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 **MEDIA REFORM**
COALITION

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MEDIA INFLUENCE MATRIX

UNITED KINGDOM

About CMDS

The **Center for Media, Data and Society (CMDS)** is a research center for the study of media, communication, and information policy and its impact on society and practice. Founded in 2004 as the Center for Media and Communication Studies, CMDS is part of Central European University's Democracy Institute and serves as a focal point for an international network of acclaimed scholars, research institutions and activists.

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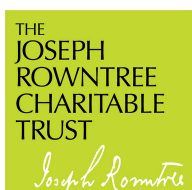
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About the Report

Research carried out by Leo Watkins for the **Media Reform Coalition** and as part of the Center for Media, Data and Society's Media Influence Matrix, set up to investigate the influence of shifts in policy, funding, and technology on contemporary journalism. The UK component of Media Influence Matrix is coordinated in partnership with **Goldsmiths, University of London** and is funded by the **Joseph Rowntree Charitable Trust**.

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*The Media Influence Matrix Project is run collaboratively by the **Media & Power Research Consortium**, which consists of local as well as regional and international organizations. The consortium members are academic institutions (universities and research centers), NGOs, journalism networks and private foundations.*

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FOREWORD

This report provides a comprehensive and timely overview of the UK media landscape with a particular emphasis on the key institutions shaping the regulatory environment, the funding and consumption of news, and the impact of big tech on the production and consumption of journalism.

It is, however, also a warning about the direction of travel of a media system that was for so long seen as a beacon of high-quality, critically acclaimed, innovative and independent content. At its best, the UK media sought to hold power to account and to provide audiences with a range of output that would allow them more effectively to participate as citizens. At its worst, it deferred to powerful institutions and individuals, generated sensationalist and hurtful headlines and reproduced paternalistic assumptions about British society and politics.

This report suggests that without purposeful and creative interventions, the UK's media landscape is heading towards a situation in which public interest aspirations will be seen as a quaint reminder of a distant era. Instead, UK media will be increasingly shaped by the corporate priorities of powerful tech companies and streaming services while its news outlets will be increasingly susceptible to clickbait journalism and right-wing media moguls desperately trying to hold on to their last vestiges of power and influence.

The report also reminds us of the dangers of elite influence on opaque policymaking processes and calls for a commitment to transparency and independence in the conduct of media governance and regulation. Political interference in policymaking remains a real threat – as we have seen with discussions over the fate of Ofcom, Channel 4 and the BBC – while the government remains reluctant even to acknowledge traditional news organisations as a source of online harm.

What is the most effective way to challenge this slippery slope towards greater control of our media landscape by ravenous tech platforms and unaccountable politicians? How can we secure and expand freedom of expression in ways that will stimulate open and informed debate on the key issues of our times whether that is combating climate change, racial injustice or endemic inequality?

The report suggests that both existing and legacy structures of public service broadcasting, journalism and tech can't be relied upon to deliver a democratic media system. Instead we need to develop new ways of making policy that aren't captured by existing elites and that include a commitment to tackle the growing concentrations of power that dominate our communications systems. We need new funding streams to support independent media that can better represent the full diversity of the UK population and we need to prise open the continuing grip on our media of vested interests.

This report and the subsequent recommendations are a crucial starting point in that debate.

Des Freedman, UK project coordinator

EXECUTIVE SUMMARY

The UK media is probably one of the most researched media systems in the world, for reasons both positive and negative. From offering a model for high-quality ‘public service broadcasting’ to the phone hacking scandal, which raised issues of privacy, corporate malpractice and professional standards, the UK’s media is fertile ground for media scholars. This present report contributes to this wealth of knowledge with a thorough, in-depth analysis of the three areas that shape journalism in the UK:

- **Government, legislation and media policy**, with a focus on the regulatory environment and the media policy-making process.
- **Journalism funding and consumption**, with a focus on changing news consumption habits and the role played by an evolving mix of funding sources;
- **Technology, journalism and government**, with a focus on how government is planning to regulate the big internet platforms and how news publishers are trying to reshape their relationships those same platforms.

The study has three chapters that followed the methodology developed by the Center for Media, Data, and Society’s Media Influence Matrix Project. A detailed methodology and the source list are available online [here](#).

Government, Legislation & Media Policy

There are three areas of regulation discussed in the report, covering broadcasting, the press, and online. In the UK, as in most countries, broadcasting has historically been the most tightly regulated platform whereas the press and online have been largely unregulated. Over the course of the 2010s, Parliament’s attention shifted away from regulating the press, on which it was focused in the aftermath of the phone hacking scandal and the Leveson Inquiry, and towards regulating the online space. After waging an attritional campaign over the course of the decade, the press has now successfully halted the momentum behind more robust and independent regulation of its output. Meanwhile, the internet is almost totally unregulated in the UK and Parliament has, overall, been very slow even to comprehend the nature of the online world, let alone to consider seriously the question of whether, or how, it should be regulated. That debate is now underway in earnest, with the press – ironically – one of the leading voices for robust regulation of the big tech platforms, to prevent a proliferating list of ‘online harms’ for which the big tech platforms are seen as culpable.

The government is planning to tighten ‘official secrets’ laws, while public rights to ‘freedom of information’ – access to information held by public bodies – have been steadily eroded in recent years. Both of these moves towards greater state secrecy need to be opposed and reversed. Other areas of law, like data protection, that were once decided at the EU level are now, post-Brexit, set to be determined at Westminster, although for the time being the UK appears to intend to maintain its alignment with the EU GDPR.

The report shows that media policy in the UK is driven by the Department for Digital, Culture Media and Sport (DCMS). Within Parliament, two committees have some influence on media policy: the House of Commons the Digital, Culture, Media and Sport Committee and the House of Lords the Communications and Digital Committee. The work of the Commons and Lords select committees on disinformation, online harms, and the tech platforms has occurred in the context of developing concern globally, about a variety of harms occurring on digital platforms. The current UK government intends to legislate in this area. Both Parliamentary committees are seeking to play a role in shaping the eventual legislation. However, our research shows that the most important influence over media policy in the UK is outside Parliament: the national press has successfully managed to resist Parliament's attempt to regulate it, boycotting the system Parliament established after the Leveson Report. At the same time, much of the right-wing press continues to incite government attacks on the BBC's funding and independence under the banner of a 'culture war' against the liberal-left. The press is also arguably the key force responsible for exposing and publicising stories of 'online harms' attributable to the big tech platforms: stories that have set much of the media policy agenda for the last five years.

The question of internet regulation raises many issues that the UK Parliament and policymakers are only beginning to address: the protection of data and privacy online; the regulation of social media and other platforms to prevent 'online harms'; the protection of freedom of expression online; the possibility of a sustainable future for commercially-funded journalism online despite an online advertising market in which tech giants seem unassailably dominant.

Journalism Funding & Consumption

Funding for journalism in the UK comes from two main sources: the government and the market. There is only a tiny niche for independent, non-profit journalism, which – with the notable exception of The Guardian – is funded largely by a small pool of grant money. Public funding for news in the UK comes in two main forms: revenue generated by the TV Licence Fee, which funds the BBC; an indirect subsidy for news publishers through zero VAT rating on newspapers, journals, periodicals, and magazines. Market funding still comes mostly from advertising, which currently stands at almost double the amount of income generated by subscriptions to news media, despite the epic collapse of print newspaper advertising revenue since the mid-2000s. Philanthropy is not a major source of funding for the UK's news media, except for The Guardian, a non-profit which now relies heavily on reader donations to break even. A small number of independent, niche organisations have developed over the last decade, but these operate mostly as local outlets in major cities outside London.

The development of the internet in the UK has created big challenges for news media funding, primarily for newspaper publishers seeking to turn newspaper businesses, which were once highly profitable, into online news operations which have so far proved much less profitable. Broadcasters have been much less negatively affected by the rise of the internet than the newspaper industry, but since around 2016 they too have begun to face a major digital challenge. Theirs has come less from the big tech platforms – with the important exception of Google's YouTube – than from major American streaming services like Netflix, Amazon and Disney with huge content budgets who can afford to spend vast amounts on TV series and films that are increasingly drawing young audiences in particular away from traditional live TV viewing and UK broadcasters.

Radio in the UK is still dominated by the publicly-funded BBC, whose national stations account for more than 44% of total listening time compared to the 21.1% share achieved by national commercial radio stations. The UK press remains highly competitive but increasingly financially challenged: News UK, the UK subsidiary of Rupert Murdoch's News Corp, is the biggest national news publisher in the UK, yet has suffered financial losses in recent years. The local press is in a state of total collapse, without a business model capable of funding much more than low-quality 'clickbait'.

The most pressing issue identified in this chapter is the continued commercial decline of the press and its impact on both the employment of journalists and the production of original news in the UK – especially in less 'commercial', more 'public interest' news genres like local news, foreign reporting and investigative journalism. Meanwhile, the stagnation of the BBC's funding – a deliberate result of government policy – has done further damage to news production in the UK.

Technology, Journalism & Government

Despite a substantial and growing tech sector, the dominant platforms in the UK for many key digital activities like search, social media, communication, and audio-visual media are those of American tech giants, especially Google and Facebook. The UK online advertising market is also dominated by these two companies, with Google accounting for over 90% of search advertising revenue and Facebook taking a share of 50% of online display advertising revenue. Between them, they account for around 80% of online advertising revenue in the UK. The UK's broadcasters are an important presence online through video-on-demand platforms like the BBC's iPlayer and Channel 4's All4. But even in this area, American free and paid video streaming platforms like YouTube, Netflix, Amazon Prime Video, and Disney+ are increasingly challenging the long-established cultural centrality of the UK's main broadcasters.

The American tech giants' dominance in many areas of online activity in the UK generates them billions of pounds a year in revenue, but this stands in stark contrast to the minimal amounts of tax they paid to the UK exchequer. This discrepancy has often been a focus of media attention, public anger, and political inquiry. It is just another way that the tech giants enjoy a number of powerful advantages over news publishers, an unequal relationship which publishers have only in the last few years started to work consistently to rebalance.

The UK's news publishers strongly support the development of a new pro-competition regime for digital markets, which the government is currently developing, and which the publishers believe will help them 'level the playing field' with the tech giants, at least to some extent. But it is unlikely that the regime eventually established will, on its own, lead to much more revenue for news publishers. The problem of the commercial sustainability of journalism in the UK – particularly at the local level – will remain. Attempts to develop new business models, most centred much less on advertising and much more on subscription revenue, will have to continue.

What Are the Issues to Follow in the Future?

The current Conservative government, led by the Prime Minister Boris Johnson, has four main priorities in its agenda for media and technology policy. First, the promotion of economic growth through investment in high-speed broadband infrastructure and promotion of the UK's tech sector. Second, regulating the online world by creating a new regulatory regime to govern the practices of the big tech platforms and prevent 'online harms', and by reforming the anti-trust regime to promote competition in digital markets. Third, increasing government secrecy by toughening the penalties for unauthorised disclosures of government information by whistleblowers and journalists, and by undermining the public's right to request disclosure of government information. Fourth, fighting a 'culture war' with what it sees as its liberal and left-wing enemies in a range of public institutions, by threatening the BBC's funding and attempts to undermine its independence, proposing to privatise Channel 4 (the UK's other public-owned broadcaster), and using its power of appointment over a wide range of public institutions – including the UK's media regulator Ofcom, the two publicly owned broadcasters, and cultural institutions like museums and galleries – to appoint more right-wing figures, whose politics are more acceptable to the current government, to leadership positions. Support for Brexit has come to serve as a basic litmus test of acceptability.

Of these four agenda items, the first is innocuous – though the government has had to scale back its ambitions for rapid broadband rollout after cutting planned infrastructure investment in response to the fiscal impact of the pandemic. The second starts from a reasonable place: clearly tech platforms are creating a whole host of new issues, including some serious 'online harms', that require attention. The question is whether the UK government's legislative proposals are sufficiently coherent, comprehensive, effective, and proportionate response to fully address these issues without harming freedom of expression online. The third and fourth parts of the government's agenda are simple authoritarianism. But there is an important difference between them: increasing government secrecy is opposed by most of the UK's news media, whereas the government's 'culture war' agenda is actively incited and applauded by the UK's right-wing newspaper publishers, whose titles have become even more truculently reactionary and nationalist in the last five years since the UK voted to leave the EU.

Meanwhile, nothing in the government's agenda for media and technology policy adequately addresses the two biggest issues facing the UK media over the next decade. First, the continuing commercial collapse of the UK's newspaper publishers, with its knock-on effects on journalism employment and original news production. Second, the decline of the UK's 'public service broadcasting' system – encompassing not only publicly-owned broadcasters like the BBC and Channel 4, but 'commercial PSBs' like ITV required to produce public service programming and adhere to high broadcasting standards – as video viewing in the UK comes increasingly to be dominated by US platforms and entertainment giants like YouTube, Netflix, Amazon, Disney and now possibly Apple. Neither of these trends looks good for the long-term health of the UK's media and culture. Yet the government is doing nothing to address either issue. Indeed, its attacks on the BBC and Channel 4 look set only to accelerate their decline into cultural irrelevance and marginality. The government's obsession with conducting a 'culture war' against liberalism and the left will only cause further damage to public media and cultural institutions that have already been withered by years of government-imposed austerity.

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PART ONE:
**GOVERNMENT,
POLITICS &
REGULATION**

LEGAL OVERVIEW

Journalism in the United Kingdom is regulated both externally and internally. Courts and sectoral regulators externally impose laws and codes of conduct on media organizations. Some media organisations also have their own, internal editorial guidelines, which are primarily aimed at ensuring compliance with legal and regulatory obligations, but in some cases exceed them.

UK Law: Forms and Processes of Formation

The UK has three main jurisdictions: England and Wales, Scotland and Northern Ireland. Each has its own laws and court system. Laws applying in one jurisdiction may apply equally or similarly in others, especially if they come from legislation of the UK Parliament (as opposed to judicial decisions). Whereas courts in these three jurisdictions may rule differently, the UK Supreme Court is the final court of appeal in all of them.

There are three democratically-elected institutions to which the Parliament at Westminster has devolved power over some areas of legislation and policy, such as health and education. These are the Senedd Cymru (the Welsh Parliament) at Cardiff, the Northern Ireland Assembly at Stormont, Belfast, and the Scottish Parliament at Holyrood, Edinburgh. Although media policy remains an area reserved for Westminster, Scotland and Northern Ireland have slightly different laws in some areas concerning journalism, such as defamation law.

The common law is a matter of judicial interpretation. Consequently, judges have historically played a role in determining the laws that apply to journalism in the UK, albeit one constrained by precedent. For example, before the Defamation Act came into force in 2013, the House of Lords established the so-called ‘Reynolds defence’ in the case of *Reynolds v Times Newspapers Ltd*, which protected freedom of expression in cases where a published allegation turned out to have been wrong but where its publication had nevertheless, in the known circumstances, been in the public interest.

The UK has an ‘unwritten’ constitution: there is no single document that sets out the fundamental laws of the country. The Parliament at Westminster is sovereign. As an important consequence, there is no guarantee of freedom of expression embedded in Britain’s constitution to which citizens can appeal when they wish to challenge legislation passed by Parliament. For instance, there is no UK equivalent of the First Amendment of the United States Constitution.

As long as the UK was a member of the European Union, EU law had ‘direct effect’ in UK law. However, the UK has now left the EU and it remains to be seen whether UK law will continue to align with EU law.

Alongside statutory legislation passed by Parliament, the UK has common law, which is the law derived by the judicial interpretation of statutes, custom and precedent. Common law can be replaced or superseded by legislation, which takes precedence. In addition to statutes set out in Acts of Parliament, some parts of the law concerning journalism in the UK are contained in the common law, such as rules on the reporting of court proceedings.

[1] *Reynolds v Times Newspapers Ltd* [2001] 2 AC 127, available online at <https://publications.parliament.uk/pa/ld199899/ldjudgmt/jd991028/reyn01.htm> The House of Lords was the court of last resort in the United Kingdom before its replacement by the UK Supreme Court in 2009.

Statutes are made by the two Houses of Parliament, the House of Commons and the House of Lords, which pass legislative bills by simple majority votes. Most legislation is introduced by the government, whose majority of seats in the Commons guarantees control over the House's business. The government's Department for Digital, Culture, Media and Sport (DCMS) is responsible for media policy-making and is represented in the Cabinet by the Secretary of State for Digital, Culture, Media and Sport. Legislation affecting the media mostly comes from the DCMS. Occasionally, other government departments may make policy decisions or be responsible for legislation that affects the media. For example, the Home Office, which is in charge of matters related to counter-terrorism and security, is the department primarily responsible for legislation concerning official secrets laws. The Ministry of Justice's remit covers the courts and the judicial system, freedom of information and data protection, and human rights and civil liberties.

Prior to the government introducing a bill to Parliament, a government department publishes a white paper, which sets out the government's plans and invites responses from individuals, businesses and civil society groups during a defined consultation period that usually lasts several months. Each of the two Houses of Parliament has a select committee dedicated to matters of media policy: the Commons' **Digital, Culture, Media and Sport Committee** and the Lords' **Communications and Digital Committee**.^[4] Both committees regularly hold inquiries on issues relating to media and journalism.

For instance, the Communications and Digital Committee recently held an inquiry on "The future of journalism".^[5] While the Committees can influence Parliamentary opinion and the making of government policies, they have no formal role in the legislative process.

In 2019, the House of Lords established a new **Select Committee on Democracy and Digital Technologies** ^[6] and the Commons DCMS Committee set up a **Sub-Committee on Online Harms and Disinformation**.^[7]

Sometimes a "joint committee" composed of members of both Houses from across the main political parties, is set up to consider whether legislation is needed in a given area. Two recent important examples that relate to media policy are the 2011 Joint Committee on the Draft Defamation Bill ^[8] and the 2011-12 Joint Committee on Privacy and Injunctions. A Joint Committee on the Draft Online Safety Bill is currently analysing the government's proposals to regulate online platforms.^[9] Finally, there are also All-Party Parliamentary Groups (APPGs) for a wide range of issues. Whereas the Lords and Commons have separate Committees, and party 'whips' decide their composition, membership of APPGs is open to all members of both Houses. However, APPGs, which are more like informal discussion groups, do not hold hearings and inquiries, publish reports, or summon people to give testimony. There are currently APPGs related to Media, Media Freedom, Social Media, Broadband and Digital Communication, the BBC, and Children's Media and the Arts.^[10]

[2] If successful in a random ballot, MPs and peers can introduce Private Members' Bills. Most fail come into effect but one recent example that affected journalism was Lord Lester of Herne Hill's Defamation Bill, introduced in May 2010, which the Ministry of Justice used as its basis for the Bill that eventually became the Defamation Act 2013 – discussed below.

[3] See, for instance, the consultation on the Online Harms White Paper, which ran between 8 April 2019 and 1 July 2019, available online at <https://www.gov.uk/government/consultations/online-harms-white-paper>

[4] <https://committees.parliament.uk/committee/378/digital-culture-media-and-sport/>
<https://committees.parliament.uk/committee/170/communications-and-digital-committee/>

[5] <https://committees.parliament.uk/work/28/the-future-of-journalism/> The Committee's a report, "Breaking News? The Future of UK Journalism" published on 27 November 2020, is available online at <https://committees.parliament.uk/publications/3707/documents/36111/default/>

[6] <https://committees.parliament.uk/committee/407/democracy-and-digital-technologies-committee/>

[7] <https://committees.parliament.uk/committee/438/digital-culture-media-and-sport-subcommittee-on-online-harms-and-disinformation/>

[8] The Joint Committee on the Draft Defamation Bill, Draft Defamation Bill 12 October 2011, available online at <https://publications.parliament.uk/pa/jt201012/jtselect/jtdefam/203/203.pdf>

[9] <https://committees.parliament.uk/committee/534/draft-online-safety-bill-joint-committee/>

[10] The register of All-Party Parliamentary Groups is available online at <https://publications.parliament.uk/pa/cm/cmallparty/200924/contents.htm>

UK Laws Affecting Journalism

Freedom of Expression

The closest thing to a statutory guarantee of rights protecting freedom of expression in the UK is the Human Rights Act 2000 (HRA), which brought the European Convention on Human Rights (ECHR) into UK law and requires judges to consider the decisions of the European Court of Human Rights. New UK legislation must be compatible with convention rights as interpreted by the Court, and UK judges are obliged to construe new and existing legislation in a manner that conforms to those rights. Two ECHR's articles are particularly important for journalism: Article 8, "the right to respect for private and family life", and Article 10, "the right to freedom of expression". [11]

The Convention is independent from the European Union, and therefore unaffected by the UK's withdrawal from the EU. Nevertheless, certain right-wing national newspapers and Conservative MPs have long been calling on the UK to withdraw from the ECHR. [12] In 2006, David Cameron promised that the Conservative Party would, on its return to power, repeal the HRA and replace it with a 'British Bill of Rights'. The 2015 Conservative Party manifesto repeated this pledge. However, Cameron left within a year of the 2015 General Election and his successors were preoccupied with Brexit. According to media coverage from 2020, during its negotiations with the European Union, the UK government had expressed a wish not to commit formally to applying the ECHR. [13] It was also reported that Prime Minister Boris Johnson would prefer the UK to 'opt out' of certain parts of the ECHR concerning deportations of asylum seekers and prosecutions of British soldiers. [14] The Justice Secretary, Dominic Raab, recently announced proposals to 'overhaul' – i.e. to reform rather than wholly repeal – the HRA, including by introducing a 'mechanism' allowing the government to introduce ad hoc legislation to 'correct' court judgements it feels are incorrect. So far, no white paper has been published on the matter.

Privacy and Breach of Confidence

Since the introduction of the HRA, judges in the UK have interpreted Article 8 of the ECHR, which protects the right to respect for privacy and family life, to limit journalists' and media organizations' freedom to publish material that infringes on that right in cases where there is no overriding public interest for the publication. In such cases, claimants can seek injunctions which even prevent the publication of the material in question, and so-called 'super-injunctions', which also forbid the publication of the fact that an injunction exists (in cases where doing so is likely to cause media speculation and public comment that may undermine someone's legitimate right to privacy). [15] In March 2012, a report compiled by a joint committee of the House of Commons and Houses of Lords endorsed the 'law of privacy' as developed by judges interpreting the HRA since 2000, rejecting calls for Parliament to introduce a more comprehensive privacy law. [16]

[11] See the European Convention on Human Rights, p. 10-11, available online at https://www.echr.coe.int/documents/convention_eng.pdf. Where convention rights, such as those in Articles 8 and 10, conflict, courts must use a 'balancing test' to work out which should prevail, focusing on the comparative importance of the specific rights being claimed in the individual case, the justifications for interfering with or restricting each right, and the test of 'proportionality'. See *Re S (A Child) (Identification: Restrictions on Publication)* [2004] UKHL 47, paragraph 17, available online at <https://publications.parliament.uk/pa/ld200304/ldjudgmt/jd041028/inres-1.htm>

[12] See, for instance, Martin Howe, "We will not bow to Brussels over the European Convention on Human Rights" *The Telegraph* 5 March 2020, available online at <https://www.telegraph.co.uk/politics/2020/03/07/will-not-bow-brussels-european-convention-human-rights/>

[13] Jon Stone, "Boris Johnson refuses to commit to keeping UK in human rights convention" *The Independent* 5 March 2020, available online at <https://www.independent.co.uk/news/uk/politics/boris-johnson-brexit-human-rights-convention-echr-michel-barnier-a9378141.html>

[14] Peter Stubley, "Boris Johnson 'plans to opt out of human rights laws' amid Brexit row" published by *The Independent* on 13 September 2020, available online at <https://www.independent.co.uk/news/uk/politics/brexit-human-rights-act-uk-europe-convention-boris-johnsonb433013.html>

[15] For a commentary on a recent, high-profile 'super-injunction' case, see Iona Millership, "Case Comment: *PJS v News Group Newspapers Limited* [2016] UKSC 26" *UKSC blog* 20 May 2016, available online at <http://uksblog.com/case-comment-pjs-v-news-group-newspapers-limited-2016-uksc-26/>

[16] The Joint Committee on Privacy and Injunctions, *Privacy and Injunctions - Session 2010-12*, 12 March 2012, available online at <https://publications.parliament.uk/pa/jt201012/jtselect/jtprivin/273/273.pdf>

The committee concluded that “a privacy statute would not clarify the law. The concepts of privacy and the public interest are not set in stone, and evolve over time. We conclude that the current approach, where judges balance the evidence and make a judgment on a case-by-case basis, provides the best mechanism for balancing article 8 and article 10 rights.” [17] While Parliament may not have introduced any further legislation related to privacy since the HRA, some parts of the British press have consistently argued that British judges have interpreted the HRA in such a way that the balance between Article 10 (the right to freedom of expression) and Article 8 (the right to privacy and family life) has tipped further and further in favour of the latter, increasingly favouring the rights of those who do not want their personal lives to be the subject of press reporting over the freedom of the press. [18]

In response, some academics and press reform campaigners have argued that press freedom should not entail an unrestricted freedom to publish any details of individuals’ private lives, since many violations of the right to privacy committed by the press have little to do with any legitimate public interest, and much more to do with either selling more newspapers for profit, or influencing and even intimidating public figures - including politicians - by threatening them with the publication of sensitive personal information. One example of a recent, high-profile legal case involving the claim of privacy infringement by the British press has been the successful claim brought by the Duke and Duchess of Sussex – Prince Harry and Meghan Markle – against the Mail on Sunday and its publisher Associated Newspapers.[19]

Defamation

The jurisdiction of England and Wales has long been internationally infamous for having some of the most restrictive defamation laws of any liberal democracy. These, coupled with loose rules on jurisdiction, have encouraged ‘libel tourism’: individuals and organisations choosing the UK as the most favourable jurisdiction in which to claim they have been defamed in order to seek the restriction of others’ speech in the UK and elsewhere.[20] However, the Defamation Act 2013 reformed and liberalised this law, introducing a new threshold of “serious harm” to prevent trivial claims and to require bodies trading for profit to demonstrate serious financial harm when bringing a claim. The Act introduced a range of new defences and updated and codified a number of existing ones. Jurisdictional rules were tightened in order to limit libel tourism. The presumption in favour of jury trials was reversed. The overall aim of the legislation was to afford more legal protections for various forms of legitimate speech, including peer-reviewed academic articles and publications on matters of public interest, and to decrease the legal costs defamation cases entail by reducing their average duration.[21]

[17] Privacy and Injunctions - Session 2010-12, p. 5

[18] See for instance i) The keynote speech given by the then-editor of the Daily Mail to the Society of Editors in 2008. Paul Dacre, “The threat to our press”, *The Guardian* 10 November 2008, available online at <https://www.theguardian.com/media/2008/nov/10/paul-dacre-press-threats> (ii) A recent analysis by the Telegraph’s crime correspondent.

Martin Evans, “Privacy vs Freedom of Expression: How the law has developed”, *The Daily Telegraph* 18 July 2018, available online at <https://www.telegraph.co.uk/news/2018/07/18/privacy-vs-freedom-expression-law-has-developed/>

[19] Caroline Davies, “Meghan wins privacy case against Mail on Sunday” *The Guardian* 11 February 2021, available online at <https://www.theguardian.com/uk-news/2021/feb/11/meghan-markle-father-duchess-sussex-mail-on-sunday-wins> For coverage of the case as it unfolded see the blog of the International Forum for Responsible Media, available online at <https://inform.org/tag/meghan-markle/>

[20] A famous case exemplifying this issue was McDonald’s Corporation v Steel & Morris [1997] EWHC QB 366 (available online at <https://www.bailii.org/ew/cases/EWHC/QB/1997/366.html>), popularly known as “the McLibel case”. A documentary about the case, McLibel, was made in 1997; an extended version of the film was released in 2005.

[21] The Defamation Act 2013 is available online at <https://www.legislation.gov.uk/ukpga/2013/26/contents/enacted>

For a guide to the contents of the Act, see Joanna Dawson, “Research Briefing: Defamation Act 2013” House of Commons Library, available online at <https://commonslibrary.parliament.uk/research-briefings/sn06801/> See also Mark Hanna and Mike Dodd, *McNae’s Essential Law for Journalists*, 25th Edition (Oxford University Press 2020), part 3: defamation and related law

Access to Information

Laws Regulating the Reporting of Crime, Policing, the Courts, the Security Services and Leaked Government Information

Common law, precedent and statute collectively regulate the reporting of crime, policing, the courts and the security services. Police inquiries, criminal and civil court cases, coroners' inquests, tribunals and public inquiries all have specific rules governing the disclosure of information and reporting on their proceedings. The common law offence of 'contempt of court', and the broader law of contempt, is applied to protect against actions, including certain news reporting, which may prejudice or compromise the administration of justice. The law is set out partly in case law and partly in the **Contempt of Court Act 1981**.

Common law protects the principle of open justice, which has been repeatedly affirmed by case law. [22] There must be an overriding justification for any departure from this principle, usually involving damage to the process of justice. However, the Magistrates' Courts Act 1980, which requires magistrates to sit in open court in most cases, was heavily qualified by the **Criminal Justice and Courts Act 2015**, which introduced the 'single justice procedure'. Under this device, magistrates may try minor cases in private, in the defendant's absence, and impose fines on conviction. The purpose of this new system is to save the government court costs. These cases usually involve low-level offences, but sometimes such cases can relate to matters of public interest – for instance, when the defendant is an important public figure. On these grounds, some journalists, academics and civil society organisations have objected to the new procedure.[23]

The **Official Secrets Acts of 1911 and 1989** are normally justified by the claim that they help protect national security by criminalising the disclosure of secret government information, for example relating to the security services. Although this legislation is not used routinely to prosecute journalists, it has occasionally been used for that purpose.[24] For example, in 2018 two reporters working in Northern Ireland, Trevor Birney and Barry McCaffrey, were arrested and threatened with prosecution, although the case against them was later dropped.[25] The legislation has more often been used for the prosecution of civil servants and others who have given journalists sensitive information, including in cases where information has been leaked on grounds of conscience to shed light on controversial government policies. Under the legislation, police are entitled to search the home and newsroom of a journalist who they believed to have broken the law, to seize their records and to attempt to identify their source.[26] Whistleblowers can also be prosecuted under data protection legislation or the common law offence of 'misconduct in public office' (discussed in more detail below). In 2015, the Cabinet Office asked the Law Commission to review the effectiveness of official secrets law and develop proposals to 'update it for the digital age'.

[22] Hanna and Dodd, McNae's Essential Law for Journalists, chapter 15: open justice and access to court information

[23] Hanna and Dodd, McNae's Essential Law for Journalists, p. 195

[24] Dan Sabbagh, "Journalists' union criticises plans for new official secrets laws", *The Guardian*, 20 December 2019, available online at <https://www.theguardian.com/uk-news/2019/dec/20/journalists-union-criticises-plans-for-new-official-secrets-laws>

[25] Rory Carroll, "Police drop investigation into journalists who made Loughinisland film", *The Guardian*, 4 June 2019, available online at <https://www.theguardian.com/uk-news/2019/jun/04/loughinisland-journalists-police-investigation-dropped-redacted-document-no-stone-untuned>

[26] Hanna and Dodd, McNae's Essential Media Law for Journalists, p. 426

The Commission's initial consultation proposals included extending maximum prison sentences from two to fourteen years and expanding the definition of espionage to potentially cover not only those who leak but those who obtain or handle official secrets as well. Several media and civil society organisations heavily criticised these proposals when they were published in February 2017 on the basis that they would criminalise legitimate public interest journalism, and could have been used to prosecute *The Guardian* over its publication of information about mass government surveillance leaked to them by Edward Snowden.[27] The new Conservative government led by Theresa May immediately backed away from the proposals.[28] In September 2020 the Law Commission published a new set of proposals.[29] These still included longer sentences for those who disclose sensitive information but a public interest defence had been introduced as well, which would be available to anyone charged with unauthorised disclosure. [30]

From May to July 2021 the government ran a public consultation on its proposals to reform the Official Secrets Acts, which include increased maximum sentences for 'unauthorised disclosures' – of as yet indeterminate length. While the government said it would consider the Law Commission's new proposals, it also indicated that it was against introducing a public interest defence into the law in order to protect legitimate whistleblowers, claiming that "safeguards already exist...which allow [whistleblowers] to raise concerns without needing to undertake an unauthorised disclosure," and that the Crown Prosecution Service already considers the public interest in deciding whether to prosecute. Its main concern was that "a person seeking to make an unauthorised disclosure...will rarely (if ever) be able to accurately judge whether the public interest in disclosing the information outweighs the risks against disclosure." [31] In July, the News Media Association, the main press industry lobby group, responded to the Home Office's consultation by declaring its vehement opposition to some of the main proposals, including longer prison sentences, and underlining its support for a public interest defence. [32] Editorials and op-eds in the *The Guardian*, *The Telegraph*, *The Times* and the *Mail on Sunday* all strongly criticised the government's proposals. [33] Boris Johnson defended the proposals in the face of unanimous press criticism but the government's response to the consultation still has yet to be published.[34]

[27] Rob Evans, Ian Cobain and Nicola Slawson, "Government advisers accused of 'full-frontal attack' on whistleblowers" *The Guardian* 12 February 2017, available online at

<https://www.theguardian.com/uk-news/2017/feb/12/uk-government-accused-full-frontal-attack-prison-whistleblowers-media-journalists> See also, "The Guardian view on official secrets: new proposals threaten democracy" *The Guardian* 12 February 2017, available online at

<https://www.theguardian.com/commentisfree/2017/feb/12/the-guardian-view-on-official-secrets-new-proposals-threaten-democracy>

[28] Owen Boycott and Rowena Mason, "No 10: Official Secrets Act proposals 'project of previous prime minister'" *The Guardian* 13 February 2017, available online at

<https://www.theguardian.com/law/2017/feb/13/uk-government-law-commission-report-outlaw-whistleblowers-investigative-journalism>

[29] Law Commission, Protection of Official Data - Report, 1 September 2020, available online at <https://www.lawcom.gov.uk/project/protection-of-official-data/>

[30] Owen Boycott, "Call for UK's 'antiquated' Official Secrets Act to be updated" *The Guardian* 1 September 2020, available online at

<https://www.theguardian.com/law/2020/sep/01/call-for-antiquated-uk-official-secrets-act-to-be-updated>

[31] Home Office, *Legislation to Counter State Threats (Hostile State Activity): Government Consultation*, 13 May 2021, p. 24 available online at:

<https://www.gov.uk/government/consultations/legislation-to-counter-state-threats>

[32] News Media Association, "NMA: Official Secrets Act Reform Could Criminalise Public Interest Journalism" 22 July 2021, available online at:

<http://www.newsmediauk.org/Latest/nma-official-secrets-act-reform-could-criminalise-public-interest-journalism>

[33] *The Times*, "The Times view on changes to the Official Secrets Act: Press Ganged" 24 July 2021, available online at:

<https://www.thetimes.co.uk/article/the-times-view-on-changes-to-the-official-secrets-act-press-ganged-gmn28hdfb>

Alan Rusbridger, "It beggars belief that a government led by a former journalist wants laws that would make criminals of... journalists" *Mail on Sunday*, 24 July 2021, available online at:

<https://www.dailymail.co.uk/debate/article-9821595/ALAN-RUSBRIDGER-beggars-belief-government-wants-laws-make-journalists-criminals.html>

The Telegraph, "Whitehall's attempts to muzzle the press must be resisted" 26 July 2021, available online at:

<https://www.telegraph.co.uk/opinion/2021/07/26/whitehalls-attempts-muzzle-press-must-resisted/>

The Guardian, "The Guardian view on official secrets: plans that undermine democracy" 29 August 2021, available online at:

<https://www.theguardian.com/commentisfree/2021/aug/29/the-guardian-view-on-official-secrets-plans-that-undermine-democracy>

[34] Adam Forrest, "Official Secrets Act reform won't see journalists jailed, Boris Johnson promises" *The Independent* 28 July 2021, available online at:

<https://www.independent.co.uk/news/uk/politics/boris-johnson-journalists-official-secrets-bl1892031.html>

For a response from the press, see *The Times*, "Secrets and lies: The prime minister must rip up plans to destroy press freedom" 30 July 2021, available online at: <https://www.thetimes.co.uk/article/the-times-view-on-boris-johnson-and-public-interest-journalism-secrets-and-lies-xt6txdr0v>

Freedom of Information (FOI)

The **Freedom of Information Act 2000** established a public “right of access” to information held by public bodies. Members of the public can make requests to public bodies for the release of information unless the information in question is covered by a range of exemptions; for instance, one exemption relates to national security. The Act’s provisions came into effect in 2005. The Cabinet Office is the government department responsible for overseeing government responses to FOI requests while the Information Commissioner’s Office (ICO) is responsible for overseeing the implementation of the Act, including monitoring whether public bodies are responding adequately to requests. Information disclosed as a result of a FOI request has often been an important source of many news reports. However, public bodies often resist the disclosure of such information for illegitimate as well as legitimate reasons - for instance, to prevent political embarrassment or frustrate public accountability. Those who request access to public interest information on the basis of the Act can appeal to the ICO if their FOI request is denied, but the appeals process is lengthy and complicated.

According to a recent report by the *openDemocracy* website, compliance with the Act by public bodies has noticeably worsened in recent years, with longer waiting times and the increased use of ‘stonewalling’ and other tactics aimed at delaying or preventing the disclosure of information to which the public is legitimately entitled.[35] In addition, both the *openDemocracy* report and an ICO’s report from 2019 have argued that since outsourcing to private companies is more and more frequently used in the provision of public services, FOI rights should be extended to cover those private companies and other organisations to whom such services are outsourced.[36] In October 2021, openDemocracy published a second major report showing that in 2020 only 41% of FOI requests sent to government departments and agencies were granted in full, down from 43% the previous year and the lowest figure since records began in 2005.[37] In July 2021, the House of Commons Public Administration and Constitutional Affairs Select Committee launched an inquiry into the Cabinet Office’s implementation of the Freedom of Information Act.[38]

Data Protection

The **Data Protection Act 2018**, which updated and replaced the Data Protection Act 1998 and harmonised UK law with the EU General Data Protection Regulation, provides the legal framework for data protection in the UK. It was amended on 1 January 2021 by regulations under the European Union (Withdrawal) Act 2018 to reflect the UK’s status outside the EU. It now sits alongside and supplements the UK General Data Protection Regulation, which also came into effect on 1 January 2021.[39] The **Information Commissioner’s Office (ICO)** is responsible for monitoring compliance with the Act.

[35] Jenna Corderoy and Lucas Amin, “How the UK government is undermining the Freedom of Information Act” openDemocracy 27 November 2020, available online at

<https://www.opendemocracy.net/en/freedom-of-information/how-uk-government-undermining-freedom-information-act/> Lucas Amin, Art of Darkness: How the government is undermining Freedom of Information, openDemocracy November 2020, available online at <https://beta.documentcloud.org/documents/20415987-art-of-darkness-opendemocracy>

[36] Information Commissioner’s Office, Outsourcing Oversight? The case for reforming access to information law - Report of the Information Commissioner to Parliament, 2019, available online at <https://ico.org.uk/about-the-ico/what-we-do/outsourcing-oversight/>

[37] Jenna Corderoy and Lucas Amin, “2020 was worst year on record for UK government secrecy” openDemocracy 25 October 2021, available online at: <https://www.opendemocracy.net/en/freedom-of-information/2020-was-worst-year-on-record-for-uk-government-secrecy/>

[38] UK Parliament, “Cabinet Office handling of FoI requests inquiry launched” 8 July 2021, available online at: <https://committees.parliament.uk/work/1348/the-cabinet-office-freedom-of-information-clearing-house/news/156429/cabinet-office-handling-of-foi-requests-inquiry-launched/>

[39] For more about the Act and the UK GDPR, see the guide to data protection on the website of the Information Commissioner’s Office, available online at <https://ico.org.uk/for-organisations/guide-to-data-protection/introduction-to-data-protection/about-the-dpa-2018/>

Data Protection

During the 2000s, police investigations uncovered evidence of an extensive trade in confidential personal information by private investigators who had often obtained the private information through illegal methods. In many cases, they were acting on behalf of clients in the UK press. These methods routinely involved breaching of the Data Protection Act 1998 – for instance, by accessing confidential medical records or bribing public officials to provide data from the databases of public bodies. The evidence was extensively analysed in two reports published by the ICO in 2006, which shed light on thousands of transactions involving the UK press. However, for complex reasons examined in the Leveson Report, no journalist was ever prosecuted.[40] The fact that no journalist was ever prosecuted, or even sacked, for engaging in what were clear violations of the Data Protection Act 1998 - usually without the slightest suggestion of acting in the public interest - may have contributed to a feeling among some journalists and executives that they would be above the law when it came to other criminal offences too, like phone hacking.[41]

Bribery and the Interception of Communications

The 2011 ‘phone hacking scandal’ revealed that in the 2000s journalists at national tabloid newspapers routinely intercepted the mobile voicemail messages of prominent public figures and ordinary citizens featured in news stories, either directly or by paying others to do so. This illegal activity occurred on an industrial scale in order to uncover juicy exclusives about politicians, celebrities and other people in the news that would help titles sell more copies in the UK’s aggressively competitive national newspaper market. It was prohibited under the **Regulation of Investigatory Powers Act 2000**, which was primarily intended to regulate public bodies’ entitlement to carry out surveillance and investigation, but which also regulated the interception of communications – including by private individuals. In many newspaper phone hacking cases, there was not the slightest suggestion of a public interest defence. The information obtained was usually of a private and personal nature; journalists were usually listening in to their targets’ voicemails just to see what on them, not to provide supporting evidence for important stories they had uncovered by other, legal means.

The first case of a journalist’s prosecution for phone hacking happened in 2007, when Clive Goodman, the Sunday tabloid *News of the World*’s royal editor was arrested and jailed for hacking into the voicemails of members of the Royal Household. At the time, the paper’s parent company News International - the UK subsidiary of News Corporation - insisted that Goodman was just ‘one rogue reporter’. However, in 2009 and 2010, new claims started to emerge showing that other people’s phones had also been hacked – people with nothing to do with Clive Goodman’s area of reporting, which clearly indicated News International’s ‘one rogue reporter’ defence was false. Rather than mount an internal investigation to find out of the extent of the criminality, News International dealt with these new claims by reaching confidential, out-of-court financial settlements.

[40] Lord Justice Leveson, *An Inquiry into the Culture, Practices, and Ethics of the Press*, November 2012, Volume 3, Part H, Chapter 3, section 1: Criminal proceedings in respect of journalists, p. 1031-1040, available online at <https://discoverleveson.com/levesonarticle/3/Leveson%20Report%200780#page=48>

[41] For a comprehensive analysis, see Lord Justice Leveson, *An Inquiry into the Culture, Practices, and Ethics of the Press*, November 2012, Volume 3, Part H: The press and data protection, p. 998-1113, available online at <https://discoverleveson.com/levesonarticle/3/Leveson%20Report%200780#page=16>

Eventually, in July 2011, *The Guardian* revealed that in 2002 News of the World journalists working with a private investigator had hacked into the voicemail of a schoolgirl, Milly Dowler, who had been abducted and murdered, and they had listened to the voicemail messages left by her parents.[42] The story dominated news headlines and caused a wave of public outrage which politicians, regulators, the police and news editors could not ignore or play down, no matter how keen some were to do so.

The 2011 scandal resulted in the closure of the *News of the World* (though it was later relaunched as *The Sun on Sunday*), the resignation of a number of senior News International executives and the withdrawal of News Corp's bid to buy Sky (discussed in a case study at the end of this chapter). Additionally, the scandal also led to an avalanche of civil claims by victims of phone hacking, mostly against two major newspaper publishers: News UK (formerly News International) and Mirror Group Newspapers (a subsidiary of Reach plc, which at the time was called Trinity Mirror), where journalists also hacked phones. Even today, a decade after the first civil litigation, civil claims based on phone hacking allegations continue to be brought periodically against News UK. The scandal also led to several major police investigations, which resulted in a long sequence of prosecutions against journalists and editors working at a number of tabloid newspapers. Many of them pled guilty and some served prison terms, including Andy Coulson – the former editor of the News of the World (2003 to 2007), director of communications for the Conservative Party (2007 to 2010) and then personal director of communications for the then-Prime Minister David Cameron (2010 to 2011).[43]

The most famous trial, *R v Coulson, Brooks and others* (sometimes referred to simply as 'the phone hacking trial') took place at the Old Bailey (the Central Criminal Court of England and Wales) between October 2013 and June 2014. The charges included phone hacking, conspiracy to commit misconduct in public office (i.e. authorising the payment of public officials for stories) and conspiracy to pervert the course of justice (by destroying devices and notebooks that the prosecution alleged contained evidence of criminal conduct). The trial resulted in the conviction of Coulson for conspiracy to hack phones, while Rebekah Brooks, former editor of the *News of the World* (2000 to 2003) and *The Sun* (2003 to 2009) and subsequently CEO of News UK (2009 to 2011), was acquitted on all charges, as were the other five defendants (including Brooks's husband and her personal assistant). In September 2015, after the victory of the Conservative Party in the General Election earlier that year, News Corporation reappointed Brooks to her job as CEO of News UK.[44]

[42] Nick Davies and Amelia Hill, "Missing Milly Dowler's voicemail was hacked by News of the World" *The Guardian* 4 July 2011, available online at <https://www.theguardian.com/uk/2011/jul/04/milly-dowler-voicemail-hacked-news-of-world>

[43] https://en.wikipedia.org/wiki/News_International_phone_hacking_scandal#Criminal_charges_and_convictions

[44] Daniel Boffey, "Return of Rebekah Brooks is 'two fingers up to British public' – shadow minister" *The Guardian* 29 August 2015, available online at <https://www.theguardian.com/media/2015/aug/29/rebekah-brooks-return-news-uk-chief-campaigners-attack-report-rupert-murdoch>

During the police investigation into phone hacking offences, a large number of company emails were handed over to investigators by the management of News International. They were desperate to prove their cooperation with police in order to avoid the risk of a corporate prosecution. This evidence led the police to uncover evidence of the widespread practice of journalists illegally bribing public officials to acquire exclusive information from them. Many public officials and journalists were prosecuted under the common law offence of ‘misconduct in public office’, or conspiracy to commit the same, and several trials were mounted. During these trials, juries tended to convict the public officials who sold the stories but they acquitted the journalists who paid for them. For example, Bettina Jordan-Barber, a civil servant who worked for the Ministry of Defence and had the highest grade of security clearance, was paid a total of £100,000 between 2004 and 2012 to give *The Sun* exclusive information. She was found guilty of the offence but the journalists who were alleged to have paid her, or to have authorised others to pay her (including Rebekah Brooks), were acquitted.[45]

The Bribery Act 2010 has repealed past statute and common law relating to bribery and introduced a new legal framework, which includes a corporate offence of ‘failure to prevent bribery’ by lacking the proper procedures to prevent it. There is no public interest exemption in the Act for journalists. Journalists can be prosecuted for bribery and the companies they work for can be prosecuted for corporate failure to take reasonable steps to prevent them from bribing public officials. However, most of the prosecutions for illegal payments to public officials that resulted from the phone hacking scandal related to offences committed before the introduction of the 2010 Act, and were therefore prosecuted under the offence of “conspiracy to commit misconduct in public office.” This caused considerable difficulties for juries at trial.[46]

Media Coverage of Legal Developments

Specialist legal correspondents are increasingly rare in UK newsrooms. The BBC has a home and legal correspondent, Dominic Casciani [47], the *Financial Times* employs a legal correspondent, Kate Beioley [48], and *The Times* has a legal editor, Jonathan Ames. [49] However, no other national newspapers have specialist legal correspondents. [50] Alongside commentary in the established news media, some online sources provide commentary on developments in media law and notable cases; the most comprehensive is the blog ran by the International Forum for Responsible Media. [51]

[45] Lisa O’Carroll, “MoD ‘mole’ Bettina Jordan-Barber jailed over Sun leaks” *The Guardian* 20 March 2015, available online at <https://www.theguardian.com/uk-news/2015/mar/20/mod-mole-bettina-jordan-barber-jailed-over-sun-leaks>

[46] See, for example, Lisa O’Carroll, “Sun payments trial: when is a leak a crime?” *The Guardian* 20 March 2015, available online at <https://www.theguardian.com/uk-news/2015/mar/20/sun-payments-trial>

[47] <https://www.bbc.co.uk/news/topics/cezlkpje5zkt>

[48] <https://www.ft.com/kate-beioley>

[49] <https://www.thetimes.co.uk/profile/jonathan-ames>

[50] David Allen Green, “The last of the legal correspondents, and the true crisis in the public understanding of law” *The Law and Policy Blog* 3 January 2021, available online at

<https://davidallengreen.com/2021/01/the-last-of-the-legal-correspondents-and-the-true-crisis-in-the-public-understanding-of-law/>

[51] <https://inform.org/>

Platform-Specific Media Regulation

Broadcast Media

The **Communications Act 2003**, the most important piece of legislation regulating media in the UK, established Ofcom, the UK's communications regulator, introduced new regulations governing the approval of media takeovers and mergers, and set out the regulatory architecture for TV and radio, including TV and radio licensing requirements, broadcasting standards requirements, and public service broadcaster remits and programming quotas.[52] Section 88 of the Digital Economy Act 2017 amended the 2003 Act by adding to Ofcom's list of statutory duties the responsibility for regulating the BBC. [53]

One of the then-New Labour government's intentions for the Act was to deregulate the rules governing media ownership in the UK. The Act achieved this in some areas, for instance by abolishing restrictions on the foreign ownership of UK broadcasters that were introduced by the Conservative government in the 1990s. However, during the course of the legislation's passage through the House of Lords, the former film producer and backbench Labour peer, Lord David Puttnam led a successful backbench rebellion to amend the bill to strengthen the protections provided by the legislation against media mergers that may be detrimental to the plurality, quality or broadcasting standards of UK media.[54]

Section 375 of the Communications Act 2003 amended the Enterprise Act 2002 to introduce a range of 'media public interest considerations' on the basis of which a Secretary of State (previously the Business Secretary, now the DCMS Secretary) can intervene in media mergers. [55] Under this legislation, the Secretaries of State intervened in both of the two bids to buy the UK satellite broadcaster Sky plc by companies run by Rupert Murdoch – first News Corporation in 2010-11, then 21st Century Fox in 2016-18 –and subjected the bids to regulatory scrutiny on the grounds that the bid posed a threat to the plurality of the UK news media. [56] The second bid was blocked on plurality grounds. (Both of these bids are analysed in a case study at the end of this chapter.)

