London, 2009, p. 11, available at http://www.of.gov.uk/shared_of/business_leaflets/general/oft1069.pdf (accessed 22 September 2010).

192. Digital Economy Act 2010, Section 24, available at <http://www.statutelaw.gov.uk/content.aspx?activeTextDocId=3699621> (accessed 18 November 2010).

193. Ofcom, *Report to the Secretary of State (Culture, Media and Sport) on the Media Ownership Rules*, London, 2009, p. 5, available at <http://stakeholders.ofcom.gov.uk/binaries/consultations/morr/statement/morrstatement.pdf> (accessed 20 November 2010) (hereafter, Ofcom, *Report to the Secretary of State*).

194. DCMS, ‘Local Television’, available at http://www.culture.gov.uk/what_we_do/broadcasting/7235.aspx (accessed 9 December 2011).

195. N. Shott, *Commercially Viable Local Television*; DCMS, *A new framework for local TV in the UK*.

196. See, e.g. Lord Puttnam, “Why does media plurality matter?” *Epolitix.com*, 5 November 2010, available at <http://www.epolitix.com/policy/culture/culture-article/newsarticle/why-does-media-plurality-matter/> (accessed 20 November 2010).

197. DCMS, *Communications Review*, initiated 16 May 2011, available at http://www.culture.gov.uk/what_we_do/telecommunications_and_online/8109.aspx (accessed 9 December 2011).

6.1.2 New Entrants in the News Market

Given this consolidation and these market pressures, there have been few significant new entrants in the UK press industry at either regional or national level. Similarly, the commercial radio market has undergone significant contraction ever since the spurt of new commercial licenses awarded following liberalization in the Broadcasting Act 1990.

UK-owned digital television news outlets have also diminished in the last five years with the closure of ITV's rolling-news channel. However, foreign news channels—notably Al Jazeera—have experienced dramatic growth in UK audience reach. This was in large part a consequence of the launch of Al Jazeera English in 2006 with a broadcast center in London. The center produces unique programming aimed at a Western audience, some with household name presenters. Shows based in the UK include *Frost Over the World*, a weekly interview show hosted by Sir David Frost, and *The Rageh Omaar Report*, which focuses on in-depth coverage of stories neglected by the Western media. Initially carried by BSkyB, Al Jazeera English signed a deal with Freeview in 2010 that will see its UK audience-reach double, providing access to 80 percent of UK households.¹⁹⁸

6.1.3 Ownership Consolidation

It is notoriously difficult to establish causal links between consolidation and diversity of output. What is certain is that UK journalism is in unprecedented crisis and that this has been manifest partly in increasing homogenization of content (see section 1.2.2).¹⁹⁹ Market consolidation is usually accompanied by expenditure cuts as resources are rationalized, and it therefore seems unlikely that any media mergers will have a positive impact on diversity of output.

Some respondents, however, have argued that concentrations in particular digital subsectors have helped to enhance competition and plurality in converged markets. According to Harding, digitization has “created a value chain which is much more complicated, with many more players behind the scenes.” The rise of content aggregators, for instance, has challenged the dominance of content creators, and the rise of new modes of distribution has challenged the dominance of telecoms incumbents.²⁰⁰

Nevertheless, we have already seen how UK audiences are increasingly sourcing online news from established sources, with an inevitable “crowding out” effect (see section 1.2.1). But perhaps the greatest threat to diversity and plurality currently stems from cross media concentration. News Corporation controls 37 percent of the national newspaper market as well as one of only three national television news providers. Its press outlets overwhelmingly adhere to a conservative editorial agenda, and News Corporation's chairman and CEO, Rupert Murdoch, suggested in 2007 that he would like Sky News to be more like its arch-conservative U.S.

198. “Al Jazeera expands UK access”, *Aljazeera.net*, 1 July 2010, available at <http://english.aljazeera.net/news/europe/2010/07/2010714555838293.html> (accessed 2 December 2010).

199. N. Davies, *Flat Earth News*; N. Fenton (ed.), *New Media, Old News*.

200. Interview with Harding.

counterpart, Fox News.²⁰¹ The extent to which this is achievable in light of impartiality codes is unclear, as is the extent of Murdoch's editorial influence over Sky News.

The overall media-ownership landscape in the last five years reveals a mixed picture, with consolidation patterns accelerating in some quarters and stabilizing in others. There has been an increase in individual proprietorship of newspapers. In 2009, Russian oligarch Alexander Lebedev purchased a 75 percent stake in London's *Evening Standard* and then bought the *Independent* the following year, raising concerns of a resurgence in "press baronism." But there has been little change overall in national press ownership. Newspaper circulation continues to be dominated by News Corporation and its two nearest rivals, Trinity Mirror and DMGT.

Likewise, there has been little change to ownership structures in national television. The bulk of television news production is carried out by the BBC (for all its channels), ITN (for ITV and Channel 4 outlets), and Sky (for its own outlets, as well as Channel 5). Although Sky's share of the television news market is only 5.4 percent, it now controls nearly all of the national commercial news for radio,²⁰² following its acquisition of the Independent Radio News contract from ITV in 2009. As a result, News Corporation is now the third-largest national news provider on television, and the largest in both press and radio. Regardless of how far a focus on ownership can serve as a substitute for diversity, this kind of cross-media power raises serious questions over the adequacy and sufficiency of UK ownership regulation.

It is, however, the local and regional media sectors that have seen the bulk of merger activity in recent years, coinciding with a significant number of title closures. For instance, in recent years, Trinity Mirror has closed several titles and separately purchased GMG Regional Media, publisher of 32 titles, from the Guardian Media Group.²⁰³ This wave of mergers and closures is having a double-edged effect on the number of voices in local media. Mergers are precipitating a more concentrated market while also prompting closures as a result of consolidation. The five leading newspaper groups now account for over 70 percent of regional circulation.²⁰⁴ Similar patterns have occurred in radio where the two largest players, Global and Bauer, now control 39 percent of all local commercial radio stations.

6.1.4 Telecoms Business and the Media

As already discussed, UK telecoms companies have not entered media-content creation markets, which are seen as too far removed from their core businesses. Instead, they see their growth area in content delivery and, as a result, telecoms companies have come to dominate both wholesale and retail broadband service industries.

201. O. Gibson, "Murdoch wants Sky News to be more like rightwing Fox," the *Guardian*, 24 November 2007, available at <http://www.guardian.co.uk/media/2007/nov/24/bskyb.television> (accessed 1 December 2010).

202. O. Luft, "Sky News prepares to become main player in commercial radio news," the *Guardian*, 26 February 2009, available at <http://www.guardian.co.uk/media/2009/feb/26/sky-news-main-player-commercial-radio> (accessed 19 November 2010).

203. O. Luft, "Trinity Mirror to close nine Midlands papers," the *Guardian*, 1 July 2009, available at <http://www.guardian.co.uk/media/2009/jul/01/trinity-mirror-to-close-midlands-papers> (accessed 14 November 2010). Newspaper Society, "History of British Newspapers," *Newspapersoc.org.uk*, 2010, available at <http://www.newspapersoc.org.uk/history-of-british-newspapers>.

204. Ofcom, *Local and Regional Media in the UK*, discussion document, London, 2009, p. 2, available at <http://stakeholders.ofcom.org.uk/binaries/research/tv-research/lrmuk.pdf> (accessed 29 September 2010).

By far the most significant merger activity in the last five years has been the creation of Virgin Media following an approved merger in 2006 between Virgin Mobile UK and NTL:Telewest. This created the first “quadruple-play” media company in the UK, bringing together television, internet, mobile phone, and fixed-line telephone services, as well as giving Virgin Media control over the UK’s cable network. However, this event did not raise much concern from the competition authorities, or even from media activist groups, perhaps because the new company posed a significant threat to the market power of BSkyB.

6.1.5 Transparency of Media Ownership

There are no specific requirements on media organizations or media owners to report ownership information to a media authority or other public body, other than rules applied to all registered companies regarding declaration of shareholders. Although this information is publicly available, in practice it may be difficult and time-consuming for ordinary members of the public to decipher the ownership of media companies—particularly large multinationals—given the complexity of their ownership structures. In its recent review of media ownership rules, Ofcom did carry out a detailed survey of the current media ownership landscape in the UK, identifying concerns not about transparency but concentration of ownership.²⁰⁵

6.2 Media Funding

6.2.1 Public and Private Funding

6.2.1.1 Public Funding

The BBC’s domestic service continues to be funded exclusively by the license fee, currently set at a level that generates an annual income of £3.4 billion (US\$5.5 billion).²⁰⁶ This is the result of a license fee settlement in 2007 that gave the BBC an annual increase in line with inflation. Although the BBC described this outcome as “disappointing,” with the Director-General calling for “some very difficult choices” in light of the decision,²⁰⁷ other commentators expressed skepticism over the BBC’s publicly stated response. Emily Bell, then director of digital content at the *Guardian*, pointed out that, “internally, BBC executives have viewed the prospect of an inflation-only settlement from the Government as a [good] result for some time.”²⁰⁸

In any case, the BBC’s worst fears were arguably realized in 2010 when, as part of the new government’s Spending Review, it was forced to accept a six-year freeze of the license fee, amounting to a real terms funding cut of 16 percent.²⁰⁹ In addition, from 2013, the BBC will assume financial responsibility for much

205. Ofcom, *Report to the Secretary of State*.

206. HM Treasury, *Departmental Budgets 2010*, available at http://www.hm-treasury.gov.uk/d/pesa_2010_chapter1.pdf (accessed 12 December 2010).

207. BBC, “Jowell reveals 3% TV license rise”, BBC News, 18 January 2007, available at <http://news.bbc.co.uk/1/hi/uk/6274851.stm> (accessed 13 November 2010).

208. E. Bell, “Man in the hot seat – but it could have been hotter,” the *Guardian*, 19 January 2007, available at <http://www.guardian.co.uk/commentisfree/2007/jan/19/uk.media> (accessed 22 October 2010).

209. M. Savage, “BBC license fee to be frozen under tough new settlement,” the *Independent*, 20 October 2010, available at <http://www.independent.co.uk/news/uk/politics/bbc-licence-fee-to-be-frozen-under-tough-new-settlement-2111338.html> (accessed 22 October 2010).

of the Welsh language broadcaster S4C, as well as the World Service, hitherto funded by the Foreign and Commonwealth Office, amounting to an additional annual cost of around £300 million.

Part of the Government's previous license-fee settlement required the BBC to make 20 percent cuts in a bid to secure a more level playing field for commercial competitors. This was translated into a 25 percent cut in its online budget, confirmed in January 2011 and proposals, announced in October 2011, for a 20 percent cut in its budget by 2016–2017. In the 15 years since its inception, BBC Online has risen to become by far the most popular online news resource in the UK, and has led the field in new applications including its iPlayer, the most widely used internet television on-demand service. However, although some of the investment in digital services has stemmed from license fee increases over the last 15 years, respondents acknowledged that there has been a significant transfer of resources away from traditional journalism operations. According to Andy Conroy, general manager at BBC Online: "The BBC was given some increased investments at around the turn of the century specifically for digital development. Therefore, there was an increase in digital investment but we did also switch cash around within the Corporation as well, to support our digital output as opposed to our linear output, and we have continued to do that."²¹⁰

The problem is that BBC Online relies for much of its content on the BBC's central newsgathering operations. A relative cut in traditional "linear" output may therefore amount to a far greater cut in journalism across all of the BBC's news platforms. It seems unlikely in the current climate that journalism within the BBC will see any boost in funding, despite the enforced cut in online expenditure.

6.2.1.2 Private Funding

However difficult the funding squeeze on the BBC may be, it has been incomparable to that faced by its commercial competitors. Total advertising spend fell in 2008 for the first time in seven years, and in 2009 by an unprecedented 13 percent.²¹¹ Such figures take into account the general upward trend in internet advertising, meaning that traditional media have suffered a fate worse than even the dire statistics suggest. For broadcasters, the decline turned out to be cyclical and commercial television is now experiencing a bumper recovery.²¹² It may well be that this is what prompted ITV's new chairman Archie Norman to reconsider plans announced in 2009 to cut its regional programming output.²¹³

However, for the print sector, the decline in advertising has turned out to be structural rather than cyclical, compounded by falling circulation and subscription revenues. The local and regional press has been hit the hardest, largely due to migration of advertisers online. As James Thickett from Ofcom explains:

210. Interview with Andy Conroy, General Manager, BBC Online, London, 29 November 2010.

211. Advertising Association, "UK advertising expenditure down by 9.6% in 4th Quarter of 2008 resulting in a yearly 3.9% decline," news release, 16 March 2009, available at <http://www.adassoc.org.uk/aa/index.cfm?LinkServID=1E57B32A-19B9-F84A-0C4DB0D9499D643C&showMeta=0> (accessed 19 November 2010).

212. Advertising Association, "Q2 see 11% boom for UK ad market," news release, 14 October 2010, available at <http://www.adassoc.org.uk/aa/index.cfm?LinkServID=AB334C02-C92B-3B32-D091D5240F02EDD9&showMeta=0> (accessed 19 November 2010).

213. UK Parliament, *Future for local and regional media – Culture, Media and Sport Committee*, 2010, section 3, note 113, available at <http://www.publications.parliament.uk/pa/cm200910/cmselect/cmcomeds/43/4306.htm#note113> (accessed 20 November 2010).

Money that used to go into local advertising is now going to the internet. Most of it is going to search, which is replacing classified directories, or it's going to big national sites like Property Finder and Right Move, which is replacing local property advertising. Or it's going into Auto Trader Online, which is replacing motoring advertising or you need to go into any number of internet job sites, which are replacing all the small ads for the jobs in local newspapers. Whereas 10 to 20 years ago there was a thriving local regional display advertising market, that's now been brought back and it's becoming smaller and smaller.²¹⁴

Between 2008 and 2009, there were an estimated 53 closures of local newspapers compared to 11 launches.²¹⁵ Media reports suggest that this trend may have been reversed in the last year.²¹⁶ Nevertheless, wholesale cuts in staff, offices, and resources continue to occur across the board in the regional press sector. The basis of these cuts is more complex than simply a structural decline in advertising coupled with sustained recession. A case in point was the cuts made by Trinity Mirror to its newly acquired *Manchester Evening News* (MEN) outlet in 2010. The paper had reported significant profits and was well on the way to paying off the group's investment. According to one representative of the National Union of Journalists at MEN: "Over the past few years, journalists at the *Manchester Evening News* and weekly newspapers have seen that when business is good, management cuts our jobs, when business is bad, management cuts our jobs and then when business is improving, management cuts our jobs. Different management, same philosophy."²¹⁷

Such examples are not unique and suggest that cuts are part and parcel of a conglomerate culture and large corporate-scale approach to delivering local news. Perhaps more crucially, they underscore the need to look behind the dominant discourse that equates cuts solely with economic pressure. The "crisis" certainly did not prevent supposedly cash-strapped corporations from continuing to make large-scale acquisitions. In 2010, Trinity Mirror, as we have noted above, acquired GMG Regional Media, publisher of 32 titles, from the Guardian Media Group for £44.8 million.

6.2.2 Other Sources of Funding

No significant alternative sources of funding for media have emerged in recent years. Proceeds from the Digital Dividend have been reallocated to broadband roll-out, as has the expected £250 million surplus from the BBC's Digital Switchover funds which will become available in 2012. There has been much discussion over how to fund new local television stations proposed by the Government in recent months, since an independent report commissioned by the Culture Secretary found that an advertising model alone would

214. Interview with James Thickett, Head of Research, Ofcom, London, 18 July 2010 (hereafter, Interview with Thickett).

215. R. Greenslade, "Britain's vanishing newspapers," the *Guardian*, 19 February 2009, available at <http://www.guardian.co.uk/media/greenslade/2009/feb/19/local-newspapers-newspapers> (accessed 23 September 2010).

216. Newspaper Society, "Press Gazette Local Newspapers Feature: Turning the tide," *Newspapersoc.org.uk*, 7 October 2010, available at <http://www.newspapersoc.org.uk/7/oct/10/press-gazette-local-newspapers-feature-turning-the-tide> (accessed 14 November 2010).

217. D. Ponsford, "As the profits pile in from MEN Media, why indeed is Trinity Mirror cutting yet more jobs?," *Press Gazette*, 2 August 2010, available at <http://blogs.pressgazette.co.uk/editor/2010/08/02/as-the-profits-pile-in-from-men-media-why-indeed-is-trinity-mirror-cutting-yet-more-jobs/> (accessed 28 October 2010).

not be sustainable.²¹⁸ According to Thickett: “We did a lot of work on this two years ago as part of our PSB Review and we looked at various business models but we couldn’t find a way that it could be commercially viable. We looked at [Manchester’s] Channel M, which is probably the best example of a decent sized local television service in a metropolitan area, and Channel M hasn’t been able to make money, despite several years attempting to find the right model.”²¹⁹ One alternative currently being considered is corporate sponsorship and the BBC has agreed to offer resource assistance to local television outlets. However, the viability of local television without some form of public subsidy (as is provided in European equivalents) remains deeply uncertain.

Another alternative source of funding for local and regional news that Ofcom has identified (and then rejected) is an industry levy on the turnover or profits of telecoms, broadcasters, and ISPs.²²⁰ A 2009 report for the Institute for Public Policy Research, *Mind the Funding Gap*, argued that approximately £70 million could be raised from a 1 percent levy on the revenues of BSkyB and Virgin Media, and an additional £200 million if this levy were extended to the revenues of telecoms companies.²²¹ While a levy is common in several European countries (including France, Germany, the Netherlands, and Belgium), British policymakers have concluded that it “would have a significant impact on the [media] market.”²²²

6.3 Media Business Models

6.3.1 Changes in Media Business Models

The first and perhaps most significant change to media business models prompted by digitization has been significant investment by major media organizations in establishing their online presence. However, despite amassing large online readerships, this has not equated to anything near a proportionate return on investment. As both readers and advertisers migrate to the internet, the corporate balance sheets of newspapers have plunged into ever deepening crisis. Commercial news organizations face an array of obstacles in trying to commodify their online content. For one thing, there is a widespread consumer conception that information online is—and should be—free at the point of access. In any case, even if all major newspapers were to begin charging for content, consumers would still have any number of free alternatives to turn to, not least BBC Online. The exception to this rule lies in specialist and “business to business” (B2B) content, as Peter Williams, former finance director of DMGT, explains:

218. N. Shott, *Local Television in the UK*, interim report to Secretary of State for Culture, Media and Sport, 24 September 2010, available at http://www.culture.gov.uk/images/publications/NShott_InterimFindingsLocalTV_240910.pdf (accessed 29 November 2010).