Digital Platforms

There is currently no regulator in the UK with specific responsibility for regulating online content, or for regulating digital platforms. However, in May 2021 the government published its Draft Online Safety Bill legislation, which assigns Ofcom the task of regulating digital platform providers, in order to ensure that they fulfil a statutory 'duty of care' to prevent their users from being harmed by content distributed through their platforms.[57]

[52] <https://www.legislation.gov.uk/ukpga/2003/21/contents>

[53] <https://www.legislation.gov.uk/ukpga/2017/30/part/6/crossheading/regulation-and-functions-of-bbc/enacted>

[54] For a narrative of the events leading up to the passage of the Act, see Lord Justice Leveson, *An Inquiry into the Culture, Practices, and Ethics of the Press*, November 2012, Volume 3, Part I, Chapter 5, Section 5: Communications Act 2003, p. 1278-1298, available online at <https://discoverleveson.com/levesonarticle/3/Leveson%20Report%200780#page=293>

[55] See the Communications Act 2003, Section 375: Media public interest considerations, available online at <https://www.legislation.gov.uk/ukpga/2003/21/section/375> and the Enterprise Act 2002, Section 58: Specified considerations (2C), available online at <https://www.legislation.gov.uk/ukpga/2002/40/section/58>

[56] The second bid was also intervened in on the grounds of the need to ensure that media enterprises are controlled by people with a genuine commitment to the broadcasting standards objectives set out in Section 319 of the Communications Act 2003 (discussed below in the section on Ofcom).

[57] Ofcom, "Ofcom to gain new online safety powers as Government bill published today" 12 May 2021, available online at: <https://www.ofcom.org.uk/about-ofcom/latest/features-and-news/new-online-safety-powers-government-bill-published>

The government's actions follow in the wake of years of news reports about 'online harms', and inquiries and reports on the matter by the Lords Communications and Digital Committee, the Lords Democracy and Digital Technologies Committee and the Commons DCMS Subcommittee on Online Harms and Disinformation.[58] For more information on the issues around this legislation, see the third part of this report, *Technology, Journalism and Public Sphere*.

The Press and Non-Broadcast Digital Media

The press and non-broadcast digital media are not regulated by specific statutes in the UK. Following the 2012 Leveson Report, Parliament agreed in 2013 that the Privy Council (in effect, the Cabinet) should establish the **Royal Charter on Self-Regulation of the Press**. This sets out standards of adequacy for press self-regulation, after the failure of the previous press self-regulator, the Press Complaints Commission, to prevent not just major failures of press standards but large-scale criminality as well. The Royal Charter agreed by Parliament established the **Press Recognition Panel (PRP)**, whose members are appointed through an independent process with no ministerial involvement. The PRP's task is to assess press regulators that put themselves forward for assessment, and to 'recognise' those that meet the criteria of adequacy defined by the Royal Charter, which are themselves derived from the criteria for an adequate press self-regulator set out in the Leveson Report. [59]

Most of the British press are members of the **Independent Press Standards Organisation (IPSO)**, which was set up and remains funded by the industry, and has chosen not to apply for recognition by the PRP. [60] Its creation was the initiative of three major right-wing national newspaper publishers: News UK, Telegraph Media Group and DMG Media. [61] IPSO and its supporters claim to reject state oversight of press self-regulation on principle – even in the arms-length form of oversight of IPSO by the PRP. Others claim that the rejection of oversight is motivated by these publishers' desire to avoid being subjected to sufficiently robust and independent regulation. Here it is worth noting that the Leveson Report rejected the proposal for a new self-regulator that these publishers presented to the Leveson Inquiry, at length and in detail [62] – and that IPSO does not conform to the Royal Charter's criteria. Some smaller titles – mostly local newspapers and new, digital-only outlets – are members of another regulator, the **Independent Monitor on the Press (IMPRESS)**, which was established to promote the reform and improvement of press standards. [63]

[58] House of Lords Select Committee on Communications, Regulating in a digital world - 2nd Report of Session 2017-19, 9 March 2019, available online at <https://publications.parliament.uk/pa/ld201719/ldselect/ldcomuni/299/299.pdf> House of Lords Select Committee on Democracy and Digital Technologies, Digital Technology and the Resurrection of Trust - Report of Session 2019-21, 29 June 2020, available online at <https://committees.parliament.uk/publications/1634/documents/17731/default/> The Commons DCMS Subcommittee on Online Harms and Disinformation has an ongoing inquiry into "Online harms and the ethics of data". The inquiry page is accessible online at <https://committees.parliament.uk/work/560/online-harms-and-the-ethics-of-data/>

[59] Lord Justice Leveson, *An Inquiry into the Culture, Practices, and Ethics of the Press*, November 2012, Volume 4, Part K, Chapter 9: Recommendations for a Self-Regulatory Body, p. 1795-1799, available online at <https://discoverleveson.com/levesonarticle/4/Leveson%20Report%20078#page=330> An independent analysis has shown that "[i]n almost all key respects the Charter very closely resembles Lord Justice Leveson's regulatory recommendations. Where there are material differences from Leveson they are almost all for clarification or for the benefit of the press." See "Royal Charter vs Leveson" Media Standards Trust 21 March 2013, available online at <http://mediastandardstrust.org/mst-news/royal-charter-vs-leveson/>

[60] IPSO maintains a database of publications it regulates, available online at <https://www.ipso.co.uk/complain/who-ipso-regulates/>

[61] Dominic Ponsford, "Guardian rejects IPSO press regulator claiming it will be controlled by Telegraph, Mail and News UK" *Press Gazette* 6 August 2013, available online at

<https://www.pressgazette.co.uk/guardian-rejects-ipso-press-regulator-claiming-it-will-be-controlled-telegraph-mail-and-news-uk/>

[62] Lord Justice Leveson, *An Inquiry into the Culture, Practices, and Ethics of the Press*, November 2012, Volume 4, Part K, Chapter 3: Analysis of the Model Proposed by the PCC and Pressbof, p. 1614-1650, available online at

<https://discoverleveson.com/levesonarticle/4/Leveson%20Report%20078#page=149>

[63] IMPRESS maintains a list of regulated publications, available online at <https://www.impress.press/regulated-publications/>

Publishers of a number of major titles including *The Guardian* (and *The Observer*), the *Financial Times*, *The Independent* and the *Evening Standard* have rejected membership of both IPSO and IMPRESS, and are not members of any regulator. They have justified their absence from these regulatory bodies by arguing that they reject both any state oversight of press self-regulation and IPSO's claims of independence from the 'big three' right-wing publishers who founded it.

IMPRESS applied for recognition by the PRP and was granted it in 2016. IPSO has never applied for PRP recognition. An external analysis by the Media Standards Trust carried out in 2013 (and updated in 2019) has shown that its structure does not meet most of the criteria set out in the Leveson Report. [64] The majority of the press is covered by a regulator that the PRP—the statutory body established by Parliament to assess the adequacy of press self-regulation—has not certified as adequate, and which does not meet the requirements of the Royal Charter that the PRP is required to apply. This complex situation is explained in more detail in the below section on 'Print media regulators'. [65]

The '**Editors' Code of Practice**', the prevalent code of journalistic practice in the newspaper industry, adherence to which is often included in journalists' employment contracts, is maintained and enforced by IPSO [66], while IMPRESS has its own **Standards Code**. [67] The two are similar but have some differences. [68] However, the standards the press should be required to meet is one aspect of the controversy around press regulation but by no means the only one. Two other key aspects, discussed in more detail in the 'Print media regulators' section below, are (i) the independence and robustness of regulatory enforcement, and (ii) whether, in view of the past serious failures of press self-regulation, a body accountable to Parliament should have oversight of, and report regularly on, IMPRESS and IPSO's enforcement performance.

[64] The Media Standards Trust's initial assessment of IPSO in 2013 found it satisfied only 12 of the Leveson Report's 38 recommendations for an independent and effective press self-regulator. See "IPSO: An assessment by the Media Standards Trust" 15 November 2013, available online at <http://mediastandardstrust.org/mst-news/ipso-an-assessment-by-the-media-standards-trust/> Its second analysis, in 2019, found that IPSO still only satisfied 13 of the 38 recommendations. See "The Independent Press Standards Organisation (IPSO) – Five Years On" 11 October 2019, available online at <http://mediastandardstrust.org/mst-news/the-independent-press-standards-organisation-ipso-five-years-on/>

[65] For a summary of the events that followed the publication of the Leveson Report, see the report of the House of Lords Select Committee on Communications, *Press Regulation: where are we now?* - 3rd Report of Session 2014-15, 23 March 2015, Chapter 3: *Where are we now?*, p. 18-35, available online at <https://publications.parliament.uk/pa/ld201415/ldselect/ldcomuni/135/135.pdf>

[66] The Code is set out in full on the website of the Editors' Code of Practice Committee, available online at http://www.editorscode.org.uk/the_code.php

[67] The IMPRESS Standards Code is available online at <https://www.impress.press/standards/>

[68] For a two-part, comparative analysis of the two codes in international context, see Damian Carney, "Up to standard? A critique of IPSO's Editors' Code of Practice and IMPRESS's Standards Code: Part 1" *Communications Law* 2017, 22(3), 77-88, available online at <https://uk.westlaw.com/Document/IEDFF5EA0A82211E7AC2387D797E8A7E8/View/FullText.html> and "Up to standard? A critique of IPSO's Editors' Code of Practice and IMPRESS' Standards Code: Part 2" *Communications Law* 2017, 22(4), 112-123, available online at <https://uk.westlaw.com/Document/IOEDFA290F15911E7BCE1AD55206F142A/View/FullText.html>

REGULATORY AUTHORITIES

This section outlines the remit, structure and funding of the most significant public bodies in UK media: some of these are regulators, but some are publicly owned broadcasters. The latter are not only regulated by the broadcasting regulator, Ofcom, but by Parliamentary scrutiny of their performance against their legally defined remits.

In the UK, the regulation of broadcasters is a much more straightforward matter than the regulation of the press, reflecting the long-standing agreement between Parliament and the broadcasting sector that broadcasting can and should be regulated by the state, even if questions about the purpose of that regulation have been more contested.

There are two publicly-owned broadcasters – the BBC and Channel 4 – whose boards are at least partly appointed by the Secretary of State for Digital, Culture, Media and Sport. Nevertheless, even privately-owned commercial broadcasters such as ITV, Channel 5 and Sky are subject to regulation by a state body, Ofcom, which was established by legislation in 2003 as the successor to previous state bodies that were tasked with regulating broadcasting in the public interest.

In comparison, the current system for regulating British newspapers is a mess. The reason is simply that there is a lack of any similar agreement about whether Parliament has a right to regulate the press. In 2013, following the publication of the Leveson Report, Parliament established a system to *monitor* press self-regulation. However, most newspaper publishers reject Parliament's right even to monitor the way the press regulates itself. Since 2013, the entire national press and much of the local press has chosen to boycott the system established by Parliament, creating an impasse that Parliament has not resolved. Consequently, more attention is paid in this report to the complex state of press regulation than to the comparatively straightforward regime of broadcasting regulation.

Broadcast Media & Frequency Spectrum

OFCOM

Remit & Tasks

Ofcom is the UK's communications regulator, responsible for a wide range of functions. It was established by the **Communications Act 2003**, which comprehensively reformed the regulation of UK broadcasting and telecoms. Before the Conservatives returned to power in 2010, the party leader David Cameron declared that "Ofcom as we know it will cease to exist".^[69] In fact, since returning to government, the Conservatives have sought its advice and assigned it new functions, and they are now planning to expand its regulatory scope to cover digital platforms too.



^[69] Leigh Holmwood, "Ofcom hits back at David Cameron" *The Guardian* 6 July 2009, available online at <https://www.theguardian.com/media/2009/jul/06/ofcom-david-cameron>

Under the 2003 Act, Ofcom has statutory responsibility for granting TV and radio spectrum licences, and for setting the conditions that licensees are obliged to meet. (For instance, holders of prominent TV channels such as ITV—holder of the Channel 3 licence — Channel Four and Channel Five are subject to ‘Public Service Broadcasting’ requirements as conditions of their licence.) Ofcom also applies a ‘fit and proper test’ to holders of broadcasting licences. It famously published an assessment of whether Rupert Murdoch and James Murdoch were ‘fit and proper persons’ in 2012 after the phone hacking scandal raised serious questions about whether they had known about the cover-up of large-scale criminality at their UK newspaper subsidiary.[70] In 2017, during its consideration of 21st Century Fox’s proposed takeover of Sky plc, Ofcom revisited its 2012 decision in light of the information that had emerged subsequently.[71]

Section 319 of the 2003 Act sets out the broadcasting standards objectives, and it is Ofcom’s statutory duty to uphold them through the maintenance and enforcement of the Ofcom Broadcasting Code, which applies to all holders of broadcasting licences in the UK.[72] Ofcom’s Content Board is the primary body responsible for enforcing the Code, which applies to television and radio and covers issues like fairness, privacy, harmful and offensive content, sponsorship and product placement. One of the most important requirements of the Code is that broadcasters maintain ‘due impartiality’ and ‘due accuracy’ in news and current affairs programmes. Ofcom regularly publishes a bulletin, where it lists its Broadcasting Code enforcement decisions and actions.[73] Ofcom has withdrawn licences from TV channels and radio stations when it has deemed them to be in flagrant breach of UK broadcasting rules. For instance, in 2012 the Iranian news channel Press TV had its licence revoked for breaching rules about the editorial control of the channel.[74] In February 2021, Ofcom revoked China Global Television Network’s licence to broadcast on UK television on the grounds that Ofcom had determined that editorial control over the channel resided with the Chinese Communist Party, instead of the UK licence holder Star China Media Limited.[75]

Some broadcasters—like the BBC, Channel Four and Sky News—have their own sets of published editorial guidelines that incorporate Ofcom’s Code and in some respects even go beyond it, for instance, by including guidelines on journalists’ social media output, which Ofcom does not regulate. [76]

[70] “Ofcom decision on fit and proper assessment of Sky” Ofcom 20 September 2012, available online at <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2012/ofcom-decision-on-fit-and-proper-assessment-of-sky>

[71] “Update on fit and proper assessment of Sky” Ofcom 13 March 2017, available online at <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2017/update-on-fit-and-proper-assessment-of-sky>

[72] Communications Act 2003, Section 319: Ofcom’s standards code, available online at <https://www.legislation.gov.uk/ukpga/2003/21/part/3/chapter/4/crossheading/programme-and-fairness-standards-for-television-and-radio> The Ofcom Broadcasting Code (with the Cross promotion Code and the On Demand Programme Service Rules), available online at <https://www.ofcom.org.uk/tv-radio-and-on-demand/broadcast-codes/broadcast-code>

[73] Ofcom Broadcast and On Demand Bulletins are available online at <https://www.ofcom.org.uk/about-ofcom/latest/bulletins/broadcast-bulletins>

[74] “Iran’s Press TV loses UK licence” BBC News 20 January 2012, available online at <https://www.bbc.co.uk/news/entertainment-arts-16652356> The full decision is available online at https://www.ofcom.org.uk/_data/assets/pdf_file/0031/67198/press-tv-revocation.pdf

“Ofcom revokes CGTN’s licence to broadcast in the UK” Ofcom 4 February 2021, available online at <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2021/ofcom-revokes-cgtn-licence-to-broadcast-in-uk>

[75] The BBC’s Editorial Values and Standards guidelines, available online at <https://www.bbc.co.uk/editorialguidelines/>

Channel Four editorial and compliance protocol, available online at https://www.channel4.com/media/documents/commissioning/ONLINE/Online_Editorial_Compliance_Protocol_FINAL.pdf

[76] The BBC’s Editorial Values and Standards guidelines, available online at <https://www.bbc.co.uk/editorialguidelines/> Channel Four editorial and compliance protocol, available online at

https://www.channel4.com/media/documents/commissioning/ONLINE/Online_Editorial_Compliance_Protocol_FINAL.pdf Sky News editorial guidelines, available online at https://components.news.sky.com/files/editorial_guidelines.pdf

In March 2016, following a series of high-profile scandals at the BBC, an independent review of the BBC's governance and regulation commissioned by the Secretary of State for Culture, Media and Sport recommended that the BBC Trust—the body set up in 2007 to provide governance and oversight of the Corporation—should be abolished and replaced by a unitary BBC Executive Board, and that the BBC should be externally regulated by Ofcom.[77] The review's recommendations were accepted by the government. Since April 2017 Ofcom has been responsible for the external regulation of the BBC. Ofcom publishes an annual review of the BBC's performance against the mission and public purposes laid out in the BBC's Royal Charter.[78]

Structure

Ofcom is composed of:

- the Ofcom Board, its main decision-making body
- a Senior Management Team, which oversees its workforce of around 1,000
- the Content Board, responsible for enforcing content standards
- other committees, boards and panels, including advisory panels for each of the UK's nations.

The Ofcom Board

The **Ofcom Board** is composed of a chair and a mix of executive and non-executive members, up to a maximum of ten in total, including up to three executive members. The Board has a central governance function, exercising oversight over Ofcom's fulfilment of its general duties and specific statutory responsibilities, its overall funding and expenditure, and its adherence to the ethos of a public service organisation. The Board meets at least monthly (except in August). Agendas, summary notes and minutes of its meetings are published on Ofcom's website.[79] All Board members are directly appointed by the Secretary of State for Digital, Culture, Media and Sport including the Chief Executive Officer, who is appointed for a term of indefinite length. Other Board members are appointed to four-year terms, subject to renewal by the Secretary of State. All Board members are required to abide by a code of conduct.[80] Ofcom is required to report to Parliament annually, and its Chief Executive and Chair are sometimes invited to give evidence to the Commons DCMS committee on Ofcom's work. The committee routinely holds pre-appointment hearings with new Chairs and Chief Executives.

Ofcom is required to report to Parliament annually, and its Chief Executive and Chair are sometimes invited to give evidence to the Commons DCMS committee on Ofcom's work. The committee routinely holds pre-appointment hearings with new Chairs and Chief Executives.

[77] David Clementi, A Review of the Governance and Regulation of the BBC March 2016, available online at

<https://www.gov.uk/government/publications/a-review-of-the-governance-and-regulation-of-the-bbc> Clementi, a former business executive and Deputy Governor of the Bank of England, went on to be appointed the first chair of the new BBC Executive Board, stepping down in 2020.

[78] The most recent review, covering 2019-20, is available online at

<https://www.ofcom.org.uk/tv-radio-and-on-demand/information-for-industry/bbc-operating-framework/performance/bbc-annual-report>

[79] An overview of the Ofcom Board, its functions and role, agendas and minutes of Board meetings, and a list of current Board members is available online at <https://www.ofcom.org.uk/about-ofcom/how-ofcom-is-run/ofcom-board>

[80] Ofcom, "Code of conduct for: Ofcom Board" March 2019, available online at

https://www.ofcom.org.uk/__data/assets/pdf_file/0019/55045/members_code_of_conduct.pdf

Until December 2020, the chair of Ofcom's Board was Terry Burns, Baron Burns of Pitshanger, a former senior civil servant at the Treasury and crossbench peer in the House of Lords. However, considerable controversy has arisen over the appointment of his successor. The government indicated in 2020 that its favoured candidate was Paul Dacre, the former editor of the right-wing *Daily Mail* newspaper. It has been argued by some on the political left and in the liberal centre that Dacre is unfit for the role due to his hostility to press regulation, as well as regular breaches of press standards codes and the commissioning of unlawful activities at the *Daily Mail* during his tenure as editor, and frequent media reports of his poor workplace conduct.[81] On the other hand, commentators in the right-wing press have been supportive of Dacre's candidacy, arguing he is a necessary corrective to a 'liberal-left view of the world' alleged to prevail at Ofcom.[82] It is freely acknowledged in media commentary that the government's support for Dacre is part of what the *Sunday Times* has called "*an unofficial but undeniable push by Boris Johnson and his culture secretary, Oliver Dowden, to replace left-leaning figures at the top of influential institutions with "people like us". There is now a concerted campaign to remove people who would not have looked out of place in the Tony Blair or Gordon Brown eras, and put in Brexiteers and cultural conservatives who share the values of the "red wall" voters who helped to elect Johnson in 2019.*"[83]

Dacre was one of several candidates who formally applied for the role of Ofcom chair. Candidates were then interviewed by an independent panel, with the government due to make its final choice from whichever candidates the panel recommended. On interviewing Dacre, the panel concluded that he was 'unappointable' and that they could not recommend him to the government.[84] According to media reports, this was because Dacre would "lack the impartiality and light touch needed to chair a complex regulator." Three other candidates were also interviewed: one was rejected but two were recommended to the government.[85] Rather than accepting one of these two recommended candidates, the government decided to restart the hiring process and seek new candidates, leading to accusations that the government has pre-determined that Dacre's appointment must be the outcome of the appointments process.[86] As a result of the widespread perception that the government will only accept its preferred candidate and that the appointment process is, in this sense, rigged, the government has struggled to find people willing to serve on the interview panel, out of fears that doing so would damage their public reputations "if they were perceived to be taking part in a vetting process that only exists because the government wants Dacre's appointment to be rubber-stamped." [87]

[81] For a detailed case against Dacre's fitness to be Ofcom chair, see Brian Cathcart, "10 Reasons why Paul Dacre is Unfit to be the New Ofcom Chair" 4 February 2021, available online at

<https://bylinetimes.com/2021/02/04/10-reasons-why-paul-dacre-is-unfit-to-be-the-new-ofcom-chair/>

[82] Robin Aitken, "Paul Dacre is just who Ofcom needs to challenge BBC's liberal left bias" *The Telegraph* 27 April 2021, available online at: <https://www.telegraph.co.uk/business/2021/04/27/paul-dacre-just-ofcom-needs-challenge-bbcs-liberal-left-bias/>

[83] Oliver Shah, "Enemy of the establishment: Paul Dacre and the No 10 plan to make him Ofcom boss" *The Sunday Times* 3 July 2021, available online at: <https://www.thetimes.co.uk/article/enemy-of-the-establishment-paul-dacre-and-the-no-10-plan-to-make-him-ofcom-boss-k5xnszj6n>

[84] Laura Kuenssberg, "Paul Dacre and Ofcom: What's going on?", *BBC News* 28 May 2021, available online at <https://www.bbc.co.uk/news/uk-politics-57280438>

[85] Oliver Shah, "Enemy of the establishment: Paul Dacre and the No 10 plan to make him Ofcom boss" *The Sunday Times* 3 July 2021, available online at: <https://www.thetimes.co.uk/article/enemy-of-the-establishment-paul-dacre-and-the-no-10-plan-to-make-him-ofcom-boss-k5xnszj6n>

[86] *BBC News*, "Ofcom chair selection process to be re-started" 27 May 2021, available online at <https://www.bbc.co.uk/news/entertainment-arts-57265431>

[87] Jim Waterson, "Ministers struggle to find people to interview Paul Dacre for Ofcom job" *The Guardian* 31 August 2021, available online at <https://www.theguardian.com/media/2021/aug/31/ministers-struggle-to-find-people-to-interview-paul-dacre-for-ofcom-job>

The chair of the House of Commons Digital, Culture, Media and Sport Select Committee, the Conservative MP Julian Knight, has said that candidates already rejected by the original interview panel as unappointable (i.e. Dacre) should not be permitted to apply in the new recruitment process. [88] Since December 2020, the interim Ofcom chair has been Maggie Carver, who was the deputy chair under Lord Burns.

Current Board Members [89]

- **Maggie Carver.** Interim Chair (formerly Deputy Chair). Professional non-executive director on the boards of a range of public, private and non-profit organisations. Executive career in investment banking, television production, broadcasting and retail.
- **Melanie Dawes.** Chief Executive. Former senior civil servant at the Ministry of Housing, Communities and Local Government.
- **Kevin Bakhurst.** Executive member. Ofcom Group Director for Broadcasting and Online Content. Former broadcasting executive at RTÉ and the BBC, and an editor at BBC News. Member of the Ofcom Content Board.
- **Lindsey Fussell.** Executive member. Ofcom Group Director for Networks and Communications. Former senior civil servant at the Treasury.
- **Graham Mather.** Former broadcasting and competition regulator. President of the European Policy Forum and Chair of its Regulatory Best Practice Group.
- **Ben Verwaayen.** General partner at an investment fund, holder of various board positions and a former telecoms executive.
- **Bob Downes.** Board Member for Scotland. Former telecoms executive, chair of the Scottish Environment Protection Agency; chair of the Irish Commission for Communications Regulation's Independent Oversight Body. Member of the Ofcom Content Board.
- **Angela Dean.** Audit and Risk Board Member. Former financial services executive and member of several trusts, including chair of International House Trust, a provider of English language education.
- **David Jones.** Board Member for Wales. Former technology company executive, ICT consultant and member of the boards of several public sector organisations.

Ofcom maintains a register of disclosable interests and commitments for all those who sit on its boards, committees and panels, and the interests of their partners and any dependents. Members that have declared interests in companies regulated by Ofcom have provided assurances that they will not trade these shares while they remain a member of one of Ofcom's boards, committees or panels.[90] Ofcom's **Content Board** is responsible for setting and enforcing quality and standards for television and radio, and for advising Ofcom's Board.[91] Four of the Board's members are appointed to represent each of Scotland, Wales, Northern Ireland and the English Regions. The Content Board is assisted by staff, who are responsible for content standards, licensing and enforcement.

[88] Jake Kanter, "Ex-Daily Mail editor Paul Dacre should be banned from reapplying for Ofcom post, says MP" *The Times* 15 September 2021, available online at

<https://www.thetimes.co.uk/article/ex-daily-mail-editor-paul-dacre-should-be-banned-from-reapplying-for-ofcom-post-say-mps-3m7p7grkl>

[89] <https://www.ofcom.org.uk/about-ofcom/how-ofcom-is-run/ofcom-board>

[90] <https://www.ofcom.org.uk/about-ofcom/how-ofcom-is-run/register-disclosable-interests>

[91] Ofcom, "Terms of reference for: Content Board", available online at

https://www.ofcom.org.uk/__data/assets/pdf_file/0028/69184/content-board-terms-of-reference.pdf

Current Content Board Members [92]

- **Bob Downes.** Interim Chair. Former telecoms executive, chair of the Scottish Environment Protection Agency; chair of the Irish Commission for Communications Regulation's Independent Oversight Body.
- **Aled Eirug.** Content Board member for Wales. Freelance strategic policy adviser, former member of the S4C authority, former journalist and broadcaster at ITV and the BBC.
- **Robin Foster.** Member of the Advertising Advisory Committee at the Advertising Standards Authority and an independent Panel Member for the Competition and Markets Authority. Former strategy executive at the BBC, Independent Television Commission and Ofcom. Former consultant on media policy, regulation and strategy at Communications Chambers.
- **Kevin Bakhurst.** Ofcom Group Director for Broadcasting and Online Content. Executive member of the Ofcom Board. Former broadcasting executive at RTÉ and the BBC, and an editor at BBC News.
- **Monisha Shah.** Former broadcasting and digital media executive, who has served on a range of public and commercial boards. Board member of the Office for Students, the regulator for Higher Education in England. Member of the Committee on Standards in Public Life.
- **Jonathan Baker.** Former journalist at local newspapers and the BBC, former Head of the College of Journalism, responsible for training BBC journalists. Former Professor of Journalism at the University of Essex.
- **Maggie Cunningham.** Content Board member for Scotland. Leadership and executive coach. Former journalist and editor at the BBC.
- **David Jones.** Non-executive director of Ofwat, the water regulator, and Qualifications Wales. Former chair of a software company and occasional lecturer on digital and cyber security.
- **Sophie Morgan.** Television presenter, entrepreneur and consultant on disability representation.
- **Stephen Nuttall.** Former executive and consultant in the sports, media and digital industries, including at YouTube and Sky.
- **Alison Marsden.** Ofcom's Director of Content Standards, Licensing and Enforcement.
- **Peter Horrocks:** Former BBC journalist, editor and director of the World Service, and vice chancellor of the Open University.
- **Dekan Apajee.** Former BBC journalist and producer; involved in cultural organisations.
- **Kim Shillinglaw.** Former senior BBC executive and independent TV production executive.
- **Rachel Coldicutt.** Director of a tech research consultancy and former media executive focusing on new technology.
- **Tobin Ireland.** Former media industry executive, including at BSkyB.

Funding

Ofcom is funded by fees and penalties charged to the sectors that it regulates, mostly derived from telecommunication companies. As a result, it raises far more than the cost of its annual budget, and therefore makes a net contribution to the UK Treasury. In 2019/20, it collected £373.3m in fees and penalties, retaining £56.8m to fund spectrum management and other duties. 62% percent of its £124m budget for the year was spent on staff costs.[93]

[92] <https://www.ofcom.org.uk/about-ofcom/how-ofcom-is-run/content-board>

[93] Ofcom, "Annual Report and Accounts 2019/20", p. 53, available online at

https://www.ofcom.org.uk/__data/assets/pdf_file/0032/198770/ofcom-annual-report-and-accounts-2019-20.pdf

Print Media Regulators

As mentioned before, the system for regulating the British press is complicated, and the main reason for this is that in the aftermath of the publication of the Leveson Report in 2012, members of the press and Parliament have engaged in a heated debate on how the press should be regulated, and this disagreement remains unresolved today.

In its recent history, the UK has not had any laws that set out a specific regime of regulation for the press. It has long been a central part of the historical narrative that the British press tells about itself that it is not directly regulated by Parliament. This is the triumphant result of a centuries-long struggle to emancipate the press from state censorship and control.[94] Instead, the press has been constrained only by the regulation it has applied to itself: a regime of self-regulation.[95]

Naturally, the press is controlled by the law in general. Defamation, copyright law, the law of contempt and the other laws set out above have *de facto* regulated press activity for a long time. Nevertheless, the British press has always been strongly opposed to Parliament passing any law that establishes sector-specific regulation of newspapers (or their online equivalents), thereby establishing Parliament's right to regulate newspapers more directly and specifically.

Since 1945, there have been five major Royal Commissions and inquiries into the press and its conduct: Royal Commissions in 1947, 1962 and 1974; the Calcutt Committee in 1990 (and 1993); the *Leveson Inquiry into the Culture, Practices and Ethics of the Press* in 2011. Each time the press has sought to stave off the threat of Parliament creating a regulatory system that would be accountable to Parliament and independent from press control, by offering a reformed system of self-regulation.

In 1991, in response to the first report of the Calcutt Committee and the possibility that Parliament could establish a system of press regulation, the press set up the Press Complaints Commission – a complaints-handling body with no investigative or enforcement powers, wholly funded and controlled by the industry. In his second report in 1993, Calcutt came to the conclusion that the PCC was “*not...an effective regulator of the press...it is, in essence, a body set up by the industry, financed by the industry, dominated by the industry, and operating a code of practice devised by the industry and which is over-favourable to the industry.*”[96] It was on the PCC's watch that, during the 2000s, industrial-scale lawbreaking and a range of other abuses were committed by a number of national tabloid newspapers. The Leveson Report found that “*In practice, the PCC has proved itself to be aligned with the interests of the press...When it did investigate major issues it sought to head off or minimise criticism of the press.*”[97]

[94] For an alternative view of the history of the British press, see the standard textbook by James Curran and Jean Seaton, *Power Without Responsibility: Press, Broadcasting and the Internet in Britain*, 8th Edition (Routledge 2018), Part I: Press history, especially p. 3-43

[95] For a detailed history of press self-regulation up to 2000, see Tom O'Malley and Clive Soley, *Regulating the Press* (Pluto Press 2000), Part I: The History of Self-Regulation, p. 7-141. For a shorter history up to 2012, see the Media Standards Trust's submission to the Leveson Inquiry, *A Free and Accountable Media – Reform of press regulation: report and recommendations* (2012)

<http://mediastandardstrust.org/wp-content/uploads/downloads/2012/06/MST-A-Free-and-Accountable-Media-21-06-12.pdf>

[96] House of Lords Select Committee on Communications, *Press Regulation: where are we now? - 3rd Report of Session 2014-15*, 23 March 2015, p. 11-12, available online at <https://publications.parliament.uk/pa/ld201415/ldselect/ldcomuni/135/135.pdf>

[97] Quoted in: House of Lords Select Committee on Communications, *Press Regulation: where are we now? - 3rd Report of Session 2014-15*, 23 March 2015, p. 16

The Leveson Inquiry was established in mid-2011 in response to the public outcry generated by the phone hacking scandal (see above). The Inquiry's hearings lasted for nine months between autumn 2011 and summer 2012. The Leveson Report was published in November 2012. Running to nearly 4,000 pages, its centrepiece was a series of recommendations for a new system of press regulation to replace the PCC, which had not only failed to uncover the scandal, but actually criticised those who did.[98]

Throughout the Inquiry, the press strongly objected to Parliament 'crossing the Rubicon' and passing legislation, which would, for the first time, establish a system for press regulation in statute. The press also objected to 'statutory underpinning' – for instance, an arrangement where the press established its own regulator, which was monitored for independence and robustness by another body established in statute. The press attacked the arrangement as 'the thin end of the wedge', breaching the principle that statute could not be used to regulate the press in any way. The problem with this press argument is that if an authoritarian government were really determined to limit press freedom, it would find that there are almost no constitutional barriers whatsoever to it passing a Bill doing so, save the standard requirement that legislation secures majority approval in both Houses of Parliament. The supposed 'principle' that statute cannot be used to regulate the press does not have any legal standing; it is more like an informal political convention, dependent on whether political parties are prepared voluntarily to respect it. The only real legal safeguard for freedom of expression in the UK comes in the form of the Human Rights Act 1998, which gives effect in UK law to the European Convention on Human Rights. It is therefore ironic that those newspapers most strongly opposed to 'crossing the Rubicon' on press regulation, like the *Daily Mail* and the *Telegraph*, are also the ones who have most strenuously campaigned for the repeal of the HRA and the UK's withdrawal from the ECHR.

The Leveson Report rejected the press's argument about 'crossing the Rubicon'. It argued that the need for properly robust and independent oversight of press self-regulation outweighed the risks identified by the press. To that end, it first set out a long list of criteria for an adequate press self-regulator, requiring it to: (i) be independent of the press, (ii) carry out complaints-handling and standards investigations, (iii) have the power to direct the publication of prominent corrections and apologies for in cases of inaccurate reporting and other violations of the code of practice; (iv) provide a low-cost arbitration service so that both the public and regulated publishers have access to legal redress without either having to go through costly civil court proceedings. Second, the Report proposed 'statutory underpinning' of press regulation: it concluded that Ofcom (a statutory body) should be given responsibility for monitoring the self-regulator(s) established by the press, and assessing them against the criteria of adequacy, which were to be set out in statute. If a self-regulator met the above-mentioned criteria, Ofcom would 'recognise' it. Publishers that were members of a recognised regulator would be entitled to certain legal cost protections if they were ever taken to court by claimants who rejected the use of the regulator's low-cost arbitration service. This would have the double benefit of (i) reducing the scope for wealthy litigants to use the excessively high cost of court proceedings with the intention to try and intimidate legitimate and important investigative journalism, while also (ii) improving access to justice for ordinary members of the public by providing them with a low-cost means of bringing a (valid) civil claim against publishers.

The Report went further. Arguing that it would be unacceptable for publishers to be able to reject any standards regulation at all, or to reject legitimate public oversight of self-regulation, it concluded that, in the event that a substantial part of the press refused to join a recognised regulator, there may be a need for a 'backstop' regulator to regulate those publishers.

[98] Nick Davies, "Only serious blow is to watchdog's credibility" *The Guardian* 9 November 2009, available online at <https://www.theguardian.com/media/2009/nov/09/nick-davies-responds-pcc-report>

That is, the ‘backstop’ regulator would regulate any recalcitrant publishers directly. As a public body established in statute and accountable to Parliament, with a good record of regulating the TV, radio and telecoms sectors since 2003, the Report recommended Ofcom as the institution best suited to fulfil that function. The Report was adamant that the press should no longer effectively determine whether or not it is regulated – even while it agreed that the press should continue to play a major role in determining the standards to which it should be held and the method of its own regulation. All the Report insisted on was certain minimum criteria for an adequate self-regulator, together with a process of independent monitoring, established at arms length from Parliament and political parties, to ensure the self-regulator was not a toothless, ‘figleaf’ regulator like the PCC had been. Given the scale of the abuses uncovered in 2011-12 and the PCC’s total failure to detect or punish them, this hardly seemed an unreasonable position for Leveson to take.[99] This final recommendation of the Report was prescient, for what has happened since its publication is quite simply that the entire national press in Britain has, in one way or another, elected to boycott the monitoring system established by Parliament – a system whose criteria for an adequate self-regulator are actually a watered-down version of the Leveson Report’s recommendations. The dilution of those recommendations was driven by the Conservatives – the party closest to major national newspaper publishers – but accepted by the other two main political parties (Labour and the Liberal Democrats) in cross-party negotiations, precisely in order to assuage the concerns of the national press; even though those concerns had already been given a hearing during the Leveson Inquiry, considered in the Report and refuted at length.

When the Report was published, the Prime Minister David Cameron, responding on behalf of the Conservatives rather than the coalition government as a whole, indicated that he was against using Ofcom both to monitor press self-regulation and as a ‘backstop’ regulator.[100] The other two main parties conceded on that point in order to preserve a ‘cross-party consensus’ on the wider issue. In fact, it was plain at the time that the Conservatives (and the press) wanted a considerably watered-down version of Leveson’s recommendations. However, as they were governing in coalition with the Liberal Democrats and lacked a Parliamentary majority of their own, breaking with the other two main parties always posed the risk of being outvoted by them in the Commons.

The Conservatives’ initial response to the situation was to try and kick the whole issue of press regulation into the long grass. However, that strategy failed when peers in the House of Lords demonstrated that they were prepared to start passing amendments to government bills that would introduce Leveson’s recommendations into law and it became clear there was a majority in both Houses of Parliament in support of the peers’ (relatively unprecedented) actions. The Conservatives (and their allies in the press) faced the immediate prospect of total defeat. At this point, a Conservative minister, Oliver Letwin, found a way to revive cross-party cooperation. He proposed the use of a Royal Charter to establish the system for monitoring press self-regulation, as an alternative to the use of statute that might be more palatable to the press (since it could be harder to amend than ordinary statute). A Royal Charter is a medieval constitutional device that is used to incorporate certain public bodies such as the BBC and many universities. It is not typically used as a surrogate for legislation. Royal Charters are granted by the Queen acting on the advice of the Privy Council – in practice, the Cabinet. Therefore, the Royal Charter on the regulation of the press is not able to be amended by Parliamentary majorities alone – for instance through a backbench rebellion against the government; it would also require Cabinet approval. Moreover, legislation was proposed that any changes to the Charter should receive the approval of two-thirds majorities in both Houses of Parliament: a higher voting threshold than is required to change any piece of legislation or any other part of the British constitution.

[99] Lord Justice Leveson, *An Inquiry into the Culture, Practices, and Ethics of the Press*, November 2012, Volume 4, Part K, Chapter 8, sections 7.1-7.7, p. 1793-1794, available online at <https://discoverleveson.com/levesonarticle/4/Leveson%20Report%20078#page=318>

[100] David Cameron, HC Deb, 29 November 2012, c452, available online at

<https://hansard.parliament.uk/commons/2012-11-29/debates/12112958000004/LevesonInquiry#contribution-12112958001426>

Eager to preserve ‘cross-party agreement’ on the way forward, Labour and the Liberal Democrats agreed to the Conservative proposal to use a Royal Charter for the necessary ‘statutory underpinning’. The Charter was, nevertheless, accompanied by some clauses that were added to other legislation that happened to be passing through Parliament at the time, and which were necessary to give legal effect to two key parts of the system – the two-thirds majorities requirement, and the incentives for publishers to join a recognised regulator.

The 2013 Royal Charter on Self-Regulation of the Press set out criteria for appropriate press regulation and established the Press Recognition Panel (PRP), a board appointed by an appointments panel itself appointed by the Commissioner for Public Appointments. As a result, the PRP is independent from control by government ministers. The PRP has two tasks: (i) it is responsible for assessing press self-regulators that claim to meet the Charter’s criteria, and if they do so, it is obliged to ‘recognise’ them;^[101] (ii) it is required to regularly report to Parliament on the functioning of the press self-regulation system. The Royal Charter is protected against amendment by Section 9 of the Charter, combined with Section 96 in the Enterprise and Regulatory Reform Act 2013, which gives it statutory effect.^[102]

As outlined earlier, the UK has two press self-regulators: the **Independent Press Standards Organisation (IPSO)** and the **Independent Monitor for the Press (IMPRESS)**. Only IMPRESS has ever applied for PRP recognition, which was granted on 25 October 2016.^[103] IPSO does not meet the Charter’s criteria and has never sought recognition. IMPRESS covers 97 publishers, publishing 161 publications in the UK; IPSO covers over 2,600 publications, including the majority of the national press.^[104] Publishers regulated by IPSO agree to be regulated by signing contracts with the regulator (See below).

Section 40 of the Crime and Courts Act 2013 contains provisions on the awarding of costs in court cases where a legal claim is made against a publisher of “news-related material”.^[105] These provisions are the crucial means of incentivising publishers to join not just any press self-regulator, but specifically one whose adequacy and independence from publishers’ control has been independently verified (by the PRP). However, Section 40 currently remains ‘uncommenced’ by government ministers and is therefore without any legal effect.

The importance of Section 40 lies in what went wrong with the previous press regulator, the Press Complaints Commission. The major national newspaper publishers had control over the PCC and ensured it remained a toothless ‘fig leaf’ regulator, which took publishers’ denials of wrongdoing at face value and criticised those who investigated and uncovered the truth about phone hacking.^[106] This is why Leveson and Parliament both insisted on a mechanism – the PRP – for monitoring the adequacy of any self-regulator established by the press.

[101] The Charter Recognition Criteria are set out in Schedule 3 of the Charter, available online at <https://pressrecognitionpanel.org.uk/the-royal-charter/>

[102] Enterprise and Regulatory Reform Act 2013, Section 96: Royal Charters: requirements for Parliamentary approval, available online at <https://www.legislation.gov.uk/ukpga/2013/24/section/96/enacted>

[103] Press Recognition Panel, “PRP Board recognises IMPRESS” 25 October 2016, available online at <https://pressrecognitionpanel.org.uk/impress-2/>

[104] The list of publications regulated by IMPRESS is available online at <https://www.impress.press/regulated-publications/> The most recent figure for IPSO comes from IPSO, “Annual Report 2019”, p. 4, available online at <https://www.ipso.co.uk/monitoring/annual-reports/>

[105] Crime and Courts Act 2013, Part 2: Courts and Justice, Section 40: Awards of costs, available online at <https://www.legislation.gov.uk/ukpga/2013/22/section/40/enacted>

[106] See Nick Davies, “Only serious blow is to watchdog’s credibility” *The Guardian* 9 November 2009, available online at <https://www.theguardian.com/media/2009/nov/09/nick-davies-responds-pcc-report>

See also Nick Davies, *Hack Attack: How the Truth Caught Up with Rupert Murdoch* (Chatto & Windus 2014), p. 128-131 and p. 202

However, Leveson recognised that there was a need for a system of incentives – a mixture of ‘carrots’ and ‘sticks’ – to ensure that the press actually joined a regulator which submitted to monitoring, rather than rejecting any monitoring and simply setting up their own, new fig leaf regulator. These incentives are included in Section 40.

In short, Section 40 says that courts must not award costs against publishers that are members of self-regulators with official PRP recognition, if the issues raised by the claim could have been resolved by the regulator’s arbitration scheme—unless it is “just and equitable in all the circumstances of the case” to do so. Conversely, if the claim is made against a publisher which is not a member of an approved regulator, the court “must” award costs against the defendant, unless there is no recognised regulator with an arbitration scheme for it to join. However, since the PRP recognised IMPRESS in 2016, there has been and remains such a recognised regulator. Therefore, if Section 40 were to be commenced, all national newspapers – which are either members of IPSO or not members of any regulator – would find themselves having to pay higher legal costs in court cases. The right-wing publishers’ strategy of boycotting the Royal Charter system and claiming they are adequately regulated by IPSO would fail. Either they would have to try and reform IPSO to meet the Royal Charter criteria so that it could gain recognition by the PRP, or publishers would have to join IMPRESS, or they would have to set up a new, Royal Charter-compliant regulator. Whichever way they responded, the end result would be the more robust and independent standards regulation that a substantial part of the press has always rejected.

Opinions differ on Section 40. As well as much of the press, some civil society groups that campaign for freedom of expression, such as Index on Censorship, Reporters Without Borders and English PEN, have criticised Section 40, claiming it poses a threat to freedom of expression by forcing the press into a system of ‘state-backed regulation’ they reject. On the other hand, many media reform groups and some distinguished journalists have expressed support for Section 40. They argue that news media should welcome regulation which protects and upholds high journalistic standards, especially in view of past industry abuses, in order to restore some public trust in the profession. Furthermore, they argue that for those who join a recognised regulator, the legislation actually provides useful legal cost protection in cases where wealthy individuals or large corporations who are the subjects of legitimate, public-interest journalism try to use the often-exorbitant cost of court cases to intimidate publishers and prevent publication.

The 2019 Conservative Manifesto included a commitment to repeal Section 40. In February 2020, Baroness Morgan—who at the time was Secretary of State for Digital, Culture, Media and Sport—told the House of Lords that the government was “looking for a suitable legislative vehicle” to repeal it. [107] As a government manifesto commitment, under the ‘Salisbury Convention’ the House of Lords must not oppose this piece of legislation at second or third reading,[108] and it is therefore highly likely to enter into law once that suitable legislative vehicle has been identified.

[107] Baroness Morgan of Cotes, HL Deb, 6 February 2020, c1935, available online at <https://www.theyworkforyou.com/lords/?id=2020-02-06d.1922.0#g1935.0>

[108] For an explanation of the Salisbury Doctrine or “Convention”, see <https://www.parliament.uk/site-information/glossary/salisbury-doctrine/>

THE PRESS RECOGNITION PANEL (PRP)

Remit & Tasks

The PRP has two tasks: first, to assess press self-regulators that put themselves forward for recognition under the Royal Charter, against the criteria for adequate self-regulation included in Schedule 3, “Recognition Criteria”[109]; second, to report periodically to Parliament on the functioning of the recognition system.[110] It is not within the PRP’s remit to assess a regulator that has not applied for recognition, or a media outlet that is not a member of a recognised regulator.

Structure

The PRP Board was initially selected by an independent appointments committee, itself chosen by the Commissioner for Public Appointments. Subsequently, the PRP Board has recruited its own members, with the process monitored by the Commissioner.[111]

The Board must meet at least five times each financial year. Initially it met monthly; since April 2017 it has moved to meeting bi-monthly.[112] There is a published register of members’ interests.[113] The Board is served by a small staff led by a chief executive.

Current Board composition:

- **David Wolfe QC.** Chair of the PRP. Barrister specialising in public law; founding Board member of the Legal Services Board, which oversees the operation of the self-regulators of lawyers and other legal professionals; former member of the Board of the then Legal Services Commission.
- **Harry Cayton CBE.** Independent consultant specialising in professional regulation and governance; former chief executive of the Professional Standards Authority, former director at charities and the Department of Health.
- **Kathryn Cearns OBE.** Chartered accountant, Chair of the Office of Tax Simplification at the Treasury and Vice Chair of The Property Ombudsman. Non-executive director of bodies including the UK Supreme Court.
- **Annie Mullins OBE.** Independent online consultant with a professional background in child welfare and child protection. Former executive at Yahoo! and Vodafone Group. Experienced in digital industry self-regulation in the UK and EU. Former board member of the Government’s UK Council for Child Internet Safety (UKCCIS). Expert Advisor to the Panel on Children’s Viewing for the British Board of Film Classification.
- **Harry Rich.** Business and not-for-profit leader, executive coach and advisor, specialising in ‘strategy, innovation, governance and regulation’. Former member of the Government’s Creative Industries Council; former external member of the Press Complaints Commission’s Charter Compliance Panel.

[109] Schedule 3 of the Royal Charter is available online at <https://pressrecognitionpanel.org.uk/the-royal-charter/>

[110] The most recent report is: Press Recognition Panel, “Report on the Recognition System - March 2020”, available online at <https://pressrecognitionpanel.org.uk/report-on-the-recognition-system-march-2020/>

[111] The Commissioner for Public Appointments, “Appointments to the Press Recognition Panel”, available online at

<https://publicappointmentscommissioner.independent.gov.uk/regulating-appointments/appointments-to-the-press-recognition-panel/>

[112] <https://pressrecognitionpanel.org.uk/board-meetings/>

[113] <https://pressrecognitionpanel.org.uk/register-of-relevant-interests/>

Funding

The PRP was initially funded by the government, and also receives annual fees payable by the self-regulator it recognises, which is currently IMPRESS. The PRP was created as a legal body in November 2014, and the Charter required the government to give the PRP sufficient money to set up and operate for its first three years. It was granted £3m. The PRP's expenditure in the year ending 31 March 2020 was £293,010. According to its 2020-21 business plan, its budget is planned to be £345,120.[114] Its annual reports, financial statements and business plans are available on its website. [115]

THE INDEPENDENT PRESS STANDARDS ORGANISATION (IPSO)



Following the winding-up of its predecessor, the Press Complaints Commission (PCC), IPSO was established in September 2014 by three major national newspaper publishers: DMG Media (which publishes the *Daily Mail*, *Mail on Sunday*, *Metro* and the *I*), Telegraph Media Group (which publishes *The Daily Telegraph* and *The Sunday Telegraph*) and News UK (which publishes *The Sun*, *The Sun on Sunday*, *The Times* and *The Sunday Times*).

IPSO has stated that it will not seek recognition by the PRP. Hacked Off—the campaign for press regulation set up by victims of phone hacking, current and former journalists, and other campaigners for press reform—is critical of IPSO and has called it a “sham” regulator. In 2013, the Media Standards Trust published an assessment of the industry’s plan to establish IPSO against the recommendations for adequate self-regulation set out in the Leveson Report.[116] It found that IPSO satisfied only 12 of the 38 Leveson recommendations. The key problems it identified were that IPSO was not independent of the industry; that it cemented the power of the largest publishers through its funding body, the Regulatory Funding Company; that it lacked an arbitration system (although one was established later, it appears never to have been used); that its complaints-handling system was “virtually unchanged” from the heavily criticised practice of its predecessor, the PCC.