219. Interview with Thickett.

220. Ofcom, *Putting Viewers First*, p. 52.

221. Institute for Public Policy Research, *Mind the Funding Gap: The potential of Industry levies for the continued funding of public service broadcasting*, London, IPPR, 2009, p. 4, available at <http://www.bectu.org.uk/advice-resources/library/241> (accessed 14 December 2010) (hereafter, IPPR, *Mind the Funding Gap*).

222. Ofcom, *Putting Viewers First*, p. 52.

We have a lot of B2B businesses for which the web has been wonderful, because it's opened up whole new opportunities because people are very happy to pay for unique content and it gives us an unlimited scope to publish more. So, on the B2B side, it's been fantastic. On the B2C [business to consumer] side, on the internet, well, there's a tendency for people to regard news as being free, certainly with the BBC out there, so we're generally looking at an advertising [model] or generating revenues in other ways than subscriptions.²²³

In 2010, the *Times* became the first major newspaper to begin charging for its online content. The success of this model, and the likelihood of competitors following suit, are not yet clear. The problem of relying on advertising revenue has been that the migration of advertising online has not followed traditional media organizations but has instead moved primarily into online search. Some have suggested that traditional players in the local sector have fundamentally misunderstood the digital threat, perceiving it as stemming chiefly from content providers with formats similar to print publications (but with less favorable or unsustainable revenue structures), rather than from “pure play” companies such as Google that are luring local advertisers with dynamic pay-per-click models.²²⁴ Instead of adapting to this new model of revenue extraction, traditional media companies are inclined toward increasingly desperate attempts to preserve their mode of operation and what is left of their advertising markets.

More broadly, press business models have undergone partial shifts as a result of fewer journalists doing more work, as well as diversification of services to include e-commerce. It is worth noting that there is little evidence to suggest that such marginal and experimental changes to business practice will make funding models for journalism more sustainable in the long run.

Digitization has, however, prompted some successful comprehensive changes to business models. The conversion of the *Evening Standard* to a “free sheet” has propelled it to the brink of profitability within a year and all the signs suggest that the model is working.²²⁵ What's more, it has achieved this without making significant cuts to its editorial operations. That said, the London market is unique, given its scale of readership and a public transport network that provides an efficient distribution platform. It is much less certain whether the model could be replicable even in other metropolitan districts, let alone small towns or rural areas.

223. Interview with Williams.

224. T. Heaton, “Local Media in a Postmodern World—Failure at the Top,” *DigitalJournalist.org*, October 2008, available at <http://digitaljournalist.org/issue0810/local-media-in-a-postmodern-world-failure-at-the-top.html> (accessed 19 November 2010).

225. P. Preston, “Evening Standard almost in profit after going free,” the *Guardian*, 13 June 2010, available at <http://www.guardian.co.uk/media/2010/jun/13/peter-preston-evening-standard-free> (accessed 24 November 2010).

6.4 Assessments

Digitization has contributed significantly to a climate of uncertainty in most media markets. While this has played a part in accelerating concentration in local media markets in particular, it is difficult to disentangle various interrelated factors that drive consolidation, including commercial rationalization and sustained economic recession.

Media ownership by politicians is not a significant factor in the UK but the political leverage of media owners is, particularly in the case of Rupert Murdoch. While regulators have, in recent months, acknowledged that there may be anti-competitive consequences of the market power of Sky and News Corporation, it remains to be seen how far they will go to curb it.

Transparency of ownership has increased by virtue of Ofcom's tri-annual review into media ownership rules. This information is publicly accessible but it is not *publicized*. Assessing effective transparency may require us to consider not merely the information available but also the extent of its public reach and any consequential action. In any case, current government policy looks set to diminish even the modest transparency afforded by Ofcom's regular reviews of media ownership rules (see section 7.2.2).

It is notoriously difficult to establish links between plurality of media ownership and diversity of media output. However, major media mergers and acquisitions tend to be followed by widespread cuts. As well as wholesale title and office closures, these have also led to a marked increase in recycled "second-hand" stories, "cut and paste" articles, and a herd mentality among mainstream journalists.²²⁶ The problem has been compounded by digitization in another sense: the ease of availability of second-hand material has provided a rationale for operational cutbacks that have left surviving journalists tied to their desks with intensified copy deadlines.

However, there are some aspects of new-media concentration that have been arguably beneficial to plurality in terms of challenging the dominance of former monopolies and incumbent network operators.

As far as public service broadcasting goes, public funding via the license fee has proved to be the most sustainable financing model, although it remains subject to government pressure. ITV, the advertising-funded commercial broadcaster, appears to have retracted some of its dire predictions in 2009 concerning the fate of its regional programming schedule, but the crisis in advertising-funded PSB is far from over.

The present funding crisis for professional journalism has been articulated widely and acutely as a direct consequence of the digital revolution, exacerbated by the economic downturn of 2008–2010. While this is undoubtedly true, it does not explain the full picture. The "digital revolution" discourse has formed the basis of a broader lobby for deregulation and obscured the role played by market consolidation. This preceded digitization and continues to be a contributory factor in ongoing cuts to operational journalism.

226. N. Davies, *Flat Earth News*; N. Fenton, ed., *New Media, Old News*.

In such a volatile context, it is worth giving full consideration to a range of funding alternatives, including subsidies and levies that have been implemented successfully in other countries, and which may help support the provision of robust, public-interest journalism at this critical time. Canada, for example, has long supported a levy on private operators to fund Canadian programming, while French President Nicolas Sarkozy introduced a tax on ISPs and mobile phone companies to fund public service channels previously financed by advertising. While it will be far from easy to persuade a UK government to introduce such a levy, the fact that some £278 million per annum would be generated by a 1 percent tax on pay-television operators and the five largest mobile phone operators²²⁷ ought to be a strong incentive at least to raise it as a serious proposition in order to secure long-term funding for public-service content.

227. IPPR, *Mind the Funding Gap*, p. 4.

7. Policies, Laws, and Regulators

7.1 Policies and Laws

7.1.1 Digital Switch-over of Terrestrial Transmission

7.1.1.1 Access and Affordability

Television

In 1999, the government set out two criteria that would have to be met before analog television signals could be switched off:²²⁸

- digital TV coverage must match near-universal levels of analog
- switching to digital should be affordable to the vast majority of people.

Thus it was decided from the outset that consumers would bear the brunt of switch-over costs, estimated at £3.8 billion. Transmission network upgrade costs were to be carried by public service broadcasters (approximately £0.8 billion). The BBC was charged with additional costs ring-fenced in the license fee, which includes £200 million to fund public communications for Digital UK and £603 million to fund the Digital Switchover Help Scheme.

In 2005, the government announced plans for a regionally staged program of digital switch-over to take place between 2008 and 2012.²²⁹ The pace of take-up suggests that the government is on target to meet its key criteria for switch-over. The fact that there is expected to be a surplus of £250 million from the Digital Switchover Help Scheme in 2012 adds weight to this assessment. However, the government has been

228. House of Lords Select Committee on Communications, *Digital switchover of television and radio in the United Kingdom—Report with Evidence*, London, 2010, p. 12, available at <http://www.publications.parliament.uk/pa/ld200910/ldselect/ldcomuni/100/100.pdf> (accessed 24 October 2010) (hereafter, House of Lords Select Committee, *Digital Switchover*).

229. DCMS, *Tessa Jowell Confirms Digital Switchover Timetable and Support for the Most Vulnerable*, news release, 2005, available at http://webarchive.nationalarchives.gov.uk/+/http://www.culture.gov.uk/reference_library/media_releases/3059.aspx (accessed 24 October 2010).

criticized for not doing enough to help vulnerable groups and for placing the burden of switch-over help onto license fee payers rather than funding it through direct taxation.²³⁰ Indeed, a report by the influential parliamentary Public Accounts Committee in 2008 supported these criticisms and argued that the effect of the decision to use license fee money and the BBC, instead of government departments, had been to “weaken public accountability.”²³¹

Radio

The implementation of the Government’s digital switch-over plan has been far less successful and much more controversial in relation to radio than it has to television. Consumer take-up of digital radio services has been slow and protracted. Partly as a consequence, stations have struggled to attract commercially viable audiences, and even the BBC has been forced to close at least one of its digital-only stations. Part of the controversy consists in the adoption of DAB as the technical standard, as opposed to the more internationally popular DAB+, which is considered to be more efficient and of a higher audio quality.

In contrast to television, the DAB platform will carry considerably *fewer* broadcasters than its analog predecessors. Partly in view of this, the government set out its vision in 2009 for a multitiered radio system in which national and large regional stations (commercial and BBC) will occupy the DAB platform, while FM will be retained as the home of “ultra local” stations, both community and commercial. Unlike television, there is not much “dividend” potential for relicensing analog spectrum for alternative uses. According to Oli Bird, Ofcom’s radio policy manager: “Elsewhere in its spectrum policy, when it’s deciding between alternative uses of spectrum, Ofcom uses prices willing to be paid at auction as a proxy for public value. But there is a broad consensus that, in the case of the FM radio broadcasting spectrum, there are not many alternative uses for it.”²³²

Thus it is important to make clear that switch-over in the radio context does not imply turning off the analog signal altogether, but rather formalizing the segregation between, on the one hand, national and large regional broadcasters and, on the other, local and ultra-local services. The criteria for this switch-over were established in the 2009 Digital Britain interim report as follows:

- 50 percent of radio listening to be digital
- national radio DAB coverage to be comparable to FM coverage
- local DAB to reach 90 percent of the population and all major roads.²³³

Only when the above criteria are met can a switch-over date be announced at least two years in advance. The Digital Economy Act of 2010 provides for the Secretary of State to nominate a date to switch off analog

230. “City MP to tackle Jowell over digital switchover cost,” *Business.Scotsman.com*, 29 January 2007, available at <http://business.scotsman.com/digitalbroadcasting/City-MP-to-tackle-Jowell.3342121.jp> (accessed 29 October 2010).

231. Public Accounts Committee, *Government preparations for digital switchover*, HC416, The Stationery Office, London, 2008, p. 5.

232. Interview with Oli Bird, Ofcom Radio Policy Manager, London, 18 July 2010.

233. BIS/DCMS, *Digital Britain: Interim Report*, London, 2009.

radio signals (section 30).²³⁴ The final Digital Britain report, which preceded the legislation, set an ambitious switch-over target date of 2015.

The pace at which switch-over decisions appeared to have been made prompted concerns over a lack of transparency. In March 2010, a House of Lords Select Committee offered this stark warning to the Government:

No one can be satisfied with the present position. There is an urgent need for clarity which was emphasised by almost all those who gave us evidence. No way forward is entirely painless but at the very least the public deserve to know what is being planned. They need to be assured that every effort is being made to minimise their financial loss and that they will benefit from a better radio service. As taxpayers, they need to know how the costs of the programme will be apportioned ... If nothing is done then there is a danger of a major public reaction when the radio switchover policy is implemented.²³⁵

In response, the new government announced a Digital Radio Action Plan in July 2010, calling for new research and containing assurances that any switch-over would be consumer-led.²³⁶ Since then, questions have been raised over whether digital radio switch-over is either likely²³⁷ or necessary.²³⁸

7.1.1.2 Subsidies for Equipment

In 2006, the government announced plans for the Digital Switchover Help Scheme, funded by £603 million ring-fenced in the BBC license fee. The scheme was designed to offer financial and personal support to vulnerable groups to assist with the transition, notably households with one or more persons over 75 or with significant disability.²³⁹

The decision to implement the scheme was taken based on research that identified these groups as the most financially and technically vulnerable. However, the eligibility criteria were criticized at the outset as too restrictive.²⁴⁰

234. Digital Economy Act 2010, Section 30, available at <http://www.statutelaw.gov.uk/content.aspx?activeTextDocId=3699621> (accessed 18 November 2010).

235. House of Lords Select Committee, *Digital Switchover*, p. 8.

236. DCMS/BIS, *Digital Radio Action Plan*, 2010, p. 1.

237. N. Midgley, "Digital radio switchover 'never likely' as listening levels fall, figures show," the *Telegraph*, 28 October 2010, available at <http://www.telegraph.co.uk/culture/tvandradio/8090803/Digital-radio-switchover-never-likely-as-listening-levels-fall-figures-show.html> (accessed 20 November 2010).

238. Consumer Expert Group, *Digital Radio Switchover: What is in it for consumers?* Report to DCMS, 14 September 2010, available at http://www.culture.gov.uk/images/publications/CEG_Digital_radio_switchover.pdf (accessed 20 November 2010).

239. DCMS, *Digital Switchover Help Scheme*, London, 2006, p. 1, available at http://www.digitaltelevision.gov.uk/pdf_documents/publications/2006/Summary_DSHS.pdf (accessed 20 November 2010).

240. DCMS, *Government Response to the Consumer Expert Group Recommendations*, London, 2006, available at http://www.digitaltelevision.gov.uk/pdf_documents/publications/2006/Government_response_CEG_report.pdf (accessed 20 November 2010).

7.1.1.3 Legal Provisions on Public Interest

Central to the Government's public-interest assessment in relation to switch-over was an extensive Cost Benefit Analysis (CBA) carried out by the DCMS and the Department of Trade and Industry (DTI).²⁴¹ This analysis attempted to demonstrate quantifiable benefits, estimated at £1.7 billion, distributed between producers and consumers. Costs to consumers were considered in terms of set conversions while costs to producers were considered in terms of infrastructure, marketing, planning, and operational costs. Consumer benefits included the expected surplus derived from re-used spectrum as well as the value of increased DTT service to previously unserved areas. Producers were expected to share in the surplus derived from released spectrum as well as cost savings from decommissioning analog transmitters. However, the CBA is not the exclusive basis on which the public interest in switch-over has been considered by policymakers. There is a discursive emphasis on consumer choice in the context of switch-over that chimes with a broader policy paradigm directed at spectrum liberalization. In addition, policymakers have cited public value in the upgrade of transmission technology, "ensuring the UK continues as a world leader in broadcasting."²⁴²

Not surprisingly, policymakers have been less explicit in relation to the costs of switch-over as they have in relation to its perceived benefits. The Government's Digital Switchover Programme notes that, "the costs of switchover will be met largely by the public service broadcasters (BBC, ITV, Channel 4, Five, Teletext, and S4C) and consumers."²⁴³ In fact, the costs are being met solely by consumers and broadcasters and, according to the CBA, consumers are shouldering over 80 percent of the burden.

7.1.1.4 Public Consultation

Television switch-over policy emerged in 2003 following a public consultation administered by the DCMS on spectrum planning.²⁴⁴ The consultation attracted responses from 42 organizations and five individuals. As with all consultations, there was great variety not only in the views expressed but also in the breadth and detail of each response, making it difficult to judge its impact on the policy decisions that followed.

What is clear is that television switch-over policy has spawned significantly more public information, as well as engagement, than its radio equivalent. In 2007, Ofcom published an extensive consultation report into "The Future of Radio." This subsumed questions in relation to switch-over within a 200-page report that covered a host of other regulatory and radio policy issues. It suggested that a "major review" would need to take place before setting a switch-over date, covering:

- digital radio coverage (including the universal availability of the BBC's radio services)
- the range of services available on digital platforms, including consideration of the future of small-scale commercial and community radio

241. DCMS, *Cost Benefit Analysis (CBA) of Digital Switchover*, London, 2005, available at http://www.digitaltelevision.gov.uk/pdf_documents/publications/CBA_Feb_2005.pdf (accessed 22 November 2010).

242. DCMS et al., *The Digital Switchover Programme: Programme structure*, London, October 2007, p. 5, available at http://www.digitaltelevision.gov.uk/pdf_documents/publications/2007/dsoprogramme_structureoct07.pdf (accessed 2 October 2010) (hereafter, DCMS et al., *The Digital Switchover Programme: Programme structure*).

243. DCMS et al., *The Digital Switchover Programme: Programme structure*, p. 5.

244. DCMS/BIS, *Spectrum Planning Consultation Paper*, list of responses, London, 2002, available at http://www.digitaltelevision.gov.uk/consultations/con_spec_planning.html (accessed 24 November 2010).

- the costs and benefits to consumers, including the needs of the most vulnerable members of society
- the costs and benefits to the radio industry
- the costs and benefits of alternative uses of spectrum
- the costs and benefits to the environment in terms of power consumption and set replacement.²⁴⁵

As we have seen, however, within two years of this report the government had recommended a target switch-over date of 2015 with little, if any, attention paid to the issues listed above. At the time of writing, there appears to have been some backpedalling with a declaration that “broadcasters, manufacturers and, importantly, consumers must have a role in shaping the Government’s thinking and future policies” in respect of radio switch-over.²⁴⁶

7.1.2 The Internet

7.1.2.1 Regulation of News on the Internet

Internet regulation in the UK has been limited to self-regulation and focused on harmful content, particularly in respect of children’s access.²⁴⁷ The Internet Watch Foundation was established by the UK internet industry in 1996 “to provide the UK internet hotline for the public and IT professionals to report criminal online content in a secure and confidential way.”²⁴⁸ The industry body operates according to legislation outlawing the production and distribution of harmful content, including images of child sex abuse, extreme pornography and incitement to racial hatred or violence.

Social media sites have been a target of government attempts to encourage self-regulation,²⁴⁹ but conventional news sites have been largely exempt from any form of specific regulation (except to the extent that they may publish illegal content as outlined above). This reflects a policy approach that emerged in the nascent stage of the internet that was in keeping with the self-regulated press sector, where freedom of speech is considered to trump any need for public-service controls. Added to this, the nature of internet architecture and global interconnectivity render content regulation intrinsically difficult and potentially harmful to British business interests if adopted on a unilateral basis.²⁵⁰ BBC Online is an important exception, subject as it is to broader PSB regulation covering impartiality, diversity, and accessibility.

245. Ofcom, *The Future of Radio: The future of FM and AM services and the alignment of analogue and digital regulation*, Ofcom, London, 2007, p. 12.

246. DCMS/BIS, *Digital Radio Action Plan*, p. 3.

247. O2 et al., *UK code of practice for the self-regulation of new forms of content on mobiles*, GSMEurope.org, 10 June 2009, available at http://www.gsm europe.org/documents/mbg_content_code_v2_100609.pdf (accessed 14 November 2010).

248. IWF, *About the Internet Watch Foundation*, IWF.org.uk, available at <http://www.iwf.org.uk/about-iwf> (accessed 14 November 2010).

249. House of Commons Culture, Media and Sport Committee, *Harmful content on the Internet and in Video Games*, Volume 1, 22 July 2008, p. 4, available at <http://www.publications.parliament.uk/pa/cm200708/cmselect/cmcomeds/353/353.pdf> (accessed 13 November 2010).