[114] Press Recognition Panel, “Business Plan 2020/21”, available online at https://pressrecognitionpanel.org.uk/wp-content/uploads/2020/04/Business_plan_2020_21-Final.pdf

[115] <https://pressrecognitionpanel.org.uk/annual-reports-and-business-plans/>

[116] Media Standards Trust, “IPSO: An assessment by the Media Standards Trust” 15 November 2013, available online at <http://mediastandardstrust.org/mst-news/ipso-an-assessment-by-the-media-standards-trust/>

Remit & Tasks

IPSO's main function is to provide a complaints-handling service for members of the public who believe that something published by one of IPSO's member publishers has violated its Editors' Code of Practice. It also maintains the Editors' Code of Practice Committee, which determines the contents of the Code and accompanying guidance for journalists. Even though IPSO has an investigations arm for looking into serious and sustained breaches of the Code, it has never launched any investigations. And while it also has an arbitration service for members of the public to use as an alternative to court proceedings, it appears never to have been used.

Structure

IPSO has a 12-member Board, chosen by an Appointments Panel. The majority are required to have no connection to the newspaper and magazine industry. It also has a twelve-member Complaints Committee, which rules on complaints and decides on remedial action if it concludes that a breach of the Editors' Code of Practice has occurred. The majority are independent and have no connection to the newspaper and magazine industry. Others have had recent senior experience of the industry but are not currently serving editors. IPSO has 20 professional staff, responsible for handling complaints and arbitration, among other matters. IPSO also has journalist and reader advisory panels.[117] Its handling of complaints can be assessed by an independent complaints reviewer – though only if a request for review is made and IPSO decides that the complaint should be reviewed. If the reviewer concludes that the process was flawed, the complaint returns to the Complaints Committee for reconsideration, which then makes a final decision.[118]

Current Board Composition

- **Lord Edward Faulks.** Chair. Professional barrister, QC since 1996; cross-bench member of the House of Lords since 2010; former Minister of State for Civil Justice and Legal Policy (2014-2016).
- **Ruth Sawtell.** Deputy chair. Professional board member at various public and regulatory bodies, including in the health sector.
- **Charles Garside.** Former newspaper journalist editor who has worked across the press, ending as managing and then assistant editor of the *Daily Mail*. On the board of the Society of Editors.
- **Eddie Gray.** Former executive at pharmaceutical and biotechnology companies.
- **Sarah Lee.** Partner at the law firm Slaughter and May, where she was Head of the Disputes and Investigations Group and is not a senior consultant. Non-executive director of the Financial Ombudsman Service and a Commissioner on the Judicial Appointments Commission.
- **Matthew Lohn.** Lawyer specialising in public and regulatory law. Former member of IPSO's Complaints Committee.

[117] <https://www.ipso.co.uk/what-we-do/people/>

[118] <https://www.ipso.co.uk/what-we-do/people/independent-complaints-reviewer/#AboutIPSOsReviewProcess>

- **Brendan McGinty.** Former newspaper journalist and editor, most recently editor of the *Sunday Mail* (a Scottish tabloid newspaper distinct from DMG Media's *Mail on Sunday*).
- **Ian MacGregor:** Former newspaper journalist and editor, now editor emeritus of *The Telegraph*. Chair of the Society of Editors.
- **Barry McIlheney.** Former magazine editor and publisher, and former CEO of the PPA, the magazine industry's trade association.
- **Claire Singers.** Public relations consultant.
- **Martin Trepte.** Former local newspaper journalist and editorial director of a local publisher.

Complaints Committee Composition

The Complaints Committee comprises twelve members: five former journalists (including the deputy chair), six independent 'lay' members, and the chair of IPSO.

- **Lord Edward Faulks.** Chair of the Complaints Committee and Chair of IPSO. Professional barrister, QC since 1996; crossbench member of the House of Lords since 2010; former Minister of State for Civil Justice and Legal Policy (2014-2016).
- **Andrew Pettie.** Deputy Chair of the Committee. Consultant, contributing editor and writer. Former journalist and editor, including at Telegraph Media Group and the BBC.
- **Nazir Afzal OBE.** Former chief crown prosecutor in the North West of England.
- **Andy Brennan QPM.** Former senior police officer and deputy director of the National Crime Agency.
- **Tristan Davies.** Former editor of the Independent on Sunday, executive editor of the Sunday Times, deputy editor of the Mail on Sunday and editorial director of Mail+.
- **David Hutton.** School inspector and former secondary school head teacher.
- **Alastair Machray.** Media consultant, former national and local newspaper journalist and former editor of *The Liverpool Echo*.
- **Helyn Mensah.** Barrister specialising in intellectual property law.
- **Asmita Naik.** Independent consultant on international development and human rights. Formerly worked at the United Nations.
- **Mark Payton.** Former journalist and editor, including as editorial director of a major magazine publisher. Now compliance consultant working for a project promoting transparency and accountability in the global news industry.
- **Allan Rennie.** Honorary Professor of Journalism at the University of Stirling and non-executive director of an NHS regional health board.
- **Miranda Winram.** Former management consultant and executive at Forest Enterprise (now Forestry England), responsible for managing and promoting forests in England. Chair of IPSO's Readers' Panel.

Editors' Code of Practice Committee Composition

The Editors' Code of Practice Committee comprises 15 members: 10 representatives from newspaper and magazine publishers, three independent 'lay' members (Sarah de Gay, Christine Elliott and Kate Stone), IPSO's chair, and its chief executive.

- **Neil Benson.** Chair. Former senior editor at *Trinity Mirror* (now Reach plc) with responsibility for regional titles.
- **Ian Carter.** Editorial director, Iliffe Media (a local newspaper publisher)
- **Sarah de Gay.** General counsel and head of compliance at Slaughter and May, a law firm.
- **Charlotte Dewar.** Chief executive of IPSO.
- **Christine Elliott.** Chair of the Health and Care Professions Council.
- **Chris Evans.** Editor of The Daily Telegraph and Director of Content at Telegraph Media Group.
- **Lord Edward Faulks.** Chair of IPSO. Professional barrister, QC since 1996; crossbench member of the House of Lords since 2010; former Minister of State for Civil Justice and Legal Policy (2014-2016).
- **Anna Jeys.** Audience and Content Director for Midlands, Cheshire and Lincolnshire at Reach Plc
- **Gary Jones.** Editor of the *Daily Express*.
- **Donald Martin.** Editor-in-chief of Newsquest Scotland; editor of *The Herald*, *The Herald on Sunday* and *The Evening Times*.
- **Gary Shipton.** Editorial director at JPI Media, a local newspaper publisher.
- **Kate Stone.** Engineer who was the subject of intrusive press reporting in 2014 and had her complaints successfully upheld. [119]
- **Emma Tucker.** Editor of *The Sunday Times*.
- **Harriet Wilson.** Director of Editorial Administration & Rights, Condé Nast Publications
- **Ted Young.** Editor of *Metro*.

Funding

IPSO is funded by the Regulatory Funding Company (RFC), which raises a levy on those newspaper and magazine publishers that have agreed to be regulated by IPSO. The RFC's Board is composed of representatives from the national press, regional press and magazine industry.[120]

From the national press:

- **Kevin Beatty.** Chair. Chief executive of DMG Media.
- **Guy Black,** Baron Black of Brentwood. Vice Chair, Telegraph Media Group. (See 'Influencers' section).
- **Simon Fuller.** Chief Financial Officer (Nationals Division), Reach Plc.
- **Pia Sarma.** Editorial Legal Director, Times Newspapers, News UK.

[119] "Stag gore victim Kate Stone to help regulate the press" *BBC News* 23 February 2015, available online at <https://www.bbc.co.uk/news/uk-england-cambridgeshire-31590051>

[120] <http://www.regulatoryfunding.co.uk/>

From the regional press:

- **Jeremy Clifford.** Editor-in-chief, JPI Media
- **Dominic Fitzpatrick.** Managing Director, *Irish News*.
- **Victoria Hewitt.** Director of Operations, *The Barnsley Chronicle*.
- **Mike Watson.** Chief Executive Officer, DC Thomson Publishing.

From the magazine industry:

- **James Wildman.** Chief Executive, Hearst UK.

THE INDEPENDENT MONITOR ON THE PRESS (IMPRESS)

*Remit & Tasks*

IMPRESS was established in 2015 as an attempt to create a regulator that fully complied with the Royal Charter criteria. It was recognised by the PRP as meeting those criteria in October 2016. Its task is to handle complaints against publishers who have signed up to be regulated by it, enforcing the IMPRESS standards code. It also provides an arbitration service as an alternative to going to court, a whistleblowing hotline, a service to provide advisory notices to publishers on behalf of those suffering press intrusion, and regular conferences and consultations on regulation.

Structure

IMPRESS is governed by a Board, which is appointed by an Appointments Panel – an independent subcommittee of the Board. The Appointments Panel also appoints members of Regulatory Committees. Regulatory Committees meet to adjudicate on complaints submitted to, or initiated by, IMPRESS. Regulatory Committees are typically composed of some of the board members and others appointed by the Appointments Panel. There is also a Code Committee, which advises the Board on the IMPRESS Code.

Board Composition [121]

- **Walter Merricks CBE.** Chair. Former head of the Financial Ombudsman service; has worked in regulation and dispute resolution in a range of industries, and also as legal journalist and academic.
- **Cordella Bart-Stewart.** Solicitor focusing on equality, human rights, family and immigration law.
- **Debrah Harding.** Market research executive.
- **Shelina Janmohamed.** Author, public speaker and newspaper columnist who also works in advertising and branding.
- **David Leigh.** Former investigations editor of *The Guardian* newspaper and journalism academic.

[121] <https://www.impress.press/about-us/our-board.html>

- **David Robinson.** Treasurer and Senior Independent Board Member. Professional non-executive director on the board of a range of corporate and charitable organisations.
- **Pam Vick.** Commercial business development and strategic consultant, and former corporate executive.
- **Andrea Wills.** Independent expert in broadcasting regulation and standards investigations.

Code Committee Composition

- **Vanessa Baird.** Journalist and co-editor of *New Internationalist* magazine.
- **Gavin Phillipson.** Professor of Law at the University of Bristol, specialising in issues of media law.
- **Matt Walsh.** Senior lecturer in journalism at Cardiff University School of Journalism, Media and Culture, former broadcast journalist at ITN and the BBC and former Times journalist.
- **Paul Wragg.** Professor of Media Law at the University of Leeds, specialising in press regulation and press freedom.
- **Paul Hutchinson.** Journalist working in local radio news and local online news, with work also in PR and marketing for public and private sector organisations.
- **Craig Gent.** Editor, writer, research and Head of operations at Novara Media, an IMPRESS-regulated left-wing media outlet. Completed a PhD thesis on the politics of algorithmic management at the University of Warwick.
- **Susan McKay.** Writer and journalist, formerly Northern Ireland editor of the Sunday Tribune, author of books on the Northern Ireland conflict and peace process.
- **Peter Coe.** Lecturer in Law at the University of Reading specialising in Media Law. Formerly a practising barrister specialising in privacy, defamation and reputation management.

Funding

IMPRESS's research and development was carried out by the IMPRESS Project, a separate company supported by grants and donations from a range of sources, including support from the Joseph Rowntree Reform Trust, the Andrew Wainwright Reform Trust and the Alexander Mosley Charitable Trust, and large donations from private individuals including J.K. Rowling and Lord David Sainsbury.

Internet Regulators

Currently, the UK has no dedicated digital or internet regulator. However, in February 2020, the Department for Digital, Culture, Media and Sport announced that the government is considering to appoint Ofcom as the new 'online harms' regulator, responsible for enforcing a statutory duty of care on digital platforms to protect their users from "harmful and illegal terrorist and child abuse content." [122] The Government announced its decision to appoint Ofcom the regulator for online harms in December 2020, with the Draft Online Safety Bill published in May 2021. For an analysis of the content of this bill and the debates surrounding it, see part three of this report. [123]

[122] Alex Hern and Jim Waterson, "Ofcom to be put in charge of regulating internet in UK" *The Guardian* 12 February 2020, available online at <https://www.theguardian.com/media/2020/feb/12/ofcom-to-be-put-in-charge-of-regulating-internet-in-uk> Department for Digital, Culture, Media and Sport, "Government minded to appoint Ofcom as online harms regulator" 12 February 2020, available online at <https://www.gov.uk/government/news/government-minded-to-appoint-ofcom-as-online-harms-regulator>

[123] Available online at: <https://www.gov.uk/government/publications/draft-online-safety-bill>

Data Protection Regulators

THE INFORMATION COMMISSIONER'S OFFICE (ICO)



Remit & Tasks

The Information Commissioner's Office (ICO) is the regulatory body responsible for data protection in the UK, and for enforcing the Freedom of Information Act 2000. It was first established by the Data Protection Act 1998, which has now been largely superseded by the Data Protection Act 2018 – the UK's implementation of the EU's General Data Protection Regulation (GDPR). The ICO's functions are defined in Part 5 of the Act.[124]

The ICO's remit is to uphold information rights in the public interest, which is primarily done by defining and explaining the public's information and data rights, by addressing enquiries, concerns and complaints from the public, and by seeking to improve the information rights practices of organisations, including how public bodies handle Freedom of Information requests. In cases where organisations breach the law, the ICO provides advice and instruction to improve future practice. In the most serious cases, it can even take enforcement action including monetary penalties of up to €20m or 4% of annual worldwide turnover, whichever is higher.[125] The ICO also provides grants to support independent research into privacy and data protection issues, and to develop privacy-enhancing solutions. [126]

There are two key areas where the ICO's remit relates to journalism. First, as shown above, private investigators acting on behalf of clients in the national press have engaged in a trade of illegally obtained personal information, in breach of data protection legislation. When evidence of this practice first emerged in the early 2000s, the ICO investigated and published two important reports about it. However, the ICO's then-leadership proved reluctant to pursue the enforcement of the Data Protection Act against journalists (as opposed to private investigators), for reasons that are examined in the Leveson Report.[127] In short, the ICO is—or ought to be—the public's defence against the illegal acquisition of personal information by journalists (or by private investigators acting on behalf of news media clients) for purely commercial—rather than public interest—purposes. Second, as the body responsible for upholding the public's right to use the Freedom of Information Act to access information held by public bodies, the ICO's performance has considerable bearing on journalists' ability to acquire information that is vital to public interest journalism. On the one hand, the ICO has at times been critical of public bodies, including government departments, for failure to meet their FOI obligations.[128] On the other hand, it has recently been argued that the ICO is too passive and does not employ its powers as much as it could to improve public bodies' compliance with the Act.[129]

[124] Data Protection Act 2018, Part 5: The Information Commissioner, available online at <https://www.legislation.gov.uk/ukpga/2018/12/part/5/enacted>

[125] <https://ico.org.uk/about-the-ico/what-we-do/how-we-handle-concerns/>

[126] <https://ico.org.uk/about-the-ico/what-we-do/grants-programme/>

[127] Lord Justice Leveson, *An Inquiry into the Culture, Practices, and Ethics of the Press*, November 2012, Volume 3, Part H: The press and data protection, p. 998-1113, available online at <https://discoverleveson.com/levesonarticle/3/Leveson%20Report%200780#page=16>

[128] Jenna Corderoy and Peter Geoghegan, "British government slammed by regulator over 'unacceptable' FOI failures" openDemocracy 10 February 2021, available online at

<https://www.opendemocracy.net/en/freedom-of-information/british-government-slammed-by-regulator-over-unacceptable-foi-failures/>

[129] Lucas Amin, *Art of Darkness: How the government is undermining Freedom of Information*, openDemocracy November 2020, p. 29-32, available online at <https://beta.documentcloud.org/documents/20415987-art-of-darkness-opendemocracy>

*The Information Commissioner's Office Management Board Composition [130]***Executive directors:**

- **Elizabeth Denham.** The Information Commissioner. Former Information and Privacy Commissioner for British Columbia, Canada, and Assistant Privacy Commissioner of Canada. [131]
- **Paul Arnold.** Deputy CEO and chief operating officer (Corporate Strategy and Planning Service).
- **James Dipple-Johnstone.** Deputy commissioner and chief regulatory officer. Former director at the Solicitors Regulatory Authority responsible for investigating reports of professional misconduct, with a background in regulatory investigation, appeals and complaints handling at several public regulatory bodies.
- **Steve Wood.** Deputy commissioner and executive director of the regulatory strategy service. Leads the work of the Policy Directorate, having previously held a range of other roles at the ICO. Former Senior Lecturer in Information Management at Liverpool John Moores University.
- **Simon McDougall.** Deputy commissioner for regulatory innovation and technology. Leads the work of the Technology Policy and Innovation Directorate. Formerly led a global privacy consulting practice.

Non-executive directors:

- **Nicola Wood.** Senior independent director. Former solicitor and ombudsman with experience on a number of boards.
- **Alisa Beaton OBE.** Former accountant, corporate executive and consultant; now holds non-executive roles.
- **David Cooke.** Former head of the British Board of Film Classification and civil service director.
- **Jane McCall.** Chair of a NHS Foundation Trust and an external commissioner on the House of Commons Commission. She has had a career in the social housing sector, with senior management roles including as chief executive of a housing trust.
- **Peter Hustinx.** Former European Data Protection Supervisor 2004-2014, head of the Dutch Data Protection Authority 1991-2004 and chair of the EU's Article 29 working party 1996-2000, with a background in law.

Funding

The ICO is mostly funded by organisations that pay the data protection fee, which all organisations processing personal data must pay under the Data Protection Act 2018 (unless they are exempt from it). This makes up 85-90% of the ICO's budget, with the rest of its funding coming from a grant-in-aid from the government. In 2019-20, the ICO collected roughly £46.5m through the data protection fee and received roughly £4.6m in grant-in-aid money from the government. The financial penalties that the ICO issues go to the Treasury, not the ICO. [132]

[130] <https://ico.org.uk/about-the-ico/who-we-are/management-board/> For an outline of the ICO's decision-making structure, see <https://ico.org.uk/about-the-ico/who-we-are/decision-making-structure/>

[131] <https://ico.org.uk/about-the-ico/who-we-are/information-commissioner/>

[132] <https://ico.org.uk/about-the-ico/who-we-are/how-we-are-funded/>

DECISION-MAKING

The two key decision-makers in the UK media policy process are usually the Secretary of State for Digital, Culture, Media and Sport and the Prime Minister. Prime Ministers have tended to take a fairly close interest in media policy because it has a direct bearing on the interests of major media organisations, which have a direct influence on how the government is perceived by the public.^[133] However, the degree of influence that the Prime Minister has over media policy decisions varies, depending on the Prime Minister, the Secretary of State, the particular policy issue and the kind of decision being taken. If the decision concerns a person's appointment to a senior leadership role at a major public institution like the BBC or Ofcom, recent history suggests that the Prime Minister will play a major role. However, if the decision is over a more minor public body, it is more likely that the Secretary of State will decide alone. There are certain decisions that the Secretary of State is formally required to make alone: for example, their 'quasi-judicial' role in media mergers. There is no evidence of either David Cameron or Theresa May seeking to intervene, as Prime Minister, in the decision-making process of the Secretary of State during the 2010-11 News Corp-Sky or 2017-18 Fox-Sky merger inquiries. However, there is no such formal requirement on most media policy issues, so the respective roles played by the Prime Minister and the Secretary of State are likely to be flexible and variable.

Since its creation in 2003, Ofcom has become an increasingly important decision-maker in media policy by virtue of the expanding range of roles it has been asked to take on by successive governments.

It decides how to enforce broadcasting standards, it regulates the BBC, it plays a role in media merger inquiries and in future it will be responsible for regulating digital platforms. Nevertheless, these expanding responsibilities have generally not been actively sought by Ofcom itself. Indeed, when the Leveson Report's recommendations were published, Ofcom was openly averse to being given responsibility for monitoring press self-regulation or to functioning as a 'backstop' regulator of the press. It can hardly be accused of being power-hungry. The two press self-regulators, IPSO and IMPRESS, play an important decision-making role in two key areas: deciding on complaints against the press titles they regulate, and determining the code of practice that their regulated titles must abide by.

[133] The closeness of Prime Ministerial interest in the area is attested to by the case studies of media policy examined in the Leveson Report. See Lord Justice Leveson, *An Inquiry into the Culture, Practices, and Ethics of the Press*, November 2012, Volume 3, Part I, Chapters 5 and 6, p. 1233-1413, available online at <https://discoverleveson.com/levesonarticle/3/Leveson%20Report%200780#page=248>

Key Decision-Makers

The **Department for Digital, Culture, Media and Sport (DCMS)** [134] is the government department responsible for media policy. It is among the smaller government departments by budget and personnel, with around a staff of 900 people. The most senior civil servant at the DCMS is the Permanent Secretary, **Sarah Healey**. There is a government ministerial team attached to the Department, consisting of a Secretary of State – who attends Cabinet – a single Minister of State (a ‘junior minister’) and three Parliamentary Under Secretaries of State. Currently, these are:

- **The Rt Hon. Nadine Dorries MP.** Secretary of State for Digital, Culture, Media and Sport. Former Minister of State for Mental Health, Suicide Prevention and Patient Safety, nurse, head of a community school in Zambia, businesswoman and director of BUPA – a medical insurance company.
- **Julia Lopez MP.** Minister of State for Media, Data and Digital Infrastructure. Former Parliamentary Secretary at the Cabinet Office, Conservative local government councillor, and parliamentary researcher and later chief of staff for the Conservative MP Mark Field.
- **Nigel Huddleston MP.** Parliamentary Under Secretary of State (Minister for Sport, Tourism, Heritage and Civil Society). Former board member of the Tory Reform Group – a think-tank on the liberal wing of the Conservative Party, management consultant and Google executive. Former member of the Commons DCMS Select Committee.
- **Chris Philp MP.** Parliamentary Under Secretary of State (Minister for Tech and the Digital Economy). Former Parliamentary Under Secretary of State at the Home Office and the Ministry of Justice, and Minister for London at the Ministry of Housing, Communities and Local Government. Former Conservative councillor in local government, chairman of the Bow Group – a right-wing Conservative think-tank, businessman and management consultant.
- **Lord Parkinson of Whitley Bay.** Parliamentary Under Secretary (Minister for Arts). Former director of research for the right-wing think-tank the Centre for Policy Studies, lobbyist at Quiller Consultants, special adviser to Theresa May as Home Secretary and Prime Minister, organiser for the Vote Leave campaign in the 2016 EU referendum.

The **DCMS** has policy responsibility for a number of public institutions, including the BBC, Channel Four, Ofcom, S4C and the S4C Authority, and the Arts Council. Culture, sport and tourism are devolved matters, so in these areas the DCMS is responsible only for policy covering England; corresponding departments in the Scottish government, Welsh government and Northern Ireland Executive are responsible for those areas in each of their respective nations. However, media policy, including broadcasting regulation, is not devolved but reserved to Westminster.

The **Secretary of State** has the power to decide whether to intervene in media mergers on a range of public interest grounds.[135] If they do so, a formal regulatory review of the merger is launched. Once the regulators report on the implications of the merger, the Secretary of State takes the final decision whether to block the merger, approve it, or approve it subject to undertakings from the parties. The Secretary of State is expected to perform this function in a ‘quasi-judicial’ manner, and their decisions can be judicially reviewed if they are believed to have acted improperly. Responsibility for media mergers formerly rested with the Secretary of State for Business, but it was transferred to the Secretary of State for DCMS.

[134] The DCMS began as the Department of National Heritage established by the Conservative Government in 1992. It was renamed the Department for Culture, Media and Sport by the new Labour Government in 1997, with ‘Digital’ being added in 2017.

[135] See the paragraph on the Communications Act 2003 in the section above on platform-specific regulation of broadcast media

(See the case study below, which examines the News Corp-Sky and Fox-Sky merger inquiries, reflecting on how the Secretary of State's power has been employed in these cases.) An important power currently resting with the Secretary of State is the power to commence Section 40 of the Crime and Courts Act 2013 (see the section on 'Print media regulators' in this report)– the key piece of legislation that would give effect to legal cost incentives for publishers to join a PRP-recognised press regulator (i.e. IMPRESS), or make IPSO Royal Charter-compliant. 'Commencement' is usually a merely formal process, whereby ministers give effect to particular statutory provisions at particular times (for instance, to give people time to adjust to new laws).

Even though the Act received Royal Assent seven years ago, its Section 40 still remains uncommenced. This is a highly unusual case, albeit one with important ramifications for news publishers in the UK. The Secretary of State for DCMS is ostensibly one of the more junior or minor Cabinet ministerial roles: the DCMS has a small staff and its departmental budget was not protected from the 2010-15 coalition's austerity programme. Politicians have often passed through the DCMS portfolio on their way to more senior ministerial positions: the Health Secretary Matt Hancock, the former Foreign Secretary and Health Secretary Jeremy Hunt, and the former Chancellor and Home Secretary Sajid Javid are all former DCMS Secretaries; the latter two both ran for the Conservative leadership in 2019.

The DCMS's most important formal role may be the appointment of people to senior positions at a number of important public bodies. The Department effectively chooses the senior leadership of many of the most important institutions in UK media, culture and sport, including the BBC, Channel Four, Ofcom, the Information Commissioner, the Arts Council England, the Charity Commission, the Gambling Commission, UK Sport, the British Museum and other public museums and galleries.

Although the DCMS is the formal locus of government decision-making over media policy, in recent history **Prime Ministers** often appear to have played an important role in this area. For example, it was the then-Prime Minister, David Cameron, who established the Leveson Inquiry, and it was Cameron who presented the coalition government's response to the Leveson Report's recommendations. Likewise, though the DCMS is formally responsible for many appointments, some – such as the leadership of the BBC and Ofcom – are so significant that the Prime Minister's office may play an important role in determining them. In October 2020, in the run-up to Richard Sharpe's appointment as the new BBC Chair, *The Times* reported that the final decision over the appointment would be "made by the culture secretary with the approval of No. 10." [136]

In the Cameron government – first as the coalition with the Liberal Democrats (2010-15) and then as a majority Conservative government (2015-16) – the **Chancellor of the Exchequer**, George Osborne, played an important role in determining the funding of the BBC. He led negotiations with the BBC leadership over the licence fee settlement: in 2010, in line with general government austerity, he imposed a five-year freeze on the level of the licence fee, which meant a substantial cut to BBC funding in real terms between 2010 and 2015. In 2015, through private negotiations with the BBC leadership that were strongly criticised at the time, Osborne succeeded in making the BBC 'agree' to assume the cost of some items formerly funded by central government in return for an increase in the licence fee in line with inflation. [137]

[136] Matthew Moore and Francis Elliott, "Rishi Sunak's former boss Richard Sharp in line for BBC chairmanship" *The Times* 22 October 2020, available online at <https://www.thetimes.co.uk/article/rishi-sunak-s-former-boss-richard-sharp-in-line-for-bbc-chairmanship-fkjkzpjrc>

[137] Paul Farrelly, a Labour MP on the Commons DCMS Select Committee called the deal a "drive-by shooting" in *The Guardian*, 7 July 2015: <https://www.theguardian.com/media/2015/jul/07/bbc-licence-fee-deal-john-whittingdale-george-osborne> See also Patrick Barwise and Peter York, *The War Against The BBC: How an Unprecedented Combination of Hostile Forces Is Destroying Britain's Greatest Cultural Institution...and Why You Should Care* (Penguin 2020), p. 60-61 and 91-92

The Chancellor of the Exchequer's intrusion into the area of media policy was relatively unusual but it reflects both the potential power that a determined Chancellor can wield, and the degree of flexibility and indeterminacy in the distribution of ministerial power. Legislation affecting media may, in some cases, be the responsibility of other government departments. For instance, the Bill which became the Defamation Act 2013 was handled by the **Ministry of Justice (MoJ)** and led through Parliament by the then-Secretary of State for Justice, Kenneth Clarke. Likewise, the reform of law and procedures affecting court proceedings, and media reporting of those proceedings, would primarily be the responsibility of the MoJ, not the DCMS. The planned reform of the official secrets legislation (discussed above) is being handled by the **Home Office**.

Key Decision-Making Regulators

As an unelected, arms-length, state body, **Ofcom** has usually sought to avoid an overt role in the making of UK media policy, and instead largely confined itself to pointing out potential areas where Parliament may wish to act. However, Secretaries of State (and others) have often taken the view that various decisions and areas of media regulation are best handed over to Ofcom. Consequently, the scope of its responsibilities as a regulator has steadily expanded since its creation in 2003. Some examples of this dynamic include:

- **Defining and measuring media plurality.** During the Leveson Inquiry, the question of how to define 'media plurality' was raised. Currently, UK law allows the Secretary of State to intervene in media mergers where they believe the merger may have a detrimental impact on 'plurality'. But the concept was never actually defined either in legislation or in accompanying statutory guidance issued by the DCMS (the obvious solution to a lack of legislative clarity). The DCMS Secretary at the time of the Inquiry, Jeremy Hunt, asked Ofcom to determine how 'plurality' could be measured, which effectively required Ofcom to define 'media plurality' (in order to suggest how it could be measured). Ofcom did so with reference to speeches made in the House of Lords debate from which the relevant legislation (which had started life as backbench amendments to the government's Communications Bill) originated. [138]
- **The 'backstop' regulator for the press.** The Leveson Report recommended making Ofcom the body responsible for 'recognising' regulators that met the Report's criteria, as well as the 'backstop' regulator for newspaper publishers who failed to join a 'recognised' regulator. However, the coalition government rejected this recommendation and so Ofcom has no role in administering the Royal Charter system.
- **External regulation of the BBC.** During the course of BBC Charter renewal in 2016-17, the Conservative government decided to replace the BBC Trust—the BBC's quasi-regulator which had become discredited after some high-profile scandals at the BBC—with a BBC board, externally regulated by Ofcom.
- **Regulating digital platforms.** The current government has announced that it is giving Ofcom the responsibility of regulating digital platforms to ensure they have proper internal mechanisms in place to prevent 'online harms'. (See the section above on the regulation of digital platforms.)

[138] Ofcom, *Measuring media plurality: Ofcom's advice to the Secretary of State for Culture, Olympics, Media and Sport*, 19 June 2012, available online at <https://www.ofcom.org.uk/consultations-and-statements/category-1/measuring-plurality> Ofcom was subsequently asked by the next Secretary of State to finalise a media plurality measurement framework, so that regular 'market reviews' of media plurality could take place. Following a consultation, the final framework was published in November 2015. It is available online at <https://www.ofcom.org.uk/consultations-and-statements/category-1/media-plurality-framework> No 'market review' of media plurality in the UK has ever taken place.

Ofcom already takes a number of critically important decisions that affect UK media. The most important of these include:

- Granting, renewing and revoking broadcasting licences, including setting the conditions of licence renewal. This includes the licences of the commercial Public Service Broadcasters: ITV, Channel Four and Channel Five. Ofcom also has a statutory duty to ensure that all holders of UK broadcasting licences are ‘fit and proper’ to do so, and if a holder is not believed to be ‘fit and proper’, Ofcom can withdraw its licence. The definition of ‘fit and proper’ is not spelt out in legislation or guidance, and therefore remains at Ofcom’s discretion. How it interprets the requirement can best be seen from two decisions it made in relation to Sky in 2012 and 2017.[139]
- Launching investigations into and ruling on complaints that broadcasters have breached the Ofcom Broadcasting Code. Serial breaches of broadcasting standards can lead to the withdrawal of a broadcasting licence.
- Assessing the performance of the BBC and Channel Four, including conducting Market Impact Assessments of proposed new BBC services. Where Ofcom determines that a new BBC service would have an adverse impact on the commercial sector, it can block that new service. For instance, Ofcom blocked the BBC launching a ‘BBC One + 1’ channel (i.e. a channel showing BBC One on a one-hour delay), after commercial broadcasters argued that the channel would have an unfair impact on the viewing of their channels at peak times.
- When the Secretary of State for DCMS intervenes in media mergers on ‘public interest’ grounds, Ofcom is the body responsible for conducting a ‘phase 1’ investigation to determine whether the merger may raise public interest concerns, and whether it warrants further investigation. In the 2010-11 proposed News Corp acquisition of Sky, Ofcom concluded that the merger ‘may’ raise concerns, and the Secretary of State then sought to negotiate undertakings with News Corp and Sky, in lieu of reference to a longer and deeper ‘phase 2’ investigation. In the 2017-18 proposed Fox acquisition of Sky, Ofcom again decided the merger ‘may’ raise concerns; and at that time, the Secretary of State did refer the case to a ‘phase 2’ investigation. However, ‘phase 2’ investigations are not carried out by Ofcom but by the **Competition and Markets Authority** – the UK’s main competition regulator.

The **two press self-regulators** have important decision-making power in two main areas. First, the formulation of their respective codes of practice (and associated guidance), which is largely the responsibility of dedicated committees: **IPSO’s ‘Editors’ Code of Practice Committee’** and **IMPRESS’s ‘Code Committee’** (although the latter only advises the IMPRESS Board on its code, whereas the former has sovereignty within IPSO over its code). Since IPSO covers far more of the news industry, the members of IPSO’s Editors’ Code of Practice Committee have important decision-making power over the standards set for British journalism. Second, the handling of complaints and enforcement of corrections and apologies, based on their respective codes of practice. (For the composition of the committee responsible for managing these processes, see above.)

[139] The 2012 decision is available online at

<https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2012/ofcom-decision-on-fit-and-proper-assessment-of-sky>

The 2017 decision is available online at <https://www.ofcom.org.uk/about-ofcom/latest/media/media-releases/2017/findings-fox-sky-merger>

Transparency in Decision-Making

The Leveson Report strongly criticised the relationship between politicians and the press on the grounds that it was not only “too close,” but lacked transparency as well. The Report therefore recommended that all government departments should keep records of all ministerial meetings with “media proprietors, newspaper editors or senior executives” and publish them on a quarterly basis. [140] Government departments followed the recommendation, which has enabled civil society organisations to keep track of the number of meetings between senior government ministers and, for instance, News Corp executives. [141] Minutes of the board meetings of important public bodies including Ofcom, the BBC, Channel Four, the Press Recognition Panel, IMPRESS and IPSO are often published. Cabinet papers and records of Cabinet meetings usually remain classified to the public for thirty years. Certain formal processes and mechanisms followed by Parliament and government departments provide some transparency and accountability in decision-making. If the government intends to introduce a new legislative bill, the relevant department publishes a ‘white paper’ outlining the government’s plans, launches a consultation inviting responses from the public that will usually run for several months, then publishes its response to the consultation before bringing legislation to Parliament. In addition, the DCMS ministerial team faces monthly Parliamentary questions in the House of Commons, while the two Select Committees with responsibility for media policy hold regular inquiries into a range of current subjects, in the course of which they take evidence from ministers, MPs, regulators, industry executives, academics and others. These inquiries illustrate where different parties stand on current policy issues, providing some level of transparency. The Commons Select Committee also holds regular hearings with the leadership of important public bodies in the media sphere, such as Ofcom, the BBC and Channel Four, to review their recent work.

Alongside these formal processes, most of the major UK newspapers have media correspondents who report on issues of media policy. Generally, *The Guardian*, the *Financial Times* and *The Times* provide the most thorough coverage. *Press Gazette* provides good journalism news. BBC Radio 4’s *The Media Show* is a weekly 45-minute programme featuring news and discussion about the latest issues in the media sector and current media policy issues, presented by the BBC’s Media Editor Amol Rajan. The International Forum for Responsible Media Blog, or *Inform*, provides extensive coverage of issues and cases of media law.

In practice, government deliberations about media policy occur largely in private: even if the fact of meetings between government ministers and senior media figures or owners may be disclosed, the content of these meetings is kept opaque. For example, in 2020 the government announced the appointment of a **Public Service Broadcasting Advisory Panel**, to advise the Secretary of State and the Minister for Media. The panel was appointed by the ministers and will meet six times a year but its proceedings and discussions will remain confidential. [142] A recent study analysing lobbying in the UK has argued that, while the UK ranks number one in the world for the openness of its government data, “when it comes to lobbying, the UK is still quite opaque” and the UK needs a more robust lobbying regime. [143]

[140] Lord Justice Leveson, *An Inquiry into the Culture, Practices, and Ethics of the Press*, November 2012, Volume 3, Part I, Chapter 8, section 5.31, p. 1457, available online at <https://discoverleveson.com/levesonarticle/3/Leveson%20Report%200780#page=443>

[141] See, for instance, “Murdoch’s lobbying efforts are increasing, new analysis finds” Media Reform Coalition, 5 February 2017, available online at <https://www.mediareform.org.uk/featured/murdochs-lobbying-efforts-increasing-new-analysis-finds> and Sam Bright, “Rupert Murdoch in Series of Meetings With Boris Johnson and High-Profile Ministers” *Byline Times* 8 February 2021, available online at <https://bylinetimes.com/2021/02/08/rupert-murdoch-meetings-boris-johnson-high-profile-ministers/>

[142] <https://www.gov.uk/guidance/public-service-broadcasting-advisory-panel-terms-of-reference>

[143] Amy Melissa McKay and Antal Wozniak, “Opaque: an empirical evaluation of lobbying transparency in the UK”, *Interest Groups & Advocacy* 9 (2020), 102–118, available online at <https://link.springer.com/article/10.1057/s41309-019-00074-9>

INFLUENCERS

Who has the most influence over a media policymaking process that is often opaquely conducted at the highest level of Government is sometimes hard to determine. The influence different players seek will vary depending on the issue at hand and the interests at stake. With those caveats, it can be said in general terms that by far the most important influence over media policy in the UK is the national press. No other industry in the UK would have been able simply to boycott the system established for its regulation by Parliament. Since 2016 the press has also, through a combination of lobbying and editorialising, largely been successful in reorienting the media policy debate away from the need to regulate the press to raise its standards and towards (a) ways the Government might be able to support the ‘commercial sustainability’ of the press, and (b) issues of digital platforms and online harms, including ‘fake news’ and disinformation online.

The Leveson Inquiry was prompted by a scandal, and as the Inquiry’s report concluded, this scandal’s root causes included the fact that senior politicians from both major political parties had, over the preceding three to three-and-a-half decades, got ‘too close’ to editors, executives and owners in the national press. “I think on all sides of the House there is a bit of a need to say, hand on heart, that we all did too much cosyng up to Rupert Murdoch”, said David Cameron, the Prime Minister between 2010 and 2016, to the House of Commons in April 2012.^[144] Yet despite the frank acknowledgements that the relationship between politicians and the press got ‘too close’, little has changed since. Newspaper owners and editors continue to enjoy privileged access to senior politicians.^[145]

Consider, by contrast, the BBC, which over the last decade has been unable to prevent successive Governments imposing major real-terms cuts to its funding – cuts that, in the most recent case in 2015, appear to have been imposed following private meetings between the Chancellor of the Exchequer and the newspaper owner with the largest share of the national newspaper market – Rupert Murdoch.

None of this means that the interests of the national press as a whole, or News UK in particular, have total, exclusive sway over media policy decisions. There are areas where other interests clearly come into play: the BBC, for example, has been able to draw on considerable reserves of public support to resist attempts to shrink its scale and scope. The state has interests of its own that may come into play in policy areas like Freedom of Information and clash with those of the press. In 2010-11, a broad coalition of media organisations was mobilised to collectively oppose News Corp’s bid to acquire Sky, in recognition of a common interest in preventing the UK news media becoming too dominated by one media owner.

Internal

PARLIAMENT

There are two longstanding Parliamentary committees with remits covering media policy: one composed of MPs, the other of peers. These committees can, at times, influence media policy in important ways.

^[144] David Cameron, HC Deb 25 April 2012 c950, available online at

<https://hansard.parliament.uk/Commons/2012-04-25/debates/12042542000041/contribution-12042542000211#contribution-12042542000211>

^[145] Sam Bright, “Rupert Murdoch in Series of Meetings With Boris Johnson and High-Profile Ministers” *Byline Times* 8 February 2021, available online at <https://bylinetimes.com/2021/02/08/rupert-murdoch-meetings-boris-johnson-high-profile-ministers/>

The **House of Commons Digital, Culture, Media and Sport Committee** is a cross-party Select Committee. The main political parties in the Commons meet to apportion seats on each Select Committee and decide which party should hold the committee chair. Committee members are then elected from within each party through a secret ballot, as are committee chairs. Committee chairs are backbench MPs who do not hold government roles, and they receive a higher salary than ordinary MPs. Currently, the DCMS Committee has 11 members, of whom a majority – six – are Conservative MPs, reflecting the Conservatives' substantial majority of Commons seats. Of the remaining five members, four are Labour MPs and one is a SNP MP.[146] The Committee chair is a Conservative MP, **Julian Knight**, who unseated the previous (2016-2020) Conservative chair of the committee, Damian Collins, in a vote of Conservative MPs in January 2020. Knight promised to use the DCMS Committee to service as “an unofficial ‘Royal Commission’ on the future of the [BBC]”.[147] He is a former local newspaper, BBC and *Independent on Sunday* journalist.

In general, the Committee's reports are often influential on Government policy. Under Damian Collins's chairmanship, the Committee focused heavily on the issues of ‘fake news’, ‘disinformation’ and ‘online harms’ – an agenda which is now reflected in recent Government proposals to establish a new regulatory regime covering digital platforms. The Committee has held important public hearings that have generated significant media coverage and provided scrutiny of senior figures in a number of institutions, especially when those institutions have been involved in scandals. Some examples from the past ten years are: (i) allegations of doping in British cycling, (ii) allegations of racism in British football, (iii) allegations of a cover-up by senior executives at News International over phone hacking (the occasion of a famous appearance in front of the Committee by Rupert and James Murdoch), (iv) several scandals at the BBC, including the BBC's employment of Jimmy Savile, excessive executive pay-offs, and failures over equal pay.

Usually following extensive written and oral evidence-gathering (the Committee's hearings are broadcast on Parliament's website), the DCMS Committee issues substantial reports collating evidence and reaching conclusions on a given issue, including recommendations for changes to public policy. The government, through the DCMS department, publishes a formal response to each DCMS Committee report, usually some months afterwards. Subjects of the Committee's recent inquiries and reports include: (i) the impact of Brexit on UK creative industries, (ii) immersive and addictive technologies, (iii) garden design and tourism, (iv) disinformation and ‘fake news’, (v) combatting doping in sport, (vi) BBC pay, (vii) major cultural and sporting events, (viii) the National Lottery, (ix) ‘influencer culture’ online, (x) concussion in sport.

In February 2019, the Commons DCMS Committee published a report on *Disinformation and ‘fake news’* following a major inquiry into the subject. [148] In April 2019, the Committee launched a Sub-Committee to continue its investigation of this area, now called the Sub-Committee on Online Harms and Disinformation. [149] All the members of the DCMS Committee are members of the Sub-Committee, which is currently conducting an inquiry into ‘Online safety and online harms’, analysing the government's Draft Online Safety Bill’.[150]

[146] Information on the current membership of the Committee is available online at

<https://committees.parliament.uk/committee/378/digital-culture-media-and-sport/membership>

[137] Charlotte Tobitt, “Former BBC journalist who backs licence fee reform elected DCMS Committee chairman” *Press Gazette* 30 January 2020, available online at <https://www.pressgazette.co.uk/former-bbc-journalist-who-backs-licence-fee-reform-elected-dcms-committee-chairman/>

[148] House of Commons Digital, Culture, Media and Sport Committee, *Disinformation and ‘fake news’: Final Report - Eighth Report of Session 2017-19*, 18 February 2019, available online at <https://old.parliament.uk/business/committees/committees-a-z/commons-select/digital-culture-media-and-sport-committee/inquiries/parliament-2017/fake-news-17-19/>

[149] <https://committees.parliament.uk/committee/438/digital-culture-media-and-sport-subcommittee-on-online-harms-and-disinformation/>

[150] <https://committees.parliament.uk/work/1432/online-safety-and-online-harms/>

Although the **House of Lords Communications and Digital Committee** is less influential than the Commons DCMS Committee, its reports and recommendations can still have an influence on government policy in some cases. The fundamental reason for the Committee having less influence than its Commons counterpart is that its composition is less dominated by the governing party and more cross-party; therefore, the conclusions it reaches are less likely to be in line with the governing party's politics. The party with a majority in the Commons does not have a majority in the Lords – the Lords Committee merely reflects the different composition of the upper house.

Currently, the Committee has thirteen members. Four are Conservative, four are Labour, two are Liberal Democrat, two are crossbench (of whom one is a hereditary peer)[151], and one is a bishop. [152] The Committee's chair is the Conservative life peer **Stephen Gilbert, Baron Gilbert of Panteg**, a longstanding Conservative Party campaign officer, who has served as Deputy Chairman of the Conservative Party, political secretary to David Cameron during his premiership (a link between the Prime Minister and the Conservative Party), and as head of the 2017 Conservative election campaign. [153]

Subjects of the Committee's recent inquiries and reports include: (i) Public service broadcasting, (ii) regulating digital platforms, (iii) advertising, (iv) the talent pipeline for theatre, (v) children and the internet, (vi) the privatisation of Channel Four, (vii) BBC Charter Review, (viii) the future of journalism, (ix) freedom of expression online.

In 2019, a new, temporary **Lords Select Committee on Democracy and Digital Technologies** was established.[154] The Select Committee produced a report, *Digital Technology and the Resurrection of Trust*, at the end of June 2020, to which the government published its response in early September. [155] The Committee was chaired by the backbench Labour peer and former film producer **David Puttnam, Baron Puttnam of Queensgate**. [156]

The work of the Commons and Lords select committees on disinformation, online harms and the tech platforms has occurred in the context of developing concern globally, including in Westminster and Whitehall, about a variety of harms occurring on digital platforms. The government has published legislative proposals in the Draft Online Safety Bill, which the Parliamentary committees are scrutinising. To what extent they will influence the final content of the Bill is an open question, though, and ultimately depends on to what extent their thinking accords with, or influences, the government's own.

[151] A substantial number of Lords peers are either 'crossbench' (i.e. appointed by the House of Lords Appointments Commission and not affiliated to any political party), Bishops of the Church of England, or hereditary peers who owe their seat to their aristocratic family lineage.

[152] Information on the current membership of the Committee is available online at <https://committees.parliament.uk/committee/170/communications-and-digital-committee/membership/>

[153] Tom McTague, "Welcome to Theresa May's campaign war room", Politico 4 May 2017, available online at <https://www.politico.eu/article/theresa-may-campaign-war-room-conservative-stephen-gilbert-lynton-crosby/>

[154] <https://committees.parliament.uk/committee/407/democracy-and-digital-technologies-committee/>

[155] House of Lords Select Committee on Democracy and Digital Technologies, *Digital Technology and the Resurrection of Trust - Report of Session 2019-21*, 29 June 2020, and Department for Digital, Culture, Media and Sport, *Government Response to the House of Lords Democracy and Digital Technologies Committee Report on Digital Technology and the Resurrection of Trust*, September 2020. Both are available online at <https://committees.parliament.uk/work/5/democracy-and-digital-technologies/publications/>

[156] Lord Puttnam retired from the House of Lords in October 2021. See Hannah Ritchie, "David Puttnam hits out at government as he quits House of Lords" The Guardian 16 October 2021, available online at <https://www.theguardian.com/politics/2021/oct/16/david-puttnam-hits-out-government-quits-house-of-lords>

INDUSTRY PLAYERS

In the UK, some media companies have long played an outsized role in influencing the direction of Government media policy. The most important, by far, are the national newspaper publishers. Through the widespread perception among politicians that the national press has considerable capacity to influence the public, they hold considerable influence over public policy in a range of areas, not just media policy.

Media policy is not an area usually central to, or prominent in, electoral politics, but it is obviously of enormous importance to media institutions. Media policy therefore represents an essential concern for any government which hopes to maintain good relations with the press. Unlike the BBC, the government has no direct power over the press's funding or its senior leadership. Indeed, the press has traditionally fought extremely hard against any attempts to introduce regulation via statute, either directly or indirectly. That does not, however, mean that relationships of mutual interest, ideological affinity and political alliance have not developed between politicians and the press. Indeed they have. In fact, British politics as a whole is hard to comprehend without an appreciation of the fundamental and often decisive role that the press play, or are at least widely believed to play, in Westminster politics.

The Leveson Inquiry extensively considered the question of relations between the press and senior politicians, in a way that has never occurred for any other sector of the media, because of the widespread perception that newspaper publishers – and in particular Rupert Murdoch's UK newspaper subsidiary, News International – had acquired undue influence over the political process. That influence, it was widely believed, contributed to the reluctance of various bodies – including the police – to investigate evidence of the widespread use of illegal news gathering methods by several national newspapers.

The question is often asked whether the influence of national newspapers over public opinion, and therefore the importance of their editorial positions to politicians, is in decline as a result of the internet. An affirmative answer to that question would begin by citing the print circulations of national newspapers, which have been decreasing for decades. In the 2010s, the advent of the mobile internet prompted an even sharper fall in newspaper circulation. Newspapers are not what they once were. On the other hand, declining print circulations have been accompanied by the building of news websites of considerable reach – in some cases allowing newspapers to reach far larger audiences, including new international audiences, than their print editions ever did. Mail Online, the website of the *Daily Mail*, and thesun.co.uk, the online version of *The Sun*, are two such examples. [157]

The national press remains central to UK politics, as the 2016 Brexit referendum result demonstrated. During the campaign, the leaders of both of the main political parties supported Remain. On the other hand, the three most important national newspaper publishers – DMG Media, News UK and Telegraph Media Group – and the titles they publish – the *Mail*, *Sun*, *Telegraph* and *Times* – all supported Leave.[158] Leave won.

[157] According to ComScore data for December 2020, *Mail Online* and thesun.co.uk both had in the region of 37m unique UK visitors to their sites that month. Aisha Majid, "Top 50 online news publishers in the UK: Reach now bigger than BBC, Comscore", *Press Gazette* 17 December 2020, available online at <https://www.pressgazette.co.uk/audience-data-legacy-newsbrands-still-out-ahead-uk/>

[158] With the slight exception of the *Sunday Times*, which supported Remain. Leave was also supported by the *Express*.

The question of how much influence the national press really holds over public opinion remains debated in the media, politics and academia. What few would dispute is the belief that the press has enormous perception-shaping, agenda-forming power is widespread among politicians at Westminster: a perception which the Brexit referendum and recent General Election results would appear to support. Since 1979, the Labour Party has never won a General Election when it has not had the support of The Sun.

None of this is to say that the national press is always decisive in public policy – merely that insofar as any part of the UK media can be said to influence public policy, and especially media policy, it is the national press that has long had the strongest claim to such influence.