250. The European Information Society Group, *Current Internet Regulation Issues*, June 2004, available at http://www.eurim.org/briefings/IWF_eurim2.htm (accessed 14 November 2010).

However, recent legislation has added obligations on Ofcom periodically to review the extent to which media services contribute to the fulfilment of public service objectives. The legal definition of “media services” here includes, in addition to television and radio, “other services provided by means of the internet where there is a person who exercises editorial control over the material included in the service.”²⁵¹ Although the legislation does not grant Ofcom the power to enforce adherence to public service objectives, it amounts to what could be characterized as “soft” regulation of internet content. It certainly suggests that the internet is no longer viewed as possessing the same regulatory status as the press, and that policymakers are increasingly inclined to see it as possessing similar “intrusive” qualities to that of broadcasting. In other words, its presence within the home and accessibility for children are used to justify regulatory intervention.

7.1.2.2 Legal Liability for Internet Content

In accordance with the e-commerce regulations that implement EU Directive 2001/31/EC, UK law exempts ISPs and website “intermediaries” from any liability for content where they can establish their status as “mere conduits”—where, that is, they play no role in selecting the publisher or receiver of the content, or in editing the content. In such cases, liability rests exclusively with the author/poster. According to the e-commerce rules, ISPs or intermediaries are only liable to prosecution if they are deemed to have had “actual knowledge” of illegal content and failed to remove it. It is for this reason that the Internet Watch Foundation runs a self-regulatory “notice and takedown” procedure.

However, there is a considerable legal grey area in the definition of “actual knowledge” and this has provided the basis for legal action against ISPs and intermediaries by rights holders for alleged copyright infringements.

Early case law in the UK established a precedent against “innocent distribution” defenses that appeared to place undue responsibility on ISPs and intermediaries for the content carried on their networks.²⁵² However, cases subsequent to the E-commerce Regulations Act 2002 have gone both ways for ISPs. One notable case in 2006 found in favor of ISPs as mere conduits.²⁵³ The ability of ISPs and intermediaries to function effectively as “mere conduits” is central to the internet’s capacity to facilitate and maximize the free flow of news and information. As such, cases involving liability for illegal content have led to strong invocations by defendants of both speech rights and the “democratization of knowledge.”

More recently, individuals have increasingly become targets for legal action by rights holders. In 2006, the first libel prosecution case was successfully brought against an individual online poster who was fined £10,000 for making libellous comments about a UK politician in a Yahoo! discussion group. The ruling was described by one lawyer as “a dark day for freedom of speech with broad implications.”²⁵⁴ More recently, the High Court

251. Digital Economy Act 2010, Section 2(5).

252. C. Nuttall, “Net legal precedent set,” *BBC.co.uk*, 26 March 1999, available at <http://news.bbc.co.uk/1/hi/sci/tech/304869.stm> (accessed 22 November 2010).

253. Royal Courts of Justice, “Bunt v. Tilley,” Approved Judgment, 10 March 2006, available at <http://www.5rb.com/docs/Bunt-v-Tilley%20QBD%2010%20Mar%202006.pdf> (accessed 28 November 2010).

254. M. Stephens, “Verdict casts dark cloud over freedom of speech,” *the Times*, 22 March 2006, available at <http://www.timesonline.co.uk/tol/news/uk/article0743901.ece> (accessed 29 November 2010).

has ruled that defamation on internet discussion boards is akin to slander rather than libel, adding weight to “fair comment” defenses. However, it is difficult to ascertain what impact this may have in countering what many perceive as a growing chilling effect on ISPs and intermediaries. In this light, the advice given by one leading law firm to ISPs casts a shadow over the independent performance of the media online: “Even if you are unsure as to what is defamatory or not—REMOVE IT”.²⁵⁵

7.2 Regulators

7.2.1 Changes in Content Regulation

Prior to 2003, media regulation in the UK was sector specific. The Communications Act 2003 effectively merged five former regulators overseeing the broadcasting and telecommunications industry: the Independent Television Commission (ITC), the Broadcasting Standards Commission (BSC), the Radio Authority (RA), the Radiocommunications Agency, and the Office of Telecommunications (Ofcom). The BBC retained its distinct regulatory structure and is now overseen by the BBC Trust, a body that superseded the Board of Governors, which was seen as lacking teeth and independence from the BBC. However, the establishment of Ofcom did for the first time extend the BBC’s regulatory structure beyond its own borders. All new BBC services are now subject to a Market Impact Assessment carried out by Ofcom. The press sector remains a self-regulated industry, primarily through the Press Complaints Commission (see sections 4.1.2 and 7.2.4).

To the extent that they are regulated at all, digital broadcasting and the internet fall under Ofcom’s remit. However, Ofcom’s central statutory duties to date have been concerned with issues of next-generation access and media literacy. As already discussed, content issues are largely left to industry self-regulation in the form of a code of practice for content on mobiles and a “notice and takedown” procedure administered by the Internet Watch Foundation.

There has been increasing convergence between legislation governing traditional and new-media content. Most legislation governing harmful content online has been created through amendments to pre-existing laws, such as the Protection of Children Act 1978. These amendments have by and large merely extended the definitions of content production and distribution to cover the internet domain. Similarly, new legislation does not discriminate between broadcasting and internet content subject to editorial control.²⁵⁶

7.2.2 Regulatory Independence

Formally speaking, both the BBC Trust and Ofcom are autonomous structures designed to be accountable to, but not explicitly directed by, government. In practice, lines of demarcation are harder to draw given that BBC Trustees and Ofcom board members are appointed by the Government.

255. Lawdit, “Libel on the Internet?,” *Lawdit.co.uk*, 18 April 2006, available at http://www.lawdit.co.uk/reading_room/room/view_article.asp?name=../articles/Libel%20on%20the%20Internet.htm (accessed 27 November 2010).

256. Digital Economy Act 2010, Section 2(5).

For example, while the formation of Ofcom was ostensibly a regulatory “tidy up” in response to growing media convergence, a unified regulator was urged by commercial media lobbyists as a means to accelerate the relaxation of ownership rules, particularly in relation to cross-media ownership.²⁵⁷ From the perspective of at least some commercial interests, therefore, a more unified approach to UK media ownership regulation was a convenient means to facilitate *deregulation*, the preferred policy approach of both Labour and Conservative governments in recent years.

With its concentrated regulatory power, Ofcom was, from the outset, more vulnerable to both state and commercial capture than its predecessors. Even the Consumer Panel, established alongside Ofcom as an independent advisory board representing the interests of consumers, faces significant constraints to its operational independence. For one thing, the Consumer Panel board is appointed by Ofcom with approval of the DCMS, while some critics argue that consumers, on whose behalf it operates, do not have a meaningful voice within the organization. One parliamentary research unit even labeled the Panel as the “Industry Backside Protection Unit.”²⁵⁸

In October 2010, the Government announced sweeping reforms to curb the powers of Ofcom, described by one media expert as “one of the gravest assaults on broadcasting freedom I have seen in the UK.”²⁵⁹ The reforms withdrew Ofcom’s statutory duty to conduct reviews of public service broadcasting every five years and of media ownership rules every three years, and threaten the very existence of the Consumer Panel. Instead, the Secretary of State will order reviews at will. This promises increased instability and uncertainty for PSB organizations while at the same time enhancing the leverage of commercial conglomerates in respect of media ownership policy.

7.2.3 Digital Licensing

Ofcom currently awards licenses in three usage categories: radio communications, radio broadcasting, and television broadcasting. A range of licenses is issued within each category, each with specific criteria, fees and application guidelines. These are based on statutory legislation that emphasizes maximizing consumer benefit, diversity and the public interest. The criteria for analog commercial licenses, for instance, are:

- the ability of the applicant to maintain the service for the 12-year license period
- the extent to which the proposed service would cater for the tastes and interests of people living in the area
- the extent to which the proposed service would broaden listener choice
- the extent to which there is demand or support for the service in the area.²⁶⁰

257. P. Smith, “The Politics of UK Television Policy: The making of Ofcom,” *Media, Culture and Society*, Volume 28(6), 2006, pp. 929–40.

258. B. Collins, “Ofcom closes down consumer panel,” *PC Pro*, 5 November 2010, available at <http://www.pcpro.co.uk/news/broadband/362569/ofcom-closes-down-consumer-panel> (accessed 7 December 2010).

259. D. Tambini, “Ofcom cuts are grave assaults on freedom,” the *Guardian*, 18 October 2010, available at <http://www.guardian.co.uk/media/2010/oct/18/ofcom-cuts-threaten-freedom> (accessed 7 December 2010).

260. Ofcom, “Scoring system for Ofcom’s assessment of commercial radio license applications,” available at <http://licensing.ofcom.org.uk/radio-broadcast-licensing/analogue-radio/apply-for-licence/how-to-apply/scoring/> (accessed 20 October 2010).

Although local licenses are not subject to a cash bidding process (as in the case of the two national analog commercial licenses), the requirement to demonstrate local demand for the service, as well as the complexity of the application itself, is a barrier to entry for applicants that lack upfront capital investment and/or administrative skills and experience. This barrier is raised considerably higher when it comes to the system of multiplex licensing for digital broadcasting, requiring applicants to satisfy both licensing requirements administered by Ofcom, as well as negotiating a sublet arrangement with the multiplex operator.

Although there is nothing in the statutory or regulatory criteria that discriminates against applicants based on their political, religious, or ethnic affiliation, this has not prevented cultural and ethnic discrimination in practice. Ofcom's public discourse places emphasis on its role as a "creature of statute" (i.e. that its remit and operations are laid down in law), but in practice it exercises considerable judgment as to how best to apportion the airwaves to different services. This can have a profound effect on the diversity of content on offer, to the extent that any decision on how to allocate a given section of available frequency is intimately linked to how particular types of output are prioritized. There has been a long history of licensing exclusion for urban-music formats that attract predominantly black and Asian audiences. The under-representation of these audiences in the licensed spectrum is indicative of structural limitations in licensing procedures that work against certain niche markets. For instance, commercial radio's preference for audiences considered profitable to advertisers has led to the over-representation of genres such as "adult contemporary" and "gold music" formats—genres that appeal to the heartland of 25-40-year-olds from middle- and upper-income groups.²⁶¹

7.2.4 Role of Self-regulatory Mechanisms

As already discussed, specific mechanisms of self-regulation have developed in response to digitization and have been adopted by the mobile and ISP industries. Traditionally, however, self-regulation of UK media has been chiefly associated with the print sector and, in particular, the Press Complaints Commission (PCC). This is based on an "editor's code of practice" which sets out a template of professional and ethical standards for the newspaper industry.

Even in a digitized environment, the PCC remains the subject of longstanding controversy concerning its effectiveness and regulatory "teeth." At present, its highest form of sanction is to force a publication to print a critical adjudication. Recently, there have been political calls for the commission to be reformed in order to enhance its powers of standards enforcement.²⁶² However, the press is not entirely self-regulated if we consider the extensive libel laws in place protecting individuals and organizations against privacy intrusion and defamation by journalists. This has led to the phenomenon of "libel tourism" in which overseas litigants choose to sue for libel in the UK in the hope of winning larger payouts.

261. D. Hendy, "A Political Economy of Radio in the Digital Age," *Journal of Radio and Audio Media*, Volume 7(1), 2000, pp. 213–234.

262. BBC, "Press Complaints Commission 'needs more powers,'" BBC News, 24 February 2010, available at <http://news.bbc.co.uk/1/hi/entertainment/8531247.stm> (accessed 1 December 2010).

The PCC was relatively slow to respond to changes in technology. It was not until 2004 that digital platforms were introduced to the code. This took the form of an amendment to the clause dealing with privacy to state that “everyone is entitled to respect for his or her private ... correspondence, including digital communications.” New technologies were also behind amendments to the code in relation to clandestine devices and subterfuge, with the rules extended to cover monitoring of mobile phone calls, messages, and emails. This was later extended further to cover “digitally held private information.” Only in 2007 did the PCC extend its reach to cover online material not available in print form, although this was limited to “editorial audio-visual material on newspaper and magazine websites.”²⁶³

7.3 Government Interference

7.3.1 The Market

Given the lack of public subsidies or direct tax funding for the media, the state has relatively little capacity to interfere with media markets. Although government advertising increased dramatically between 2008 and 2009,²⁶⁴ there is no evidence to suggest that this was motivated by a preferential stance toward particular outlets. However, changes to the Charter Renewal terms for the BBC, ownership and licensing legislation, and broadcasting regulation can certainly have an impact on the scope of both free-market media and public sector broadcasting. While such changes have been driven partly by technological change, the financial crisis, and the structural decline in news audiences and advertisers, the role of ideology cannot be discounted. Of course, the ideological variable is difficult to substantiate empirically but there is, at the very least, evidence to suggest that much government intervention—particularly with regard to ownership liberalization—has been shaped, in particular, by the commercial media lobby more than any notion of the public interest.²⁶⁵

Many of these changes, as discussed in section 5, have been accelerated by digitization and, in conjunction with the financial crisis, the “digital revolution” has defined state discourse in relation to legislative and regulatory changes. But, as with the case of resource cuts in the commercial news sector, we should be cautious in accepting such equations at face value, given that government media initiatives more often reflect the continuation of an enduring neoliberal policy paradigm than inevitable and radical changes necessitated by technological development.

7.3.2 The Regulator

Ofcom has, as we have already made clear, long defined itself as a creature of statute: “We can do no more and no less than what is spelled out in the [2003 Communications] Act.”²⁶⁶ While this may be true, it has obscured the considerable policy leverage provided for in the legislation which is to be scaled down under

263. Press Complaints Commission, “PCC’s remit extended to include editorial audio-visual material on newspaper and magazine websites,” news release, 8 February 2007, available at <http://www.pcc.org.uk/news/index.html?article=NDMyMg==> (accessed 30 November 2010).

264. BBC, “Government advertising spending ‘rises by 40%,” BBC News, 14 February 2010, available at http://news.bbc.co.uk/1/hi/uk_politics/8514798.stm (accessed 30 November 2010).

265. G. Doyle, *Media Ownership*, London, Sage 2002; D. Freedman, *The Politics of Media Policy*, Cambridge, Polity 2008.

266. Ofcom, “What is Ofcom?,” available at <http://www.ofcom.org.uk/about/what-is-ofcom/> (accessed 29 November 2010).

current government proposals. In its first six years, Ofcom engaged in frenzied activity involving strategic reviews, consultations and enforcement that, according to some, “stretched the limits of its own legitimacy and accountability.”²⁶⁷

But Ofcom has long followed a doctrine of minimal intervention. In the face of cuts to both its resources and its policymaking scope, it appears to have engaged in excessive self-restraint. In a recent discussion document on net neutrality, its remit was defined so narrowly that “questions of fundamental rights and industrial and public service policies” that underpin the net neutrality debate were excluded from the consultation.²⁶⁸

It would appear, then, that Ofcom has—if anything—a tendency to under-use rather than abuse its powers to the detriment of the consumer and the public interest. Nor should we overlook the fact that non-intervention can be a subtle exercise of power in itself.²⁶⁹ Narrowing the terms of debate can be an instrument of political bias. Similarly, in considering transparency and accountability, we need to go beyond simple quantitative assessments of public consultations or information accessibility. Subsuming awkward issues within broad policy consultations, allowing relatively short time periods for submissions, and declining to publicize particular consultations can all play an important role in limiting transparency and influencing consultation outcomes.

7.3.3 Other Forms of Interference

Extra-legal state pressure on UK media is limited but exists through both informal and formal mechanisms. The system of Charter Renewal that applies to the BBC has long acted as an implicit constraint on its independence. In recent decades, the expansion of government public relations has increased both public and private pressure on media organizations from political advisers. The extent to which the BBC and others have been susceptible to this pressure is debatable but according to Alex Thomson of *Channel 4 News*:

Time and again the history of the BBC would, in my opinion, absolutely show that when it has its back against the wall, it crumbles. How can an organization of 28,000 people, by far and away the biggest journalistic institution on the planet, be so comprehensively intimidated and done in by one bully of a press officer in the government called Alastair Campbell? How can that possibly happen? It’s absurd, it’s ludicrous, and anybody taking two steps back from this—a Martian landing tomorrow and looking at the Alastair Campbell farrago— would just conclude that this is utterly preposterous. Time and time again the BBC gets itself into that situation.²⁷⁰

267. D. Tambini, “Ofcom needs sharper teeth,” the *Guardian*, 4 October 2010, available at <http://www.guardian.co.uk/media/2010/oct/04/ofcom-media-watchdog> (accessed 24 November 2010).

268. Ofcom, *Traffic Management and ‘net neutrality,’* Ofcom, London, 2010, p. 7, available at <http://stakeholders.ofcom.org.uk/binaries/consultations/net-neutrality/summary/netneutrality.pdf> (accessed 12 December 2010).

269. D. Freedman, “Media Policy Silences: The Hidden Face of Communications Decision Making,” *International Journal of Press Politics*, Volume 15 (3), 2010, 344-361.

270. Interview with Thomson.

The Defence Advisory Notice, or “D-Notice,” is a formal mechanism of extra-legal pressure in which broadcasters and press outlets are asked by the government not to cover certain issues that might threaten national security or endanger individuals in the military or security services. Although these notices are advisory, they tend to be heeded, perhaps largely because they are relatively rare and limited to cases in which the threats are seen to be significant.

While the nature of extralegal pressure has not changed fundamentally under digitization, it has in certain respects been undermined. This was demonstrated most acutely in the global controversy sparked by the release on the WikiLeaks website of classified documents; this led to a D-Notice asking outlets to brief the government prior to publishing sensitive material.²⁷¹ The limitations of the notice are evident not only in its restraint, but more profoundly in the fact that the controversy was a global news story focusing on documents released by a website that is, in many ways, beyond traditional state jurisdiction.

7.4 Assessments

The overall framework has enabled regulation to be adequately responsive in some areas. Perhaps most notable was the establishment of Ofcom itself in 2003, which was in large part a response to converging media markets and the need for a co-ordinated regulatory framework. The framework has been only marginally effective in checking excessive market power of cross-media conglomerates, notably News Corporation. It has been more effective in relation to digital television switch-over and broadband roll-out, with take-up exceeding regulatory targets.

However, the political, legal, and regulatory framework in other areas has been both overly and insufficiently responsive to the challenges of digitization. It has prompted policy proposals for accelerated liberalization of ownership rules, particularly in cross-media and local-media ownership. The preceding analysis suggests that this is, at the very least, an overreaction, given that the consolidation in media markets has resulted in resource cuts even to profitable outlets.