It is worth noting here the conclusions of the Leveson Report, which examined the relationship between the press and UK politicians: “the evidence clearly demonstrates that the political parties of UK national government and UK official opposition have had or developed too close a relationship with the press. This assessment relates to the period of the last thirty to thirty-five years but is likely....to have been much longer than that. Although this relationship has fluctuated over time, the evidence suggests there has been a perceptible increase in the proximity of the relation over this period. I do not believe this has been in the public interest.”[159]

The Press

INDUSTRY ORGANISATIONS

The UK press is represented by a trade group, the News Media Association (NMA), which was formed out of a merger between the Newspaper Society, the regional newspaper trade association, and the Newspaper Publishers Association, the national newspaper trade association, in 2014. Its chief executive is Owen Meredith, the former CEO of the Professional Publishers’ Association, which represents the magazine industry. Meredith stood as a parliamentary candidate for the Conservative Party in 2017. He sits on the boards of the Advertising Association, World Association of Newspapers and News Publishers, Advertising Standards Board of Finance, and News Media Europe (the lobbying organisation for press publishers across Europe at the EU level).[160]

[159] Lord Justice Leveson, *An Inquiry into the Culture, Practices, and Ethics of the Press*, November 2012, Volume 3, Part I, Chapter 8, section 3.5, p. 1439, available online at <https://discoverleveson.com/levesonarticle/3/Leveson%20Report%200780#page=443> Appendix 5 of the Report (in Volume 4, p. 1955-1987) collates all the Inquiry evidence relevant to this conclusion. It is available online at <https://discoverleveson.com/levesonarticle/4/Leveson%20Report%20078#page=483> It is worth noting that the evidence cited in Appendix 5 is drawn overwhelmingly from senior politicians, newspaper journalists or editors, and newspaper owners themselves.

[160] News Media Association, “NMA Appoints Owen Meredith As Next Chief Executive” 17 February 2021, available online at <http://www.newsmediauk.org/Latest/nma-appoints-owen-meredith-as-next-chief-executive>

The NMA's **Legal, Policy and Regulatory Affairs Committee** is responsible for lobbying the government, regulators and courts over issues that affect press interests. It is chaired by the Conservative peer and deputy chairman of Telegraph Media Group, Lord Black of Brentwood (see below). [161] The NMA has campaigned on a range of issues relating to press regulation, Part Two of the Leveson Inquiry, data protection legislation, online harms and the future funding of journalism. [162] Despite its members' opposition to state intervention, the NMA lobbied for additional funding from the government during the coronavirus pandemic to compensate for falling advertising revenue. In the end, it helped to secure £35m for its 'All in, all together' advertising campaign to deliver government health messages, 70% of which was channelled into newspaper groups with a revenue of more than £20m a year.[163]

The **Society of Editors** represents editors across newspapers, magazines, radio and television, and has nearly 400 members.[164] It campaigns on a range of media policy issues. In recent years, it has opposed the commencement of Section 40 of the Crime and Courts Act,[165] argued for news media's exemption from the proposed new framework to require digital platforms to address online harms [166] and campaigned against 'fake news'.[167] The Society's president is Alison Gow, Audience and Content Editor for the North West with Reach plc; its chair is Ian MacGregor, editor emeritus at Telegraph Media Group and a member of the board of IPSO; its executive director is Dawn Alford, a former newspaper journalist, magazine editor and editorial content director for digital and print content agencies. The Society's Board includes editors from across the UK news industry, including the BBC, Sky News, *Daily Mail*, the *Independent*, the Press Association, and the local and regional press. [168]

NEWSPAPER PUBLISHERS

News UK is the UK newspaper subsidiary of **News Corp**, the American media and publishing company founded by **Rupert Murdoch**, who remains its executive chairman. The company publishes newspapers in the US and Australia as well as the UK, together with books across the world through its subsidiary HarperCollins, and pay-TV and TV news in Australia. News UK publishes four newspapers: *The Sun*, *The Sun on Sunday*, *The Times* and the *Sunday Times*. Its chief executive is **Rebekah Brooks**, who rejoined the company in September 2015 having resigned from it in July 2011 during the phone hacking scandal. Brooks stood trial in 2013-14 on a range of criminal charges stemming from the scandal, and she was acquitted on all of these charges.

[161] He is assisted by the NMA's Legal, Policy and Regulatory Affairs Director, Sayra Tekin – an experienced legal advice and litigation lawyer at the BBC, formerly a dispute resolution lawyer at Slaughter and May. News Media Association, "Sayra Tekin Starts Work As NMA Legal, Policy and Regulatory Affairs Director", 17 December 2020, available online at

<http://www.newsmediauk.org/latest/Page-9/sayra-tekin-starts-work-as-nma-legal-policy-and-regulatory-affairs-director>

[162] Hugh Tomlinson, "Leveson, Arbitration and the Local Press: Three Misconceptions" Media@LSE 28 May 2013, available online at

<https://blogs.lse.ac.uk/medialse/2013/05/28/leveson-arbitration-and-the-local-press-three-misconceptions/>

[163] "EXCLUSIVE: £35m Covid Cash Fund Dominated by Big Media While Small Publishers Struggle" Byline Investigates 3 June 2020, available online at

<https://www.bylineinvestigates.com/mail/2020/6/2/exclusive-35m-covid-cash-fund-dominated-by-big-media-while-small-publishers-struggle>

[164] For the different categories of membership, see <https://www.societyofeditors.org/join/membership-categories/>

[165] https://www.societyofeditors.org/soe_campaigns/freethethepress/

[166] https://www.societyofeditors.org/soe_campaigns/online-harms-white-paper-campaign/

[167] https://www.societyofeditors.org/soe_campaigns/campaign-for-real-news/

[168] <https://www.societyofeditors.org/about/>

Before becoming CEO of News UK in 2009, she worked as editor of the *News of the World* from 2000 to 2003, and *The Sun* from 2003 to 2009. Before the 2011 scandal, Brooks was widely known as one of the most connected and influential media industry figures in British politics, socially close to three prime ministers: Tony Blair, Gordon Brown and David Cameron. Since her return to News UK in 2015 she has maintained a relatively low media profile but the published logs of ministerial meetings show that she has resumed meeting with senior Conservative politicians.

The influence of the Murdochs and their businesses over UK politics has long been alleged and contested. However, there are three strong pieces of evidence to suggest that this influence is real and considerable.

First, the section of the Leveson Report on Rupert Murdoch, which noted that “all the politicians who gave evidence before the Inquiry said that Mr Murdoch exercised immense power and that this was almost palpable in their relations with him.” To the claim that Murdoch had not explicitly asked for favours from British politicians, the Report responded as follows. “Sometimes the very greatest power is exercised without having to ask, because to ask would be to state the blindingly obvious and thereby diminish the very power which is being displayed ... the influence exercised by Mr Murdoch is more about what did not happen than what did. To reiterate: a case by case examination of the policies which were introduced over this long period fails to demonstrate that politicians compromised themselves or their policies to favour Mr Murdoch’s business interests directly. Where a decision pleased Mr Murdoch, there would always be other public-policy reasons for it. At least one administration introduced many policies to which, by any stretch of the imagination, Mr Murdoch would not have been well disposed. But no government addressed the issue of press regulation, nor of concentration of ownership.” [169]

Second, even after the Leveson Report and the phone hacking scandal, senior government ministers continued to have a high number of meetings with Rupert Murdoch and News UK executives.[170] Indeed, the Media Reform Coalition published an analysis showing that he and his executives had more meetings with government ministers during the period when BBC Charter Renewal negotiations were ongoing than did BBC executives. In the words of the Leveson Report, “Mr Murdoch fully understood the value of personal interactions, the value of the face-to-face meeting.”[171] In June 2015, the then-chancellor (and prospective future Conservative Party leader) George Osborne had meetings with Rupert Murdoch in the run-up to imposing a controversial and damaging funding deal on the BBC.[172]

[169] Lord Justice Leveson, *An Inquiry into the Culture, Practices, and Ethics of the Press*, November 2012, Volume 3, Part I, Chapter 8, sections 2.1-2.13, p. 1430-1433, available online at <https://discoverleveson.com/levesonarticle/3/Leveson%20Report%200780#page=443>

[170] “Murdoch’s lobbying efforts are increasing, new analysis finds” Media Reform Coalition, 5 February 2017, available online at <https://www.mediareform.org.uk/featured/murdochs-lobbying-efforts-increasing-new-analysis-finds>

[171] Lord Justice Leveson, *An Inquiry into the Culture, Practices, and Ethics of the Press*, November 2012, Volume 3, Part I, Chapter 8, section 2.13, p. 1432, available online at <https://discoverleveson.com/levesonarticle/3/Leveson%20Report%200780#page=443>

[172] Jasper Jackson and Jane Martinson, “George Osborne met Rupert Murdoch twice before imposing BBC cuts” *The Guardian* 18 December 2015, available online at <https://www.theguardian.com/media/2015/dec/18/george-osborne-rupert-murdoch-bbc-cuts-news-corp>

Third, in 2018, at the end of its review of the proposed Fox-Sky merger, the Competition and Markets Authority concluded in its final report that the merger should be blocked because it would give the Murdoch Family Trust “too great a degree of control over the diversity of viewpoints consumed by audiences in the UK, and...too much influence over public opinion and the political agenda.” It did so noting that “members of the Murdoch family and representatives at News Corp have historically had greater access to government ministers than other comparable news providers, and the scope for access and influence could be increased following the Transaction”, and that the Murdoch Family Trust “is already in a particularly strong and in some respects unique position in relation to its control of media enterprises in the UK across a number of platforms”.^[173]

DMG Media is a UK media company, which publishes the *Daily Mail*, the *Mail on Sunday*, *Metro*, *i* newspaper and their digital equivalents, Mail Online, Metro.co.uk and inews.co.uk, through its subsidiary, Associated Newspapers. The company’s controlling shareholder is **Jonathan Harmsworth, the 4th Viscount Rothermere**. The Harmsworths are the oldest major newspaper dynasty in Britain. Alfred Harmsworth (the 1st Viscount Northcliffe) created the *Daily Mail* in 1896 (as well as the *Daily Mirror*); on his death in 1922 the *Mail* was inherited by his younger brother Harold Harmsworth, the 1st Viscount Rothermere – Jonathan Harmsworth’s great-grandfather – and then passed down several generations of the family.

The Mail is perceived in political circles to have an enormous influence on public opinion and the news agenda, and that influence appears to have given DMG Media some weight in some issues of media policy. However, it appears that Jonathan Harmsworth has not typically sought to wield this influence directly. Instead, DMG Media lobbies politicians on issues that affect the interests of its newspapers, often through **Peter Wright**, a former editor of the *Mail on Sunday* (1998-2012) and now editor emeritus at the company. He was one of the industry representatives involved in negotiating with the government over press regulation in the aftermath of the Leveson Report, and has appeared at a number of Parliamentary committee hearings – most recently, at the Communications and Digital Committee’s inquiry into the future of journalism.^[174] He also sits on IPSO’s complaints committee, and sat on the Cairncross Review’s Advisory Panel.^[175] For eight years Paul Dacre, who edited the *Daily Mail* from 1992-2018, was chair of IPSO’s (formerly the PCC’s) Editors’ Code of Practice Committee from 2008-2016.

Telegraph Media Group is a UK media company which publishes *The Daily Telegraph* and *The Sunday Telegraph* along with the telegraph.co.uk website. It is a subsidiary of Press Holdings, which also owns the art magazine *Apollo* and the conservative political magazine *The Spectator*, and is owned by the **Barclay Brothers**, a pair of British billionaires whose commercial interests have ranged across shipping, retail and hospitality as well as media. Their combined wealth is estimated at around £7bn (putting them 17th in the *Sunday Times Rich List* 2020) and they own the island of Brecqhou in the Channel Islands. *The Daily Telegraph* has long been the ‘house newspaper’ of the Conservative Party: the current Prime Minister, Boris Johnson, is a former Telegraph reporter and latterly one of its star columnists.

[173] Competition & Markets Authority, 21st Century Fox, Inc and Sky Plc: A report on the anticipated acquisition by 21st Century Fox, Inc of Sky Plc, 1 May 2018, paragraphs 95, 96 and 105, available online at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/713920/CMAFoxSky_report_nonconfidential.pdf

[174] House of Lords Select Committee on Communications and Digital, “Corrected oral evidence: The future of journalism - Witnesses: David Dinsmore, Chief Operating Officer, News UK; Peter Wright, Editor Emeritus, DMG Media” 23 June 2020, available online at <https://committees.parliament.uk/oralevidence/580/pdf/>

[175] The Cairncross Review: a sustainable future for journalism, 12 February 2019, p. 119, available online at <https://www.gov.uk/government/publications/the-cairncross-review-a-sustainable-future-for-journalism>

The deputy chairman of TMG is **Guy Black, Baron Black of Brentwood**, who sits as a Conservative peer in the House of Lords. Black is the former Director of the Press Complaints Commission (1996-2003), and former chairman of its funding body, the Press Standards Board of Finance. His association with the Conservative Party goes back to the 1980s, when he worked in the Conservative Party's Research Department; between 2003 and 2005, he was press secretary to the then-leader of the Conservative Party, Michael Howard, and director of communications for Conservative Central Office. Together with another peer, the former Conservative cabinet minister David Hunt, Baron Hunt of Wirral (who became chairman of the Press Complaints Commission in October 2011), Black presented a plan for a new form of contractual press self-regulation to the Leveson Inquiry in 2012. Leveson rejected the plan as inadequate on a number of grounds, but Black nevertheless involved himself in setting up IPSO, which then boycotted the Royal Charter system that Parliament established to monitor and ensure adequate press self-regulation. [176] Today, in addition to his position at TMG and his membership of the House of Lords, Guy Black sits on the board of the Regulatory Funding Company (IPSO's funding body) and chairs the News Media Association's Legal, Policy and Regulatory Affairs Committee.[177] He is also on the supervisory board of WAN-IFRA (the World Association of News Publishers), as well as being the Vice-President of News Media Europe, the Chairman of the Commonwealth Press Union Media Trust, the President of the Institute of Promotional Marketing, and a member of the Advertising Standards Board of Finance, the funding body for the Advertising Standards Authority. Black is one of the figures who link the Conservative Party to the right-wing national newspapers, connecting the party in Parliament to what the political scientist and historian of the Conservative Party Tim Bale has called "the party in the media." [178]

Guardian Media Group (GMG) is a UK media company, wholly owned by the non-profit Scott Trust Limited, which publishes *The Guardian* and *The Observer* newspapers along with theguardian.com website. The Scott Trust exists to protect the financial and editorial independence of *The Guardian* in perpetuity. *The Guardian's* politics range from liberal centre to centre-left (for more on this, see the section on *The Guardian* in part two of this report). As such, GMG is probably the news media organisation closest to the Labour Party. GMG regularly makes submissions and gives oral evidence to Parliamentary inquiries and government consultations on issues of media policy. Its director of public policy is **Matt Rogerson**, while **Gill Phillips** is *The Guardian's* director of editorial legal services.

GMG is, in general, in favour of progressive reform of laws concerning libel, official secrets and freedom of information. It is also the newspaper publisher most friendly—or least hostile—to the BBC. However, although GMG was initially in favour of more robust press standards regulation in the late 2000s and early 2010s, its position underwent a change in the aftermath of the Leveson Report: it backed away from supporting stronger press standards regulation and has since participated in the industry-wide press boycott of the post-Leveson system of press regulation created by Parliament.

[176] For the chapters of the Leveson Report outlining and analysing the Hunt-Black proposal, see Lord Justice Leveson, *An Inquiry into the Culture, Practices, and Ethics of the Press*, Volume 3, Part K, Chapters 2-3, p. 1595-1650, available online at

<https://discoverleveson.com/levesonarticle/4/Leveson%20Report%20078#page=130>

[177] <https://www.guyblack.org.uk/about>

[178] Tim Bale, *The Conservative Party: From Thatcher to Cameron* (Polity Press 2011), p. 2

In 2018, The Guardian endorsed calls for the cancellation of Part Two of the Leveson Inquiry.[179] Since GMG refused to join IPSO on the basis that it was not independent enough of the right-wing publishers who provided the bulk of its funding, and since it refused to join IMPRESS, the company is not a member of any press regulator. It claims to regulate itself, to which end it has a readers' editor.[180]

BROADCASTERS

The **Royal Television Society** is an educational charity, which organises regular meetings and seminars on issues arising in the television industry, and publishes the monthly industry magazine *Television*. Its biennial convention at King's College, Cambridge is a major event for the industry. The Society is more of a venue for discussion than an industry association or lobby group, but its events have often provided the platform for important figures in the industry to make speeches or give lectures that intervene in public policy debates – for instance, on the future of public service broadcasting. Another major venue for such interventions is the annual **Edinburgh International Television Festival**, where the James MacTaggart Lecture is usually given by an important industry figure on issues of the day. [181]

The UK's major broadcasters are often engaged in issues of media policy and competition policy. The **BBC**, in particular, is often involved in discussions and negotiations with the government over its Charter and its funding levels. The BBC's weight in, and reach across, British life makes the Director General and the Chair of the BBC Board both significant figures in their own right.[182] The BBC is often a standard-setting organisation for the rest of the sector.

Other broadcasters have sought to influence the direction of broadcasting policy, and the direction of Ofcom's decisions, on media policy issues that directly affect them – for instance, the public service broadcasting requirements. In 2015-16, when the Conservative government considered privatising **Channel Four**, its board was an important force in opposing the idea. The commercial broadcasters **ITV** and **Sky** have at times lobbied against the expansion of certain BBC services, such as the BBC's plans to introduce a 'BBC One +1' catch-up channel, and against increases in BBC funding.

The **Creative Industries Council** is a government consultative body, which includes major companies and institutions from across the 'creative industries', including the BBC and Channel Four, but its focus is mostly on issues that represent 'barriers to growth' for the sector, "such as access to finance, skills, export markets, regulation, intellectual property (IP) and infrastructure". [183]

[179] On *The Guardian* and press regulation, see Brian Cathcart, "The Guardian and Press Reform: a Wheel Come Full Circle" *The Political Quarterly*, Vol. 92, Issue 1, January-March 2021, available online at

<https://onlinelibrary-wiley-com.gold.idm.oclc.org/doi/full/10.1111/1467-923X.12959>

On *The Guardian* and Part Two of the Leveson Inquiry, see *The Guardian*, "The Guardian view on Leveson part two: look ahead, not behind" 1 March 2018, available online at

<https://www.theguardian.com/commentisfree/2018/mar/01/the-guardian-view-on-leveson-part-two-look-ahead-not-behind>

For a line-by-line critique of *The Guardian's* position, see Brian Cathcart, "The Guardian's Leveson Betrayal, Line by Line" *Inform* 2 March 2018, available online at: <https://inform.org/2018/03/02/the-guardians-leveson-betrayal-line-by-line-brian-cathcart/>

[180] <https://www.theguardian.com/info/2013/sep/23/guardian-readers-editor>

[181] For a list of past MacTaggart lectures, see

https://en.wikipedia.org/wiki/Edinburgh_International_Television_Festival#The_MacTaggart_Lecture The most recent MacTaggart lecture was given by the playwright and screenwriter Jack Thorne.

[182] See above for more information on the BBC's senior leadership.

[183] <https://www.gov.uk/government/groups/creative-industries-council>

TECH COMPANIES

Debates around media policy increasingly focus on the questions of if and how tech companies should be regulated. As a result, tech companies are increasingly important players in UK media policy. As the tech companies that play the biggest role in content intermediation, **Google** and **Facebook**, and to a slightly lesser extent **Twitter** have been the focus of political attention. Representatives from their public policy teams are regularly invited to give evidence at Select Committee inquiries into digital issues. These people are often figures with professional backgrounds in politics or the civil service.



Google's global vice president for public policy and government relations is Karan Bhatia, an American attorney, former senior official in the Bush Administration and former Deputy U.S. Trade Representative. Google's President for Business and Operations in Europe, the Middle East and Africa is Matt Brittin, former managing director of Google UK, who previously worked in media and marketing, including as director of strategy and digital for Trinity Mirror (now Reach plc). Google's government affairs and public policy manager for the UK is Tom Morrison-Bell, who previously worked at Microsoft, Google and techUK – the trade association for the UK's tech industry.



Facebook's head of global affairs is Nick Clegg, the former leader of the Liberal Democrats and Deputy Prime Minister in the Conservative-Liberal Democrat coalition government 2010-15. Its most senior figure in the UK is Nicola Mendelsohn, a former advertising executive and Facebook's vice president for its Global Business Group. Facebook's communications director for Northern Europe, Alex Belardinelli, is a former special adviser to Ed Balls, the former Labour shadow chancellor under Ed Miliband. Facebook's UK head of public policy, is Rebecca Stimson. Facebook has hired a number of former special advisors and civil servants in order to better influence the UK policy process. [184]



Twitter's global head of policy, strategy and development is Nick Pickles, the former director of the Big Brother Watch pressure group on privacy issues, and a former Conservative parliamentary candidate.[185] Katy Minshall is Twitter UK's head of government, public policy and philanthropy.

[184] Eleni Courea and George Greenwood, "Facebook accused of poaching UK officials to influence policy" *The Times* 25 August 2020, available online at: <https://www.thetimes.co.uk/article/facebook-accused-of-poaching-uk-officials-to-influence-policy-b2cv86ssk>

[185] Charles Arthur, "Privacy campaigner Nick Pickles to become Twitter UK policy chief" *The Guardian* 1 May 2014 <https://www.theguardian.com/technology/2014/may/01/privacy-campaigner-nick-pickles-to-become-twitter-uk-policy-chief>

CIVIL SOCIETY GROUPS

The **National Union of Journalists** is the trade union for journalists in the UK. In addition to defending the interests of its members at work, it runs campaigns on a range of issues which affect working journalists, and it also gives evidence to inquiries and consultations. Since 2011, the general secretary of the NUJ has been **Michelle Stanistreet**.

There are a number of civil society organisations that, either partly or exclusively, campaign on issues relating to media policy in the UK. The two most significant organisations focused primarily on media reform are Hacked Off and the Media Reform Coalition. **Hacked Off**, a campaign group set up in response to the phone hacking scandal, has enjoyed the support of many victims of phone hacking and other press abuses, and it has campaigned for better regulation of the press, the implementation of the Leveson Report recommendations, and the commencement of Part Two of the Leveson Inquiry. Its chair is **Hugh Tomlinson QC**, a barrister, who has represented a number of victims of phone hacking and other press abuses. Its policy director is Nathan Sparkes.

The **Media Reform Coalition** is a campaign group based at the Goldsmith Leverhulme Media Research Centre, which is itself based at the Department of Media, Communications and Cultural Studies at Goldsmiths, University of London. Its co-ordinating committee includes academics mostly working in the field of media studies and representatives from a range of campaigning organisations with an interest in media reform. The MRC's current chair is Tom Mills, Lecturer in Sociology and Policy at Aston University, and its current vice-chair is the producer and film editor Riaz Meer. Civil society organisations represented on its co-ordinating committee include the NUJ, Hacked Off, Avaaz and 38 Degrees. Avaaz and 38 Degrees are online campaigning organisations, primarily based in the US and UK respectively, which run campaigns on a range of issues including climate change, global peace, human rights, animal rights, poverty, democracy, corruption and the media.

A range of civil society organisations campaign either narrowly on issues of freedom of expression, or on a broader range of civil liberties or human rights issues including freedom of expression. Of the former, the most important are **English PEN** and **Index on Censorship**. Of the latter, the most important are **Liberty** and **Amnesty International**.

THINK-TANKS

The UK has a large constellation of think-tanks, which have played an important role in developing policy proposals that not always but often find their way into the platforms of political parties, and then into government policy.[186] For instance, in the 1970s, three think-tanks on the neoliberal right became increasingly important to Conservative Party thinking: the **Institute for Economic Affairs**, the **Adam Smith Institute** and the **Centre for Policy Studies**. Some, though by no means all, of their ideas fed into the policy programmes of the Thatcher and Major governments, including in the area of broadcasting policy. These think-tanks continue to produce occasional reports on media policy. Their most consistent long-term objective has been the conversion of the BBC from a publicly- to a privately-funded service – i.e. the abolition of the licence fee as the BBC's primary funding mechanism and its replacement with some form of voluntary subscription funding. A key figure of the political right, who has consistently articulated this view, is **David Elstein**, a former TV programme producer at the BBC and in the independent commercial sector, as well as the former head of programming at BskyB and Channel Five's first chief executive. In 2004 he was the lead author on the conservative Broadcasting Policy Group's report *Beyond the Charter: The BBC After 2006*, which advocated replacing the licence fee with subscription funding.[187] He has also argued for the privatisation of Channel Four.[188]

Today, along with the three mentioned above, there are a number of other right-wing think-tanks that contribute to the development of Conservative Party policy in a range of areas. Of these, the most important and wide-ranging are probably **Policy Exchange** and the **Social Market Foundation**. None of these think-tanks treat media policy as a central area of their focus, but all take some interest in the area and have published reports on issues in media policy.

On the Labour side, the most important think-tank during Labour's last spell in government, 1997-2010, was the **Institute for Public Policy Research**, which has very occasionally produced reports on media policy over the years, including an early blueprint for New Labour communications policy in its 1996 report, *New Media, New Policies*. [189] The IPPR hosts the **Oxford Media Convention**, an important annual gathering of senior figures from politics, regulation, academia and the media, where media policy issues are discussed.[190] Other important left-wing think-tanks include the **Fabian Society**, the **Resolution Foundation** and **Common Wealth**. The first covers a range of related policy areas including culture and technology, but has not usually intervened in media policy. The second is influential but more narrowly focused on living standards. The third, established in 2019, is more on the left of the party than the others, and has published a few reports addressing policy issues related to the media, technology and data.[191]

[186] https://en.wikipedia.org/wiki/List_of_think_tanks_in_the_United_Kingdom

[187] Owen Gibson, "Scrap BBC licence fee, Tories told" *The Guardian* 24 February 2004, available online at <https://www.theguardian.com/media/2004/feb/24/broadcasting.politicsandthemedias>

[188] David Elstein, "Channel 4: the case for privatisation" *openDemocracy* 1 March 2016, available online at <https://www.opendemocracy.net/en/ourbeeb/channel-4-case-for-privatisation/>

[189] Cristina Murrioni and Richard Collins, *New Media, New Policies: Media and Communications Strategies for the Future* (Polity Press 1996)

[190] <https://oxfordmediaconvention.com/>

[191] See for instance: Dan Hind, *The British Digital Cooperative: A New Model Public Sector Institution*, Common Wealth 20 September 2019, available online at <https://www.common-wealth.co.uk/reports/the-british-digital-cooperative-a-new-model-public-sector-institution> and Thomas Hanna, Mathew Lawrence and Nils Peters, *A Common Platform: Reimagining Data and Platforms*, Common Wealth 2 December 2020, available online at <https://www.common-wealth.co.uk/reports/common-platform-tech-utility-antitrust>

RESEARCH INSTITUTIONS AND CONSULTANCIES

In addition to public bodies and civil society organisations, the main producers of research that bears on issues of media policy, are universities and commercial consultancies.

Universities

There are many research centres and media studies, communications and/or journalism departments at universities across the UK, employing many academics who contribute to debates in media policy. These include:

- The **Department of Media, Communications and Cultural Studies at Goldsmiths, University of London**. [192] The **Goldsmiths Leverhulme Media Research Centre** is connected to the Department, and hosts the **Media Reform Coalition** (as well as the Media Influence Matrix project). [193]
- The **Department of Media and Communications at the London School of Economics**. [194] **Media@LSE** is the Department's blog for encouraging discussion around media and communications issues. [195] **Polis** is the LSE's media and journalism think-tank. [196]
- The **Reuters Institute for the Study of Journalism** and the **Oxford Internet Institute (OII)**, both at the **University of Oxford**. [197] The Reuters Institute publishes an influential annual **Digital News report** alongside reports on a wide variety of public policy issues connected to journalism. The OII publishes a wide range of research on the impact of the internet and digital technologies on society.
- The **Department of Culture, Media and Creative Industries at King's College, London**. [198] Connected to the Department is the **Centre for Media, Communications and Power**, run by **Martin Moore**, former director of the Media Standards Trust. [199]
- The **School of Journalism, Media and Culture at Cardiff University**. [200] Connected to the Department is the **Centre for Community Journalism**, which provides research on and training for hyperlocal and community journalism. [201]
- The **Department of Journalism at City, University of London**. [202]
- The **University of Westminster's School of Media and Communication**. [203] The **Communication and Media Research Institute (CAMRI)** is situated within the School. [204]
- The **Glasgow Media Group**, a group of scholars and specialists in the field of communications based at the **University of Glasgow**. [205] The Group has been producing the 'Bad News' series – studies analysing and critiquing biases in British TV, radio and print news on a range of topics – for over thirty years.

[192] <https://www.gold.ac.uk/media-communications/>

[193] <https://www.gold.ac.uk/media-research-centre/>

[194] <https://www.lse.ac.uk/media-and-communications>

[195] <https://blogs.lse.ac.uk/medialse/>

[196] <https://www.lse.ac.uk/media-and-communications/polis>

[197] <https://reutersinstitute.politics.ox.ac.uk/> <https://www.oii.ox.ac.uk/>

[198] <https://www.kcl.ac.uk/cmci>

[199] A think-tank that has produced reports on media policy issues, including important work on press regulation around the time of the Leveson Inquiry.

[200] <https://www.cardiff.ac.uk/journalism-media-and-culture>

[201] <https://www.communityjournalism.co.uk/>

[202] <https://www.city.ac.uk/about/schools/arts-social-sciences/journalism>

[203] <https://www.westminster.ac.uk/media-and-communication-courses>

[204] <https://camri.ac.uk/>

[205] <https://www.glasgowmediagroup.org/>

Commercial Consultancies

The UK is home to a number of major professional services firms, which provide services to the public sector and the media industries, including Deloitte, EY, KPMG and PricewaterhouseCoopers. Alongside these, there are some more specialist firms that produce research on developments in media and technology, provide consultancy to clients in the media and technology sectors, sometimes contribute to public policy debates in these areas, and are often quoted in the press or invited to provide commentary on TV and radio news and current affairs programmes. These consultancies include:

- **Communications Chambers**, a consultancy specialising in telecoms, media and technology, which advises on issues of strategy, policy and regulation.[206] Its senior advisors **Kip Meek** and **Tim Suter** both have regulatory backgrounds, including at Ofcom. Tim Suter is a former member of Ofcom's Content Board and its main Board.[207]
- **Enders Analysis**, a research and consulting firm specialising in telecoms, media and technology. [208] Its main output is a subscription research service to which most major companies in the UK media industry subscribe, alongside consultancy work. Its founder is **Claire Enders**, a former media executive and an influential figure in the media industry who, in 2010, played an important role in lobbying the Business Secretary Vince Cable to intervene in the 2010-11 News Corp bid to buy BSkyB, and in organising industry opposition to the bid.[209]
- **Mediatique**, a strategic advisory firm specialising in the media and communications industries. [210] It has been commissioned to produce important research on developments in news and media for, among others, Ofcom, the BBC, IPSO and the DCMS.[211] Its director, **Mathew Horsman**, was formerly media editor of *The Independent*.

EXTERNAL

The most important external influence on UK media policy in recent decades has been the **European Union**, in a range of areas, including the **Audiovisual Media Services Directive** and the **General Data Protection Regulation (GDPR)**. Additionally, other areas of EU law and regulation also impact on UK media – for instance, the European competition regime. However, as a result of Brexit, the future relationship between law and regulation in the EU and in the UK, across all these areas, is an open question. Future UK trade agreements with the EU and other countries may also have an impact on the regulations affecting UK media. For instance, the US government has, in the past, clearly stated its opposition to the introduction of the UK's Digital Services Tax on the basis that it targets the big US digital platforms such as Google and Facebook.[212] (For more on the Digital Services Tax, see the section on tax avoidance in part three of this report.)

[206] <http://www.commcham.com/>

[207] <http://www.commcham.com/our-members/>

[208] <https://www.endersanalysis.com/>

[209] James Robinson, "Rupert Murdoch's Sky takeover should be blocked, Vince Cable told" *The Guardian* 3 September 2010, available online at <https://www.theguardian.com/media/2010/sep/13/rupert-murdoch-bskyb-claire-enders>

[210] <http://www.mediatique.co.uk/>

[211] http://www.mediatique.co.uk/Independent_Research

[212] "US says 'no free trade deal with UK unless digital tax scrapped'" *Sky News* 3 August 2019, available online at <https://news.sky.com/story/us-says-no-free-trade-deal-with-uk-unless-digital-tax-scrapped-report-11776240>

IMPACT: CASE STUDIES OF DECISION-MAKING AND INFLUENCE

1. THE 2010-11 NEWS CORP-SKY MERGER & THE 2016-18 FOX-SKY MERGER

In 2010, Rupert Murdoch's American media conglomerate, News Corporation, launched a bid to acquire Sky plc, a satellite broadcaster. Sky had long been the leading pay-TV provider in the UK, the primary holder of FA Premier League TV rights and a major importer of American films and TV series. News Corp owned a 39.1% stake in Sky, which gave it material influence over the company but not full control. Rupert Murdoch's son James Murdoch had been CEO of Sky between 2003 and 2007, and he was non-executive chairman from 2007 until 2012 (succeeding his father, Rupert), then returning again as chairman in 2016.

Under the Communications Act 2003, the Secretary of State for Digital, Culture Media and Sport can intervene in media mergers on a range of defined 'media public interest' grounds (see above). In late 2010, the Business Secretary Vince Cable issued a notice of his decision to intervene in the merger on the grounds of concern about its impact on media plurality in the UK. Ofcom conducted an initial, 'phase 1' investigation of the merger on these grounds and concluded that the bid did raise 'initial concerns'. In the meantime, the Secretary of State for Culture, Media and Sport, Jeremy Hunt had taken over ministerial responsibility for the bid after Cable was exposed by a newspaper for making comments on the bid, which was incompatible with his 'quasi-judicial' role in the process. Hunt then negotiated undertakings, in lieu of reference to the competition regulator for a much longer 'phase 2' investigation, with News Corp and Sky, taking advice from Ofcom.

The undertakings involved carving out Sky News from the rest of the company in such a way that News Corp would continue to provide funding for it but would only own a minority stake in it commensurate with its existing 39.1% holding in Sky.

In July 2011, while regulators were negotiating with News Corp on its undertakings, the phone hacking scandal exploded into the news. Public revulsion was so overwhelming that a House of Commons motion calling on Murdoch to withdraw the bid was supported by all parties and passed without a vote. Just before the motion was passed, News Corp withdrew its bid for Sky.

For years afterwards, the Murdochs and News Corp were dogged by the legal and reputational damage of the scandal, which made them effectively unable to mount a renewed bid for Sky. However, in 2013, James Murdoch declared the takeover of Sky "unfinished business", signalling their intention to return for a second go. Finally, in December 2016, 21st Century Fox – one of the two successor companies that were created in 2014 when the Murdochs split News Corp in two – launched a new bid for Sky.^[213]

In 2010, the merger was challenged on the grounds that it posed a threat to the existence of sufficient plurality in the ownership and control of UK news media. In early 2017, the DCMS Secretary, Karen Bradley, intervened in the bid on two grounds: the same plurality ground as in 2010, but also the need to ensure that broadcasting licence holders have a genuine commitment to upholding UK broadcasting standards.

[213] "News Corp withdraws bid for BSkyB" BBC News 13 July 2011, available online at <https://www.bbc.co.uk/news/business-14142307>

The chief plurality concern generated by the bid was that if 21st Century Fox acquired whole ownership of Sky, they would acquire full control of Sky News, one of the most important and highly-rated news brands in the UK, with a presence on TV (via the second most watched 24-hour news channel in the UK after BBC News), radio (as the main supplier of news bulletins for commercial radio stations) and online (as the provider of one of the most visited news websites and apps in the UK). Backed by the enormous financial resources of 21st Century Fox (at that time, a company with several times the annual revenue of the BBC), Sky News could acquire an even stronger position in the UK's news media landscape. This would have given the Murdochs enormous influence over public opinion, in addition to the influence they have already held through the UK newspapers owned by their other company, (the new) News Corp – i.e. *The Times*, *The Sunday Times*, *The Sun* and *The Sun on Sunday*. They would have had the ability to set the news agenda by determining the editorial priorities of key news media across all four major news platforms: print, TV, radio and online.

Once the Secretary of State intervened on those two media public interest grounds, the first step of the review process was for Ofcom to conduct initial, 'phase 1' reviews of the mergers on both grounds. These are normally given a month to be completed but in the course of Ofcom's review, Theresa May called a General Election for June 2017, and the publication of the reviews was postponed until after the election had concluded.

Ofcom's job in the 'phase 1' reviews was not to reach a definitive judgement on whether the merger should be blocked but to ascertain whether there were 'initial concerns' warranting a second, longer and deeper investigation. Ofcom determined that there were such concerns around plurality, but not around broadcasting standards.

Then, as in 2011, Karen Bradley consulted with the parties of the bid whether they could provide undertakings that would assuage the concerns raised by the regulator. However, she eventually decided instead to refer the bid to the Competition and Markets Authority for a deeper 'phase 2' investigation on both plurality and broadcasting standards grounds. In the background, a scandal was unfolding in the United States at 21st Century Fox's biggest source of profit, Fox News, over allegations of sexual harassment, payoffs and a corporate cover-up: a sequence strikingly redolent of News International's initial corporate response to the phone hacking allegations. The emerging scandal added to the pressure on the Secretary of State to ensure the bid faced the fullest regulatory scrutiny.

The Competition and Markets Authority then began a 6-month long 'phase 2' investigation into both of the public interest concerns about the merger. Its inquiry took written and oral testimony from a wide range of parties, including the parties to the bid, independent industry experts and analysts, representatives from a range of campaigning organisations opposed to the bid. These included Avaaz, 38 Degrees, Hacked Off and the Media Reform Coalition, and a cross-party group of politicians such as the former Labour leader Ed Miliband, the Labour peer and former cabinet minister Charlie Falconer, the Conservative MP and former cabinet minister Ken Clarke, the former cabinet minister and then-leader of the Liberal Democrats Vince Cable, and the backbench Labour peer David Puttnam – the very person responsible for the media public interest clauses of the Communications Act, as the peer who led a backbench Lords rebellion against the then-Labour government's bill to ensure greater protection for public interest concerns in media mergers.[214]

[214] The merger inquiry page on the UK government website includes a complete collection of the evidence submitted at all stages of the inquiries and the reports published by the regulators. It is available online at <https://www.gov.uk/cma-cases/twenty-first-century-fox-sky-merger-european-intervention-notice>

Having examined the evidence arrayed from a wide range of perspectives for over six months, the CMA concluded that the merger did raise public interest concerns relating to plurality, but not relating to broadcasting standards. A new round of consultation by the CMA ensued on the question of potential remedies Fox and Sky could provide that would allow the CMA to clear the bid. Opponents of the bid argued that none of the remedies offered by Fox and Sky sufficiently mitigated the dangers arising from the power that the Murdochs would acquire over Sky News through its ownership, especially given their history of actively seeking influence over the news agenda as a tool to acquire special favours from politicians – including the deregulation of rules that obstructed their ability to acquire even more influence.

While the process of regulatory scrutiny at the CMA was ongoing, and in fact before the CMA had even published its initial conclusions about the merger, the Murdochs announced that the majority of 21st Century Fox – primarily its TV entertainment and film assets – would be sold to Disney, including its 39.1% stake in Sky. Disney would thus take over the Fox bid for Sky which, if approved, would mean that Disney would be its eventual owner. However, this deal was still in the process of being completed at the time when the CMA delivered its decisions. Consequently, the CMA could not approve the deal on the basis that Disney, not Fox, would be Sky's owner.

The CMA rejected the remedies offered by Fox and Sky, concluding that while Fox's bid for Sky should simply be blocked, Disney's acquisition of Sky would not raise the same plurality concerns as Disney did not own any UK news assets. Nevertheless, while the regulators were scrutinising the bid, a rival US media conglomerate, Comcast, decided to launch its own bid for Sky. Comcast outbid Fox/Disney and acquired full ownership of Sky, including Fox/Disney's stake, and Sky is now a wholly-owned subsidiary of Comcast, which owns NBC News in the US but no other news assets besides Sky News in the UK.

Impact on Journalism in the UK

The Murdochs continue to own *The Times*, *The Sun* and their Sunday editions through their UK subsidiary, News UK. News UK has recently launched *Times Radio*, and reportedly plans to launch a right-wing video news service in the UK soon, although whether it will be shown live on terrestrial TV remains unclear.

The 2017-18 Fox-Sky case represents the first and only time that a media merger has been blocked by regulators on the 'media public interest' grounds set out in the 2003 Communications Act. Although the British press is the least trusted in Europe, British broadcasters remain comparatively well-rated by the British public for the quality of their reporting (although trust in the broadcasters, and the BBC in particular, has also fallen in recent years). In any study of the reasons for the deterioration of journalistic standards at British newspapers, and of low public trust in British journalists, Rupert Murdoch and his impact on the UK newspaper market must stand out as one of the principal causes, for much the same reasons that apply to the impact of Fox News on US broadcast news. The danger of Murdoch's proposed takeover of Sky was always that he would turn Sky News into a 'Fox News UK', using Sky News' established position and brand to start a 'race to the bottom' in the journalistic standards of UK broadcast news, while flooding the online news market in the UK with the same low-grade content. News UK's plans to launch a right-wing video news service in the UK indicate that Murdoch's desire to create a 'Fox News UK' did not end with his regulatory defeat. However, the regulator's decision means that Murdoch will have to start a new channel from scratch, with none of the brand power, reputation or name recognition accumulated by Sky News over decades of broadcasting – clearly a more formidable task than merely reorienting the editorial direction of a well-established major UK news brand.

2. FOX NEWS AND OFCOM, 2017

For years, the Fox News channel had been available to watch in the UK via the Sky satellite platform (although not on Freeview). However, at the end of August 2017, 21st Century Fox decided to stop broadcasting the channel in the UK and surrender its licence to Ofcom. At the time, Fox's official explanation was that 'poor ratings' meant it was "not in our commercial interest to continue providing Fox News in the UK".[215] But the timing and context suggested a more plausible explanation. At that time, 21st Century Fox was in the middle of trying to acquire Sky and needed to convince the UK regulators that it had a 'genuine commitment' to upholding UK broadcasting standards (see the case study above on the Fox-Sky merger). At the same time, it was becoming increasingly clear, through a series of regulatory decisions reached by Ofcom, that Fox News's content was regularly in breach of the Ofcom Broadcasting Code:

- In January 2015, Ofcom found Fox News in breach of the Code for broadcasting the assertion that Birmingham was a "no-go zone" for non-Muslims (in the aftermath of the *Charlie Hebdo* attack in Paris), concluding that this was "clearly misleading".[216]
- In August 2016, Ofcom found Fox News had committed two further breaches of the Code: by breaching the rules governing election coverage in the run-up to the EU referendum in June 2016, and by breaching impartiality rules in a discussion of abortion in April 2016.[217]
- In August 2016, during the US presidential election campaign, Ofcom conducted routine monitoring of the Fox News channel. It reviewed several episodes of *'Hannity'*, Sean Hannity's regular evening talk show. In November 2016, it ruled that the show clearly breached the Broadcasting Code's provisions on 'due impartiality' in its discussion of the Democratic candidate Hillary Clinton. Even taking into account the audience's expectation that *Hannity* would provide a conservative viewpoint, Ofcom judged that the degree of bias on display in *Hannity*'s remarks went beyond what was permissible under the UK code.[218]
- In December 2016, Ofcom ruled that a segment on the Fox News show *Fox & Friends* in June 2016 breached the Code by failing to maintain a clear enough distinction between editorial content and advertising.[219]

[215] A link between the decision and concern about the deal was drawn across most contemporaneous media reporting. See: "Fox News Goes Off The Air In Britain As U.K. Scrutinizes Company's Bid To Buy Sky" NPR 30 August 2017, available online at <https://www.npr.org/sections/thetwo-way/2017/08/30/547290745/as-21st-century-fox-seeks-to-take-over-sky-fox-news-goes-off-the-air-in-britain> "Sky stops broadcasting rightwing US channel Fox News in UK" *The Guardian* 29 August 2017, available online at <https://www.theguardian.com/business/2017/aug/29/sky-to-stop-broadcasting-rightwing-us-channel-fox-news-in-uk> "Fox News Goes Dark In UK: Is It About Ratings, Or The Sky Deal?" [216] Ofcom, *Broadcast Bulletin Issue 288*, 21 September 2015, available online at https://www.ofcom.org.uk/__data/assets/pdf_file/0017/50507/issue_288.pdf

[217] Ofcom, *Broadcast and On Demand Bulletin Issue 311*, 22 August 2016, available online at https://www.ofcom.org.uk/__data/assets/pdf_file/0028/88750/Issue_311_of_Ofcoms_Broadcast_and_On_Demand_Bulletin.pdf

[218] Ofcom, *Broadcast and On Demand Bulletin Issue 317*, 21 November 2016, available online at https://www.ofcom.org.uk/__data/assets/pdf_file/0023/94271/Issue-317.pdf

[219] Ofcom, *Broadcast and On Demand Bulletin Issue 319*, 19 December 2016, available online at https://www.ofcom.org.uk/__data/assets/pdf_file/0018/96012/Issue-319-of-Ofcoms-Broadcast-and-On-Demand-Bulletin,-to-be-published-on-19-December-2016.pdf

- In March 2017, Ofcom ruled that certain Fox Extra segments shown in August 2016 and at other times breached the Code by promoting – by giving undue prominence to – products within programming.[220]
- In November 2017 (by which time 21st Century Fox had removed the Fox News channel from the Sky platform), Ofcom ruled that there had been two further breaches of the code by Fox News, in January and May 2017. In January, the Hannity programme breached impartiality rules in its coverage of the debate around Donald Trump's executive order restricting travel to the US from seven majority-Muslim countries – the so-called 'Muslim ban'. In May, Tucker Carlson's programme breached impartiality rules in its coverage of the Manchester terrorist attack, which took place on 22 May 2017.

Over the period between January 2015 and May 2017, Ofcom found Fox News to have committed eight separate breaches of the Broadcasting Code, four of which were breaches of impartiality rules. These figures must be seen in context. Although some of them result from routine monitoring, most of Ofcom's broadcasting standards investigations are triggered by audience complaints to the regulator. When it withdrew the channel from the Sky platform, 21st Century Fox claimed that the channel had only had a very small audience of around 40,000 viewers. Therefore, the pool of potential complainants was also very small compared to the main UK TV channels. Equally, a channel with so few viewers is likely to be a lower priority for Ofcom's routine standards monitoring. Therefore, there is a strong likelihood that the number of breaches of UK broadcasting rules that Ofcom failed to detect may be even higher. The reason for this is that the smaller viewership compared to other channels with more UK viewers resulted in fewer complainants, and the channel was not being monitored as often as the main UK channels. The advent of the Fox-Sky merger case put Fox at risk of greater regulatory attention regarding its compliance with UK broadcasting standards, both by viewers concerned about Fox News and by Ofcom itself.

Anyone familiar with the content of Fox News can see that its highly polemical and vociferously conservative programming is often going to be incompatible with the impartiality requirements of UK broadcasting regulation. As the regulatory decisions above illustrate, Ofcom found that to be the case on several occasions in a relatively short period.

Impact on Journalism in the UK

The short-term impact of Ofcom's enforcement action is clear: despite Fox's denials at the time, it seems overwhelmingly likely that Ofcom's decisions and the context of the Fox-Sky bid were what led 21st Century Fox to withdraw the channel from the Sky platform. However, the long-term impact on UK journalism seems likely to be much more limited.

As the Fox News channel was watched by so few people in the UK, its withdrawal was not a major news story or the occasion for much commentary. The major UK broadcasters all accept UK broadcasting standards regulation and do not seem to regard deregulation as a priority. According to survey evidence, the British public prefer those news providers whose output is presented in a more impartial and objective manner. Even if deregulation were to occur, the BBC would likely continue to present news in that manner. Moreover, as Ofcom itself acknowledges, regulation for impartiality does not preclude some editorialising through the selection and prioritisation of different news stories. The Fox News case did not lead to calls for the Broadcasting Code to be changed.

[220] Ofcom, *Broadcast and On Demand Bulletin Issue 324*, 6 March 2017, available online at https://www.ofcom.org.uk/_data/assets/pdf_file/0021/98031/Issue-324.pdf

29 August 2017, available online at <https://deadline.com/2017/08/fox-news-goes-dark-uk-ratings-sky-deal-1202157801/>

However, the public's media consumption habits – including their news consumption habits – are shifting away from broadcast TV, which Ofcom regulates on the basis of fairly strict standards, and towards the internet, which is largely unregulated for such standards. YouTube videos, Netflix documentaries and so on are not regulated for any content standards save those imposed by the platforms themselves, such as they are. Even the government's proposed 'online harms' legislation is not intended to impose the kinds of standards, such as impartiality and accuracy, to which Ofcom holds broadcasters, and especially broadcast news. Reflecting this regulatory difference between TV and online, Fox News recently returned to the UK as a subscription streaming service – as such, it does not require a broadcasting licence and is not regulated for conformity to Ofcom's Broadcasting Code. [221]

In mid-2020, two rival efforts to launch a Fox News-style 'opinionated' current affairs TV channel in Britain were announced. [222] One, GB News, has already been launched and on air for several months. Its founders apparently intend to provide a (right-wing) rival to the BBC and Sky News. The other is being developed by News UK, which already runs some radio stations in the UK including Times Radio (launched in June 2020), and which was granted a licence to run a TV channel by Ofcom in December 2020. [223] Both of these new services are intended to provide right-wing news and comment, and they therefore seem likely to test the robustness of Ofcom's enforcement of the Broadcasting Code rules on impartiality in particular.

3. THE TIMES, ANDREW NORFOLK AND IPSO, 2017-19

In 2017-18, *The Times* published three separate series of articles by its chief investigative reporter, Andrew Norfolk, a former winner of the Paul Foot Award and the Orwell Prize for his journalism. Each of these article series contained serious inaccuracies, the common denominator of which was that they all involved the presentation of Muslims as threatening, or of local authorities so warped by political correctness that they engaged in actions which either risked, or actually led to, Muslims causing harm to vulnerable people.

Norfolk had won awards for a series of reports in 2011, which exposed "a repeated pattern of sex offending in towns and cities across northern England and the Midlands involving groups of older men who groom and abuse vulnerable girls aged 11 to 16 after befriending them on the street." Norfolk reported that "[m]ost of the victims are white and most of the convicted offenders are of Pakistani heritage," and alleged a "culture of silence" where police forces, charities and agencies "denied publicly that ethnicity has any relevance" to the problem of on-street grooming. In short, Norfolk's reporting claimed that the fear of inflaming sensitivities around race had inhibited authorities from more effectively tackling the problem by acknowledging that men of south Asian heritage were overrepresented in on-street grooming cases.

[221] Jesse Whittock, "Fox News streamer headed to UK" Broadcast 12 August 2020, available online at <https://www.broadcastnow.co.uk/broadcasters/fox-news-streamer-headed-to-uk/5152257.article>

[222] Jim Waterson, "Rivals plan Fox News-style opinionated TV station in UK" *The Guardian* 29 August 2020, available online at <https://www.theguardian.com/media/2020/aug/29/rivals-plan-fox-news-style-opinionated-tv-station-in-uk>

[223] Jim Waterson, "Rupert Murdoch's News UK TV channel given approval to launch" *The Guardian* 1 December 2020, available online at <https://www.theguardian.com/media/2020/dec/01/rupert-murdochs-news-uk-tv-channel-given-approval-to-launch>

Since then, a study commissioned by the Home Office, and only recently published in response to a Freedom of Information request by *The Independent*, concluded that links between men of south Asian heritage and grooming cases could not be proven: “Based on the existing evidence, and our understanding of the flaws in the existing data, it seems most likely that the ethnicity of group-based CSE offenders is in line with child sexual abuse more generally and with the general population, with the majority of offenders being white.”[224] There is no evidence of a similar police reluctance, for instance, to use stop and search tactics against young black British men for fear of offending racial sensitivities.

By contrast, there is evidence of widespread police failures across the UK to properly record and investigate sexual crimes, especially where the victims are vulnerable women. As one commentator has argued, “This overall inadequacy when it comes to rape and sex offence cases across the UK has nothing to do with race. There are many reasons why working-class and vulnerable girls who have been subjected to abuse would fail to get help when even the cases of rape that are brought to the attention of the police rarely get prosecuted in the UK.”[225]

Whatever the merits of Norfolk’s 2011 reporting, three of his subsequent stories involving British Muslims have since been shown to contain serious inaccuracies. A 72-page report by two independent journalists in June 2019 catalogued these in detail. [226] The first story, published in August 2017, involved false allegations that Muslim foster carers mistreated a child put in their care by a local authority. The second story, published in July 2018, alleged that a human rights charity – most of whose trustees were Muslims – published a report about an MP so scathing that it led to death threats against the MP. As a result of the story, the charity was forced to close. *The Times* later admitted that there was no evidence that the report had led to death threats. The third, published in November 2018, alleged that a local council had encouraged a convicted rapist who is a British Pakistani to seek the legal right to visit and play a role in the upbringing of his vulnerable son. It has since emerged that the council merely followed the required court rules in providing the father with notification of care proceedings and provided no ‘encouragement’ to him to participate in them. In all three articles, the report by two independent journalists found “facts that would have led readers to question central elements of what was being alleged – facts which we are satisfied any responsible reporter would have established before publishing – tended to be minimised or ignored. ... Norfolk appears to us to have shown a tendency to stress information that was critical of Muslims and to ignore or give little weight to information which was not.” [227]

Just as importantly, the report highlighted not only that *The Times* had “not apologised for or corrected the significant inaccuracies in any meaningful way, still less...taken down articles from its website,” but that the press self-regulator of which *The Times* is a member – IPSO – had “failed to respond effectively to complaints or to ensure that the correct facts were placed before *Times* readers.” [228]

[224] Lizzie Dearden, “Grooming gangs come from ‘diverse backgrounds’, says Home Office as review finally published” *The Independent* 15 December 2020, available online at

<https://www.independent.co.uk/news/uk/crime/grooming-gangs-review-race-religion-home-office-bl774161.html>

[225] Aniqah Choudhri, “Fear of racism isn’t to blame for the police’s failure to stop grooming gangs – they fail abuse victims across all kinds of cases” *The Independent* 22 January 2020, available online at

<https://www.independent.co.uk/voices/manchester-grooming-gangs-racism-police-sexual-abuse-a9297336.html>

[226] Brian Cathcart and Paddy French, *Unmasked: Andrew Norfolk, The Times Newspaper and Anti-Muslim Reporting - A Case to Answer*, June 2019, available online at https://pressganguk.files.wordpress.com/2019/06/norfolk_report_tce_t2_all_lo.pdf

[227] Cathcart and French, *Unmasked*, p. 4-5

[228] Cathcart and French, *Unmasked*, p. 6

The case demonstrates four of IPSO's major weaknesses as a regulator. First, its rules on who can make a complaint that will be investigated are narrow: the complainant must be someone personally involved in the story that the complaint refers to. Consequently, if a complaint only refers to a certain part of an article containing inaccuracies about the complainant, IPSO investigates and requires correction only of these inaccuracies even if there are other significant inaccuracies that nobody with the relevant standing has complained about. This is what happened in the case of the first story, published in August 2017, when the local council submitted a complaint. The independent journalists noted that "[m]ore than 250 individuals and organisations complained about [the] 'Muslim foster care' [story]" but IPSO "refused to consider any of these complaints".[229] Instead, it only considered the council's complaint. As a result, "[a]lthough the paper was found guilty of distortion it was only on the very limited point of the council's 'failure' as alleged in one article on the third day of Norfolk's coverage. Thus IPSO, having rejected 250 complaints, addressed just one and upheld one aspect of it. By choice it only nibbled at the edge of the problem".[230]

Second, and closely related to the first flaw, IPSO's standards code doesn't cover what is arguably the most significant area of contemporary press misconduct: discriminatory reporting about social groups. Although Clause 12 of IPSO's 'Editors' Code of Practice' covers discrimination and says that the press "must avoid prejudicial or pejorative reference to an individual's race, colour, religion, sex, gender identity, sexual orientation or to any physical or mental illness or disability", it explicitly excludes prejudicial or pejorative references to groups of people defined by such characteristics – e.g. transgender people in general.[231] So not only is the scope of who can complain too narrow – so too is IPSO's definition of discriminatory reporting. This leaves vast areas of contemporary British press misconduct effectively excluded from (self-)regulatory enforcement. The third inaccurate story has never been the subject of any ruling by IPSO. Moreover, its rules effectively preclude it from even identifying, let alone investigating or criticising, an obvious pattern of discriminatory reporting across the three stories. IPSO has never formally found any article published by the titles it regulates to have breached the section of its code covering discrimination.

Third, even in cases where IPSO does consider a complaint from someone with the standing to make a complaint about a breach of its code of practice by one of its members, IPSO's judgements sometimes go to considerable lengths to absolve its members of blame. In their report, the independent journalists even found that IPSO's judgement on the accuracy of the second story, about alleged death threats, was actually more lenient than *The Times's* own: on one key point of inaccuracy "*The Times* pleaded guilty...but IPSO declared it innocent." [232]

Fourth, even where IPSO does rule in a complainant's favour and insist on the publication of an apology or correction in the offending title, it is often satisfied with apologies and corrections that are small, lack prominence, published on days or at times when they are unlikely to be noticed by many people, and lack a proper account of the decision reached. In the case of the second story, *The Times* published only a partial correction, on page 24 of its edition on 24 December 2018 – Christmas eve, when it was unlikely to be noticed by many people.

These flaws in IPSO's enforcement were predictable: they are a reflection of some of the specific ways in which the Leveson Report's recommendations for a new system of press regulation were watered down by politicians who were influenced by newspaper publishers' lobbying.

[229] Cathcart and French, *Unmasked*, p. 53

[230] Cathcart and French, *Unmasked*, p. 55

[231] <https://www.ipso.co.uk/editors-code-of-practice/#Discrimination> According to one IPSO complaints officer, "For me, there's a difference between directing a pejorative (contemptuous or disapproving) term at a specific, named person, and directing it at a group as a whole: the effect of the language on any one member of the group is diluted." John Buckingham, "How Clause 12 (Discrimination) works" IPSO Blog 16 March 2018, available online at <https://www.ipso.co.uk/news-press-releases/blog/ipso-blog-how-clause-12-discrimination-works/>

[232] Cathcart and French, *Unmasked*, p. 56

Impact on Journalism in the UK

The impact of this case on journalism in the UK is hard to determine precisely. What it illustrates above all is the weakness of IPSO as a regulatory enforcer of journalistic standards in the British press, especially in comparison to Ofcom's relatively robust enforcement of broadcasting standards. Ofcom is a statutory body. IPSO was set up by some of the biggest newspaper publishers. The comparison between their respective enforcement practices goes to show why those newspaper publishers were so opposed to Parliament establishing a system which more closely followed Leveson's recommendations: they were, above all, opposed to the more robust regulatory enforcement of the standards to which they ostensibly subscribe.

A particularly important sticking point for the publishers during the negotiations was the issue of who could make complaints and whether complaints about discriminatory reporting on groups would be considered. The case of the inaccurate Norfolk/*Times* stories perfectly demonstrates the kind of reporting failures that the effort to reform press regulation sought to address, and which the effort to stop that reform by the press sought to protect a degree of impunity for.

It is hard to demonstrate empirically the effects that the weak regulatory enforcement of standards has on the industry as a whole. But the whole premise of the Leveson Inquiry which the newspaper publishers themselves appeared to accept – at least while the Inquiry was ongoing – was that the lack of an adequate system of press regulation contributed to the development of the widespread use of unethical and illegal newsgathering practices in the newspaper industry, the publication of harmfully inaccurate or misleading stories, and the frequent harm of ordinary members of the public who were unlucky enough to find themselves caught up in news stories. It therefore seems plausible to conjecture that one future impact of inadequate regulatory enforcement, like in the case of Andrew Norfolk and *The Times*, may be to allow a repeat of those failings.

CONCLUSION

There are three main areas of media regulation in the UK: those covering broadcasting, the press and online. Broadcasting is the most heavily regulated, and has remained so over the last twenty years, apart from some deregulation of the Public Service Broadcasting output requirements on the main terrestrial broadcasters in the 2000s. Having been largely unregulated (except by general laws like defamation and the law of contempt) for most of the twentieth century and the first decade of the twenty-first, the questions of whether and how to regulate the press became defining media policy questions of the early 2010s. Press regulation remains a contested and unsettled area, even if the media policy agenda at Westminster and in Whitehall has moved on from it. Meanwhile, the internet is almost totally unregulated in the UK and Parliament has, on the whole, been very slow even to comprehend the nature of the online world, let alone to consider seriously the questions of whether and how to regulate it.

After several decades of a general move towards deregulation in the field of media policy, the last decade has witnessed a (contested) step towards more regulation of the press, and widespread agreement that the online world cannot go on being totally unregulated, even if the debate about how precisely the internet and especially the big digital platforms should be regulated has really only just begun in the last four or five years. In other areas of law that affect the media, the last decade has been a mixed one. On the one hand, there was a long overdue reform of defamation law to give more protection to various forms of free speech. On the other hand, the public's access to information held by public bodies via Freedom of Information law appears to have regressed. Other areas of law like data protection are now set to be much more determined by decisions taken at Westminster, compared to the time when the UK was still an EU member state and followed EU regulations in this area. However, for the time being it appears that the decision Westminster has taken is to maintain alignment with the EU GDPR.

Three major issues stand out as most likely to define the media policy agenda during the 2020s. First, **the regulation of the internet**. Clearly, this is an issue with many dimensions: the protection of data and privacy online; regulation of social media and other platforms to prevent 'online harms'; regulation of video content provided by major new online players including YouTube, Netflix and Amazon Prime Video that barely existed when the 2003 Communications Act was introduced; issues of monopoly and oligopoly in online markets, particularly the online advertising market, which is dominated in the UK by Facebook and Google. Over the last five years, some of these issues have begun to be considered by public bodies and Parliamentary committees but no major legislation has yet been passed. That is set to change over the next year with the passage of the government's proposed Online Safety Bill, and with forthcoming reforms to competition policy intended to promote competition in digital markets. For more on both of these issues, see part three of this report.

The second major issue likely to define the 2020s is **the continued commercial decline of the press**, and its impact on both the employment of journalists and the original production of news in the UK – especially in less 'commercial' news genres like local news and investigative journalism. This matter was considered by the Cairncross Review in 2019, but given the scale of the emergent problem the Review's proposals to address it were comparatively minor. The most significant proposal – a publicly-funded Institute for Public Interest News to award grants for public interest journalism – was rejected by the government.

It is highly likely that at least one major national newspaper will cease print production during the 2020s, and quite likely that several will do so. In the absence of a business model for news online that can sustain the commercial production of journalism for all but a small, affluent, subscribing minority of the UK public, the problems for informed democracy and civic accountability posed by contracting resources for original news production, and the increasingly desperate measures that news publishers may be forced to resort to (native advertising etc.), suggest that the future of commercial news production will become an even more important issue than it has been over the past decade.

The third major issue is **the rise of online video streaming**, which has meant that the disruptive effects felt by the press as news consumption moved online in the 2000s and 2010s have begun to be felt in the broadcasting sector, especially in the last five years. The future of the BBC and Channel 4, the UK's two publicly owned broadcasters, is more uncertain than at any time in their history. In the BBC's case, decades of underfunding have left it increasingly struggling to match the ballooning content budgets of its new, mostly American, digital competitors. Meanwhile, Channel 4's advertising-based funding model looks increasingly ill-suited to any future as a digital provider of longform video content. The government is using this problem as a pretext with which to justify its plans to privatise Channel 4, even though it is unclear how privatisation would lessen the channel's dependence on advertising for its funding. Meanwhile, the Secretary of State for DCMS Nadine Dorries has apparently threatened to reduce BBC funding unless it reforms itself in a manner acceptable to the government.[233] The next five years of media policy debate, especially in the lead up to the BBC's next Royal Charter in 2026-2027, look likely to see the independence and the future of both the BBC and Channel 4 thrown increasingly into question.

[233] Caroline Wheeler and Rosamund Urwin, "Will BBC pay the price for upsetting Boris Johnson?" *The Times* 24 October 2021, available online at: <https://www.thetimes.co.uk/article/will-bbc-pay-the-price-for-upsetting-boris-johnson-97zdzldpr>

PART 2:

FUNDING

JOURNALISM

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FUNDING JOURNALISM

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INTRODUCTION

Before the arrival of the internet, journalism in the United Kingdom was organised into three main sectors: the major broadcasters, the national press and the regional press. Radio journalism was dominated by the BBC. Most news magazines and literary periodicals had small circulations. The national press was particularly powerful and influential. The broadcasters' news programmes may have had more daily viewers than any individual newspaper titles, but collectively the press reached just as many people, if not more. The press has long carried out the majority of newsgathering in the UK.[1] Because it has long avoided any regulation for standards of accuracy, impartiality and so on, the British press has had much greater freedom to editorialise than the broadcasters, who are required to meet a set of broadcasting standards and fulfil a number of public service broadcasting objectives set by the British state and enforced by Ofcom.

Over time and in stages, the internet has radically transformed journalism in the UK. In the 2000s, the BBC and most of the national press launched free news websites. These initially seemed to coexist quite harmoniously with large – though declining – print circulations and TV news audiences, so that the situation appeared stable to newspaper publishers and broadcasters. This situation changed in the late 2000s with the widespread take-up of smartphones and the Great Recession and its aftermath. Newspaper circulation started to fall much more rapidly, and newspaper advertising revenue collapsed. In the 2010s, as online advertising became increasingly dominated by Google and Facebook (who now account for over 80% of online ad revenue in the UK), several newspaper publishers switched from providing free news websites funded by online advertising to charging for access to their sites (and mobile apps). However, the bulk of the national press remains free to access online.

The internet had a much more immediate impact on the regional press, whose circulations had been in freefall for decades. Regional newsrooms were being hollowed out in the 1990s and early 2000s as corporate chain ownership prioritised short-term profitability over investment in newsrooms. Classified advertising – a far bigger commercial mainstay of the regional than the national press – moved online in the 2000s, triggering a full-scale collapse as many local titles simply became unviable. Hundreds of local papers ceased publication and thousands of journalists were laid off. Today, the UK barely has a regional press. Local areas are often served by a website providing content pushed out to one of many such local sites from a regional news production hub. The business model is usually ad-funded, the journalism often cheap, low-quality clickbait.

There have been two countervailing developments in local journalism that go against this general decline. First, the BBC-funded Local Democracy Reporters Scheme, which pays for around 150 junior reporters to work for regional and local news publishers reporting on local councils and other civic institutions. In effect, this is a small public subsidy for the local press. Second, a small number of local news co-operatives and non-profits have been established to try and fill the absences in regional journalism created by the collapse of the regional press. However, these are mostly very small organisations with few staff and little funding. Neither of these developments suggests that regional journalism can be revived without major public intervention. In the UK today, such journalism is routinely incapable of attracting the size of online audience, and of generating the level of online revenue, necessary to sustain itself at an adequate quantity and quality to fulfil essential civic purposes.

[1] A 2018 report found that newspaper publishers were responsible for 50% of all frontline journalism costs in the UK (compared to 36% for TV and radio and 14% for online), down from 57% in 2013 and 65% in 2011. See Mediatique, *Overview of recent dynamics in the UK press market*, April 2018, p. 35, available online at https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/720400/180621_Mediatique_-_Overview_of_recent_dynamics_in_the_UK_press_market_-_Report_for_DCMS.pdf

Meanwhile, donations and grant funding have been nowhere near as forthcoming as in the US. And even there, such revenue sources have not been able to fund enough new journalists to compensate for the jobs lost from the collapse of the local newspaper business.[2] Some form of public subsidy is the only option left but it is not one that the UK's policymakers or the commercial press publishers appear to have much interest in exploring – most likely for two reasons. First, subsidy is seen by many in the press as contradicting their deeply held belief that they are, and always should be, independent of the state. Second, subsidies might come with strings attached that would require some of the UK's tabloid titles to choose between either radically changing their journalism and improving their editorial standards – in effect, changing their whole business model – or being ineligible for the money. In other words, subsidies for public interest journalism are not of much interest to some major UK news publishers because that is simply not the kind of journalism they produce.

For the time being, the overall direction continues to be one of decline, with the pandemic acting as an accelerant. Local papers and newsrooms continue to close. Journalists continue to get laid off. The consequences are clear: the continuing degeneration of British journalism's capacity to report on and scrutinise local institutions, to inform local communities and to expose wrongdoing at the local level.

The overall effect of the internet on journalism in the UK was laid bare in February 2019 by the Cairncross Review – a report commissioned by the government and produced by a former journalist Frances Cairncross, who worked with an advisory group of figures from the media. The Review found that “a sharp fall in revenues has already killed many local newspapers and threatens the quality, if not the survival, of many nationals” and that “the number of full-time frontline journalists in the UK industry has dropped from an estimated 23,000 in 2007, to 17,000 today, and the numbers are still swiftly declining.”[3]

The broadcasters were affected very differently by the internet. The BBC, ITV and Sky News launched free news websites. The BBC's became the most popular news site in the UK by some way. When smartphones took off, the BBC and Sky created popular free news apps for their content.[4] During the 2010s, the digital transformation of advertising, which previously had only affected the press, began to affect broadcasters too, as increasingly large inventories of digital video advertising on platforms like YouTube, Facebook, Instagram and Snapchat became available. Total TV advertising revenues peaked in 2015, since when they have steadily declined. Both the BBC and Sky News are funded in ways that have insulated them from online competition for video advertising revenue: the BBC by the TV licence fee, Sky News by its subsidisation from Sky's pay-TV profits. ITV and Channel 4, on the other hand, were more dependent on advertising revenue, and thus potentially more threatened by the digital transition. It is perhaps not a coincidence, then, that neither has developed a substantial online news operation to rival the BBC's or even Sky's.

Another challenge emerged in the latter half of the decade: digital streaming services arrived to compete directly for UK viewers. This was a challenge even the BBC could not ignore: traditionally, BBC funding has been defended against political attacks by pointing to the BBC's high share of viewing and its reach across the entire country. The primary threat posed by, first, Netflix and Amazon Prime Video, now Disney+ and Apple TV+, and HBO Max in a few years, is that, together with Sky, they will collectively subtract a growing number of viewers – especially younger viewers – from traditional TV viewing, making it increasingly hard for the BBC to claim that it serves the whole nation, and therefore that every TV-owning household should be required to buy a TV licence.

[2] The total number of journalists employed by the US nonprofit sector is 2,300, less than a tenth of the 27,000 net fall in US newsroom employment between 2008-2019. For more on this issue, see the section below on donations, grants and foundation funding, and see also Leo Watkins, “Public Interest News: Securing a Future for Nonprofit Journalism” *Hacked Off* 29 June 2021, available online at <https://hackinginquiry.org/public-interest-news-securing-a-future-for-non-profit-journalism/>

[3] *The Cairncross Review: A sustainable future for journalism*, 12 February 2019, p. 14, 6, available online at <https://www.gov.uk/government/publications/the-cairncross-review-a-sustainable-future-for-journalism>

[4] ITV News has an app but barely anyone uses it.

Today, out of approximately 28 million households in the UK, 26 million have TV licences, fifteen million have Netflix, ten million have Amazon Prime Video, eight million have Sky and over three million already have Disney+.[5]

These subscription services pose another threat to British broadcasters. Owned by American media conglomerates and tech giants with deep pockets, they are capable of enormous spending on content. Not only is this content drawing viewers away from linear (live) TV viewing, and from the UK's broadcasters to American streaming services; it is also causing rampant cost inflation in programme production.[6] Together with cuts to the BBC's budget imposed by the government's freeze on the level of the licence fee between 2010 and 2015, that cost inflation is squeezing the BBC's ability to make high-quality programmes, and it is damaging its ability to compete with the new streaming services for viewers.

The future of the BBC and Channel 4, the UK's two publicly owned broadcasters, is much more uncertain now than it was fifteen years ago. Both the BBC's share of viewing and its funding are in serious trouble, principally because of the rise of streaming and a damaging series of government policy decisions going back to 2010 (explored in more detail below). There is now evidence that many younger viewers are losing any connection to the BBC: a recent Ofcom survey found that Netflix is now more young people's most-valued media brand than the BBC is.[7] The next BBC licence fee settlement, covering 2022-2027, is currently being negotiated between the BBC and the government.[8] Meanwhile, the government has announced that it intends to privatise Channel 4 and in mid-2021 ran a consultation on the matter.[9] Commentary around the announcement suggested that the motive was partly political. As *The Economist* put it, "Boris Johnson's government is even more peeved than previous Conservative administrations about left-wing bias in the broadcast media. Channel 4 News leans liberal. Many Tories would like to jettison it." [10] Yet the latest Reuters Institute Digital News Report showed that, in Britain, people on the political left are more likely to feel the news media is biased against them than are people on the right. That differs sharply from most other countries surveyed, like Germany, the US, Japan, Brazil and Spain, where people on the right are more likely – and in the case of the US, far more likely – to believe that the news media is biased against them.[11]

[5] BARB, "Q3 2020 sees growth in households with an SVOD subscription" 18 November 2020, available online at <https://www.barb.co.uk/news/q3-2020-sees-growth-in-households-with-an-svod-subscription/>

[6] House of Lords Select Committee on Communications and Digital, *Public Service Broadcasting: As vital as ever* - 1st Report of Session 2019, 5 November 2019, p. 38, paragraph 137, available online at: <https://publications.parliament.uk/pa/ld201919/ldselect/ldcomuni/16/16.pdf>

[7] Ofcom, "Public Service Broadcasting: omnibus survey findings" 29 July 2020, p. 2, available online at https://www.ofcom.org.uk/__data/assets/pdf_file/0025/199105/psb-omnibus-survey-findings.pdf

[8] Department for Digital, Culture, Media and Sport, "Negotiations on the future cost of the TV licence kick off" 10 November 2020, available online at <https://www.gov.uk/government/news/negotiations-on-the-future-cost-of-the-tv-licence-kick-off>

[9] Department for Digital, Culture, Media and Sport, "Consultation launched on potential change of ownership of Channel 4" 6 July 2021, available online at <https://www.gov.uk/government/news/consultation-launched-on-potential-change-of-ownership-of-channel-4>

[10] *The Economist*, "Britain proposes—again—to privatise Channel 4" 26 June 2021, available online at <https://www.economist.com/britain/2021/06/24/britain-proposes-again-to-privatise-channel-4>

[11] Reuters Institute, *Digital News Report 2021*, p. 35, available online at: <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2021>

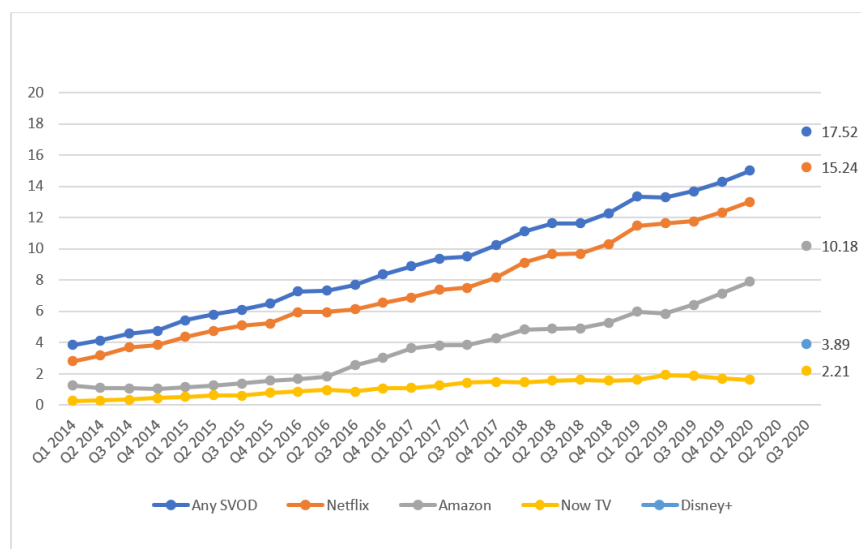
CONSUMPTION TRENDS

Traditionally, the consumption of news media in the UK has been heavily structured by social class. The national press has long been divided into tabloid, mid-market and quality titles aimed at working class, lower-middle class, and professional/upper-middle class readers respectively. National titles editorially differentiated themselves in order to occupy different price points and attract specific socio-economic demographics that certain advertisers would want to target. They were then able to charge advertisers a premium to access these specific audiences. This model was essential to the business of the quality and mid-market press.

In contrast, for most of its history television has been a universal service, offering the same range of channels to all UK TV viewers and paying for programming either through the TV licence fee (BBC) or advertising (ITV, Channel Four, Channel Five). Some minor and short-lived experiments with cable technology aside, this model only began to change in the 1990s with the advent of Sky Television, a satellite, pay-TV broadcaster focused on live sport. In 2013, the telecoms provider BT launched its first TV channels and became a major competitor to Sky in the provision of sports rights, particularly football. The next major move away from television as a universal service came with the arrival of subscription video on demand (SVOD) services in the second half of the 2010s. Today, the increasing prevalence of SVOD services means that viewing on the TV set (and other screens) is more stratified by income and ability to pay than it has been at any time since the early years of television, when sets were unaffordable for many.

Table 1. Subscription video on demand (SVOD) households in the UK, millions

Source: BARB Establishment Survey.
Note: Data is unavailable for Q2 2020 because the pandemic halted fieldwork. Disney+ launched in the UK in March 2020 so Q3 2020 is the earliest date for which data is available.



As described above, digital news media were initially free to access, with very few exceptions. But over the course of the 2010s, paywalls and paid 'premium' tiers were established by many commercial publishers. As a result, access to digital journalism in the UK today is increasingly stratified by income and ability to pay in much the same way newspapers are. Tabloid and mid-market brands like *The Sun*, the *Mirror*, *Daily Mail*, *Express*, *Metro* and *Evening Standard* are free online, as are almost all local and regional news sites, as well as BBC News and Sky News.

Most of the quality titles have put up paywalls around their content: *The Times*, *The Telegraph*, the *Financial Times* and *The Economist* all have them. Only *The Independent* and *The Guardian* allow free access but they both also offer premium tiers (for ad-free browsing and access to premium apps). Charging for access to their content has restricted these titles to a small elite of subscribers: only 8% of the UK public pays for online news.[12]

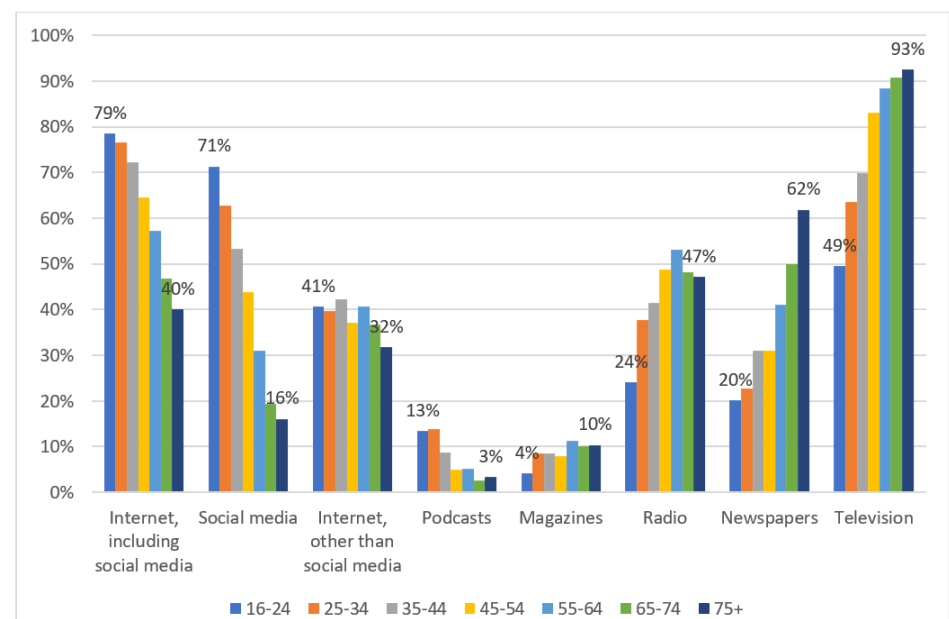
The (often substantial) cost of buying newspapers, subscribing to magazines, pay-TV, streaming services or news sites automatically means that there are major class inequalities in access to media. Television was once a strongly equalising force in this respect because all major TV channels were free-to-air until the arrival of satellite broadcasting in the 1990s. Today, with the development of pay-TV and subscription streaming, TV is much less of an equaliser than it used to be.

In addition to the class stratification of consumption, news production is quite deliberately oriented towards different audiences, including different classes. For example, the BBC's radio stations quite consciously serve different social groups: the audiences of Radio 1 and Radio 2 are more working class than those of Radio 4 or Radio 5 Live; Radio 1's audience is younger than those of Radio 2 or Radio 5 Live. BBC's *Newsnight* is made for, and reaches, a much smaller, more affluent and educated audience than ITV's nightly news programmes do. Channel Four's statutory remit requires it to produce distinctive programming that caters to tastes, interests and perspectives that are less well served by the other broadcasters, so its nightly *Channel Four News* programme deliberately provides a different, slightly more liberal and international perspective compared to the other main nightly news programmes. Ratings data enables broadcasters to be highly conscious of these differences. Commercial broadcasters' dependence on advertising revenue means they must pay close attention to the demography of their viewers.

Over the last fifteen years, the importance of class as a factor that structures and differentiates media consumption has come to be rivalled – and probably surpassed – by the importance of age. Age differences in media consumption habits have always existed – 18-24s have always watched less TV than older age groups, for example – but in recent years those differences across age groups have widened enormously. Younger age groups use digital media for news, including social media, far more than older age groups, who rely much more on traditional news media: TV and radio news programmes, print newspapers and magazines. The average age of a print newspaper reader is older today than it was in the 1990s.

Table 2. Platforms used for news nowadays – by age, UK adults

Source: Ofcom News Consumption survey 2020



[12] Reuters Institute, *Digital News Report 2021*, p. 63, available online at <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2021>

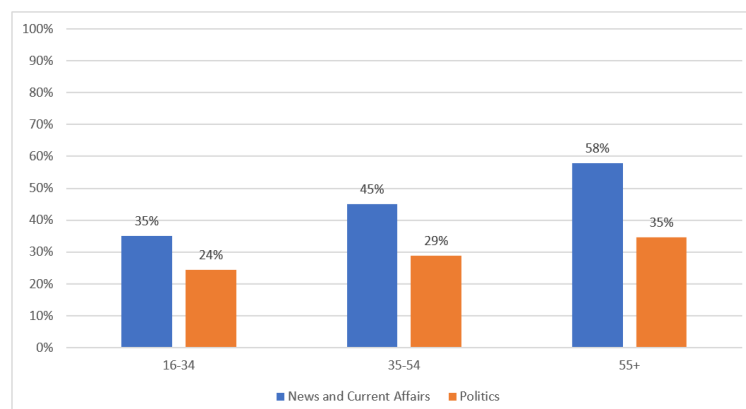
The arrival of the internet, and particularly of the mobile internet, has also transformed the distribution of news consumption across the population. Take-up of connected mobile devices, like smartphones and tablets, has given people a range of non-news activities to engage in at times and in places that, as late as 2005, were still effectively monopolised by print media: most importantly, the daily commute – an essential place of national newspaper consumption. As not only news websites and apps but social media, mobile games, video, music, podcasts are now all available at such places, the accessing and consumption of news now has to be far more of a deliberate choice on the part of consumers. There is now less ‘incidental’ consumption of news, where the user consumes news simply because there is not much else to do.

Increasingly, the same goes for news and current affairs programmes on TV. As linear viewing declines and on-demand viewing rises, audiences are far more able than ever to skip the news and watch something else instead because the alternative options have multiplied exponentially. TV diets were once far more prescribed than chosen. Today, video viewing across all platforms, but particularly online, is far less of a set menu and far more à la carte than traditional live TV viewing. As a result, some people are choosing to make news a larger part of their media diet, while others are choosing to make it a smaller part of theirs. In other words, inequality in news consumption is growing, and there is some evidence that the inequality broadly correlates with social class.[13] It is likely that it also correlates with age to some degree, since survey evidence shows that younger age groups express less interest in news and current affairs, and in politics, than older age groups. In 2015, Ofcom’s review of public service broadcasting found that among 16-34s, TV news viewing hours had dropped by 29% between 2008 and 2014.[14]

There are two key resources for analysing news consumption trends in the UK. **Ofcom’s annual News Consumption Report**, based on a survey it commissions, examines not only consumption habits (broken down by demographic groups) but also which news sources the public finds trustworthy, accurate, impartial or useful.[15] Unfortunately, in 2018 Ofcom made changes to the News Consumption Survey that mean it is not possible to make comparisons to data from the previous editions of the report, which go back to 2013. **The Reuters Institute for the Study of Journalism** at the University of Oxford produces an annual **Digital News Report** identifying and analysing trends across a number of countries as well as providing profiles of news media use in individual countries, including the UK. [16] Alongside these, Ofcom’s annual **Communications Market Report** contains a range of key data on UK media.[17]

**Table 3. Topics of interest
– by age, UK adults**

Source: Ofcom News
Consumption Survey
2020



[13] See Antonis Kalogeropoulos and Rasmus Kleis Nielsen, “Social Inequalities in News Consumption”, Reuters Institute Factsheet October 2018, available online at <https://reutersinstitute.politics.ox.ac.uk/our-research/social-inequalities-news-consumption>

[14] Ofcom, *Public Service Broadcasting in the Internet Age* Ofcom’s third review of Public Service Broadcasting, July 2015, p. 11, paragraph 3.30, available online at https://www.ofcom.org.uk/__data/assets/pdf_file/0025/63475/PSB-statement.pdf

[15] Ofcom’s annual *News Consumption Reports* are available online at <https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/news-media/news-consumption>

[16] The Reuters Institute’s annual *Digital News Reports* are available online at <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2021>

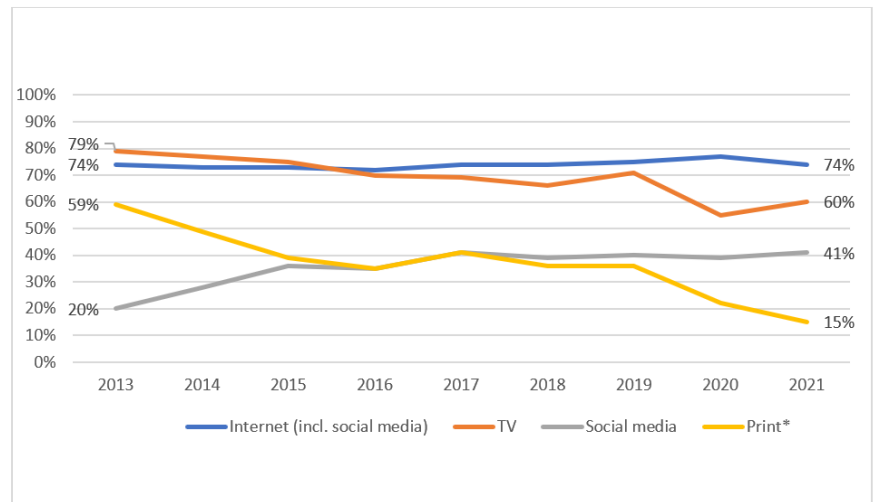
[17] Ofcom’s annual *Communications Market Reports* are available online at <https://www.ofcom.org.uk/research-and-data/multi-sector-research/cmr>

Platforms Used for News

Table 4. Platforms used for news in the last week, UK adults

Source: Reuters Institute Digital News Reports 2013-2021

*The 2020 report notes: "This year's fall in print is partly due to a change of panel weighting implemented to make our data more accurate – though circulation was adversely affected by the COVID-19 lockdown."

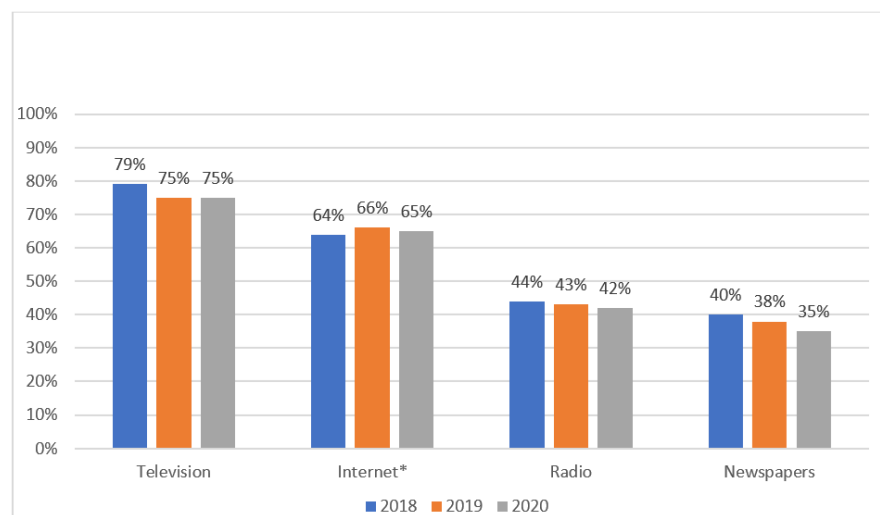


According to Ofcom, television remains the platform most widely used for news, though its importance has been in decline throughout the 2010s. However, data from the Reuters Institute's Digital News Report showed the internet eclipsing television in the mid-2010s.[18] There are major differences between age groups in the use of different platforms for news.

Table 5. Platforms used for news nowadays, UK adults

Source: Ofcom News Consumption Survey 2020.

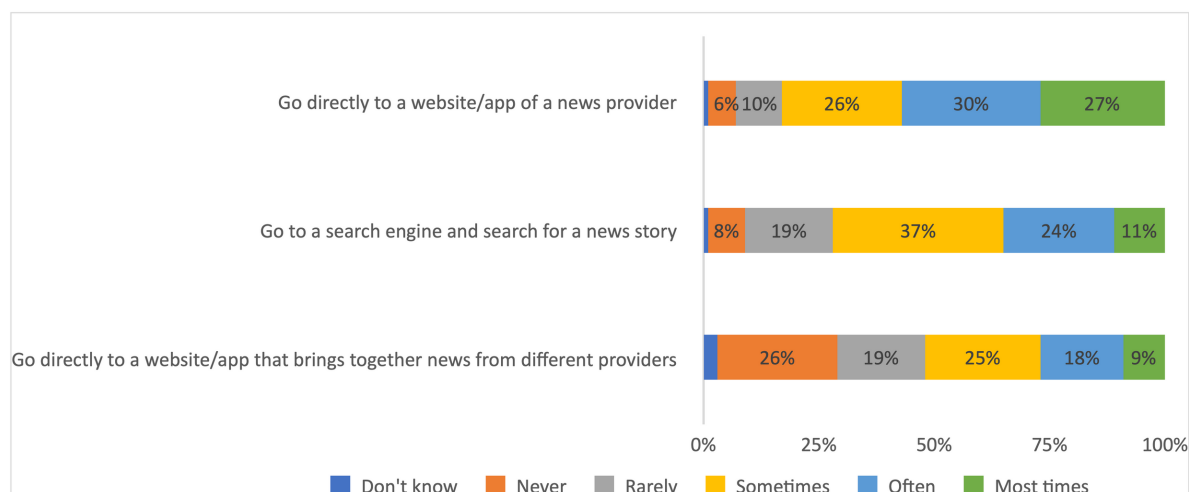
*Internet includes the use of social media, podcasts and all other websites/apps accessed via any device



Online news in the UK is accessed via three main gateways: going directly to a website or app of a news provider, going to a search engine and searching for news stories, and going to a website or app that aggregates news from different providers. Ofcom's survey found that among those who used digital sources other than – or as well as – social media, going direct to news providers was the most commonly used route. However, it is clear that a substantial portion of the UK population – 41% in 2021 according to the Reuters Institute – now uses social media for news. That figure has remained broadly flat since 2017, perhaps reflecting the increased distrust of social media as a news source since the emergence of the panic around 'fake news' in 2016-17 (see the chart further down on trust in news media). However, what that headline figure may conceal is the increasing use of multiple social media platforms for news: not just Facebook, but Twitter, Instagram and WhatsApp (see the table further down on the most widely used sources of news).

[18] Note that Ofcom asks people what platforms they use for news 'nowadays', whereas the Reuters Institute's survey asks them what platforms they have used for news in the past week.

Table 6. Gateways to online news – by frequency of use, all UK adults who use the internet for news (except those who said they used social media and no other types of website or app)
Source: Ofcom News Consumption Survey 2020



Ofcom's data on the top 20 most used news sources across different platforms shows the continuing dominance of TV channels like BBC One, ITV, Sky News, BBC News and Channel 4. However, that dominance is in decline, driven by the shift away from TV and print media towards digital sources. Consider BBC One: the most popular news source of all, yet only 34% of 16-24s use it compared to 77% of over-65s. The proportion of the population using it for news fell by 6 percentage points between 2018 and 2020.

After the TV channels, the *Daily Mail* is the standout newspaper brand, with the second-highest daily print circulation after *The Sun*.^[19] Its website, MailOnline, is by far the most successful newspaper website, though the *Mail's* appeal is strongest with older age groups. The only other newspaper brands in the top 20 are *Metro*, *The Sun* and *The Guardian*, whose website is the third most popular in the country after BBC News and MailOnline and whose audience is younger than those of most other newspaper brands.

Facebook's use as a source of news has stagnated at around a third of the population for several years, but Twitter, Instagram and WhatsApp have become more popular sources. All four are used for news much more by younger than by older people: 47% of 16-24s use Facebook for news compared to 14% of over-65s. Women are more likely to use Facebook for news than men: 39% compared to 30%. Most of these sources are used more by people in more affluent social classes; the only two that are more widely used by people in less affluent ones are ITV and *The Sun*. Finally, minority ethnic groups are much less likely to use BBC One, ITV, Radio 2, Radio 4 or the local newspaper, more likely to use *Metro*, *The Guardian*, the Sky and BBC News channels and BBC Radio 1, and much more likely to use Twitter, Instagram and WhatsApp.

[19] Excluding *Metro*, a free newspaper available in cities across the UK.

Table 7. Most used sources of news – 2018-20, all UK adults who use TV/newspapers/radio/internet/magazines for news

Respondents were asked, “Thinking specifically about <platform>, which of the following do you use for news nowadays?”

Source: Ofcom News Consumption Survey 2020

News source	2018	2019	2020
BBC One	62%	58%	56%
ITV/ITV Wales/UTV/STV	41%	40%	41%
Facebook	33%	35%	34%
Sky News channel	24%	23%	25%
BBC website/app	23%	25%	23%
BBC News channel	26%	23%	21%
Channel 4	18%	17%	18%
Daily Mail/Mail on Sunday (print + website/app)	18%	18%	17%
Twitter	14%	16%	17%
Google (search engine)	17%	19%	15%
Instagram	9%	13%	14%
WhatsApp	10%	14%	13%
BBC Radio 2	12%	12%	12%
BBC Two	14%	11%	11%
Metro (print + website/app)	10%	9%	11%
The Sun/Sun on Sunday (print + website/app)	11%	11%	10%
The Guardian/Observer (print + website/app)	11%	11%	10%
BBC Radio 1	9%	9%	9%
Local newspaper (daily/weekly + website/app)	11%	10%	9%
BBC Radio 4	10%	9%	9%

BBC One was the single most important source of news in 2020 for a quarter of the country – far more than for any other source – but the headline figures conceal enormous variation between different demographics, which are set out in the table below. The biggest disparities are between age groups, with two thirds of over-65s picking out a TV channel as their most important source compared to only a quarter of 16-24s, who are instead far more likely to pick a social media platform or a website. Another striking detail is how few people chose a newspaper as their most important source – only 7% compared to 50% for TV and 28% for the internet (including social media), though older age groups are more likely to do so. Of course, what this low overall number for newspapers conceals is who produces the news consumed via social media, which news websites are the most popular, and where the stories run by TV news programmes and channels originate from. In fact, it is via these mediating routes that much of the news published by the national press reaches many people’s consciousness, giving the press a far more important role in the daily news cycle than the low number of people citing a newspaper as their most important news source might suggest.

Table 8. Single most important news source, 2020 – by demographic group, all UK adults who use TV/newspapers/radio/internet/magazines for news

Respondents were asked, “Looking at all the sources of news you have just said that you use, which one is most important to you?”

Source: Ofcom News Consumption Survey 2020.

Note: ABC1 and C2DE are social grades based on occupation developed by the National Readership Survey[20]

News source	Total	Male	Female	16-24	65+	ABC1	C2DE	Minority ethnic groups	White
BBC One	23%	23%	24%	10%	38%	23%	23%	13%	25%
ITV/ITV Wales/UTV/STV	12%	8%	15%	6%	13%	8%	16%	5%	13%
Facebook	8%	6%	9%	13%	1%	6%	9%	7%	8%
Sky News Channel	7%	8%	6%	4%	8%	8%	6%	11%	6%
BBC website/app	6%	6%	5%	8%	4%	8%	4%	6%	6%
BBC News Channel	4%	5%	4%	2%	5%	5%	4%	6%	4%
Twitter	3%	4%	3%	13%	0%	3%	4%	5%	3%
Daily Mail/Mail on Sunday (print + website/app)	3%	2%	4%	1%	5%	3%	1%	3%	2%
The Guardian/ Observer (print + website/app)	2%	2%	2%	2%	1%	3%	1%	3%	2%
Other source/don't know/none	32%	36%	28%	41%	25%	33%	32%	41%	31%
Platforms – any source									
Any TV	50%	48%	51%	25%	66%	47%	52%	42%	51%
Any social media	14%	13%	16%	40%	1%	13%	16%	22%	13%
Any other internet	14%	15%	14%	18%	8%	18%	11%	17%	14%
Any radio	8%	9%	7%	4%	7%	8%	7%	5%	8%
Any newspaper	7%	8%	6%	5%	13%	7%	7%	6%	7%
None	4%								
Don't know	3%								

Across platforms, the BBC stands out as by far the most dominant news provider in the UK: it is the most popular provider of TV, radio and online news. However, its leading position online has eroded somewhat in recent years, resulting in a fall in its overall, cross-platform share of use. 21st Century Fox's attempted acquisition of Sky in 2017-18 was blocked by regulators because it would have given the Murdoch Family Trust control over Sky in addition to their existing control over News Corp, making the MFT the second biggest news provider across platforms in the UK. Regulators decided that this, combined with the high level of editorial control they exert over their news outlets, would be likely to give the Murdochs too much influence over public opinion and the political process.[21]

[20] For more on NRS social grades, see <http://www.nrs.co.uk/nrs-print/lifestyle-and-classification-data/social-grade/>

[21] All documents relating to the 21st Century Fox/Sky merger inquiry are available online at <https://www.gov.uk/cma-cases/twenty-first-century-fox-sky-merger-european-intervention-notice>

Table 9. Cross-platform retail providers used for news nowadays, all UK adults using

TV/newspapers/radio/internet/magazines for news

Source: Ofcom News

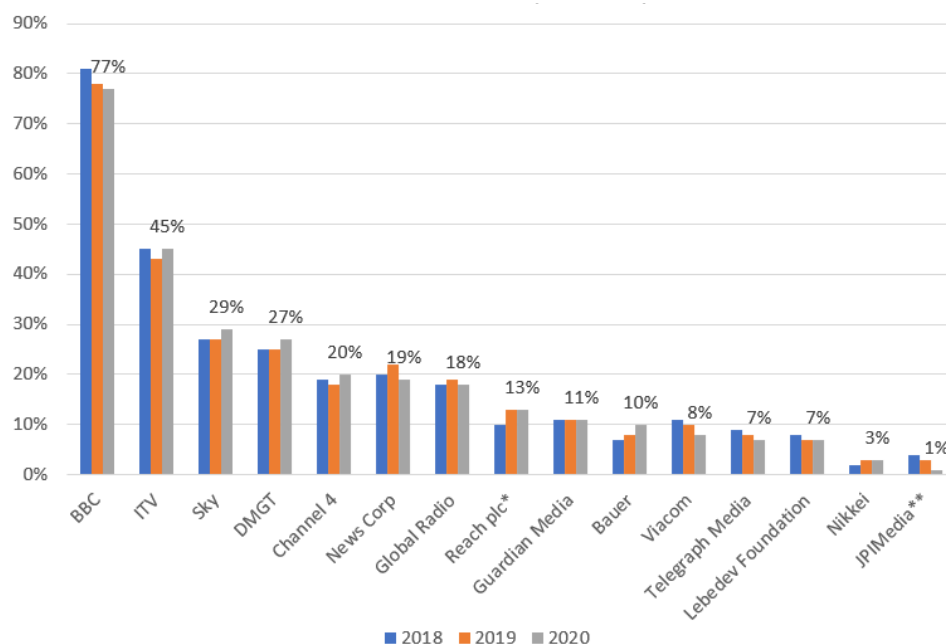
Consumption Survey 2020

*In 2018, Trinity Mirror

acquired Express

Newspapers from Northern & Shell and became Reach plc

**JPI Media took over the local newspaper assets of Johnston Press in 2018. In 2021, JPI was sold to National World plc.

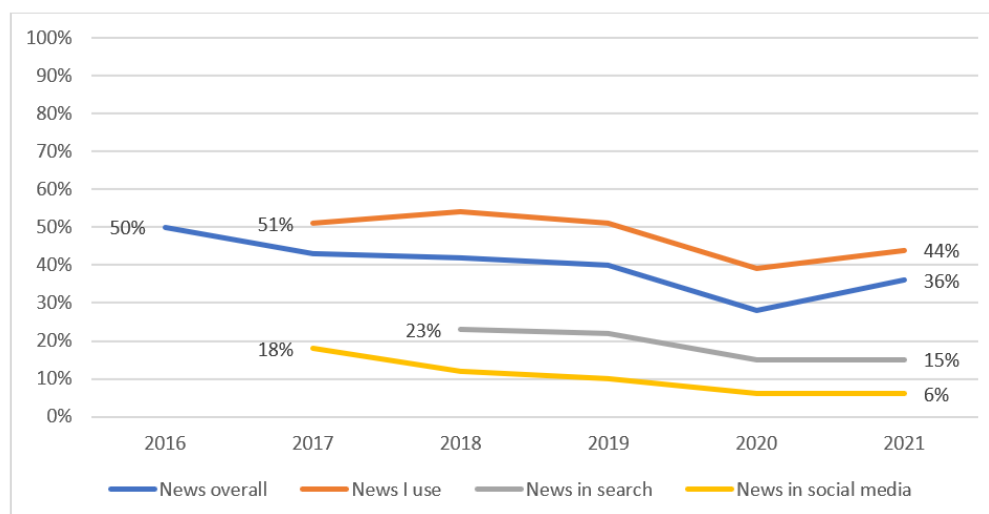


The Reuters Institute's most recent reports show that, in comparison to other countries, trust in the news media in the UK is low: the seventh lowest out of the 40 countries it surveyed in 2020, and the ninth lowest of the 46 it surveyed in 2021. They also show that trust has been declining for years, with a particularly large drop in 2019-20: the year of the 2019 General Election. Internationally, drops in the public's trust in news media are quite common in election years. However, there appears to have been a slight recovery in trust in the news media since the coronavirus pandemic.