Other research has suggested that these cuts have themselves been at least partly responsible for the crisis facing local newspapers, alongside the pressures of digitization. They have resulted in a growing detachment between local newspapers and their readership, reflected both in the physical relocation of offices and the decline in local “on the beat” reporters.²⁷²

Arguably, regulation has also been overly prescriptive in relation to curbs imposed on the BBC. The BBC Trust’s decision to reject the BBC’s digital local news proposals was made on the basis that it would restrict competition in nascent and struggling online local news markets (and, as such, was an attempt to silence its

271. P. Wintour, “Expected Wikileaks disclosures prompts warnings for editors,” the *Guardian*, 26 November 2010, available at <http://www.guardian.co.uk/media/2010/nov/26/wikileaks-documents-downing-street-editors> (accessed 29 November 2010).

272. Goldsmiths Leverhulme Media Research Centre, *News needs of local communities*, p. 22.

commercial rivals). But, since that decision, there is little evidence to suggest that commercial operators have entered the space that the regulators reserved for them. This, in turn, suggests that a recent announced cut in the BBC's online expenditure, in response to its license fee settlement, may have been misguided.

Finally, there have been key areas in which the framework has been under-responsive to the challenges of digitization. This is particularly evident in the lack of commitment demonstrated by ministers and regulators to defend net neutrality. But it is also manifest in a reluctance to enforce or even encourage open standards, which, as devices fragment, threatens both efficiency and innovation in new media markets.

There has been little, if any, change in the nature or degree of interference by state authorities in recent years (see section 7.3). This is in part a function of the fact that self-regulation is the dominant policy paradigm in respect of digital media. Furthermore, both legal and extralegal pressure has to some degree been undermined by digital media which present new challenges to the ability of the state to control the communications environment.

Transparency and accountability in media regulation and policy have been greatly enhanced by online public consultations and the increasing breadth of e-resources made available by public bodies, as well as a host of digital opportunities provided by civil-society organizations that promote access through the Freedom of Information Act.

Nevertheless, there remains a deep divide between stakeholders within policy communities and those outside it. The problem was encapsulated in one response to a 2007 radio policy consultation: "Currently no pirate broadcasters or their listeners know this consultation is taking place, how can the future of radio be decided without sourcing opinions from the actual people who are likely to be involved in radio in the future?"²⁷³

This problem is compounded by the disproportionate access afforded to licensed broadcasters as a result of their "day-to-day" contact with the regulator and the informal consultations that are conducted through these channels. Access is also regulated by the terms of reference set for consultations and the timing of submissions. Any appraisal of regulatory transparency must therefore tackle at its heart the issue of access and the power relations that at least circumscribe the policy process, if not determine its outcomes.

The success of the BBC's online operations has certainly gone some way toward plugging the public service gap in digital media. It also acts as an important deterrent against commercial news organizations erecting pay walls around their online content. In 2010, News Corporation began making the *Times's* website a subscription service, but it is unclear whether pay-walls will provide a sustainable model of funding for commercial online news. It is, however, highly likely that they will further restrict the digital public sphere to an elite audience. The curbs on the BBC's online activities referenced above are therefore a step in the wrong direction for pluralism and diversity in the digital context.

273. Ofcom, *The Future of Radio*, Consultation response submitted by Rinse FM, April 2007, available at <http://www.ofcom.org.uk/consult/condocs/futureradio/responses/RinseFM.pdf> (accessed 24 September 2010).

8. Conclusions

8.1 Media Today

This study has employed extensive meta-analyses, as well as original research, to probe the impact of digitization on news and democracy in the UK. It has focused on the key changes in the way that news and information have been produced and consumed across all media in the last five years. What follows is a summary of the impact of those changes on media independence, diversity, and pluralism.

Media independence encompasses not just the editorial independence of media organizations from the state, but also the extent to which journalism in the public interest is constrained by commercial or corporate concerns. Accordingly, independence is considered *within* media organizations insofar as journalists are able to exercise day-to-day autonomy from their editorial and management superiors, and *externally* to the extent that they are able to provide access to a broad range of sources. Aspects of self-censorship and official source dependency are therefore key factors that emerge from this analysis. This report considers plurality as the range of media “voices” and diversity principally in terms of the breadth of viewpoints reflected in media output. Additionally, attention has been paid to diversity from the point of view of reception and specifically in terms of information access.

In light of this, considerable benefits have accrued from the increasing take-up of digital media. In the last five years, this has been particularly associated with the spread of social media and the partial redistribution of media power that they have facilitated. Furthermore, the expansion of social media sites has provided much needed resource support to both professional and amateur journalists, enhanced opportunities for activism and the exercise of citizenship, and lowered barriers for some alternative sources to find a voice on mainstream news platforms. However, news participation online continues to be, by any definition, a marginal activity and most traditional news sites accommodate social media feeds in their pre-established news agendas without altering their reporting frames.

Conventional news platforms have also greatly extended their reach, and although the good-quality news offering remains largely limited to higher-income audiences, it has not been obliterated by patterns of homogenization. Digital television has brought diverse 24-hour news channels to a mass audience, alongside

the traditional terrestrial offerings. In this context, the endurance of public service broadcasting is particularly noteworthy. News audiences for flagship bulletins on terrestrial channels have stabilized in recent years and research suggests that new digital formats are complementing rather than substituting public service news. There is also evidence that advertising-funded public service broadcasting is emerging from the financial crisis in better shape than many had expected. ITV, in particular, is leading a solid recovery in the television-advertising market and has recently rethought its earlier proposed divestment in regional programming.

It could be argued that, in the midst of apparent media “abundance,” the fact that the BBC has retained its exclusive claim on the license fee is indicative of its public value and unquestionable success in maximizing audiences through digital media. However, in other key respects the BBC has found itself significantly compromised in recent years. A series of editorial crises and an increasingly antagonistic commercial press have set tangible limitations on its scope. This has been reflected in the rejection of its local news proposals in 2008 and the 25 percent cut imposed on its online operations, as part of the Government’s 2010 Comprehensive Spending Review. That review also imposed on the BBC its steepest ever cut in real terms funding. This follows an extended period of internal “redistribution” that has seen the BBC develop its online presence partly at the expense of root-and-branch “linear” journalism. Senior reporters and correspondents speak of a more directed and less questioning journalistic climate, referring to both self-censorship and excessive editorial control, as well as increasing resource constraints.

Such caution is expressed elsewhere in the context of a restrictive legal climate in relation to libel, particularly online. High-profile rulings in recent years have been made against both ISPs and individual contributors to discussion forums. However, in 2009 a landmark ruling appeared to partly reverse this trend, employing the distinction between slander and libel and rendering the latter inapplicable to online defamation cases. Whether this will redress any chilling effect of previous rulings remains to be seen, but it is certainly a step in the direction of supporting the free flow of information and opinion online.

Offline, there have been setbacks to media independence, diversity, and pluralism as a result of commercial media concentration, particularly in the regional press. This has been associated with significant cutbacks in operational journalism that have increased the dependency of journalists on press officers and newswires. Self-censorship has also intensified as a result of growing employment insecurity (see section 4.1.1). As with the BBC, resource cuts in the commercial sector are partly related to digitization, but for different reasons.

Rather than reflecting a redistribution of resources to digital outlets, cuts in the commercial sector are a response to a crisis in news funding caused in part by the continued migration of regional press advertisers to online search, as well as broader changes such as audience fragmentation. However, this research uncovers gaps between the rhetoric of media organizations and regulators and the substance of their decisions. For instance, factors attributed to digitization are often exploited as a default justification for cutbacks and closures. However, the evidence often suggests that such decisions are independent of financial pressure and more related to longer-term processes of resource rationalization and consolidation in the name of enhancing, rather than simply preserving, profit. This renders the government’s recent decision to reduce what is left of the UK’s media-ownership rules particularly contentious.

There have been some positive developments in the field of regulation. Both Ofcom and the Competition Commission have publicly acknowledged—and taken limited steps to curb—the market power of News Corporation, although regulators arguably showed their true colors in approving News Corporation’s proposed takeover of BskyB in 2011 (later withdrawn following the eruption of the *News of the World* phone hacking scandal: see section 4.1.2). There has also been a growing culture of openness in public institutions prompted by recent controversies such as the MPs’ expenses scandal. This has resulted in unprecedented access to information, particularly in relation to public spending, and this access has been largely facilitated by the internet.

However, two qualifications are appropriate. First, it is important to distinguish between access in terms of information that is made available, and access in terms of information that is *publicized*. The limitations of access were seen particularly in relation to digital radio switch-over, which has not been accompanied by a public information campaign of the kind which propelled television switch-over. The second qualification concerns information that continues to be withheld by public bodies. According to some journalists, a culture of excessive secrecy persists within the security branches of the British state. Digital openness is also said, anecdotally, to have accentuated the informal style of government associated with former prime minister Tony Blair, whereby internal communications are increasingly unrecorded.

8.2 Media Tomorrow

What the research has shown is that many of the most radical changes to news production and consumption unleashed by digital media have been manifest through conflicting trends. As such, the consequences might not be as dramatic as the changes themselves. It is partly because of this that public service, “quality,” and investigative journalism have to some extent endured both the pressures of digitization and a drawn-out economic recession. Equally, the reach of this output remains restricted to an engaged and relatively elite audience. That containment is being intensified by homogenization of output in the lower tier of mainstream news media. But it is also being challenged by the exponential growth of social media platforms and the emergence of new forms of digital activism that are attracting unprecedented levels of participation.