Table 10. Trust in news media, all UK adults.

Respondents were asked if they agreed with the statement, "Most of the time I trust..."

Source: Reuters Institute Digital News Reports



The Reuters Institute's reports also demonstrate which news brands are trusted the most and the least in the UK. The 2021 report shows a distribution that has remained relatively consistent over time: the most trusted media in the UK are the main broadcasters, with the BBC, ITV and Channel 4 all slightly ahead of Sky News; after them, the quality newspapers and the regional/local press are almost trusted as much, followed by the mid-market and tabloid press together with HuffPost and BuzzFeed News (until the latter shut down its UK operation in May 2020). *The Sun* has consistently been the least trusted major news brand in the UK, while the BBC has continued to be the most trusted.

Table 11. Brand trust scores for major UK news media brands

Source: Reuters Institute Digital News Report 2021

Trust = % score 6-10 on a 10-point scale. Don't trust = 0-4, Neither = 5. Those that haven't heard of each brand were excluded. Only the brands below were included in the survey so it should not be regarded as a list of the most trusted brands.

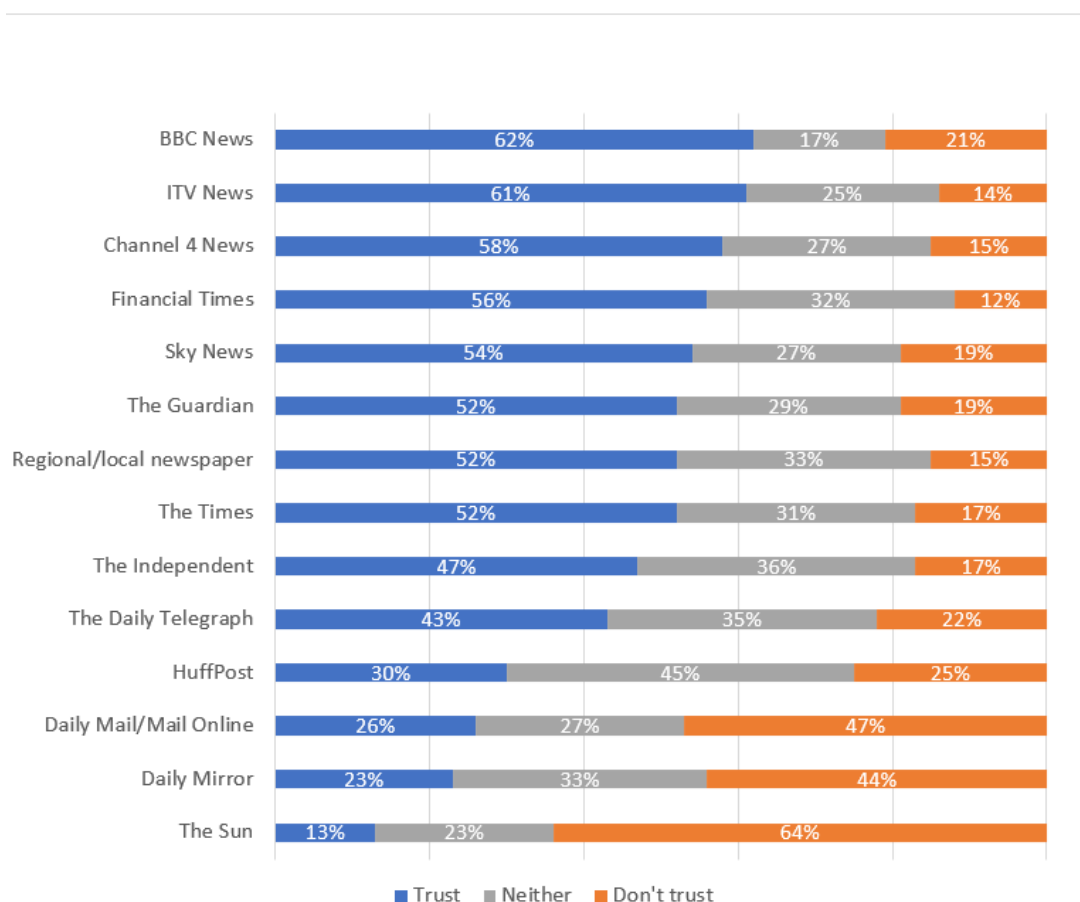


Table 12. Brand trust rankings for major UK news media brands, 2018-2021

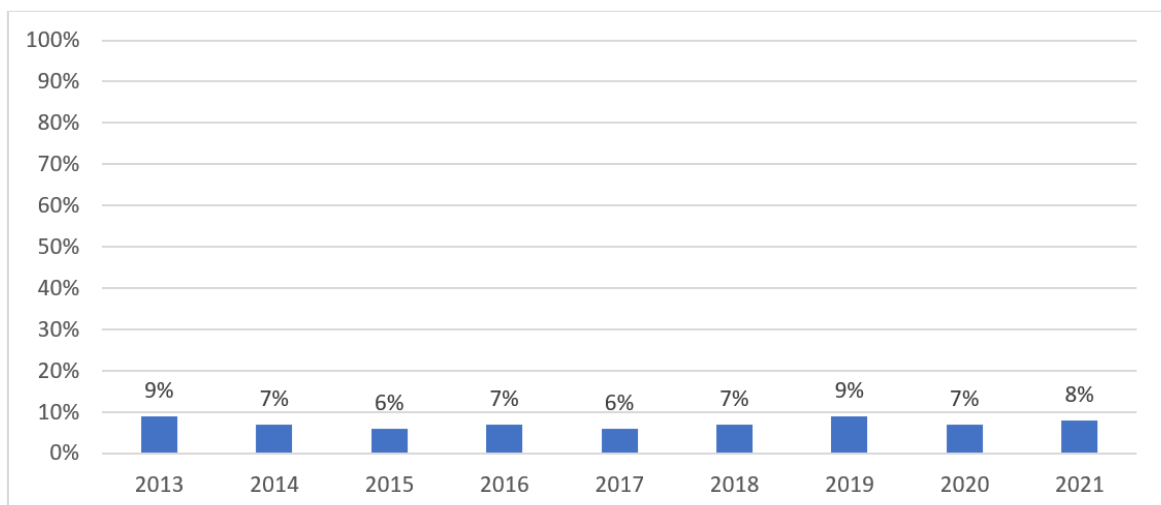
Source: Reuters Institute Digital News Reports 2018-2021

Ranking	2018	2019	2020	2021
1	BBC News	BBC News	BBC News	BBC News
2	ITV News	ITV News	ITV News	ITV News
3	Channel 4 News	Financial Times	Channel 4 News	Channel 4 News
4	Regional/local newspaper	Channel 4 News	Financial Times	Financial Times
5	The Times	Regional/local newspaper	Sky News	Sky News
6	Sky News	The Times	The Guardian	The Guardian
7	The Guardian	Sky News	Regional/local newspaper	Regional/local newspaper
8	The Independent	The Guardian	The Times	The Times
9	The Daily Telegraph	The Independent	The Independent	The Independent
10	HuffPost	The Daily Telegraph	The Daily Telegraph	The Daily Telegraph
11	Daily Mirror	HuffPost	HuffPost	HuffPost
12	The Canary	Daily Mirror	Daily Mail/Mail Online	Daily Mail/Mail Online
13	Daily Mail/Mail Online	Daily Mail/Mail Online	Daily Mirror	Daily Mirror
14	BuzzFeed News	The Canary	BuzzFeed News	The Sun
15	The Sun	BuzzFeed News	The Sun	
16		The Sun		

There are relatively few people who choose to pay for online news in the UK: the proportion has been around 7-9% of the population since 2013. How does this square with the launch of paywalls and rising digital subscriptions? There are three explanations. First, most of the paywalls around news sites in the UK were put up by 2013: *The Telegraph's* was the last to launch, in 2013. Second, growth may have been driven by people who already paid for online news and are now paying for more than one subscription. Third, growth may also have been driven by corporate subscriptions: there are many people who aren't paying for their access to subscription online news services because their employers are paying for them.

Table 13. Paid for news in the last year, all UK adults

Source: Reuters Institute Digital News Reports



POPULAR NEWS MEDIA

Television

Television remains the most important source of news for half the UK's population, especially older age groups. There are four main sources of TV news: the BBC and ITV are the most widely watched, followed by Sky and Channel Four. The BBC and Sky provide the UK's only two 24-hour news channels, while the BBC, ITV and Channel Four provide the most-watched nightly news programmes: the BBC's and ITV's at six o'clock, Channel Four's at seven o'clock. The BBC and Channel Four produce the main current affairs programmes on TV – investigative documentary programmes like the BBC's *Panorama* and Channel Four's *Dispatches*, and the BBC's weekly political discussion programme *Question Time*. However, current affairs programming on UK TV is not what it was in its 1970s and 1980s heyday, when both the BBC and ITV produced well-funded, audacious programmes of international scope that were frequently prepared to discomfit the government of the day.

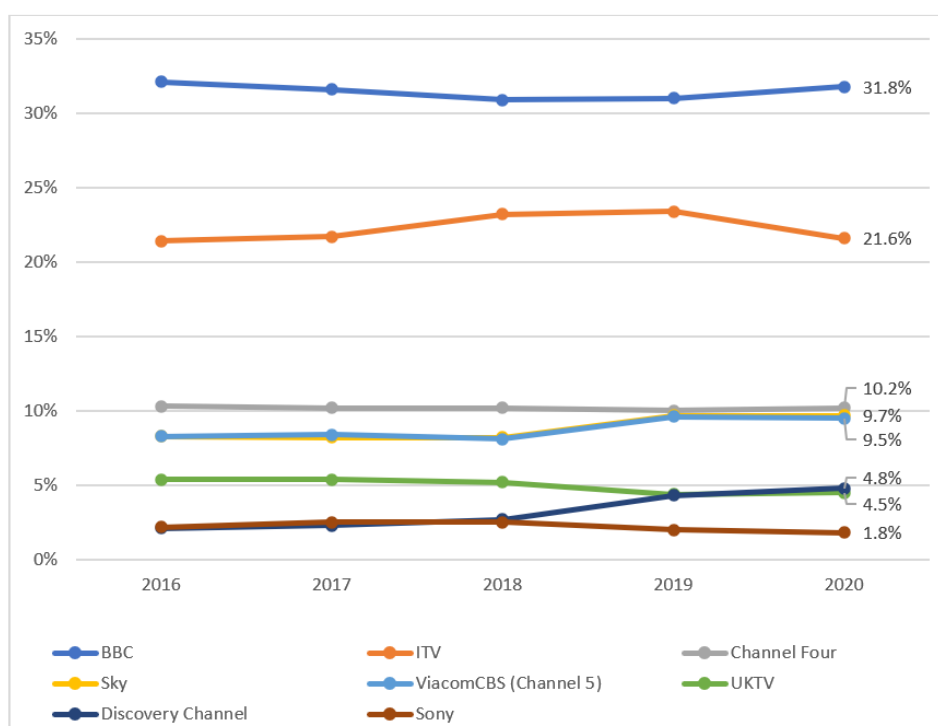
Despite three decades of gradual deregulation that started under the Thatcher government and continued under New Labour, the UK still has a public service broadcasting (PSB) system. Ofcom has defined four purposes of PSB: to inform our understanding of the world, stimulate knowledge and learning, reflect UK cultural identity, and represent diversity and alternative viewpoints. PSB should be “high quality” (defined as well-funded and well-produced), original, innovative, challenging, engaging and widely available. The most internationally famous component of the PSB system is the BBC – a publicly owned, publicly funded, not-for-profit broadcaster. Nevertheless, there are other, less well-known but important components of the PSB system. Channel Four is also a publicly owned, not-for-profit broadcaster, but one deliberately designed to be quite different to the BBC. Unlike the BBC, it is commercially funded – principally by advertising and sponsorship revenue – and required to commission all of its programming from external production companies; programmes cannot be made in-house. The purpose is to stimulate the UK's independent production sector; Channel 4 is often the broadcaster that gives independent production companies their first commission.

The holders of the Channel 3, Channel 4 and Channel 5 licences are required to meet specific PSB quota obligations: in return for their prominent channel position, they must produce a certain number of hours of certain kinds of programming at certain times of the day. Together with BBC One and BBC Two, these are the five ‘PSB channels’. They are all obliged to meet production quotas covering: original first-run productions, independent productions, out of London productions, networked national and internal news, networked current affairs programmes, and nations and regions programmes on the BBC and Channel 3 (ITV in England, Wales and (through UTV) Northern Ireland, and STV in Scotland).

[22] Ofcom, Ofcom review of public service television broadcasting: Phase 3 – Competition for quality, 8 February 2005, p. 7, available online at https://www.ofcom.org.uk/__data/assets/pdf_file/0017/15911/psb3.pdf

Table 14.
Broadcasters' share of total TV viewing

Source:
Broadcasters
Audience
Research Board
(BARB). Based on
total three-screen
viewing for all
individuals, 4+



The BBC remains the dominant provider of TV programming in the UK, with just under a third of total TV viewing, followed by ITV, which accounts for around a fifth. Channel Four, Channel 5 and Sky account for around a tenth each. These five providers accounted for 82.8% of total TV viewing in the UK in 2020.[23] The shares taken by each of the top five have remained relatively constant over time, though ITV somewhat increased its share, largely at the BBC's expense, in 2018 and 2019.

The most significant change in TV viewing over the last decade has not been a change in the main broadcasters or channels' audience shares but the overall decline in live TV viewing. Between 2010 and 2019, the average minutes of live TV watched per day in the UK fell from just over four to just over three hours. Of that 25% decline, two thirds occurred between 2015 and 2019. The decline was largest among younger age groups: viewing by 16-24s fell by 59% between 2010 and 2019, whereas viewing by over-75s actually increased by 3% over the decade. That means that, whereas in 2010 over-75s watched nearly three hours more live TV a day than 16-24s, in 2019 this figure amounted to four hours 40 minutes.

Age disparities in viewing have always existed but in the last decade they have widened enormously. Young people now get a substantial portion of their viewing diet from online, on-demand sources like BBC iPlayer, All4, Netflix, Amazon Prime Video and YouTube. According to research produced for Ofcom's regular review of public service broadcasting, in 2018, 16-34s spent an average of four hours and 34 minutes a day with video. Of that time, live TV accounted for only one hour and 23 minutes (30%); broadcasters' content – across live, recorded playback and video-on-demand (VOD) – accounted for only one hour and 55 minutes (42%). Meanwhile, subscription video-on-demand (i.e. Netflix and Amazon), YouTube and games consoles together accounted for two hours and 21 minutes (52%). (See the pie charts below.)[24]

[23] UKTV is a wholly owned subsidiary of the BBC's commercial arm, BBC Studios. If this is added to the BBC's share, then the five top broadcasters' share of TV viewing was 87.3% in 2020.

[24] Ofcom, "Small Screen: Big Debate – a five-year review of Public Service Broadcasting (2014-18)" 27 February 2020, p. 15, available online at <https://www.smallscreenbigdebate.co.uk/what-is-ssbd/ssbd-five-year-review>

Table 15. Average minutes per day of TV viewing, by age

Source:
Broadcasters
Audience
Research Board
(BARB). Based on
total three-screen
viewing for all
individuals 4+

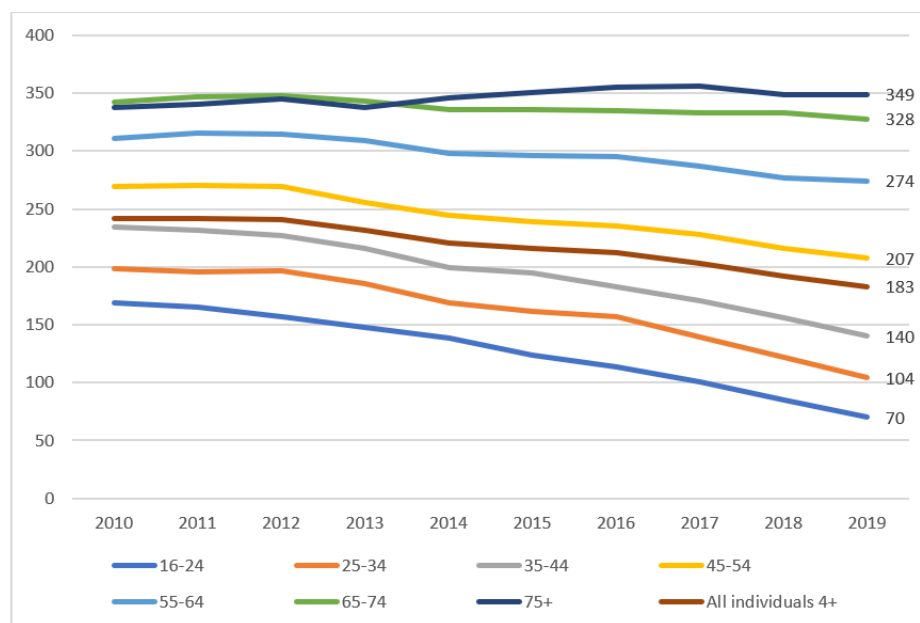


Table 16. Total video minutes per person per day, all individuals, all devices (2018)

Source: Ofcom total AV modelling using BARB, TouchPoints and Comscore data

Total: 4 hrs 54 mins. 69% broadcast content

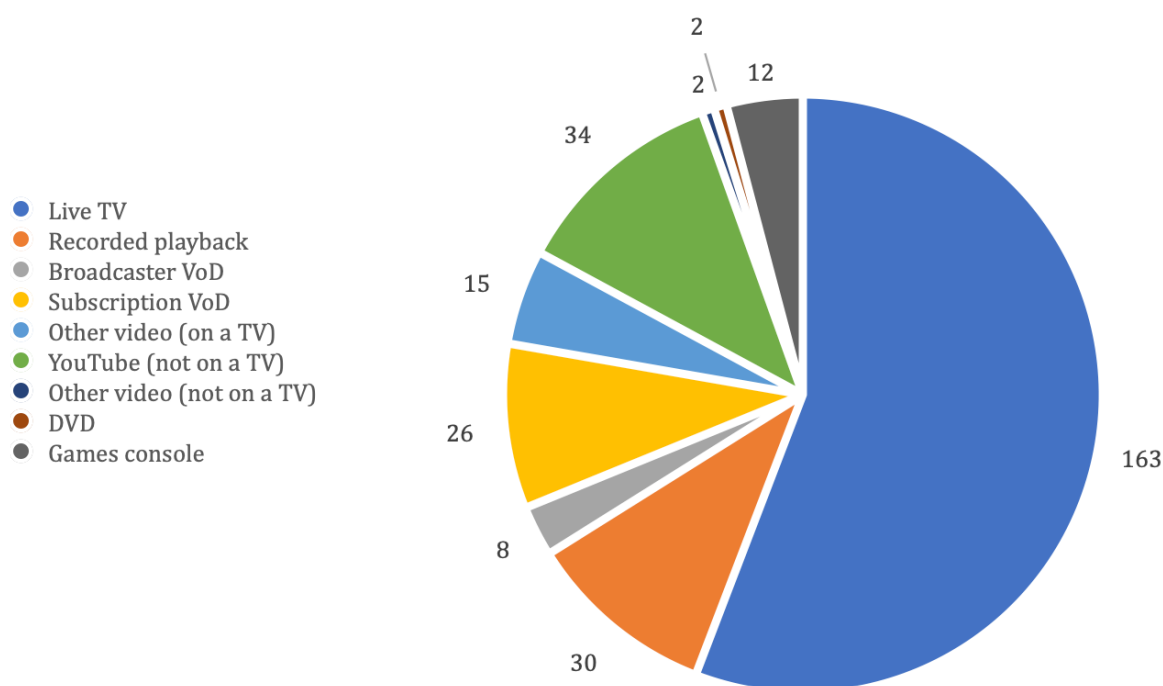
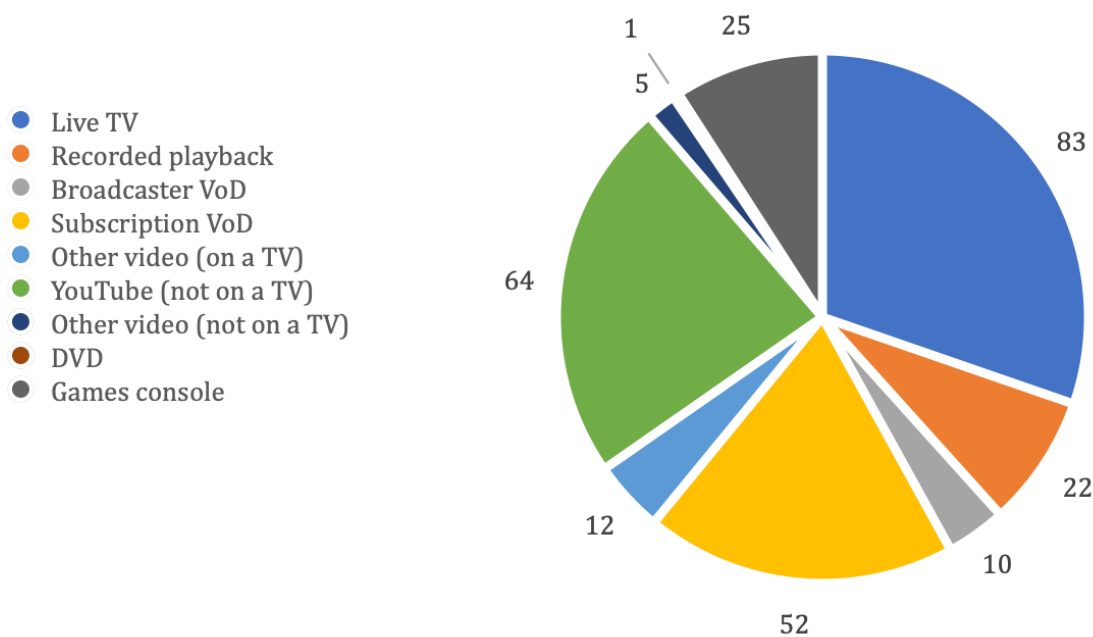


Table 17. Total video minutes per person per day, adults 16-34, all devices (2018)

Source: Ofcom total AV modelling using BARB, TouchPoints and Comscore data
Total: 4 hrs 34 mins. 42% broadcast content



Broadcasters

BBC

The BBC is the most important broadcaster in the UK, and the oldest national broadcaster in the world. The single biggest provider of news and current affairs output across TV, radio and online, the BBC is also a major producer of programming in other genres. The BBC's main TV channels are BBC One and BBC Two, whose share of total TV viewing was 20.4% and 5.5% respectively in 2020. The 24-hour BBC News channel accounted for 1.7% of viewing. Other channels include BBC Parliament, which broadcasts parliamentary debates, committee hearings and ministerial questions; BBC Four, which focuses on factual and arts programming; CBBC and CBeebies, children's channels. BBC Three, a channel whose programming aims mostly at 16-34s, ceased to broadcast in 2016 but after six years of an online-only existence it will be relaunched in 2022. The BBC has dedicated divisions for the English Regions, Northern Ireland, Scotland and Wales, which provide local and regional content – primarily news and current affairs but also comedy, factual and other programmes.

Founded in 1922, the BBC is a statutory corporation established by a Royal Charter – a device granted by the Queen on the recommendation of the Privy Council (in practice, the Cabinet). The BBC maintains that it is independent of government influence, and the perception that it is independent and impartial – 'the nation's broadcaster' rather than a 'state' or 'regime' broadcaster – is critical to its traditionally high levels of public support, as is the perception that the BBC delivers high-quality programming of a kind, and in genres, that commercial providers do not provide to the same extent.

In practice, there are four avenues through which the government can – and does – exert control over the BBC. The first is by setting the BBC's remit every ten years when the government grants the Corporation a new Royal Charter. The Royal Charter is accompanied by a Framework Agreement published at the same time. In the BBC's current Royal Charter, the BBC's object is defined as “the fulfilment of its Mission and the promotion of the Public Purposes.”^[25] Its Mission is “to act in the public interest, serving all audiences through the provision of impartial, high-quality and distinctive output and services which inform, educate and entertain.” Its five public purposes are:

1. “To provide impartial news and information to help people understand and engage with the world around them
2. To support learning for people of all ages
3. To show the most creative, highest quality and distinctive output and services
4. To reflect, represent and serve the diverse communities of all of the United Kingdom's nations and regions and, in doing so, support the creative economy across the United Kingdom
5. To reflect the United Kingdom, its culture and values to the world.”

The Royal Charter also defines what activities the BBC is permitted to carry out in order to fulfil its Mission and Public Purposes.^[26] Therefore, the government exercises control over the BBC at the highest level: it defines the purposes for which the BBC acts, and against which its performance is judged by both its Board and its regulator, Ofcom. The current Royal Charter began on 1 January 2017 and will expire on 31 December 2027.

It is of vital importance that Royal Charters are granted by the Queen on the recommendation of the Privy Council – in practice, the Prime Minister and her or his Cabinet – not by Parliament as a whole. This means that if a government wishes to significantly amend the BBC's Royal Charter to, for example, substantially change its remit, it can do so without ever facing a vote in Parliament or the usual processes of Parliamentary scrutiny and approval that occur when the government is seeking Parliamentary approval for its legislative proposals. In the run-up to Charter renewal, the House of Commons Select Committee on Digital, Culture, Media and Sport will typically produce a report on the BBC to try and feed into and influence the government's thinking but there is no guarantee that they will do so, and no requirement on the government's part to seek the Committee's approval or even reflect their recommendations in its own proposals. There have been proposals to replace the BBC's Royal Charter and put the Corporation on a statutory footing, like Channel 4, in order to limit the government's power over it, but these have not been taken forward.^[27]

The second avenue of government control is via the BBC's governance. Traditionally, the BBC's executive leadership were answerable to and appointed by a board of governors, all of whom were appointed by the government. That governance structure was then replaced; first, by the BBC Trust; then, after a series of high-profile scandals at the Corporation that highlighted governance failures, the Trust was replaced by the current system: a conventional corporate board with a mixture of executive and non-executive directors, with the latter constituting the majority of board members.

^[25] *Royal Charter for the Continuance of the British Broadcasting Corporation*, December 2016
http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/about/how_we_govern/2016/charter.pdf paragraph 4

^[26] See paragraphs 5-7 of the Royal Charter

^[27] See Joe Watts, “Jeremy Corbyn sets out plans to 'end government control' of BBC” *The Independent* 22 August 2018, available online at
<https://www.independent.co.uk/news/uk/politics/jeremy-corbyn-bbc-tv-bias-government-control-journalism-labour-party-a8503166.html>

Current Board members

- **Richard Sharp** – Chair. Former financial sector executive, who has worked at JP Morgan and Goldman Sachs. Served two terms on the Bank of England’s Financial Policy Committee. Has served on the boards of public and private companies in the UK, Germany, Denmark and the United States, and on the board of non-profit organisations including the Royal Academy of Arts.
- **Tim Davie** – Director-General. Former chief executive of BBC Studios, the BBC’s main commercial subsidiary, which includes its production and international sales arms. Former executive at PepsiCo Europe and Procter & Gamble, and co-chair of the Government’s Creative Industries Council – a government-industry consultative body (see ‘Influencers’ below). Davie stood as a local councillor for the Conservative Party in the mid-90s, at which time he was also deputy chairman of a local Conservative Party association.
- **Dame Elan Closs Stephens** – Non-Executive Director and Member for Wales. Professor Emeritus at the University of Aberystwyth, specialising in cultural and broadcasting policy, who has served on the boards of a number of public cultural institutions, including as chair of the S4C Authority, which controls S4C – the Welsh-language public broadcaster.
- **Shirley Garrood** – Non-Executive Director. Financial sector accountant and CFO.
- **Sir Robbie Gibb** – Non-Executive Director and Member for England. Former career broadcast journalist at BBC News, head of BBC Westminster and Editor of Live Political Programmes. Former Director of Communications for 10 Downing Street 2017-19 (i.e. under Theresa May). Served as an editorial adviser for GB News in late 2020 and is a director of the Jewish Chronicle newspaper. [29]
- **Tanni Grey-Thompson, Baroness Grey-Thompson of Eaglescliffe** – Non-Executive Director. Former Paralympian and board member on a number of public bodies including the National Disability Council, UK Sport and Transport for London, who sits in the House of Lords as a crossbench peer (i.e. she has no party allegiance).
- **Ian Hargreaves** – Non-Executive Director. Former journalist at the Financial Times, Independent and New Statesman and former Director of BBC News and Current Affairs. Founding board member of Ofcom. Professor Emeritus at Cardiff University School of Journalism, Media and Culture.
- **Tom Ilube** – Non-Executive Director. Tech entrepreneur, educational philanthropist and CEO of a cybersecurity firm with a background in the financial sector.
- **Charlotte Moore** – Chief Content Officer. Former independent TV production executive who has worked at the BBC in senior commissioning roles since 2006.
- **Steve Morrison** – Non-Executive Director and Member for Scotland. Former executive at independent TV and film production companies Granada plc and All3Media.
- **Sir Nicholas Serota** – Non-Executive Director. Former director of several art institutions including 30 years as director of the Tate galleries. Now Chair of Arts Council England.

[29] Gibb reportedly played a leading role in the effort to set up GB News as a right-wing news channel to rival the BBC. See Adam Forrest, “GB News: Former No 10 official ‘leading effort to launch BBC competitor’” *The Independent* 31 August 2020, available online at <https://www.independent.co.uk/news/uk/politics/gb-news-tv-channel-launch-sir-robbie-gibb-bbc-rival-a9696811.html>

- **Leigh Tavaziva** – Chief Operating Officer. Former senior executive at energy companies including British Gas and Centrica; also a former classical ballerina and contemporary dance artist.
- **Francesca Unsworth** – Director, News and Current Affairs. Former director of the BBC World Service Group; career journalist and news editor at the BBC.

The four executive Board members are Tim Davie, Charlotte Moore, Leigh Tavaziva and Francesca Unsworth. One non-executive director position on the Board – the member for Northern Ireland – is currently vacant.

The BBC's Executive Committee is chaired by the Director-General, and is responsible for delivering the BBC's services in accordance with the strategy approved by the BBC Board, and for general operational management.[30] The BBC's Commercial Holdings Board is responsible for the governance and oversight of the BBC's commercial subsidiaries, namely BBC Global News, BBC Studios and BBC Studioworks. It is chaired by Elan Closs Stephens, a Non-Executive Director of the BBC Board, and composed of members of the BBC Board, directors from the commercial parts of the BBC, and an independent director.[31]

The third avenue of government control over the BBC is via its public funding. The BBC is primarily funded by the TV licence fee, a compulsory flat fee to be paid by all UK households that watch live or catch-up television. The government's power to set the level of the licence fee is an important mechanism through which BBC staff, and particularly senior managers, come to feel that it is in their institution's interest not to unnecessarily antagonise or clash too strongly with the government. The level of the licence fee is set roughly every five years. (There is further discussion of the licence fee in the section of this report on sources of public funding for journalism.)

The fourth avenue of government control is via the regulation of the BBC. Since the most recent Royal Charter, the regulation of BBC is the responsibility of the communications regulator, Ofcom, whose board and CEO are all appointed by the Department for Culture, Media and Sport. Ofcom scrutinises the BBC's performance against its remit and produces regular reviews of the BBC's work in a variety of areas. For example, in October 2019, Ofcom published a review of the BBC's news and current affairs output.[32] It also publishes regular reviews of public service broadcasting as a whole, including the BBC. Ofcom also carries out Market Impact Assessments of proposed new BBC services, to determine whether the BBC launching a new service would have a detrimental impact on the broadcasting market. These assessments can delay or block the launch of new services. For example, the BBC's proposal to launch a BBC One+1 catch-up channel was blocked by Ofcom after commercial broadcasters such as ITV and Sky argued it would have a damaging impact on the viewing of their channels. Ofcom is also responsible for enforcing the Broadcasting Code, which covers matters such as accuracy, impartiality, harm and offence.

[30] <https://www.bbc.com/aboutthebbc/howweare/exco>

[31] <https://www.bbc.com/aboutthebbc/howweare/commercial>

[32] <https://www.ofcom.org.uk/tv-radio-and-on-demand/information-for-industry/bbc-operating-framework/performance/review-bbc-news-current-affairs>

The question of BBC bias is one of the oldest and most frequently discussed in commentary on the UK's news media. The charge of bias has been levelled from both the political left and right – a fact that has often been used by BBC staff as evidence that the Corporation's output is not biased. Clearly, though, just because both sides have levelled the accusation, that does not mean both sides are wrong. What does the evidence say?

In 2013, academics at Cardiff University produced a major study of BBC news coverage, which was funded by the BBC Trust as part of a series of studies examining the impartiality of its reporting of a number of controversial subjects. Analysing coverage from 2007 and 2012, the study looked at the sources used in BBC news coverage and found that, while party political sources were dominant in coverage of many issues, Conservative voices were more dominant than Labour ones. The study also found that sources representing business, and especially the City of London, were heavily represented – more so than on ITV or Channel 4's news programmes. Reporting on the financial crisis was at key times “almost completely dominated by stockbrokers, investment bankers, hedge fund managers and other City voices. Civil society voices or commentators who questioned the benefits of having such a large finance sector were almost completely absent from coverage.” Overall, the lead author of the report concluded that “the evidence from the research is clear. The BBC tends to reproduce a Conservative, Eurosceptic, pro-business version of the world, not a left-wing, anti-business agenda.”[33]

Another study produced by academics at Cardiff in 2015 analysed the content of television news and newspaper reports during the 2015 UK general election and found that the national press – which is dominated by the right – played a major role in setting the broadcast news agenda, even if the broadcasters packaged those stories in a less partisan, more impartial way.[34] A third study from Cardiff, in 2017, found that the BBC's use of think-tanks as sources in its news and current affairs programme also exhibited a bias to the right:

“Overall, BBC news reveals a clear preference for non-partisan or centrist think tanks. However, when the Labour Party was in power in 2009, left and right-leaning think tanks received similar levels of coverage, but in 2015, when the Conservative Party was in government, right-leaning think tanks outnumbered left-leaning think tanks by around two to one. Overall, our findings add weight to a pattern emerging from a number of recent academic studies that show, despite its undoubted commitment to impartiality, BBC news programming has shifted its centre of gravity to the right.”

A fourth study from Cardiff, published in 2017, analysed the BBC's coverage of the 2016 EU referendum campaign and found that “*news bulletins maintained a fairly strict adherence to a central binary balance between issues and actors during the campaign. But this binary was politically inflected, with a significant imbalance in party political perspectives, presenting us with a right-wing rather than a left-wing case for European Union membership.*”[35]

[33] Mike Berry, “Hard Evidence: how biased is the BBC?” *The Conversation* 23 August 2013, available online at <https://theconversation.com/hard-evidence-how-biased-is-the-bbc-17028> The full review is available online at http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/our_work/breadth_opinion/content_analysis.pdf

[34] Stephen Cushion, Allaina Kilby, Richard Thomas, Marina Morani and Richard Sambrook, “Newspapers, Impartiality and Television News: Intermedia agenda-setting during the 2015 UK General Election campaign” *Journalism Studies* Vol. 19, No. 2 (2018), available online at <https://www.tandfonline.com/doi/full/10.1080/1461670X.2016.1171163>

[35] Stephen Cushion and Justin Lewis, “Impartiality, statistical tit-for-tats and the construction of balance: UK television news reporting of the 2016 EU referendum campaign” *European Journal of Communication* Vol. 32, Issue 3 (2017), available online at <https://journals.sagepub.com/doi/full/10.1177/0267323117695736>

Finally, a 2020 study that analysed which MPs BBC journalists follow on Twitter found that, *“despite the fact that Labour MPs have more followers on Twitter, BBC journalists are more likely to follow Conservative MPs in general, and high-profile Conservative MPs in particular; and additionally are more likely to follow members of the cabinet than members of the shadow cabinet.”* The study also found that the journalists were more likely to follow ‘moderate’ MPs in each party than ‘radical’ ones. In the case of Labour, this meant that BBC journalists were more likely to follow the Labour MPs most hostile to Jeremy Corbyn’s leadership than the core group of MPs who supported Corbyn – despite many of the latter being in the shadow cabinet.[36]

The academic evidence is quite consistent and clear: when analysed rigorously, the BBC’s news and current affairs output does not display the left-wing bias that right-wing politicians and commentators claim it does. In fact, the studies above suggest the opposite: that the BBC has a conservative bias in its news output, primarily because of the weight it gives to right-wing sources – the national press, think-tanks, party politicians, business. Those studies that do claim to provide compelling evidence that the BBC has a left-wing bias have come from right-wing think-tanks, and been shown to be deeply flawed methodologically.[37]

As a second strand of evidence, it is worth considering the social backgrounds and the political views of the people who make the BBC’s news and current affairs output. The evidence is again clear: the BBC’s senior executives and editorial figures are disproportionately drawn from elite social backgrounds, many of whom have attended private schools and then Oxford or Cambridge. They have this in common with the rest of the UK’s news media. The Sutton Trust, a charity dedicated to promoting social mobility, found in 2019 that the news media was one of the 10 professions with the highest proportion of people who attended private schools, and who went to university at Oxford or Cambridge. 44% of newspaper columnists, 43% of the 100 most influential journalists, editors and broadcasters, and 29% of BBC executives attended private school, compared to 7% of the general population. 44% of newspaper columnists, 36% of the 100 most influential journalists, editors and broadcasters, and 31% of BBC executives went to university at Oxford or Cambridge, compared to less than 1% of the general population.[38]

Many of the BBC’s most prominent journalists have right-wing views or associations. Some recent examples include:

- **Nick Robinson**, a presenter of the Today programme and the former BBC political editor, is a former president of the Oxford University Conservative Association.
- **Jeremy Paxman**, the former, longstanding, lead presenter of Newsnight on BBC Two described himself as a “one-nation Tory” and was asked by the Conservatives to stand as a candidate for Parliament.[39]
- **Allegra Stratton**, the former political editor of Newsnight (2012-2016), subsequently became a Conservative Party political advisor, director of communications to the Chancellor of the Exchequer and then Boris Johnson’s press secretary in October 2020.

[36] Tom Mills, “What the BBC can learn from its journalists’ use of Twitter” *The Guardian* 2 December 2020, available online at <https://www.theguardian.com/commentisfree/2020/dec/02/bbc-journalists-twitter-study-reporters>

[37] See, for instance, an analysis of the Centre for Policy Studies’ 2013 report, “Bias at the Beeb”. Gordon Ramsay, “The CPS claims that the BBC has a left-of-centre bias in its coverage of Think Tanks, but closer analysis shows that it is much more even handed” *LSE Blog* 10 September 2013, available online at <https://blogs.lse.ac.uk/impactofsocialsciences/2013/09/10/bias-at-the-bbc-replicating-the-cps-analysis/>

[38] The Sutton Trust, *Elitist Britain 2019*, p. 4-5 and 9, available online at <https://www.suttontrust.com/our-research/elitist-britain-2019>

[39] Kunal Dutta, “Jeremy Paxman was approached by Tories to stand as MP in Kensington” *The Independent* 24 March 2015, available online at <https://www.independent.co.uk/news/people/jeremy-paxman-was-approached-tories-stand-mp-kensington-10129196.html>

- **Andrew Neil**, one of the BBC's leading political interviewers and presenters over twenty-five years, is chairman of the right-wing Spectator magazine and left the BBC to present a show on the new, right-wing channel GB News.
- **Robbie Gibb**, a member of the BBC Board and the former head of BBC Westminster – i.e. the person in charge of the BBC's political programmes – has had a long association with the Conservative Party going back to the 1990s, is a strong supporter of Brexit, became Theresa May's director of communications after leaving the BBC in 2017 and was involved in setting up GB News.

Meanwhile, at the BBC's senior leadership level, the current director-general of the BBC, Tim Davie, stood as a councillor for the Conservative Party in the 1990s and was deputy chairman of a local Conservative Party. The current chair of the BBC, Richard Sharp, is a former banker who has worked as an advisor to Boris Johnson and Rishi Sunak, donated more than £400,000 to the Conservative Party, and was formerly director of a right-wing think-tank: the Centre for Policy Studies. The BBC's previous three chairs were: an investment banker and former Deputy Governor of the Bank of England[40]; a former corporate executive who, after her period as chair, became a Conservative peer and a minister in the Conservative government[41]; a Conservative career politician who had served as a cabinet minister under Margaret Thatcher and Conservative Party chairman.[42]

Why, then, are there such frequent claims that the BBC has a left-wing bias, when the evidence about the BBC's news and current affairs output, and about its staff in key positions, seems to run in the opposite direction? A number of possible explanations suggest themselves. First, evidence from the latest Reuters Institute Digital News Report suggests that, internationally, people with right-wing views are more likely to believe that people like them are poorly represented in the news media than people with left-wing views are (except in the UK). This is overwhelmingly true in the United States but it has also been the case in many other countries such as Germany, Japan, Brazil or Spain. There may simply be a greater propensity among people with right-wing views to believe that the media covers one's own views unfairly, for reasons that require deeper investigation.[43]

Second, alleging bias against, and thus sowing distrust in, rival media has long been known to be one effective editorial tactic in the competition for viewers or readers. Fox News in the US has long alleged a pervasive 'liberal' bias in the rest of the US news media, and positioned itself as 'fair and balanced', as part of a commercial strategy to dominate US cable news. The British press is – along with the Conservative Party and its connected think-tanks – the most frequent source of allegations of the BBC's left-wing bias. There is an obvious commercial interest for the press in doing so: readers of the *Times*, *Telegraph* or *Mail* who believe the BBC's news output is completely compromised by a left-wing bias may be less likely to seek their news from the BBC and more likely to get it from one of those right-wing titles. Now that those titles compete directly, online, with the BBC's news site, their incentive to allege the BBC has a left-wing bias is stronger than ever. Moreover, as the data on trust in different major news brands shows above, the BBC remains far more widely trusted than any newspaper brand, and far more trusted than *The Sun* or *the Mail*: this is a competitive disadvantage that it is in these brands' interest to narrow to some degree.

[40] https://en.wikipedia.org/wiki/David_Clementi

[41] https://en.wikipedia.org/wiki/Rona_Fairhead,_Baroness_Fairhead

[42] https://en.wikipedia.org/wiki/Chris_Patten

[43] Reuters Institute, *Digital News Report 2021*, p. 35, available online at <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2021>

Third, some of the right-wing complaints about the BBC's 'left-wing' or 'liberal' bias relate not so much to its news and current affairs output as its output in a number of other genres, like comedy, drama and documentaries. It is alleged that the BBC's comedy output overrepresents "woke" or "brazenly left-wing comedians"[44]; that the BBC's nature documentaries do not give representation to climate 'sceptics' and thus give a "flagrantly one-sided" view on the reality of man-made climate change[45]; that the BBC's drama output displays a left-wing bias in plotlines and choice of villains – "Thatcher. Business leaders. Bent coppers. Tory toffs. Catholic priests. American Republicans. The Israeli security services."[46]

Fourth, the right's dominance in the press may mean that, to some people who work in the right-wing press or heavily read it, the fact that the BBC's output does not display a similarly overt, right-wing bias may give the impression to them that the BBC has a liberal or left-wing bias, when in reality its bias is a centre-right one – just one not as right-wing or as overt as they are used to encountering in the other media they consume.

Fifth, alleging left-wing bias may simply be a useful means to create a climate of opinion in which the Conservative Party's moves to increase its political control over the BBC are seen as unproblematic and even justified, or in which there is support among Conservative supporters for cutting the BBC's funding or reducing the scope of the BBC's activities. These are both moves that right-wing national newspaper publishers strongly support.

Over the past half-century, the Conservative Party has been in government for 32 years, while Labour has only been in government for 18; the Conservatives have been in office for almost two-thirds of the time. Even if there were a left-wing bias at the BBC, there is not much evidence that the Conservative Party has paid much of an electoral price for it.

ITV

The ITV network was launched in 1955 as a commercial competitor to BBC Television; it is the oldest commercial network in the UK. Originally it was a network of separate television companies that each held one of several regional franchises to provide television, but following the deregulation of commercial television in the 1990s a sequence of mergers led to the creation of ITV plc. ITV holds the channel 3 licences for every region of the UK except central and northern Scotland, which are held by the STV Group.

[44] Glen Owen, "Scale of the BBC's woke comedy bias is laid bare: Seventy-five per cent of slots are handed to brazenly left-wing comedians and just FOUR out of 364 slots are given to conservatives" *Mail on Sunday* 12 December 2020, available online at <https://www.dailymail.co.uk/news/article-9047049/Seventy-five-cent-BBC-comedy-gigs-handed-brazenly-left-wing-comedians.html>

However, the 'audit' cited in the article was produced by the Campaign For Common Sense, a right-wing pressure group whose director is a former Conservative Party parliamentary candidate.

[45] Christopher Booker, "The BBC and an inconvenient truth about climate change" *Mail Online* 8 December 2011, available online at <https://www.dailymail.co.uk/debate/article-2071358/BBCs-bias-global-warming-An-inconvenient-truth-climate-change.html> Booker "produced a detailed report on the subject for the Global Warming Policy Foundation, the 'sceptical' think-tank run by former Chancellor Lord (Nigel) Lawson".

[46] Tim Montgomerie, "BBC's biased drama needs a reality check" *The Times* 11 December 2014, available online at <https://www.thetimes.co.uk/article/bbcs-biased-drama-needs-a-reality-check-qx9hj03srrr>

ITV plc is a publicly traded company with no single controlling owner. Media ownership laws preclude any individual or company controlling more than 20% of the national newspaper market from owning more than a 20% stake in ITV. In practice, the only company this has any effect on is News Corporation, whose UK subsidiary News UK has long held a roughly 35% share of the national newspaper market. ITV's primary source of funding is TV advertising but in recent years it has generated an increasing amount of revenue from its production and distribution arm, ITV Studios, which operates around the world, making programmes for other broadcasters (including the BBC), licensing ITV programmes and formats.

ITV is the second most important TV network in the UK after the BBC, and the second most important provider of TV news. ITV had a 16% share of UK TV viewing in 2020. Its other channels, ITV2 and ITV3, account for only 1.5% and 2.3% respectively. Before the deregulation of broadcasting, the ITV franchises produced programmes whose quality was often thought comparable to, or even better than, the BBC's, including in classic 'public service' genres like factual, arts, drama and current affairs. However, since deregulation, ITV's output has become steadily more commercial, and its public service output has declined. Today, ITV is mostly famous for its entertainment programming, which often draws huge audiences – talent shows, gameshows, reality shows and so on, mixed with occasional dramas. Its news bulletins are more 'tabloid' than the BBC's, with a greater focus on 'human interest' stories. Its serious current affairs output is now fairly minimal.

Like the BBC and other broadcasters, ITV's news output is regulated for impartiality, accuracy and other requirements by Ofcom. As such, ITV's news does not display clear or overt partisan biases. Its editorial orientation is generally more commercial and tabloid than the BBC's news programmes or *Channel 4 News*, with fewer 'hard news' and more 'soft news' stories. It also attracts a more working-class audience – in line with the rest of the channel's output – but its output is not noticeably more left-wing or right-wing than the BBC's.

Channel 4

Channel 4 was launched in 1982 as the UK's third broadcaster, and the second publicly-owned one. The Channel 4 channel accounted for 5.5% of total TV viewing in 2020, though when taken together with its other channels, such as the youth oriented E4 and the film channel Film4, the network as a whole accounts for around 10% of TV viewing.

Unlike the BBC, Channel Four is established not by a Royal Charter but by statute – legislation passed by Parliament. Its remit is set out in Section 198A of the Communications Act 2003.^[47] Channel Four is required to make "a broad range of relevant media content of high quality that, taken as a whole, appeals to the tastes and interests of a culturally diverse society" (including films). The range of content it produces must include (a) news and current affairs, (b) "content that appeals to the tastes and interests of older children and young adults" and (c) feature films that "reflect cultural activity in the United Kingdom". Channel Four is specifically required to "promote alternative views and new perspectives". Ofcom is required to regularly review and report on the extent to which Channel Four has fulfilled these duties and may give directions to Channel Four to remedy any failures it finds.^[48]

[47] Available online at: <https://www.legislation.gov.uk/ukpga/2003/21/part/3/chapter/1/crossheading/c4c>

[48] See sections 198C and 198D of the Communications Act 2003, available online at <https://www.legislation.gov.uk/ukpga/2003/21/part/3/chapter/1/crossheading/c4c>

Non-Executive Directors of the Channel Four Board are appointed by Ofcom in agreement with the Secretary of State for Digital, Culture, Media and Sport. The Chief Executive is appointed by the Board and other Executive Members are appointed by the Chief Executive and the Chair jointly.