Overall, this research shows that there have been, as might be expected, broad benefits for citizenship and democracy derived from near-universal digital-media access. But key areas of concern have emerged in recent years that continue to pose threats to independence, diversity, and plurality along the lines outlined above. These include sustained financial crises within regional and local media, public service broadcasting, and the press sector at large; acute sites of cross-media concentration; and persistent digital divides in terms of access to “quality” output. How far these problems will be redressed in the next five years depends in part on certain pressing decisions facing regulators and policymakers that will be considered in the final section.

9. Recommendations

9.1 Policy

9.1.1 Spectrum Policy

9.1.1.1 Non-Discriminatory Uses of Bandwidth and Spectrum

Issue

Spectrum has been allocated and managed according to market principles, with the regulator unwilling to take an interventionist approach for fear of “distorting” the market. Management of online traffic is also likely to suffer from a similar non-interventionist approach, raising fears of discriminatory access to online content.

Recommendation

Ofcom should consider adopting a more proactive stance to spectrum allocation that relies not only on sealed bids and open auctions, but also on an assessment of what will best serve the public interest. Ofcom should therefore specifically encourage the provision of spectrum to organizations that make a commitment to provide certain, mutually agreed levels of public service content, including news. Similarly, the UK government should legislate, as soon as possible, to ensure a robust network-neutrality that is applied to both fixed-line and wireless devices, and that will safeguard the openness and nondiscriminatory management of traffic that flows through the internet. This is vital in order to guarantee fair access of internet users to the widest possible number of news sources and perspectives.

9.2 Media Law and Regulation

9.2.1 Regulation

9.2.1.1 New Forms of Collaboration in the Provision of Local News

Issue

Digital switch-over, social media, and the web all raise the possibility of a more pluralized news environment, especially in the provision of local news, which would be based on lower start-up costs, a broader range of

news sources, and increasingly interactive circuits of communication. If properly funded, a more collaborative structure of newsgathering could emerge that better reflects the news needs of the population.

Recommendation

The DCMS should therefore investigate ways to promote civil-society involvement in the provision of news. In particular, the DCMS should fund some pilot local news “hubs,” as outlined in the Media Trust’s report into the news needs of local communities.²⁷⁴ It should *not* operate future local television services along wholly market lines, as outlined in the Shott report²⁷⁵ and the DCMS consultation paper,²⁷⁶ but rather insist that the BBC and representatives from civil society have a stake in the projects.

9.2.1.2 A Full and Open Debate about the News Media

Issue

The news media are facing enormous instability in terms of funding models, technological challenges and political legitimacy. While there are many possibilities that may arise out of such a “conjuncture,” there needs to be the widest possible discussion about the future of the news media involving stakeholders as well as the public.

Recommendation

It is too early to predict with any certainty what the outcomes of the Leveson Inquiry and the Communications Review will be. It is vital, however, that regulators and policymakers should commit themselves to full and open investigations of the ownership and control of news organizations, structures of accountability and governance, the implications of traditional funding models, the viability of new approaches, and the possibility of modes of collaboration between existing news providers and new participants (whether drawn from civil-society organizations, “expert” groups, or local communities) to meet the news needs of the widest number of people. These debates need to be structured in such a way as to produce appropriate empirical and theoretical research and to ensure the inclusion of diverse opinion and backgrounds.

9.3 Public Service in the Media

9.3.1 Public Service Media’s News Obligations

Issue

In a context where most traditional broadcast-news providers face significant economic pressures, there is a real danger that news budgets may be sacrificed for genres with more immediate rates of return or higher ratings.

274. Goldsmiths Leverhulme Media Research Centre, *News needs of local communities*.

275. N. Shott, *Commercially Viable Local Television*.

276. DCMS, *A new framework for local TV in the UK*.

Recommendations

Broadcast regulators need to safeguard the future provision of national, regional, and local news by refusing to allow news services to be cut in the interests of short-term savings. The BBC Trust should resist the proposed cuts to local and regional news services contained in *Delivering Quality First*,²⁷⁷ while Ofcom should continue to insist that commercial PSBs are required to provide a full range of bulletins that cater to different geographical audiences.

9.3.2 Fresh Sources of Funding News in the Public Interest

Issue

Given continuing pressure on existing news budgets as a result of cuts in public spending, and continuing instability in advertising revenue together with the migration of advertising to online services, a wide range of funding options needs to be considered to safeguard the future of public-interest oriented news.

Recommendations

Ofcom, in conjunction with the DCMS, should consider expanding the sources and structures of funding for public service content and, in particular, for public-interest news, whether these are existing news services threatened by immediate financial pressures or emerging news organizations that require start-up and operational support. This ought to include the introduction of a levy on the profits or revenues of commercial organizations working in the communications sector—pay-television companies, mobile phone operators, ISPs, and search engines—in order that for-profit companies make a full contribution to the sustaining of a robust and diverse news sector in the UK.

277. BBC, *Delivering Quality First*.

List of Abbreviations, Figures, Tables, Companies

Abbreviations

3G	Third Generation
B2B	Business to Business
B2C	Business to Consumer
BARB	Broadcasters' Audience Research Board
BBC	British Broadcasting Corporation
BIS	Department for Business, Innovation and Skills
BNP	British National Party
BSC	Broadcasting Standards Commission
BSkyB	British Sky Broadcasting
CAAT	Campaign Against the Arms Trade
CBA	Cost-Benefit Analysis
DAB	Digital Audio Broadcasting
DCMS	Department for Culture, Media and Sport
DMGT	Daily Mail and General Trust
DTI	Department of Trade and Industry
DTT	Digital Terrestrial Television
EPG	Electronic Programme Guide
EU	European Union
FCO	Foreign and Commonwealth Office
GDP	Gross Domestic Product
GNI	Gross National Income
GNS	General News Service
IPPR	Institute for Public Policy Research
IPTV	Internet Protocol Television
IRN	Independent Radio News

ISP	Internet Service Provider
ITC	Independent Television Commission
ITU	International Telecommunication Union
ITV	Independent Television
MEN	Manchester Evening News
MDM	Mapping Digital Media
NOTW	News of the World
Ofcom	Office of Communications
Oftel	Office of Telecommunications
ONS	Office for National Statistics
PCC	Press Complaints Commission
PLP	Parliamentary Labour Party
PSB	Public Service Broadcasting
RA	Radio Authority
SMS	Subscription Management System
SMS	Significant Market Power
UGC	User-Generated Content
UK	United Kingdom
U.S.	United States

Figures

Figure 1:	Rural/urban breakdown (% of total population).....	11
Figure 2:	Ethnic composition (% of total population)	11
Figure 3:	Religious composition (% of total population)	12

Tables

Table 1:	Economic indicators, UK: 2005–2012	12
Table 2:	Households owning communications equipment in the UK, 2006–2010.....	13
Table 3:	Platform penetration in UK, 2006–2010.....	14
Table 4:	Total internet subscriptions as % of total population and mobile phone connections as % of total population in UK, 2006–2010	14
Table 5:	Top 10 social networking sites in the UK, December 2011	33

Companies

38 Degrees
Al Jazeera
AOL
BBC
Bebo
BSkyB
BT Group
Channel 4
Club Penguin
CNN
eBay
Facebook
Five
Four Digital
Friends Reunited
Google
Guardian Media Group
Gumtree
Hitwise Experian
Independent Radio News
Internet Watch Foundation
ITV
ITV Digital
KPMG
LinkedIn
MoveOn.org
MSN UK
Myspace
News Corporation
Ning
NTL: Telewest
O2
Plane Stupid
S4C
Teletext
Trafigura
Trinity Mirror Group
Twitter
UK Uncut
Virgin Media
WikiLeaks
Yahoo!
YouTube

Mapping Digital Media: Country Reports

1. Romania
2. Thailand
3. Mexico
4. Morocco
5. United Kingdom
6. Sweden
7. Russia
8. Lithuania
9. Italy
10. Germany
11. United States
12. Latvia
13. Serbia
14. Netherlands

Mapping Digital Media is a project of the **Open Society Media Program** and the **Open Society Information Program**.

Open Society Media Program

The Media Program works globally to support independent and professional media as crucial players for informing citizens and allowing for their democratic participation in debate. The program provides operational and developmental support to independent media outlets and networks around the world, proposes engaging media policies, and engages in efforts towards improving media laws and creating an enabling legal environment for good, brave and enterprising journalism to flourish. In order to promote transparency and accountability, and tackle issues of organized crime and corruption the Program also fosters quality investigative journalism.

Open Society Information Program

The Open Society Information Program works to increase public access to knowledge, facilitate civil society communication, and protect civil liberties and the freedom to communicate in the digital environment. The Program pays particular attention to the information needs of disadvantaged groups and people in less developed parts of the world. The Program also uses new tools and techniques to empower civil society groups in their various international, national, and local efforts to promote open society.

Open Society Foundations

The Open Society Foundations work to build vibrant and tolerant democracies whose governments are accountable to their citizens. Working with local communities in more than 70 countries, the Open Society Foundations support justice and human rights, freedom of expression, and access to public health and education.

For more information:

Open Society Media Program
Open Society Foundations

4th Floor Cambridge House, 100 Cambridge Grove
London, W6 0LE, United Kingdom

mappingdigitalmedia@osf-eu.org
www.mappingdigitalmedia.org
www.soros.org/initiatives/media

Cover Design: Ahlgrim Design Group
Design and Layout: Judit Kovács | Createch Ltd.