Current Board members: [49]

- **Charles Gurassa** – Chair. Former corporate executive and board chair of a number of travel and airline companies.
- **Christopher Holmes, Baron Holmes of Richmond** – Deputy Chair. Former Paralympic swimmer and sports administrator. Crossbench member of the House of Lords and director of a consultancy firm.
- **Althea Efunshile** – Non-Executive Director. Former executive in the cultural and education sectors and board member of a number of public cultural and educational institutions, including as Chair of the National College of Creative Industries and Council Member of Goldsmiths, University of London.
- **Paul Geddes** – Non-Executive Director. Former insurance industry executive, now chief executive of a digital education and skills provider.
- **Tom Hooper** – Non-Executive Director. Film and TV director and a Governor of the British Film Institute.
- **Roly Keating** – Non-Executive Director. Former programme maker and executive at the BBC, now chief executive of the British Library.
- **Andrew Miller** – Non-Executive Director. Former accountant, corporate executive and chief executive of Guardian Media Group, now chief executive of Motability Operations, which provides mobility vehicles for disabled people.
- **Alex Mahon** – Chief Executive Officer. Former chief executive of a major independent TV and film production company.
- **Jonathan Allan** – Chief Operating Officer. Former Chief Commercial Officer and Sales Director at Channel Four; former executive at a media agency.
- **Ian Katz** – Director of Programmes. Former journalist, editor of BBC Newsnight and deputy editor of *The Guardian*.

[49] <https://www.channel4.com/corporate/about-4/who-we-are/board>

Although publicly owned, Channel 4 is wholly funded by commercial revenue. As a publisher-broadcaster, required by its remit to commission all its programming externally, it has no production arm to generate revenue. Its primary revenue source is TV advertising and sponsorship, increasingly supplemented by digital revenue – primarily digital advertising and subscription revenue.[50] Channel 4's financial resources are considerably smaller than the BBC's or ITV's.

From its inception, Channel 4's remit has been to focus on catering to audiences and tastes that are neglected or underserved by the two main broadcasters, the BBC and ITV. Initially a radical and experimental broadcaster in the 1980s, changes to Channel 4's governance and funding, as well as to its main competitors, saw the channel move in an increasingly commercial and populist direction by the 2000s. Channel 4 produced the British edition of *Big Brother* – its biggest and most reliable ratings hit of the 2000s.[51] The channel remains perhaps the most distinctive in the UK media in its content and approach, but it is now far less radical or experimental than it was in its 1980s heyday.

The network's two main news and current affairs programmes are the nightly *Channel 4 News* and the regular investigative documentary series *Dispatches*. *Channel 4 News* is more internationalist and liberal in its editorial orientation than the BBC and ITV News, but this is evident more in its story selection than in presentation or open editorialising.

Around the time of the 2019 election, the Conservative Party and its allied news media began to express the view that Channel 4 had an unacceptably left-wing bias, particularly after it 'empty chaired' Boris Johnson and Nigel Farage when they did not attend the televised debate it hosted on climate change for the UK's main party leaders. They were replaced by melting ice sculptures. One article in the *Telegraph* in November 2019 threatened Channel 4 with privatisation as retaliation.[52] Another in *The Sun* in February 2020 argued for the same.[53]

What the claims of Channel 4's bias ignore or play down is the fact that the broadly liberal, internationalist perspective that animates Channel 4's news reporting is one that meets its statutory remit in two respects. First, given the right's dominance of the press and the BBC's documented biases in its news and current affairs division, and given that Channel 4 is explicitly required to promote 'alternative views', by giving a broadly liberal perspective it is actually providing something underrepresented in the rest of the media.

Second, the channel is required to produce content that appeals specifically to young people, who in recent elections have voted overwhelmingly for Labour, who – as surveys have shown – hold considerably more liberal attitudes and values than older age groups, and who have been turning away from TV news at a faster rate than older age groups in recent years.[54]

[50] Viewers who watch Channel Four programmes online through its All4 VOD service can choose either to watch them for free with ads, or to watch pay a £3.99 monthly fee to watch them without ads ('All4+').

[51] Rod Stoneman, "When Channel 4 Was Radical" *Tribune* 3 June 2020, available online at <https://tribunemag.co.uk/2020/06/when-channel-4-was-radical>

[52] Matt Kilcoyne, "Channel 4's political bias has become too brazen to ignore" *The Telegraph* 29 November 2019, available online at <https://www.telegraph.co.uk/environment/2019/11/29/channel-4s-political-bias-has-become-brazen-ignore/>

[53] Dan Wootton, "Let's sell off leftie, luvvie, propaganda network Channel 4 to stop it selling short ordinary viewers" *The Sun* 27 February 2020, available online at <https://www.thesun.co.uk/news/11057817/sell-channel-4-leftie-luvvie-propaganda/>

[54] See James Sloam and Matt Henn, "Young cosmopolitans and the deepening of the intergenerational divide following the 2019 general election" *LSE Blog* 13 December 2019, available online at <https://blogs.lse.ac.uk/politicsandpolicy/young-cosmopolitans-and-ge2019/>

That fact may be largely attributable to young people's greater use of new digital video sources. But it may also be partly attributable to a failure on the part of the UK's other broadcasters to provide news and current affairs programmes that cater to young people's views and interests. For instance, Ofcom's 2019 review of the BBC's news and current affairs output found that younger viewers felt it was failing to cater to them in exactly the areas that Channel 4 does cater to them, like international news.[55]

Sky

Sky is the UK's largest pay-TV broadcaster, delivering channels via a digital satellite TV platform to 12.9 million subscribers as of the end of 2019. Formed as the fourth major broadcaster in the UK in a 1990 merger between Sky Television and British Sky Broadcasting, its largest shareholder was News Corporation and then its successor company 21st Century Fox, which owned nearly 40% of the company until 2018. Rupert Murdoch made two failed attempts to acquire whole ownership of Sky: first in 2010-11 with News Corporation and second in 2017-18 with 21st Century Fox. When the second bid encountered protracted regulatory difficulties, Murdoch decided to sell most of Fox's entertainment assets to Disney, including the company's stake in Sky. Disney inherited Fox's bid for whole ownership of Sky, and intended to continue with it. However, in 2018, with the Fox/Disney bid still stuck in regulatory scrutiny, the US telecoms, TV and film giant Comcast (owner of NBCUniversal) made a larger bid for the company. Comcast's bid ultimately triumphed, and Sky is now in effect Comcast's European subsidiary. With major operations in Ireland, Germany and Italy, it had 23.9 million subscribers across Europe in 2020, making it one of the biggest entertainment companies on the continent.

As a pay-TV provider, subscriptions are Sky's primary source of revenue, supplemented by advertising and sponsorships. Along with pay-TV, Sky also sells broadband and mobile phone services, and a subscription internet streaming service Now (formerly Now TV). Sky's revenues are far greater than any other UK broadcaster's, including the BBC's, but so much of that revenue is spent on acquiring the rights to live sport and imported films and drama that Sky's original programming budget is far smaller than the BBC, as is the quantity of original output it produces. In the last decade or so, Sky's traditional focus on live sport and Hollywood movies has been increasingly supplemented by premium American drama series – many from HBO – shown on a dedicated channel, Sky Atlantic. But now, amid increasing uncertainty over the future availability of international rights to American premium drama and films as streaming services like Disney+ and HBO Max roll out internationally, Sky is now beginning to invest more in creating its own original scripted series.[56]

The Sky News channel was launched in 1989 and remains an important part of Sky's presence in the UK. It is the only other 24-hour, rolling news channel besides the BBC News channel. The (free) Sky News website and app are both among the most popular in the UK. Sky News Radio supplies regular news bulletins to almost every commercial radio station in the UK – over 280 stations.[57]

[55] Ofcom, "Review of BBC news and current affairs" 24 October 2019, p. 21-22 available online at <https://www.ofcom.org.uk/tv-radio-and-on-demand/information-for-industry/bbc-operating-framework/performance/review-bbc-news-current-affairs> "A lack of diversity in the stories that the BBC covered, and the reporters and presenters on screen, was a strong concern raised by some people we spoke to during our research. This was especially true of younger people and people from minority ethnic backgrounds. ... Younger people also questioned how far BBC news coverage was "talking to me". They typically saw the BBC's news provision as "dry and boring". Rather than reflecting their interests, the BBC was often perceived by this group as being more relevant to their parents. Younger audiences typically wanted to understand news from a global perspective. They were interested in international news and thought the BBC focused too much on the UK."

[56] Tara Conlan, "Sky UK boosts original content as it takes on streaming rivals" *The Guardian* 24 January 2021, available online at <https://www.theguardian.com/media/2021/jan/24/sky-uk-boosts-original-content-as-it-takes-on-streaming-rivals>

[57] See <https://news.sky.com/info/radio>

Like other broadcasters, Sky News is regulated for political impartiality in its presentation of the news. Insofar as it has biases, they are likely to be subtle and expressed more in the selection of stories than in their presentation. The analysis of TV coverage of the 2015 election by academics at Cardiff University found that, of all the UK's major broadcasters, Sky News's stories about policy issues were the ones most similar to the press's agenda: 63% of the policy stories it aired had previously been published in newspapers, and "a clear majority of policy stories reported by broadcasters emanated from right-wing newspapers". [58] Although the perception that Sky News has a right-wing bias is not widespread, it was fuelled for many years by the fact that Sky's largest shareholder was Rupert Murdoch's News Corp (and then 21st Century Fox after News Corp's 2013 corporate split). [59] A 2009 analysis of Sky News's output in comparison to the BBC News channel's found that

"Sky News is more tabloid and sensationalist in orientation, does fewer serious international stories outside the USA, favours military sources, under-uses 'information rich' sources and has led the way in 'hyping' news with 'breaking news' and 'news alert' tags. We should not, however, overestimate the differences between Sky News and [BBC] News 24. Sky is still more broadsheet than tabloid, and the differences between the channels are, in most cases, matters of degree. Indeed, it could be argued that our findings suggest that while there are echoes of the Fox style in Sky's coverage, the fact that its main competitor is a popular public service news provider acts as a restraint on 'Foxification'."

There have not been any academic content analyses of Sky News's output since Sky's acquisition in 2018 by Comcast so it is hard to say whether, or how, the channel's content has changed since its change of ownership.

Channel 5

Channel 5 was the fifth broadcaster to be established in the UK, launched as a commercial competitor to the main four channels in 1997. In 2011 the channel was acquired by Richard Desmond's publishing group Northern & Shell, which also owned the *Daily Express* and *Daily Star* newspapers. In 2014, Desmond sold Channel 5 to Viacom, its current owner.

Channel 5 is a relatively minor presence in British broadcasting: never possessing the public service broadcasting remit that the BBC, ITV and Channel 4 have all – at least at some stage – had, Channel 5 is largely known as a home for imported American fodder: true crime, reality programmes, crime dramas, soaps and B movies. Channel 5's nightly news programme is the shortest and most lightweight of any major channel – just half an hour between 6:30-7pm.

STV

STV is a Scottish TV channel, which operates as part of the ITV network but is owned by the STV Group, a company separate to ITV plc. *STV News at Six* is the channel's regular news programme, while *Scotland Tonight* is its regular news and current affairs programme. Like ITV, STV is funded by a mixture of advertising revenue (around 85% of the total) and programme production revenue.

[58] Stephen Cushion, Allaina Kilby, Richard Thomas, Marina Morani and Richard Sambrook, "Newspapers, Impartiality and Television News: Intermedia agenda-setting during the 2015 UK General Election campaign", *Journalism Studies* Vol. 19, Issue 2 (2018), p. 171, available online at <https://doi.org/10.1080/1461670X.2016.1171163>

[59] Murdoch had told the House of Lords Communications Committee in 2007 that he wanted Sky News to become more like Fox News in future, but that at present he could not change the channel. Owen Gibson, "Murdoch wants Sky News to be more like rightwing Fox" *The Guardian* 24 November 2007, available online at <https://www.theguardian.com/media/2007/nov/24/bskyb.television>

S4C

S4C, Sianel Pedwar Cymru (Channel Four Wales) is a Welsh-language TV channel, which launched in 1982 at the same time as Channel 4. Initially bilingual outside peak hours, today the channel broadcasts entirely in Welsh although all Welsh-language programming has English subtitles available. The channel is controlled by the S4C Authority, an independent public body appointed by the Secretary of State for Digital, Culture, Media and Sport. Like Channel 4, all S4C's programming is commissioned from external sources – it makes no programmes of its own.

The channel was largely funded by an annual direct grant from the Department for Digital, Culture, Media and Sport, until, following a decision by the Chancellor of the Exchequer George Osborne in 2010, the DCMS's funding began to be phased out from 2013 onwards and replaced by funding from the TV licence fee. S4C derives only a small proportion of its revenue from commercial sources. BBC Wales produces some programming for the channel, which is provided free of charge as part of the BBC's remit. The amount of news programming on the channel is minimal: a half-hour evening news programme and 5-minute news updates throughout the day.

GB News

In 2019, a group of right-wing investors and media executives began to organise the launch of a new TV channel delivering political news and debate from a right-wing, nationalist perspective. GB News was granted a broadcasting licence by Ofcom in January 2020 and launched in June 2021. Robbie Gibb, the former head of BBC Westminster and now a member of the BBC board, was an editorial adviser to the project in 2020 when it was raising funding to launch. In an August 2020 *Telegraph* article Gibb said, "*The BBC has been culturally captured by the woke-dominated group think of some of its own staff. There is a default Left-leaning attitude from a metropolitan workforce mostly drawn from a similar social and economic background.*"[60] The argument for GB News was therefore that it would provide political news and debate that counteracts this tendency.

GB News's main backers are the American media multinational Discovery, Inc., the investment firm Legatum (a strong supporter of Brexit through its associated think-tank, the Legatum Institute), and Paul Marshall, a right-wing hedge fund manager. The channel has recruited around 120 editorial staff – a host of right-wing journalists and commentators, including one of the BBC's former leading political interviewers and presenters, Andrew Neil. The channel is consciously modelled on US cable news channels like Fox News and MSNBC.[61] The channel has struggled to find an audience and indeed, as of September 2021, was averaging a 0.3% rating, just 21,000 television viewers. Its cause was not helped by the departure of its founding chairman, Andrew Neil, after a 'furious row with bosses' about the increasingly right-wing political direction of the channel.[62]

[60] Robbie Gibb, "The BBC has a real chance to reform after losing sight of its purpose" *The Telegraph* 30 August 2020, available online at: <https://www.telegraph.co.uk/news/2020/08/30/bbc-has-real-chance-reform-losing-sight-purpose/>

[61] Andrew Neil: "In terms of formatting and style, I think MSNBC and Fox are the two templates we're following." Quoted in Ben Smith, "Piers Morgan Can't Wait to Bring the Worst of America Home" *The New York Times* 14 March 2021, available online at: <https://www.nytimes.com/2021/03/14/business/media/piers-morgan-walks-off-british-tv.html>

[62] GB News ratings: Channel has lost 60% of viewers since it launched in June, analysis finds". *The Independent*, 28 September 2021, available online at: <https://inews.co.uk/news/media/gb-news-has-lost-60-per-cent-of-viewers-since-june-launch-1221761>

Newspapers

National Newspapers

The UK is famous for having one of the most competitive national newspaper markets in the world. One reason for that competitiveness is that print newspaper sales have largely been single-copy sales, bought at newsagents or supermarkets, rather than subscriptions delivered to the home, so there is far more scope for readers to switch to buying a different paper each day. In 2021, there were ten national daily newspapers – eleven if the free, tabloid *Metro* is included – and ten national Sunday newspapers.

The daily newspaper with the highest (paid) circulation is *The Sun*, which has held that position continuously since the late 1970s. The Sunday newspaper with the highest circulation is *The Sun on Sunday* – successor to the previous, highest-selling Sunday title, the *News of the World*, which was closed down in mid-2011 following the phone hacking scandal.[63] Before the pandemic the free *Metro*'s circulation overtook *The Sun* but because *Metro* is handed out primarily at bus stops and train stations the pandemic has heavily reduced its circulation. And as a free title funded entirely by advertising, *Metro* carries far less editorial content than other national newspapers.

The national daily newspaper market is typically divided into three levels:

- **The 'quality' press** – the papers with the highest cover prices, aimed at the most affluent and educated demographics. They contain the most 'hard news' on serious subjects like politics, business and world affairs. This group consists of *The Times*, *The Daily Telegraph*, *The Guardian*, the *Financial Times* and *The Independent* (until it ceased print publication in 2016).
- **The 'popular' or 'tabloid' press** – the papers with the lowest cover prices, aimed primarily at working-class readers. They tend to contain the least 'hard news' and are more likely to feature a heavy emphasis on celebrities, 'human interest' stories, sport, sex and crime. This group consists of *The Sun*, the *Daily Mirror*, the *Daily Star* and the *i*. *Metro* is a free tabloid newspaper.
- Between these two levels, the **'mid-market' press**, whose prices sit between the qualities and the tabloids, and which are aimed at upper-working class or lower-middle class groups, with a commensurate editorial mix of serious politics, celebrity gossip and 'human interest' stories. This group consists of two titles: the *Daily Express* and the *Daily Mail*.

Politically, each of these three groups is dominated by right-wing titles – a dominance that has only grown over time. The market as a whole is dominated by two titles that, between them, have consistently accounted for just over half of total national daily circulation over the past decade: *The Sun* and the *Daily Mail*, both stridently right-wing titles. *The Sun* dominates the tabloid press, with between 50-60% of circulation over the past decade. *The Daily Mail*'s only mid-market rival is the *Daily Express*, another right-wing title.

[63] For more on the phone hacking scandal, see Leo Watkins, Media Influence Matrix: United Kingdom – Government, Politics & Regulation, March 2021, p. 10-12 and passim, available online at: <https://cmds.ceu.edu/sites/cmcs.ceu.hu/files/attachment/basicpage/1926/mimuk0327.pdf> See also the authoritative account by the journalist who uncovered the scandal: Nick Davies, *Hack Attack: How the truth caught up with Rupert Murdoch* (Chatto & Windus 2014)

Consider the situation at the 'quality' end: *The Guardian* is a paper of the liberal centre and centre-left; *The Independent* was a paper of the liberal centre; the *Financial Times* is a paper of the liberal centre and centre-right. The combined daily circulation of these three titles was 598,989 in 2012, whereas the combined circulation of the centre-right *Times* and right-wing *Daily Telegraph* was 971,055. In 2019 – after *The Independent* ceased printing but before the pandemic – the equivalent figures were 301,677 and 714,596. Because circulation of the conservative titles declined more slowly than their liberal rivals, the difference between the combined circulation of the three broadly liberal titles and the two conservative titles grew considerably between 2012 and 2019: the conservative titles had 62% more circulation in 2012, but 137% more circulation in 2019.

Table 18. National daily newspapers, circulation per issue

Source: Audit Bureau of Circulations. Average circulation for the month of January in each year.

Title	2012	2013	2014	2015	2016
The Sun	2,519,912	2,229,689	2,038,940	1,836,473	1,712,376
Daily Mail	1,920,801	1,792,486	1,692,383	1,623,579	1,538,549
Daily Mirror	1,077,683	1,027,699	951,184	863,564	769,961
The Times	400,238	393,170	392,987	395,559	434,516
The Daily Telegraph	570,817	548,452	512,141	483,232	474,595
Daily Star	596,109	530,318	464,409	424,364	484,287
Daily Express	561,274	522,596	477,018	428,075	409,323
i	279,309	299,174	287,867	275,674	280,649
Financial Times	298,070	253,229	220,166	209,800	195,683
The Guardian	210,661	195,361	185,897	171,418	163,084
The Independent	90,258	72,002	62,903	58,082	54,785
Total	8,525,130	7,864,175	7,285,894	6,769,821	6,517,810

Title	2017	2018	2019	2020	2021
The Sun	1,564,322	1,449,007	1,290,266	1,224,188	Not available
Daily Mail	1,429,416	1,268,519	1,172,026	1,049,920	971,408
Daily Mirror	643,371	552,522	482,141	406,257	365,712
The Times	447,473	427,708	387,708	364,897	Not available
The Daily Telegraph	463,461	371,115	326,888	Not available	Not available
Daily Star	422,619	365,351	307,379	249,514	220,831
Daily Express	379,056	340,024	307,400	265,360	240,003
i	265,346	246,630	227,273	174,163	142,542
Financial Times	189,972	181,485	169,343	120,782	99,899
The Guardian	151,648	140,952	132,334	118,189	108,652
Total	5,956,685	5,343,313	4,802,759	3,973,272	2,149,048

The national Sunday press was once relatively distinct and autonomous from the national daily press. For most of its history, *The Observer* was not owned by the owners of *The Guardian*; for some time, *The Sunday Times* and *The Times* were owned separately; the *News of the World* and *The Sun* were only put together by Rupert Murdoch in 1969. Today, Sunday newspapers are much more closely integrated editorially and commercially into the operations of their respective dailies.

In most respects the Sunday market now looks much like the daily market, but there are a couple of noteworthy differences. First of all, *The Sunday Times* has much higher circulation than *The Times*, and dominates the Sunday quality market, with a 62% share of it in 2019 compared to *The Times*'s 38% share of the daily quality market. One reason is the absence of the *Financial Times* on Sundays (the paper only publishes a Saturday edition, called *FT Weekend*); another is the smaller circulation of the *Telegraph* on Sundays. The combined circulation of these two right-wing Sunday titles was almost four times that of the two centrist Sundays, *The Observer* and *The Independent on Sunday* in 2012. With the latter's closure in 2016, the two right-wing Sunday quality titles had almost six times *The Observer*'s circulation in 2019.

In the aftermath of the 2011 phone hacking scandal that led to the closure of the *News of the World*, its successor title, *The Sun on Sunday*, started life in 2012 with a smaller share of the Sunday popular market than *The Sun* had the rest of the week: 47% compared to 56%; however, by 2019, the former had caught up: 57% compared to 56%. The Sunday popular market also includes two titles with no daily equivalents: the *Sunday People* and the *Sunday Post*. *The Sunday People*'s base of appeal is in the northern English working class, although it is published in London by Reach plc, while the *Sunday Post* is published in Dundee by the Scottish newspaper and magazine publisher DC Thomson, and it is read mostly in Scotland, Northern Ireland and northern England.

Between 2012 and 2019, Sunday newspaper circulation declined slightly faster than the dailies' circulation: the total decline was 51% compared to 44%. *The Sunday People*, *Sunday Post* and *Sunday Mirror* lost the largest shares: around three-quarters of their circulation in that period. Meanwhile, the *Sunday Times*'s circulation fell by 30% whereas *The Times* has been remarkably successful in keeping its circulation up – a fall of only 9%, so whereas in 2012 the *Sunday Times* sold 2.3 times *The Times*'s circulation per issue, by 2020 the figure had fallen to 1.8.

The long-run trend, in summary, is that the Sunday market is becoming less and less distinct from the daily market, as Sunday editions are operationally and editorially folded into daily editions, and as publishers increasingly switch from selling individual copies each day to monthly digital subscriptions, where the existence of a distinct Sunday product is effectively abolished.

Table 19. National Sunday newspapers, average circulation per issue
Source: Audit Bureau of Circulations

Title	2012	2013	2014	2015	2016
The Sun on Sunday	2,167,218	1,873,077	1,662,908	1,500,448	1,443,518
The Mail on Sunday	1,798,206	1,659,515	1,529,067	1,434,875	1,346,632
The Sunday Times	918,564	847,811	815,373	778,654	781,376
Sunday Mirror	1,173,270	1,022,511	922,788	815,432	695,498
Sunday Express	513,306	459,737	418,839	375,679	360,382
The Sunday Telegraph	449,883	431,074	405,123	369,917	367,029
Sunday People	499,049	413,460	368,841	312,337	268,363
Daily Star Sunday	460,720	332,940	290,543	265,743	300,372
Sunday Post	272,246	236,073	209,383	183,206	153,134
The Observer	245,430	222,247	206,769	192,292	188,580
The Independent on Sunday	121,795	110,935	100,912	97,594	91,813
Total	8,619,687	7,609,382	6,930,545	6,326,178	5,996,698

Title	2017	2018	2019	2020	2021
The Sun on Sunday	1,332,174	1,226,829	1,086,386	1,028,520	Not available
The Mail on Sunday	1,220,820	1,063,095	985,826	901,785	857,822
The Sunday Times	772,112	731,202	678,585	641,890	Not available
Sunday Mirror	555,441	468,443	396,707	332,136	300,325
Sunday Express	328,738	296,462	266,401	231,736	212,620
The Sunday Telegraph	347,086	290,776	257,629	Not available	Not available
Sunday People	218,991	182,350	150,718	129,981	117,011
Daily Star Sunday	251,024	221,566	183,996	150,110	132,622
Sunday Post	135,381	115,244	96,216	76,893	66,101
The Observer	180,178	169,571	160,315	149,035	141,590
Total	5,340,706	4,769,588	4,265,670	3,644,445	1,827,877

Notes:

The Independent on Sunday ceased publication in 2016. *The Sun on Sunday* was launched in February 2012. *The Sunday Telegraph*, *The Sun on Sunday* and *The Sunday Times* have all de-registered with ABC and no longer publish audited circulation data – totals for 2020 and 2021 therefore do not reflect all national Sunday newspaper circulation.

The national newspaper market has been in rapid decline over the last decade. The fate of *The Sun* is emblematic: circulation in 2019 – before the pandemic affected all newspaper circulation – was 1.3 million copies a day, less than half of the 3 million circulation it had in 2010, or 3.6 million in 2000. Some titles' circulation has fallen much faster than others.

The first important consequence is that there has been a slight rightwards shift in the composition of national newspaper circulation over the past decade, with centre-right or right-wing titles accounting for 77% of circulation in 2012 but 79% in 2019, centrist titles accounting for 8% at both times, and centre-left titles accounting for 15% in 2012 but 13% in 2019.

Another consequence is that some titles have been catching up with, or actually overtaken, their competitors over the past decade. For instance, in 2012 *The Sun* sold 31% more copies than the *Daily Mail*, but only 17% more in 2020 because its decline has been faster. Likewise, *The Daily Telegraph's* decline has been faster than *The Times*; so much so that in 2018 *The Times* overtook the *Telegraph's* daily circulation for the first time in its history, whereas back in the year 2000 the *Telegraph* sold 1.04 million copies daily compared to the *Times's* 726,000.

In 2016, *The Independent* became the first national title in over twenty years to cease print publication – although it lives on as a news website. Like television, the audience that newspapers have lost over the last decade or so has been disproportionately younger readers, so that the average newspaper reader is now of an older age than in 2010.

It is likely that several smaller-circulation titles will cease print publication over the next decade, particularly after the pandemic's enormous impact on print circulation. In January 2021 there were five titles with circulation under 250,000: the *Daily Express*, *Daily Star*, *i*, *Financial Times* and *Guardian*. It is also highly likely that the slower decline of the *Daily Mail* means that in the next five years it will overtake *The Sun* as the highest-circulation daily title.

Although the national press's importance as a source of news for the wider public has declined dramatically over the last decade, its influence over the national news agenda followed by TV and radio broadcasters has remained strong, for three reasons. First, although the national press has lost many readers of its print editions, it has gained many online readers – and in the case of some titles, digital subscribers or regular donors who are starting to yield some meaningful revenue. Lost print influence is therefore compensated for – and in some cases far exceeded – by digital influence gained. However, there have been winners and losers in this transition. *The Guardian* is one clear example of a winner: traditionally one of the smallest-circulation newspapers in the UK, it has one of the most popular newspaper websites in the UK. *The Sun* is a clear example of a loser: although it has succeeded in attracting more traffic to its website in the last two years, it remains far behind Mail Online and *The Guardian* in monthly visits and has nothing like the digital dominance it once had in print. (See the section on online news below.) Judging by its recent operating losses, it is also failing to yield significant digital revenue.

Second, despite the rise of 'churnalism' in the news media over the last several decades – the publication of stories minimally rewritten from wire agencies, press releases and other pre-packaged sources – the press still retains a capacity to produce original journalism. Regardless of how diminished that capacity may be in comparison to several decades ago, it remains considerable. Importantly, it remains far greater than the newsgathering capacity of new, online-only news providers. As a result, lots of TV and radio news stories are still stories that first appeared in the national press. Relatively few of them come from online-only news providers, although social media is an increasingly important source of news stories for all kinds of news media.

Third, whereas TV and radio news are both regulated for impartiality by Ofcom, newspapers are not. Consequently, they are free to editorialise, to have open party loyalties, to hold and articulate political positions. As a result, they play a major role – along with the main political parties – in defining the field of political positions within which broadcasters attempt to situate themselves as ‘impartial’ news providers. How the latter frame stories, and which stories are given the highest editorial priority in their news programmes, are heavily influenced by the press’s own framing and selection of stories – particularly the ‘quality’ and ‘midmarket’ press. BBC journalists have, at times, acknowledged the enormous influence that the press’s editorial decisions have on the editorial decisions of BBC news producers and editors, which recent academic evidence confirms.[64]

The Sun & The Sun on Sunday

The Sun’s origins lie in the *Daily Herald*, a labour movement newspaper owned for several decades by the Trades Union Congress. Acquired by the International Publishing Corporation in 1964 as part of a larger acquisition, the paper was relaunched as *The Sun* but failed to perform to IPC’s expectations. IPC then sold the paper to Rupert Murdoch’s News International in 1969, whereupon he reinvented the paper, aggressively marketed it, and conquered the tabloid market with an editorial formula of sex, scandal, celebrity, TV, the royal family, crime, giveaways and competitions. By the late 1970s, *The Sun* had overtaken the *Daily Mirror* to become the highest-selling daily newspaper in the country.

The *News of the World* became Rupert Murdoch’s first UK newspaper acquisition in 1969. For decades the highest-selling Sunday newspaper in the country, the paper’s editorial formula was much the same as *The Sun*’s. In 2011, the phone hacking scandal caused such grievous damage to the newspaper’s public reputation that it became toxic to advertisers.[65] As part of its attempt to limit the damage from the scandal, News International closed the title. However, soon after, the company launched *The Sun on Sunday* as its replacement.

Politically, *The Sun* moved from being a firmly Labour-supporting paper to becoming the leading voice of neoliberal reaction over the course of the 1970s. A vociferous supporter of Margaret Thatcher, who returned the favour by knighting the paper’s editor Larry Lamb in 1980, the paper has widely been seen as – and deliberately presented itself as – a political bellwether: no party without *The Sun*’s support has won a general election since 1979. What this fact conceals, however, is that Murdoch has at times pragmatically swung *The Sun* behind the political party that appeared to already have the wind behind it, supporting New Labour in the run-up to the 1997 election and dramatically switching its support to the Conservatives in the run-up to the 2010 election.[66]

[64] See, for instance, Maggie Brown and Jason Deans, “Robert Peston: BBC follows the *Daily Mail*’s lead too much” *The Guardian* 6 June 2014, available online at: <https://www.theguardian.com/media/2014/jun/06/bbc-obsessed-agenda-daily-mail-robert-peston-charles-wheeler> and Stephen Cushion, Allaina Kilby, Richard Thomas, Marina Morani and Richard Sambrook, “Newspapers, Impartiality and Television News: Intermedia agenda-setting during the 2015 UK General Election campaign”, *Journalism Studies* Vol. 19, Issue 2 (2018), available online at: <https://doi.org/10.1080/1461670X.2016.1171163>

[65] For more on the 2011 phone hacking scandal, see the first part of this report, Media Influence Matrix: United Kingdom – Government, Politics & Regulation March 2021, p. 10-12, available online at: <https://cmds.ceu.edu/sites/cmcs.ceu.hu/files/attachment/basicpage/1926/mimuk0327.pdf>

[66] However, it should be noted that on two occasions since 1979 the party the Sun has backed has failed to secure an overall majority in the House of Commons: in 2010, when the Conservatives fell short of the majority they were expected to achieve, and in 2017, when an expected Conservative landslide failed to occur and instead Theresa May lost her Commons majority. In 1992, the Sun’s vociferous opposition to the Labour Party and its leader Neil Kinnock was claimed – especially by *The Sun* – as the decisive factor that produced the unexpected victory of the Conservatives in that election. But the Conservative majority in the Commons was only 21 seats, and – due to by-elections – it had fallen away completely by the 1997 general election.

The Sun's political significance lies not in the quality or the depth of its journalism but in the aggression with which it can editorialise for and against political allies and enemies, and with the evident success of its formula in reaching large numbers of particularly pivotal working class 'swing' voters. The era-defining electoral victories by Margaret Thatcher in 1979 and Tony Blair in 1997 both involved substantial electoral 'swings' towards their respective parties among this group.

Since 2010, *The Sun* has strongly backed the Conservative Party at every election, though with varying degrees of enthusiasm for the party's successive leaders in that time. In 2016, *The Sun* went against the position of the Conservative leader, David Cameron, and strongly supported Brexit. Over the same period, *The Sun* has been exceptionally hostile to the leaders of the Labour Party, especially to Jeremy Corbyn, the Labour Party's left-wing leader between 2015-2019. Aggressive hostility to the left of the Labour Party has been a constant feature of *The Sun*'s editorial stance since the 1970s; its fluctuating attitude towards the Labour Party is more a matter of changes in the Labour Party than changes in *The Sun*'s politics, which are best described as 'authoritarian populism'.

Daily Mirror & Sunday Mirror

The *Daily Mirror* was founded in 1903 but its modern incarnation as the popular newspaper of the left was created essentially during the Second World War, when it positioned itself as the paper of ordinary soldiers and civilians, under the slogan "forward with the people". Its heyday was roughly the period from the Second World War to the early 1970s, when it began to be seriously challenged and then eclipsed by *The Sun*. Run on a commercial basis by profit-seeking corporate owners, and without formal links to either the labour movement or the Labour Party, the paper changed owners several times in a troubled period from the 1970s to 1990s during which time its quality, prestige and circulation all declined. The nadir was under Robert Maxwell, who owned the papers from 1984 until his death in 1991, after which it emerged that he had stolen money from the *Mirror*'s pension fund.

Today, the paper is owned by Reach plc, a major British newspaper publishing conglomerate that runs a number of other national, regional and local titles. The *Daily Mirror* has remained a consistently Labour-supporting newspaper across its history. Although its editorial position has usually placed it on the right of the Labour Party's internal political spectrum, the paper has at times taken more radical positions than that would suggest, opposing the Blair government's participation in the 2003 war on Iraq and continuing to support the Labour Party under Jeremy Corbyn, the party's most left-wing leader in its history – albeit critically. The paper's editorial approach in recent years has been a shallow, tabloid one – largely imitative of *The Sun*'s commercially successful formula. The *Mirror* was also implicated in the 2011 phone hacking scandal and has had to pay compensation to a number of civil claimants whose phone were hacked by *Mirror* journalists in the 2000s.[67]

[67] See Roy Greenslade, "It's time to break the silence about *Mirror* phone hacking" *The Guardian* 15 March 2020, available online at: <https://www.theguardian.com/business/commentisfree/2020/mar/15/its-time-to-break-the-silence-about-mirror-phone-hacking>

Daily Star & Star on Sunday

The *Daily Star* was launched in 1978 for commercial purposes, to rival *The Sun* and the *Daily Mirror*. More apolitical and non-partisan than either *The Sun* or the *Daily Mirror*, the paper posed an initial challenge to the former but quickly faded and settled into third-place status. It has been sold to new owners several times over the years. In 2000, it was acquired by the pornographer Richard Desmond, who sold it on to Reach plc in 2018. The paper's editorial formula in recent decades has been a particularly low-grade version of the usual tabloid formula – celebrities, sport, gossip about reality TV stars, with an admixture of sex and reactionary xenophobia under Desmond. Since Reach's acquisition, the paper has apparently sought to become a more satirical, anti-establishment title, although still one with no declared politics.

Daily Express & Sunday Express

During the 1950s the *Daily Express* was the highest-selling national newspaper in Britain, but it went into steady decline after the death of its magnate owner Max Aitken, Lord Beaverbrook, in 1964. Always a solidly conservative paper, it became an aggressive supporter of Margaret Thatcher's government under its then-owner Victor Matthews. In 2000, it was bought by Richard Desmond who took the paper downmarket and made the paper a byword for bad journalism – crude bigotry, health scares, and a series of high-profile libels, including falsely alleging that the parents of the disappeared girl Madeleine McCann had murdered their own daughter. In 2016, the paper strongly supported Brexit, running a series of stories of dubious accuracy, including one – among the most widely shared Brexit-related stories on Facebook in the run-up to the vote – which claimed the future of the NHS was under threat if the UK remained a member of the EU.[68] In 2018, the Express was acquired by Reach plc, which sought to editorially reorient the paper, reducing its quotient of reactionary xenophobia and bigotry. The paper remains a right-wing title, with a semi-tabloid formula that includes a large dose of coverage focused on showbiz, TV and sport.

Daily Mail & Mail on Sunday

The *Daily Mail* is the second highest-selling newspaper in the country and has for decades had a substantial circulation lead over its only mid-market rival, the Express. The *Mail* has been owned continuously by the Harmsworth family since its creation in 1896. The current proprietor, Jonathan Harmsworth, the 4th Viscount Rothermere, is the great-grandson of one of the paper's founders. Consistently right-wing and supportive of the Conservative Party, the *Mail* combines traditionalist social conservatism – often straightforward bigotry, nationalism and xenophobia – with interests in Westminster politics, health stories and scares (often dubious), and Westminster, royal family and celebrity gossip. The paper strongly supported Brexit in the 2016 referendum. The *Mail's* website, Mail Online, is the most successful of any UK newspaper, far outperforming those of its main popular and mid-market rivals, *The Sun* and the *Express*. The website focuses less on politics and more on celebrity and human-interest stories than the print edition. The *Mail's* audience is less working class and more lower-middle class than *The Sun's*. 82% of *Mail* readers are homeowners, and it is the only daily national newspaper whose readership is mostly female (54%).[69]

[68] David Maddox, "Major leak from Brussels reveals NHS will be 'KILLED OFF' if Britain remains in the EU" *Daily Express* 3 May 2016, available online at:

<https://www.express.co.uk/news/uk/666454/NHS-EU-killed-off-Brexit-Remain-Leave-referendum-Brussels-European-Union>

[69] <https://www.metroclassified.co.uk/daily-mail/dailymail-readership>

Alongside *The Sun*, the *Mail* is highly influential in Westminster politics because of its perceived influence over its still substantial print readership and its enormous online audience. For example, in 2016 *The Independent* reported that the Conservative then-Health Secretary Jeremy Hunt opposed provision of pre-exposure prophylaxis (PrEP) pills, which help prevent HIV infection, by the NHS because of the *Mail*'s strident opposition to the free, public provision of what it labelled a "lifestyle drug" and "promiscuity pill". One scientist claimed that, in a meeting with her about whether the NHS should provide the treatment, Hunt asked "what will the *Daily Mail* say?"[70]

The *Mail*'s circulation has declined more slowly than its main rivals' over the last decade. As a result, it has a larger share now of the much-shrunk national newspaper market. Whereas in January 2010 it accounted for 21.5% of national newspaper circulation, by January 2020 it had come to account for 25.2%.[71] For a short period in 2018, its circulation actually overtook *The Sun*'s to become the highest-selling national newspaper. But to reiterate, this is not because circulation has increased: it has merely fallen more slowly for the *Mail* than for its main rivals.

The Daily Telegraph & The Sunday Telegraph

The *Daily Telegraph* was, for much of the twentieth century, by far the highest-selling national daily 'quality' newspaper but in the last few years its print circulation has been eclipsed by *The Times*. Less mass-market than the *Daily Mail*, the *Telegraph* is addressed to a more affluent, upper-middle-class audience and sees *The Times* and perhaps the *Financial Times* as its two closest competitors. Online, it struggled for many years under a poor digital strategy but it has recently begun to build up a substantial number of digital subscribers – in part, perhaps, by being priced some way below its immediate rivals.

In 2004 the paper was acquired by David and Frederick Barclay – twin brothers and billionaire businessmen who worked as partners until David Barclay's death in January 2021. The Barclays have had interests in retail, hotels, property, media and logistics; notably, they also own *The Spectator* magazine. Their UK businesses are managed by David's son Aidan Barclay, who is chairman of the Telegraph Media Group. In recent years the family has been riven by an internal feud, which appears to have been concluded recently.[72]

The Daily Telegraph has long been the house newspaper of the Conservative Party. It also has closer links to the Conservatives than the other right-wing newspapers: the deputy chairman, Guy Black, sits in the House of Lords as a Conservative peer and he has held communications roles for the Conservative Party. The current Prime Minister, Boris Johnson, was formerly a regular *Telegraph* columnist. In July 2020, Johnson granted peerage to a current *Telegraph* columnist, Charles Moore, who is also the author of a three-volume authorised biography of Margaret Thatcher, and who was reportedly considered by the current government as a possible chairman of the BBC (of which he is a vociferous critic).[73] The *Telegraph*'s politics are free-market, culturally and socially traditionalist, nationalist and strongly pro-Brexit.[74] It arguably defines the 'mainstream' of the Conservative Party.

[70] Katie Forster, "Jeremy Hunt said 'What will the *Daily Mail* say?' when told about funding of HIV prevention drug" *The Independent* 2 September 2016, available online at: <https://www.independent.co.uk/life-style/health-and-families/health-news/jeremy-hunt-hiv-drug-prep-what-will-daily-mail-say-told-about-truvada-a7220881.html>

[71] By comparison, *The Sun*'s share of total national daily circulation over the same period declined from 30.4% to 27.0%

[72] Rupert Neate, "Barclay family calls truce to end Ritz espionage case in high court" *The Guardian* 4 June 2021, available online at: <https://www.theguardian.com/media/2021/jun/04/barclay-family-calls-truce-to-end-ritz-espionage-case-in-high-court>

[73] Dan Sabbagh, "No 10 told Charles Moore appointment could put BBC's independence at risk" *The Guardian* 27 September 2020, available online at: <https://www.theguardian.com/media/2020/sep/27/no-10-told-charles-moore-appointment-could-put-bbcs-independence-at-risk>

[74] Editorial, "We must vote Leave to create a Britain fit for the future" *The Telegraph* 18 June 2016, available online at: <https://www.telegraph.co.uk/opinion/2016/06/18/we-must-vote-leave-to-create-a-britain-fit-for-the-future/>

The Times & Sunday Times

The Times is the ‘paper of record’ in the UK, traditionally read by senior figures in business, law, the media, the civil service, and government – Britain’s ‘top people’, as it was once put. It can be said to play a crucial role in defining the ‘common sense’ of Britain’s elites, and in defining the news agenda for other news media – particularly the BBC. *The Sunday Times* is the leading Sunday quality newspaper.

In 1981, *The Times* and *The Sunday Times* were both acquired by Rupert Murdoch, who benefited from Margaret Thatcher’s desire to see the titles end up in the hands of an owner with politics close to her own, and for this reason Thatcher removed the regulatory obstacles that were in Murdoch’s way.[75] The two titles became much more aggressive supporters of the Thatcher government thereafter. Although Murdoch gave undertakings to the regulator in 1981 to protect the editorial independence of both papers, in practice his politics have, in the main, prevailed at both papers, and any editors who lost his confidence have not lasted. Most recently, in 2012 the editor of *The Times*, James Harding, resigned after it became clear that Murdoch wanted him to do so, having apparently become dissatisfied with Harding’s coverage of the phone hacking scandal at News International.[76] (A few months later, Harding was appointed head of BBC News.)[77]

The Times’s ideological position today is broadly on the centre-right: firmly neoliberal on economic issues, although not as socially traditionalist or ‘Little England’ as the *Mail* or the *Telegraph*. However, its opinion pages carry a span of opinion ranging from the right wing of the Labour Party to reactionary former *Mail* columnists. *The Times* is still capable of pandering to prejudice, but when it does, it does so in more sophisticated, elaborate and ‘clever’ ways that are more acceptable to its elite audience than the simpler and more obvious bigotry of *The Sun* or the *Mail*. Notably, *The Times* did not support Brexit in the run-up to the referendum, though its support for Remain was “pragmatic rather than enthusiastic,” and the *Sunday Times* did support leaving the EU.[78]

The Guardian & The Observer

The Guardian began life as *The Manchester Guardian* in 1821 but was renamed *The Guardian* in 1959 and in 1961 began to be printed in London, where its newsroom is now based. Its most distinctive feature is that – uniquely among the national press – it is not owned by a proprietor or for-profit corporation. The Scott Trust Limited (which replaced The Scott Trust in 2008) runs *The Guardian* on a non-profit basis, cannot pay dividends and is charged with protecting the editorial independence of *The Guardian* (and *The Observer*) in perpetuity. *The Guardian* has run for many years at a loss, but the aim is to keep these losses down to a level whereby they are covered by the investment returns yielded by the substantial Scott Trust Endowment Fund, which stood at £954.2 million in 2020.[79]

[75] Harold Evans, “How Thatcher and Murdoch made their secret deal” *The Guardian* 28 April 2015, available online at: <https://www.theguardian.com/uk-news/2015/apr/28/how-margaret-thatcher-and-rupert-murdoch-made-secret-deal>

[76] Katherine Rushton, “James Harding steps down as editor of *The Times*”, *The Telegraph* 12 December 2012, available online at: <https://www.telegraph.co.uk/finance/newsbysector/mediatechnologyandtelecoms/media/9740384/James-Harding-steps-down-as-editor-of-The-Times.html>

[77] Josh Halliday, “James Harding named BBC News chief” *The Guardian* 16 April 2013, available online at: <https://www.theguardian.com/media/2013/apr/16/james-harding-bbc-news>

[78] *The Times*, “Remaking Europe” 18 June 2016, available online at: <https://www.thetimes.co.uk/article/remaking-europe-h7lcs8bw>

The Sunday Times, “Time for Britain to strike a new deal with Europe” 19 June 2016, available online at: <https://www.thetimes.co.uk/article/editorial-p5l5hngpr>

[79] Guardian Media Group plc, Annual Report and Consolidated Financial Statements for the Year ended 29 March 2020, p. 3, available online at: https://uploads.guim.co.uk/2020/07/15/1._GMG_Financial_Statements_2020_FINAL_.pdf

Traditionally, *The Guardian's* politics have been broadly those of a progressive liberalism, placing the paper on the centre-left of British politics, and on the right of the Labour Party. Its print readership has long been small – the smallest of the daily quality titles – and based primarily in the professions, education, the public sector and the media: doctors, academics, teachers, BBC staff and so on. *The Observer* is the oldest Sunday newspaper in the world, first published in 1791. For most of its history it was owned separately to *The Guardian*, until in 1993 it was acquired by Guardian Media Group. The *Observer's* politics are slightly to the right of *The Guardian's*, sitting more in the centre ground of British politics than on the centre-left. As one indicator, *The Observer* supported the war on Iraq – like most of the British press – but *The Guardian* opposed it. At times, both papers have flirted with supporting the Liberal Democrats but most of the time they have endorsed the Labour Party. Both were hostile to Jeremy Corbyn's left-wing leadership of the Party, though *The Observer* was more aggressively so.

Unlike *The Times* and *The Daily Telegraph*, which put up paywalls around their websites in 2010 and 2013 respectively, *The Guardian* continues to make its journalism free for anyone to access online. For this reason, its online audience is far larger than either of the other two titles. In fact, it is one of the most popular news websites in the UK, and it has achieved some success in attracting an audience in the United States, particularly after mid-2013, when it published Edward Snowden's disclosures about global surveillance.

However, sustaining this free access model is not without its costs. First, *The Guardian* is only able to keep losses down to sustainable levels by relying increasingly on regular and one-off donations, and on paying subscribers to its premium apps and other products, with the consequence that there is a difference between the large audience who reads and the small minority who funds the title. There is no such distinction in the case of the other two daily quality titles. Second, it would be fair to say that, in an effort to attract the volume of traffic necessary to make its business model – which still relies heavily on digital advertising – sustainable, *The Guardian's* journalism has gone downmarket in some respects, with more ephemeral lifestyle, celebrity, 'human interest' and opinion content, and less deeply-reported investigative, foreign, business and media journalism. In 2016 the investigations team was broken up, and there have been several announcements of major job cuts over the past decade.[80] Although it continues to produce important investigative journalism – for instance, its work in 2018 uncovering the Windrush scandal [81] and in 2021 on the Pegasus project [82] – its recent work has not quite produced the same enormous national and international shockwaves of its three major exposés in the early 2010s: the enormous leak of diplomatic cables by WikiLeaks in November 2010, the phone hacking scandal at News International in July 2011, and the Edward Snowden disclosures that began in June 2013. Nevertheless, its record of investigative journalism over the past decade is unmatched by any other British newspaper.

[80] Duncan Robinson, "Guardian looks at compulsory job cuts" *Financial Times* 24 October 2012, available online at: <https://www.ft.com/content/6f03317a-1df9-11e2-ad76-00144feabdc0>

Dominic Ponsford, "Guardian set to break up six-strong team of investigative reporters as journalists told to find other roles" *Press Gazette* 19 May 2016, available online at:

<https://www.pressgazette.co.uk/guardian-set-to-break-up-six-strong-team-of-investigative-reporters-as-journalists-told-to-find-other-roles>

Jim Waterson, "Guardian announces plans to cut 180 jobs" *The Guardian* 15 July 2020, available online at:

<https://www.theguardian.com/media/2020/jul/15/guardian-announces-plans-to-cut-180-jobs>

[81] See https://en.wikipedia.org/wiki/Windrush_scandal

[82] Stephanie Kirchgaessner, Paul Lewis, David Pegg, Sam Cutler, Nina Lakhani and Michael Safi, "Revealed: leak uncovers global abuse of cyber-surveillance weapon" *The Guardian* 18 July 2021, available online at:

<https://www.theguardian.com/world/2021/jul/18/revealed-leak-uncovers-global-abuse-of-cyber-surveillance-weapon-nso-group-pegasus>

The whole series of reporting on the Pegasus project is available online at: <https://www.theguardian.com/news/series/pegasus-project>

Two final points are important to note. First, unlike at any other British newspaper, when *The Guardian*'s longstanding editor Alan Rusbridger announced that he was standing down in 2015, an indicative ballot was held by *Guardian* and *Observer* staff to vote on who should be Rusbridger's successor. Katherine Viner won with 53% of the votes.[83] Although they were technically not bound by the result, the directors of the Scott Trust board nevertheless decided to appoint Viner as Rusbridger's successor. No other major newsroom in Britain can boast that it elected its editor. Second, *The Guardian* possesses a position of unchallenged dominance in left-wing and left-of-centre news and opinion journalism that its equivalent on the right, *The Times*, does not possess. *The Guardian*'s only real competitor in print, *The Independent*, ceased print publication in 2016 and is much less of an online rival to it than *The Telegraph* and the *Mail* are to *The Times*.

The Financial Times & The Economist

The UK has two important publications whose primary readership is the global business and financial elite of senior executives, managers and investors and others in the financial sector. These titles are the *Financial Times*, a daily newspaper specialising in business and financial news, and *The Economist*, a weekly magazine analysing global politics and business. Both are by far the most international in scope of all the UK's print media. Both have a substantial number of subscribers outside the UK, although their centre of gravity remains the City of London. The *Financial Times* has over one million paying readers, and 70 percent are outside the UK.[84] *The Economist* has one million subscribers, but only around 270,000 are in the UK.[85] Its total circulation is even higher – around 1.7 million globally before the pandemic – but newsstand sales (often in airports) were cut in half by the pandemic's impact on travel. Politically, both the *Financial Times* and *The Economist* stand on the free-market centre-right. *The Economist* is more explicit in its politics, which it describes as those of classical liberalism. The *Financial Times*'s opinion pages display a wider breadth of opinion, spanning from the free-market right to the Keynesian centre-left.

Between 1957 and 2015, the British educational publisher Pearson owned the *Financial Times* and held a 50% stake in *The Economist*. However, in 2015, Pearson sold the FT Group to the Japanese media company Nikkei and three fifths of its 50% stake in *The Economist* to the Agnelli family's holding company Exor; the rest were bought back by the title's parent company, The Economist Group.[86] The two largest shareholders in The Economist Group are now the Agnellis and the Rothschilds; the former increased their shareholding from 4.7 percent to around 40 percent in 2015; the latter have held shares in *The Economist* for decades and have rough parity with the Agnellis. The rest of the shares are widely dispersed among "wealthy English families, descendants of past editors, and numerous current and former employees".[87] For nearly six decades, the two titles were connected by their common ownership by Pearson but as of 2015 that connection ceased.

[83] Guardian staff, "Katharine Viner wins staff ballot for Guardian editor" *The Guardian* 5 March 2015 <https://www.theguardian.com/media/2015/mar/05/katharine-viner-wins-staff-ballot-for-guardian-editor>

[84] FT Group, "FT tops one million paying readers" 1 April 2019, available online at: https://aboutus.ft.com/press_release/ft-tops-one-million-paying-readers

[85] The Economist Group Annual Report 2020, p. 9, available online at: https://www.economistgroup.com/results_and_governance/annual_and_interim_reports.html

For a breakdown of The Economist's global circulation see: <https://www.abc.org.uk/product/18339>

[86] "A new chapter", *The Economist* 15 August 2015, available online at: <https://www.economist.com/leaders/2015/08/15/a-new-chapter>

[87] Alex Spence, "Agnellis, Rothschilds close in on Economist", *Politico* 11 August 2015, available online at: <https://www.politico.eu/article/agnellis-rothschilds-close-in-on-economist-magazine-sale-pearson/>

Regional Newspapers

The UK's regional and local newspapers have often played an important role in the life of their local areas, but in larger terms they have long been subordinate to the national press, which plays a far bigger role in setting the national news agenda followed across press, TV, radio and online. Indeed, it was generally through being picked up by national newspapers that stories from the regional press reached national consciousness.

The dominance of the national press has continued into the online era. The most successful news websites launched by newspaper publishers have been those of the national press, not the regional press. The regional press was hit earlier and heavier by the impact of the internet than the national press, principally because it depended far more heavily on the reader interest and the revenue generated by classified advertising – local services, job listings and so on.

One study found that between 2007 and 2017 the circulation of the regional press fell 51% from 63.4 million to 31.4 million copies per week, in part driven by title closures: 1,303 titles in 2007 had fallen to 982 by 2017. Of 486 title closures, 406 were of weekly free newspapers.[88] Another study found that in a seventeen-month period between 2015-2017, 418 jobs were lost in the regional and local press, and 273 of 406 local authority districts had no daily local newspaper coverage. The study also found that 45% of local authority districts were served by only a single local publisher.[89]

The regional press has struggled even more than the national press to replace their lost print circulation and advertising revenue with new digital revenue. In 2001, national and regional newspapers accounted respectively for 12.5% and 17.1% of advertising spending in the UK. In 2019, they accounted for 3.9% and 2.8% respectively, so that whereas the national press lost two-thirds of its share of UK advertising spending over that eighteen-year period, the regional press lost five-sixths. Over the period 2001-2019, the national press gained only 13p in digital advertising revenue for every £1 of print advertising revenue it lost. But the regional press gained even less per £1 lost – just 6p.[90]

The collapse in the financial basis of the regional press has meant a collapse in local news reporting, with three important consequences. First, many parts of the UK no longer have the local reporting resources to ensure that people can easily find out what is happening in their area. Many local areas have become 'news deserts' where there is no local newsgathering capacity to report on local developments. The areas that are not yet 'deserts' often have at most one local title that holds a monopoly on the market, and that title might be a free, weekly newspaper filled with advertising and little real editorial content.

In most areas, regional and local titles are badly understaffed. Pay and conditions are poor. Many of the journalists that are employed are young and experienced, because publishers often do not find it profitable to employ more senior, experienced journalists, or to provide them with the training necessary to adapt to the new digital world.

[88] Mediatique, "Overview of recent dynamics in the UK press market" April 2018, p. 44, available online at: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/720400/180621_Mediatique_-_Overview_of_recent_dynamics_in_the_UK_press_market_-_Report_for_DCMS.pdf

[89] Media Reform Coalition, "Mapping changes in local news 2015-17: More bad news for democracy?", available online at: <https://www.mediareform.org.uk/wp-content/uploads/2015/11/Mapping-changes-in-local-news-2015-2017-interactive.pdf>

[90] These figures were calculated by

What regional coverage remains is dominated by the BBC, a publicly funded broadcaster with a remit to reflect the UK's nations and regions in its coverage, and by the dedicated broadcasters for Scotland, Wales and Northern Ireland: STV, S4C and UTV. The fate of the Scottish press is symptomatic: major titles have seen circulation collapse over the past two decades, due not only to the impact of the internet on print business models, but also to decades of cost-cutting by extractive corporate owners who have focused more on maximising profit than on providing journalism that fulfils essential civic functions.[91]

In 2019 the government's Cairncross Review identified the collapse of local reporting on civic institutions like courts and councils as a major area of 'market failure' in the provision of news in the UK, and highlighted the damaging civic consequences:

"This decline in coverage of local institutions has an important and worrying impact on society. One example of what may happen when local reporting contracts was the Grenfell Tower fire. In 1990 the Kensington and Chelsea News had ten journalists covering the borough; it now merely shares resources with other titles in the group. In 2017, a former journalist on the News told Press Gazette he was certain it would have investigated residents' concerns about fire safety if it had had more staff. In his speech to the Edinburgh TV festival in 2017, the broadcaster Jon Snow also argued that the lack of a strong local paper was a key reason why the authorities failed to heed local concerns and warnings about the Tower."[92]

The lack of a regional and local newspaper reporting infrastructure has also had knock-on effects for the national media. Traditionally, the regional press has been an important source of stories for the national media. The entire national press is London-based, and few newspapers have many correspondents dedicated to covering news outside London. With the collapse of the regional press's local reporting infrastructure, many parts of the UK now go routinely ignored or forgotten in national news coverage. The national news agenda has become even more London- and Westminster-centric than it was already. The most recent Reuters Institute Digital News Report found in its UK survey that:

"In the UK, some see the media as too London-centric or perceive a North/South divide in how different regions are represented – criticisms that have prompted both the BBC and Channel 4 to move some of their operations out of London in recent years. Although most parts of the UK think where they live is covered fairly on average, this is clearly felt less strongly in the Midlands, the North of England, Wales, and Scotland than in London and the South."[93]

Although the national press routinely criticises the BBC and Channel 4 for being too 'London-centric', this charge applies with much greater force to the national press itself: it is based exclusively in London, and it lacks any equivalent to the BBC's local and regional news operations.

[91] For an account of the decline of the Scottish press, see Peter Geoghegan, "The End of the Scottish Press?" *London Review of Books* Vol. 38 No. 8, 21 April 2016, available online at: <https://lrb.co.uk/the-paper/v38/n08/peter-geoghegan/the-end-of-the-scottish-press>

[92] *The Cairncross Review: A sustainable future for journalism*, 12 February 2019, p. 21, available online at: <https://www.gov.uk/government/publications/the-cairncross-review-a-sustainable-future-for-journalism>

[93] Reuters Institute, *Digital News Report* 2021, p. 36, available online at: <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2021>

The regional press once provided an important route into national journalism for many young entrants to the profession – particularly those from working class backgrounds. Today, the profession is one of the most elite in the UK by social background.[94] An undergraduate degree at an elite university and/or a graduate degree in journalism (costing significant private means) is a common route into the national media. It is true that, in the past, many journalists went straight into the national news media from undergraduate degrees at Oxford or Cambridge. The difference now is the elimination of an alternative route up through regional journalism, which has traditionally been more accessible to people from working-class backgrounds without a university education. The only routes that remain are the more elitist ones.

The UK's regional press is dominated by a handful of major publishers. According to the Media Reform Coalition's 2021 report, *Who Owns the UK Media?* three publishers own over 60% of regional newspaper titles and six own over 80%.[95]

Table 20. Regional and local newspaper titles by publisher, February 2021

Source: Media Reform Coalition

Publisher	Titles*	Share	Cumulative share
Newsquest (Gannett UK)	236	23.2%	23.2%
Reach plc	211	20.7%	43.9%
JPI Media	183	18.0%	61.9%
Tindle Newspapers	79	7.8%	69.%
Archant	72	7.1%	76.7%
Iliffe Media	71	7.0%	83.7%
Remaining 50 publishers	166	16.3%	100%
Total	1018	100%	n/a

*These figures count different local editions of local and regional titles as separate titles.

There are three regional newspaper publishers in the UK with an annual turnover over £100 million:

Reach Plc

Reach plc, formerly Trinity Mirror, is a publicly-traded company, which publishes 211 regional and local titles (or separate editions of these titles) in the UK, alongside national newspapers the *Daily Mirror*, *Daily Express* and *Daily Star*. It is the largest regional publisher by revenue and the second largest by the number of titles it owns. In 2015 Reach (as Trinity Mirror) acquired Local World, a major local publisher, from DMGT. In 2018 it acquired the *Daily Express* and *Daily Star* titles from Northern & Shell.

[94] See The Sutton Trust, *Elitist Britain* 2019, p. 4-5 and 9, available online at: <https://www.suttontrust.com/our-research/elitist-britain-2019>

[95] Media Reform Coalition, *Who Owns the UK Media?* 2021, p. 7, available online at: <https://www.mediareform.org.uk/media-ownership/who-owns-the-uk-media>

Reach's highest-circulation regional titles are the *Daily Record*, a Scottish tabloid with average circulation of 112,185 copies per day in 2019, the *Manchester Weekly News*, with average circulation of 166,382 a week in 2019, and a number of metropolitan dailies like the *Liverpool Echo*, *Manchester Evening News*, *Sentinel* (Stoke-on-Trent), *Newcastle Chronicle*, *Hull Daily Mail*, *Daily Post* (Wales), *Leicester Mercury* and *Derby Telegraph*. These titles all had daily circulation of between 13,000-29,000 copies in 2019. Reach also runs a network of free local 'Live' websites, like Nottinghamshire Live. Content is largely tabloid, with a relatively small proportion of output focused on 'hard news' subjects. In 2020, Reach employed 2,504 journalists or 'editorial colleagues' but there have been repeated job cuts at the publisher, including 550 in 2020.[96] Seventy-five are Local Democracy Reporters, paid for by the BBC as part of its Local Democracy Reporting Service (a *de facto* public subsidy to the local press explained in more detail in the section on public funding sources below), with a remit to cover local councils.[97]

Reach's national titles span a range of political positions from centre-left (*Daily Mirror*) to relatively apolitical (*Daily Star*) to right-wing (*Daily Express*), while local titles are politically neutral, like most local media in the UK. The *Daily Record* was against Scottish independence at the 2014 referendum, as was the vast majority of the Scottish print media.

Newsquest (Gannett UK)

Newsquest is the UK subsidiary of the US newspaper publishing giant Gannett, the largest US newspaper publisher by total daily circulation, and the largest regional newspaper publisher in the UK by number of titles. Newsquest owns over 120 titles in a total of 236 different editions, including 22 dailies – mostly in smaller cities and with circulation usually around 7,000-20,000 copies. The highest-circulation Newsquest daily is *The Herald* in Glasgow, whose print circulation was 23,583 in 2018 (the last year for which its ABC circulation data was available). Politically, Newsquest's titles are neutral.

National World

Johnston Press was one of the oldest local publishers in the UK, dating back to 1767. In the early 2000s, the publisher became the second largest regional newspaper owner in the UK following a string of major, expensive acquisitions. Acquisitions and aggressive cost-cutting across titles led to the achievement of enormous profit margins. The collapse of the regional press hit the company hard and in 2018 it placed itself in administration, unable to refinance its enormous debt burden.[98] It was taken over by its creditors and became placed under the control of JPI Media, a special purpose vehicle. In January 2021, JPI Media was acquired by National World, a company set up by the long-time newspaper industry executive David Montgomery, who was chief executive of the Mirror Group between 1992 and 1999. Montgomery formed Local World in 2012, which acquired a number of regional titles that were later sold to Trinity Mirror in 2015. National World paid only £10m for JPI Media's titles.

[96] Joanna Partridge, "Mirror and Express owner Reach to cut 550 jobs" *The Guardian* 7 July 2020, available online at: <https://www.theguardian.com/business/2020/jul/07/mirror-express-reach-cut-jobs-manchester-evening-news-birmingham-mail>

[97] https://www.bbc.com/lnp/ldrs/2021_contracts

[98] Roy Greenslade, "Johnston Press falls prey to capitalism and greed" *The Guardian* 14 October 2018, available online at: <https://www.theguardian.com/media/commentisfree/2018/oct/14/johnston-press-finance-break-up-for-sale>

National World's titles include several Scottish titles: *The Scotsman* – a Scottish daily with circulation of around 14,678 copies in 2019 – and its Sunday edition, *Scotland on Sunday*; the *Edinburgh Evening News*; the *Falkirk Herald*. Most titles have circulation below 10,000 copies per day or week, though some free titles have larger circulation numbers. Politically, National World's titles are neutral, though its Scottish titles opposed Scottish independence in the 2014 referendum.

Other publishers

There are a number of other regional publishers, but these companies are either much smaller than the big three or regional newspapers are a much smaller proportion of their business. For example, DC Thomson's revenue is larger than Newsquest or National World, but it owns only a handful of local Scottish titles – most of its revenue is generated in other divisions, including magazine publishing. Archant and Iliffe Media each own over 70 regional titles.

Alongside these chain-owning publishers, there are a number of small local media companies that own only a handful of local titles, including some local news co-operatives like *The Bristol Cable*, the *Manchester Meteor* and *The Ferret* in Scotland.

Radio

Radio in the UK is dominated by the BBC, which had a monopoly on the medium until the rise of pirate radio in the 1960s. The BBC runs five major network (national) stations available on analogue and digital radio (and online), and another six network stations only available on digital radio (and online). Alongside these, it runs stations for the UK's nations, regions, cities and local areas. There are three major commercial radio station owners – Global, Bauer and Wireless Group – which each run one national station plus a network of local stations. Finally, there are a handful of smaller groups and a number of independent local and community radio stations.

In total, there are eight national and 331 local stations operating on analogue licences, while there are 54 national stations operating on DAB (digital) licences. The BBC runs five of the national analogue stations and eleven of the national DAB stations. The three main commercial broadcasters control over three-quarters of the remaining national DAB stations.

Like television, radio output is regulated for broadcasting standards by Ofcom. Radio stations' news output is required to exhibit due accuracy and due impartiality. Political parties are barred from owning radio stations, and the holders of radio broadcasting licences must be based in the UK.

Table 21. Annual radio listening in the UK – by provider, adult (15+) population

Source: Radio Joint Audience Research (RAJAR)*

All Radio Listening	2015	2016	2017	2018	2019
Adult (15+) population (000)	53,557	53,916	54,357	54,681	54,962
Total hours (000)	4,110,445	4,137,332	4,141,663	4,068,645	4,002,595
Weekly reach (%)	89.5%	89.5%	89.8%	89.0%	88.3%
Average weekly hours per head	19.2	19.2	19.1	18.6	18.2
Average weekly hours per listener	21.4	21.4	21.2	20.9	20.6
BBC Radio					
Weekly reach (000)	34,984	34,989	34,750	34,432	33,888
Weekly reach (%)	65.3%	64.8%	63.8%	63.0%	61.8%
Share of listening	53.55%	52.83%	52.50%	51.55%	50.28%
Average weekly hours per head	10.3	10.2	10.0	9.6	9.2
Average weekly hours per listener	15.7	15.6	15.7	15.2	14.9
Commercial Radio					
Weekly reach (000)	34,597	34,892	35,360	35,716	35,841
Weekly reach (%)	64.8%	64.8%	65.0%	65.3%	65.3%
Share of listening (%)	43.85%	44.53%	44.78%	45.70%	47.10%
Average weekly hours per head	8.4	8.5	8.5	8.5	8.6
Average weekly hours per listener	13.0	13.2	13.1	13.0	13.1

*Full-year data only available up to 2019. RAJAR stopped collecting data after March 2020 due to the disruption caused by the pandemic.

Radio listening in the UK is in gradual decline, but the rate of that decline is nothing like as rapid as it was for print newspaper reading or live TV viewing in the 2010s. The BBC has greater reach and a much higher share of listening than commercial stations do among older age groups, whereas among younger age groups the commercial sector is much more dominant. Looking at social grades, the BBC is more dominant among more affluent ABC1s and the commercial sector more dominant among less affluent C2DEs.

The BBC continues to account for around half of all radio listening, but its share declined over the period between 2015 and 2019. Once the aggregate data is broken down into age groups, it becomes clear that the decline of the BBC's share of listening is spread quite evenly across all age groups and both social grades, but the reasons for that loss of share are different across those age groups. Whereas among 15-24s the decline is because the number of hours young people spend listening to BBC Radio is falling at a much faster rate (-30.1% per head between 2015 and 2019) than the number spent listening to commercial stations (-15.9% per head between 2015 and 2019), among over-65s it is because their time spent listening to the BBC is slightly down (-8% per head between 2015 and 2019), while their time spent listening to commercial stations is actually increasing (+14% per head between 2015 and 2019). Looking at the two social grades, the BBC's share of listening has declined among both, though more among the ABC1s where it was dominant, principally because commercial providers have been able to increase listening (by 9% between 2015 and 2019) among this category of listeners.

Table 22. Annual radio listening in the UK – by age, social grade and provider, adult (15+) population (Source: Radio Joint Audience Research (RAJAR)*)

Metric	Social group	Provider	2015	2016	2017	2018	2019	2020
Weekly reach	15-24	BBC	56.0%	52.8%	52.3%	51.5%	48.5%	-7.5 ppts
		Commercial	71.8%	72.0%	69.8%	69.5%	66.0%	-5.7 ppts
	25-44	BBC	59.3%	58.3%	56.8%	55.5%	53.5%	-5.7 ppts
		Commercial	71.3%	72.5%	72.5%	72.5%	72.5%	+1.3 ppts
	45-64	BBC	69.8%	70.5%	69.3%	68.8%	68.0%	-1.8 ppts
		Commercial	66.5%	66.5%	67.5%	67.8%	68.5%	+2.0 ppts
	65+	BBC	75.0%	74.8%	75.0%	73.3%	73.0%	-2.0 ppts
		Commercial	46.0%	46.0%	47.8%	49.0%	50.0%	+4.0 ppts
	ABCI	BBC	73.3%	73.0%	71.5%	70.3%	69.0%	-4.3 ppts
		Commercial	64.8%	64.5%	65.0%	64.5%	65.3%	+0.5 ppts
	C2DE	BBC	56.0%	55.5%	55.3%	54.3%	52.8%	-3.3 ppts
		Commercial	64.3%	64.8%	65.5%	66.3%	65.5%	1.3 ppts
Total hours (000)	15-24	BBC	143,059	126,962	122,262	107,725	95,648	-33.1%
		Commercial	254,930	244,988	230,985	225,007	206,562	-19.0%
	25-44	BBC	478,792	457,697	439,160	416,881	390,776	-18.4%
		Commercial	652,841	670,723	669,483	653,928	661,049	+1.3%
	45-64	BBC	824,331	830,452	827,097	825,774	779,703	-5.4%
		Commercial	629,080	649,073	660,225	671,180	693,421	+10.2%
	65+	BBC	754,763	769,813	785,559	747,834	745,449	-1.2%
		Commercial	264,848	277,528	294,336	309,420	324,051	+22.4%
	ABCI	BBC	1,312,580	1,314,088	1,276,112	1,240,450	1,209,207	-7.9%
		Commercial	802,280	838,144	837,084	838,751	874,846	+9.0%
	C2DE	BBC	888,362	870,837	897,964	857,765	802,369	-9.7%
		Commercial	999,420	1,004,170	1,017,943	1,020,783	1,010,235	+1.1%
Share of listening (%)	15-24	BBC	34.6%	32.9%	33.3%	31.3%	30.5%	-4.1 ppts
		Commercial	61.7%	63.5%	62.9%	65.2%	66.0%	+4.3 ppts
	25-44	BBC	40.9%	39.1%	38.2%	37.6%	35.9%	-5.0 ppts
		Commercial	55.8%	57.3%	58.3%	59.0%	60.7%	+4.9 ppts
	45-64	BBC	55.3%	54.8%	54.2%	53.8%	51.7%	-3.7 ppts
		Commercial	42.2%	42.8%	43.2%	43.7%	45.9%	+3.7 ppts
	65+	BBC	72.8%	72.3%	71.5%	69.3%	68.4%	-4.5 ppts
		Commercial	25.6%	26.1%	26.8%	28.7%	29.7%	+4.2 ppts
	ABCI	BBC	60.7%	59.7%	59.0%	58.2%	56.7%	-4.0 ppts
		Commercial	37.1%	38.1%	38.7%	39.4%	41.0%	+4.0 ppts
	C2DE	BBC	45.6%	45.0%	45.4%	44.3%	42.9%	-2.7 ppts
		Commercial	51.4%	51.9%	51.4%	52.7%	54.0%	+2.7 ppts
Average weekly hours per head	15-24	BBC	4.4	3.9	3.8	3.4	3.1	-30.1%
		Commercial	7.9	7.6	7.3	7.1	6.6	-15.9%
	25-44	BBC	6.9	6.6	6.4	6.0	5.6	-19.1%
		Commercial	9.5	9.7	9.6	9.4	9.4	-0.5%
	45-64	BBC	12.4	12.4	12.2	12.0	11.3	-9.1%
		Commercial	9.5	9.7	9.7	9.8	10.1	+6.1%
	65+	BBC	16.4	16.3	16.3	15.4	15.1	-8.0%
		Commercial	5.7	5.9	6.1	6.4	6.5	+14.0%
	ABCI	BBC	11.3	11.3	10.9	10.4	10.1	-10.8%
		Commercial	6.9	7.2	7.2	7.0	7.3	+5.4%
	C2DE	BBC	9.1	8.8	9.0	8.6	8.1	-11.0%
		Commercial	10.2	10.1	10.2	10.2	10.1	-1.0%

*Full-year data only available up to 2019. RAJAR stopped collecting data after March 2020 due to the disruption caused by the pandemic.

The BBC is totally dominant at the national level: its national stations account for 44.1% of total listening compared to the 21.1% share taken by national commercial radio stations. National stations account for almost two thirds of radio listening: 44.1% at BBC network stations, 21.1% at national commercial stations. The remaining third is listening to local commercial (26.1%), BBC local (6.2%) or other (2.6%) stations – independent, non-commercial, religious, etc.

Looking just at stations whose output is mostly spoken word or talk radio, the BBC is even more dominant: Radio 4 and Radio 5 live account for 14.8% of total radio listening, and a large part of the 6.2% share of listening for BBC local radio should be added to it. Meanwhile, the two main commercial talk radio networks, Global Radio's LBC and Wireless Group's talkSPORT, account for only 4.3% combined.

Table 23. Annual share of listening – by station and provider, adult (15+) population
Source: Radio Joint Audience Research (RAJAR)*

Provider	Station	2015	2016	2017	2018	2019
BBC Network Radio	BBC Radio 2	17.8%	17.5%	17.7%	17.7%	16.7%
	BBC Radio 4	12.2%	12.1%	12.1%	11.6%	11.5%
	BBC Radio 1	6.4%	5.8%	5.9%	5.8%	5.8%
	BBC Radio 5 live	3.6%	3.7%	3.5%	3.2%	3.3%
	BBC 6 Music	1.9%	2.1%	2.1%	2.3%	2.3%
	BBC Radio 3	1.2%	1.3%	1.1%	1.2%	1.3%
	All stations	46.1%	45.5%	45.5%	44.8%	44.1%
BBC Local Radio	All stations	7.5%	7.3%	7.0%	6.8%	6.2%
All BBC Radio	All stations	53.6%	52.8%	52.5%	51.6%	50.3%
Commercial radio	Global Radio	18.5%	19.5%	20.2%	20.4%	20.9%
	LBC Network	1.4%	1.7%	2.1%	2.0%	2.4%
	Bauer Radio	13.9%	14.8%	14.6%	15.1%	15.5%
	Wireless Group		3.2%	2.9%	3.2%	3.4%
	talkSPORT	2.0%	1.9%	1.7%	2.0%	1.9%
	All national commercial	14.5%	15.8%	16.8%	18.2%	21.1%
	All local commercial	29.3%	28.7%	28.0%	27.5%	26.1%
Other radio	All stations	43.9%	44.5%	44.8%	45.7%	47.1%
	All stations	2.7%	2.7%	2.7%	2.7%	2.6%

*Full-year data only available up to 2019. RAJAR stopped collecting data after March 2020 due to the disruption caused by the pandemic.

NB: Stations in bold are those whose output is mostly spoken word/talk radio.

Radio Broadcasters

BBC

The BBC is the oldest and still the dominant player in UK radio. BBC Radio 1, 2, 3 and 6 are all heavily music focused. Radio 1 is popular and youth-oriented; Radio 2 is popular and aimed at middle-aged listeners; Radio 3's focus is classical music, with some spoken word programming (drama, arts, talks) – mostly for an older audience; Radio 6 Music is more niche and alternative but youth-oriented.

The BBC's two main national stations for news and discussion are Radio 4 and Radio 5 Live. **Radio 5 Live** is a talk radio station, which also provides live sports commentary. Its nearest commercial rivals are LBC, talkRADIO and talkSPORT.

BBC Radio 4 is the most important national radio station for news and journalism and the most influential station in British politics. It produces an array of factual and documentary programmes, and its five main news programmes are the most influential news programmes on the radio: the *Today* programme in the morning, the lunchtime *World at One*, the late afternoon *PM*, the *Six O'Clock News*, and *The World Tonight* and *Today in Parliament* late in the evening. The *Today* programme, in particular, is often agenda-setting, and usually features an interview with a leading politician. The editor of the *Today* programme has one of the most important editorial positions at the BBC.[99] Radio 4 also broadcasts *Any Questions?*, a weekly panel debate programme featuring politicians from the main political parties, and *The Week in Westminster*, a weekly assessment of developments in the UK Parliament.

Alongside these general news programmes, Radio 4 produces a range of specialist current affairs programmes – including *The Media Show*, the only radio programme in the UK dedicated to discussing developments in the UK media, and *Woman's Hour*, one of the longest-running radio programmes in the UK; cultural review programmes; factual documentaries; global reporting (in conjunction with the BBC World Service).

Global Radio

Global Radio is a privately owned British media company founded in 2007, rapidly acquiring the largest share of the commercial radio market in the UK. Global's major radio stations include Capital, Heart, Classic FM and Smooth – all music-focused. **LBC** is a news and talk radio station whose programmes discuss news and political events, often through phone-ins. Major political figures have participated in phone-ins or had their own shows on the station, including Alex Salmond, Nigel Farage, Boris Johnson and Keir Starmer. Farage had a regular evening show until June 2020.[100] Hosts are often highly opinionated 'personalities' on the model of US talk radio. LBC attempts to adhere to Ofcom's broadcasting code rules requiring impartiality by maintaining a degree of balance in the political range of the station's output.[101]

[99] For an account of editing the *Today* programme by a former editor, see Sarah Sands, "Making news and enlightening audiences: BBC's flagship news show in the pandemic" 23 July 2020, available online at:

<https://reutersinstitute.politics.ox.ac.uk/risj-review/making-news-and-enlightening-audiences-bbcs-flagship-news-show-pandemic>

[100] Jim Waterson, "Nigel Farage to leave radio station LBC 'with immediate effect'" *The Guardian* 11 June 2020, available online at: <https://www.theguardian.com/politics/2020/jun/11/nigel-farage-to-leave-radio-station-lbc-with-immediate-effect>

[101] Jim Waterson, "Talking the talk: how speech radio brings culture wars to the airwaves" *The Observer* 28 June 2020, available online at: <https://www.theguardian.com/tv-and-radio/2020/jun/28/talking-the-talk-how-speech-radio-brings-culture-wars-to-the-airwaves>

LBC's share of listening is making it increasingly competitive with the BBC's main talk radio station, 5 Live: LBC had less than half of 5 Live's share of listening in 2015, but that had risen to more than two-thirds in 2019. Wireless Group's talkRADIO is its only real commercial competitor.

Bauer Radio

Bauer Radio is the UK radio subsidiary of Bauer Media Group, a German multimedia conglomerate. It was founded in 2007 and it has acquired a number of commercial radio stations from 2008 onwards. It now operates a number of music-focused stations, including Absolute Radio, Hits Radio, Kiss and Magic.

Wireless Group

Wireless Group is a subsidiary of News Corp, having been acquired in 2016, which runs a number of radio stations in the UK and the Republic of Ireland. The main UK stations are talkSPORT, talkSPORT 2, talkRADIO, Virgin Radio UK and Times Radio. Of these, only Virgin is a music-focused station. The talkSPORT stations produce live sport commentary and discussion programmes focused largely around sport. **talkRADIO** produces programmes discussing news and politics, in competition with Global Radio's LBC, but the general political inflection is more right-wing.

In January 2020, Wireless Group announced the launch of **Times Radio** – a radio extension of the *Times* newspaper brand aimed at taking on BBC Radio 4, albeit with programmes much more akin to BBC Radio 5 Live: presenters hosting live discussion programmes for several hours at a time, without much pre-recorded factual or documentary programming. Because RAJAR data hasn't been collected since March 2020 due to the pandemic, there is no data publicly available yet to assess Times Radio's share of listening.

Online News

There are two main routes to accessing news online in the UK: either visiting news organisations' websites or apps directly, or accessing news via an intermediary platform or news aggregator (e.g. Facebook, Twitter, Apple News, Instagram, Snapchat). The big American social media platforms are important gateways to online news, particularly for younger people and the less affluent, whereas older age groups and the more affluent are more likely to visit news organisations' websites or apps directly – not least because they are more likely to have a subscription to the likes of *The Times*, *The Telegraph*, the *Financial Times* or *The Economist*. However, much of the news accessed via social media platforms comes from news organisations, as the chart below shows.

Table 24. Use of social media versus news organisations' websites/apps in 2020
– by demographic group

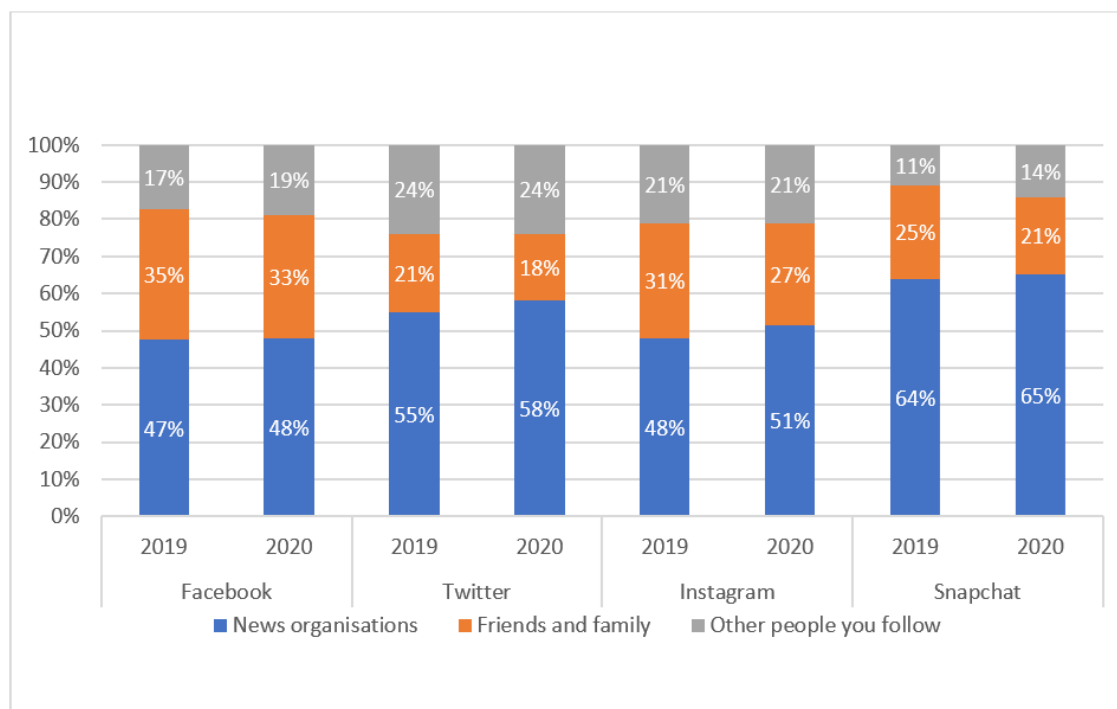
Source: Ofcom News Consumption Report 2020

	Total	Male	Female	16-24	65+	ABC1	C2DE	Minority ethnic groups	White
Mostly get news from social media posts	42%	41%	43%	51%	17%	38%	48%	38%	44%
Get news equally from social media posts and from news organisations' websites/apps	23%	21%	24%	21%	29%	24%	21%	24%	22%
Mostly get news directly from news organisations' websites/app	29%	31%	27%	22%	42%	34%	23%	34%	27%
Don't know	6%	6%	6%	6%	12%	4%	9%	4%	7%

Table 25. Proportion of news on social media accessed from each type of source
– by social media platform, all using each social media platform for news

Source: Ofcom News Consumption Report 2020

Question: "Approximately what proportion of the news you get from [social media site] nowadays is from news organisations, friends and other people you follow?"

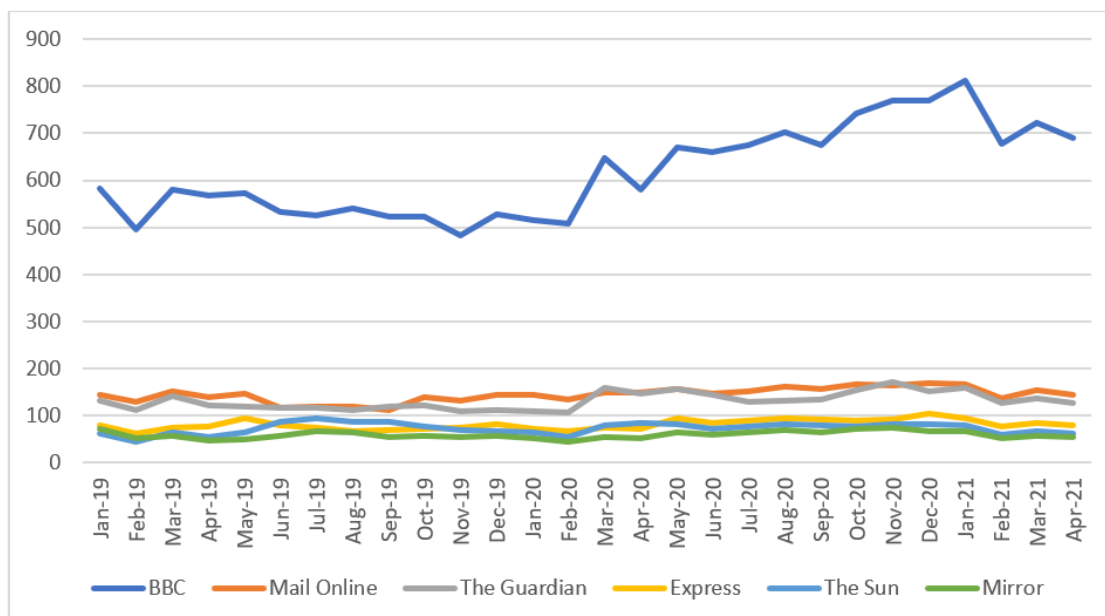


Online news in the UK is dominated by BBC News online, which has long been the most widely used and heavily visited news site and the most heavily downloaded news app in the UK. Behind the BBC, there are three major players: *The Guardian*, *Mail Online* and *Sky News*.

Perhaps the most striking thing about the online reach of the UK's major news brands is that the tabloids, *ITV News* and *Channel 4 News* are all so marginal. However, the reasons are simple. In the case of the tabloids, *Mail Online* is a 'category killer' that absolutely dominates the classic tabloid topics online – the royal family, celebrities, human interest stories – and has even made major incursions into the US market. *Mail Online* is also the absolutely dominant provider of right-wing news and opinion in the UK. *The Sun*, the *Mirror*, the *Star* and the *Express* all lag far behind the *Mail's* traffic. In the case of *ITV News* and *Channel 4 News*, the reason is just that they have not invested any real resources in developing their news sites, which remain fairly basic.

Meanwhile, *The Guardian* has for many years pursued a digital strategy now unique among the remaining quality daily newspapers – making its website universally free to access (although the premium version of its app requires a subscription). Like *Mail Online*, it has sought to expand in the US (and Australia), although initial success in the early 2010s was followed by the scaling back of ambitions after it became clear that a strategy of increasing digital ad revenue by pursuing global scale was not going to generate enough money to fund *The Guardian's* journalism. Nevertheless, it remains one of the most widely visited news sites in the world, after the *BBC*, *CNN*, the *New York Times* and *Mail Online*. [102] It is one of the top three or four websites by UK reach – along with *BBC News*, *Mail Online* and *Sky News* – and one of the top three most visited sites along with *BBC News* – by far the leader – and *Mail Online*, standing some way above *The Sun*, the *Mirror* and the *Express*.

Table 26. Leading UK news sites – by number of UK visits (million), Jan 2019 – April 2021
Source: Press Gazette/Similarweb



[102] For the latest data, see <https://pressgazette.co.uk/most-popular-websites-news-world-monthly/>

Table 27. Leading UK news sites (excluding the BBC) – by number of UK visits (million), Jan 2019 – April 2021

Source: Press Gazette/Similarweb

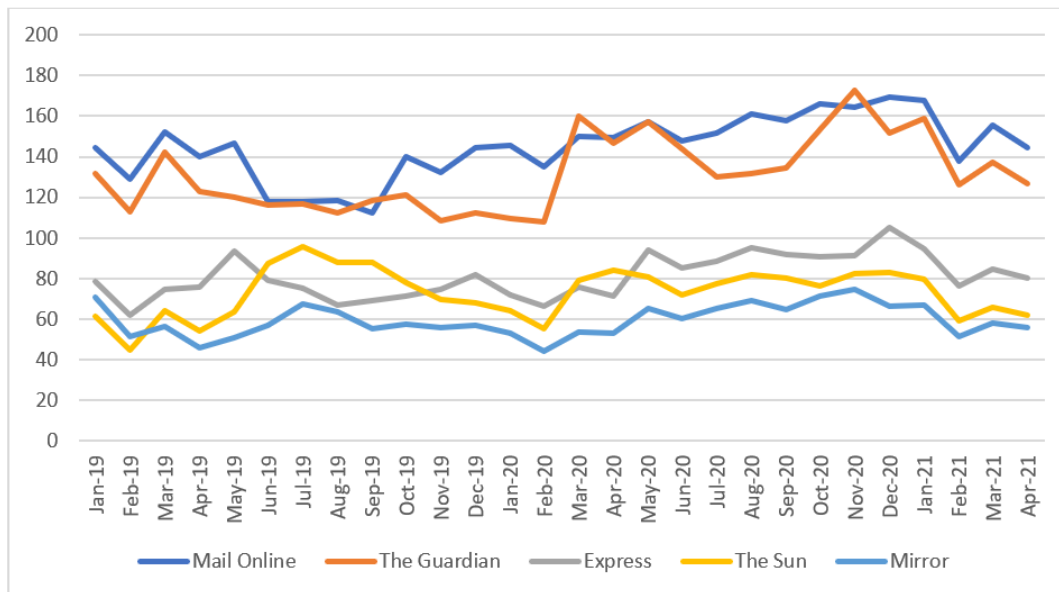


Table 28. Weekly reach online of top UK news brands

Source: Reuters Institute Digital News Reports, 2017-2021

Question: "Which of the following brands have you used to access news online in the last week (via websites, apps, social media, and other forms of Internet access)? Please select all that apply."

	2017	2018	2019	2020	2021
BBC News online	47%	43%	50%	45%	46%
Guardian online	14%	15%	15%	18%	17%
Mail online	14%	14%	16%	15%	14%
Sky News online	10%	11%	14%	10%	14%
Other regional or local newspaper website	10%	9%	9%	9%	8%
HuffPost (Huffington Post)	14%	10%	11%	6%	7%
Telegraph online	6%	7%	7%	7%	6%
Independent/ i100 online	6%	6%	6%	6%	6%
The Sun online	4%	7%	9%	6%	5%
MSN News	7%	6%	8%	6%	5%
Metro online	4%	5%	6%	5%	5%
Mirror online	6%	6%	9%	4%	5%
ITV News online	4%	3%	6%	3%	5%
BuzzFeed News	8%	6%	8%	6%	4%
Times online	4%	5%	7%	4%	4%

Table 29. Twitter followers and Facebook likes of major UK news brands*

Brand	Twitter followers	Brand	Facebook likes
BBC News (World)	32,300,000	BBC News	53,800,000
BBC News (UK)	12,400,000	Daily Mail	16,000,000
The Guardian	9,700,000	The Independent	9,300,000
Sky News	7,100,000	Sky News	8,700,000
The Independent	3,500,000	The Guardian	8,500,000
The Telegraph	3,000,000	Channel 4 News	4,500,000
Daily Mail Online	2,600,000	The Telegraph	4,400,000
ITV News	2,400,000	The Sun	3,300,000
Channel 4 News	2,400,000	The Mirror	3,200,000
The Sun	1,800,000	Metro	2,400,000
The Times	1,500,000	ITV News	2,200,000
The Mirror	1,200,000	Daily Star	1,700,000
Daily Express	886,600	Daily Express	1,500,000
Evening Standard	637,000	London Evening Standard	1,300,000
Metro	334,000	HuffPost UK	1,200,000
Daily Star	210,400	The Times and Sunday Times	800,000
HuffPost UK	208,800	The i Paper	360,000
i newspaper	113,100		

*These figures are not UK-only and some brands have substantial international audiences.

For the likes of *The Times*, *Telegraph*, *Financial Times* or *Economist*, their subscription models mean that quantity of traffic or breadth of online reach among UK users is simply not an important or meaningful metric to them. They are better judged on their numbers of subscribers.

Why is the BBC so dominant in UK online news? There are several reasons. First, the BBC is the most widely used source of news offline as well – its reach across TV and radio far eclipses any other broadcaster or publisher, and it is the most widely trusted source of news in the UK. Combined, these factors meant that the BBC entered the competition for online audiences with major advantages of familiarity and trust over other news brands. Second, the BBC's news site is completely free to access in the UK, unlike those of a number of newspaper publishers. Third, major technical advantages: the BBC invested early and heavily in developing its online presence, one consequence of which is that its news app has long been maintained to a fairly high level of quality, where other publishers have in the past struggled to put together a decent, usable app. The BBC's (global) TV news operation means that it often has video clips to accompany its news stories, which most other publishers do not, and the BBC News app also offers a live feed of the BBC News Channel, making it a useful means of watching news unfold live. These are major advantages over not only the newspaper publishers, but the other broadcasters as well, which lack the BBC's size of news operation or 24-hour rolling news (except for Sky News, which also has a popular news app).

One important feature of the online news market in the UK is how small a proportion of the population pays for online news – only 8% according to the latest Reuters Institute report. The reasons for this are considered in more depth in the section below on subscription funding.

Table 30. Digital subscriptions/donations at UK national news publishers, most recent estimates
Source: company reports

Title	Product	Subscribers/members	Price/year	As of
Financial Times	Digital access. Premium: exclusive content	Around 288,000 (960,000 in total, of which around 70% are outside the UK)*	Standard: £309 Premium: £489	April 2021
The Guardian	Donations Premium: apps and ad-free website Patrons: various benefits	790,000 monthly supporters (including premium subscribers), 340,000 one-off contributions. 1.13 million total	Donations: variable, £9/month recommended Premium subscription: £119 Patrons: £1200-5000	March 2020
The Telegraph	Digital access	413,000	Standard: £124	March 2020
The Times	Digital access. Basic: smartphone-only access on one device	336,000	Standard: £312 Basic: £180	July 2020
The Economist	Digital access	150,000	Standard: £179	December 2020
Daily Mail	Mail Plus: subscriber-only digital content	80,000	Standard: £75	
Total subscribers/donors: 2,685,000				

*Source: Faisal Kalim, "70% of FT readers are outside UK: Here's how it's driving global growth" *What's New in Publishing* 18 September 2019, available online at: <https://whatsnewinpublishing.com/70-of-financial-times-readers-are-outside-the-uk-heres-how-its-driving-global-growth/>

Online News Sites

Most of the biggest news sites in the UK are extensions of TV news or newspaper brands and, as such, have been covered above. Below are the most significant online-only news brands in the UK.

HuffPost (Huffington Post)/BuzzFeed News UK

HuffPost is an American news site and aggregator, originally founded as Huffington Post in 2005 by Arianna Huffington, Andrew Breitbart, Kenneth Lerer and Jonah Peretti. In 2011 the site was acquired by AOL for \$315 million. Arianna Huffington became president and editor-in-chief of both the site and other AOL properties. In 2015, Verizon Communications acquired AOL and the site became part of Verizon Media. In 2017 it rebranded as *HuffPost* and in 2020 BuzzFeed Inc. announced that it had acquired *HuffPost* from Verizon.

BuzzFeed is an American news and entertainment website founded in 2006 by Jonah Peretti and John S. Johnson III, which produces light, viral content focusing on celebrity, pop culture, lifestyle and other similar topics. In 2011 the site launched *BuzzFeed News*, focused on more serious reportage from a broadly liberal perspective. In 2013 *BuzzFeed News* launched a UK news operation.

Both *HuffPost* and *BuzzFeed News* sought to appeal to a young and broadly liberal audience, at times doing some serious journalism alongside mostly soft news, but their ad-funded revenue models and their relative novelty in the UK hampered their success. Neither was ultimately able to build the scale necessary to make their UK news operations financially sustainable. *BuzzFeed*'s UK editorial operation, including news, peaked at 76 editorial staff in 2017 but there were staff cutbacks starting that year which continued until the UK operation was eventually shut down in June 2020.[103] In March 2021, following its acquisition of HuffPost, BuzzFeed Inc. announced it was shutting down HuffPost's UK news operation.[104]

The Independent/indy 100

In the aftermath of the defeat of organised labour in the newspaper printing industry, the collapse of printing costs spurred the launch of a number of new daily and Sunday newspaper titles. *The Independent* was one of these, launching as a quality daily newspaper in 1986. By the mid-1990s, however, all of these titles had failed – except *The Independent*. It was, however, seriously financially wounded by a price-cutting war with *The Times* in the mid-90s. *The Independent* went through a number of different major shareholders until, in 2010, the Russian oligarch, banker and former KGB officer Alexander Lebedev and his son Evgeny acquired it and its Sunday edition. In 2009 he had acquired a controlling stake in the *Evening Standard*, a daily evening newspaper in London. In 2017, a 30% stake in *The Independent* was sold to a Saudi businessman, Sultan Muhammad Abuljadayel.[105]

The Independent's circulation was always the lowest of any of the quality daily newspapers aimed at a general audience (its circulation surpassed the *Financial Times* for a period during its early years), and it remained as high as 186,000 copies in 2010. But it collapsed in the following five years until, in 2016, it closed its print edition (with circulation of only 55,000 copies) and became an online-only news brand. A smaller, tabloid version of *The Independent* called the *i* was launched in 2010 and it achieved some success for several years but in 2016 it was sold to Johnston Press. After Johnston Press went into administration in 2018, its successor company JPIMedia sold the *i* to DMGT in 2019. Today, *The Independent* exists solely as a news website – one of the most popular in the UK, but not a substantial revenue generator.

Politically, *The Independent* began as, and stayed, a broadly centrist newspaper appealing to readers of the centre-right *Times*, centrist-to-centre-right *Financial Times* and centre-left *Guardian* alike. A survey in 2010 found that a plurality of its readers voted for the Liberal Democrats. Under the Lebedevs' ownership *The Independent* continued as a broadly liberal, centrist paper. In the 2015 general election it backed the Conservative-Liberal Democrat coalition government; in the 2017 and 2019 general elections it backed no party, though it endorsed voting tactically against the Conservatives; in the 2016 Brexit referendum, it supported Remain.

[103] Freddy Mayhew, "Buzzfeed to close dedicated UK and Australian news operations with staff furloughed" *Press Gazette* 13 May 2020, available online at: <https://www.pressgazette.co.uk/buzzfeed-to-close-dedicated-uk-and-australian-news-operations-with-staff-furloughed/>

[104] Archie Bland, "HuffPost UK staff face redundancy as national news operation closes down" *The Guardian* 12 March 2021, available online at: <https://www.theguardian.com/media/2021/mar/12/huffpost-uk-staff-face-redundancy-as-news-operation-closes-down>

[105] Graham Ruddick and Mark Sweney, "Saudi investor buys significant stake in the Independent" *The Guardian* 29 July 2017, available online at: <https://www.theguardian.com/media/2017/jul/29/saudi-investor-buys-up-significant-stake-in-the-independent>

INFLUENTIAL NEWS MEDIA

The UK has many media whose influence is far greater than their bare circulation or audience numbers would suggest. In some cases, this influence is over elites in politics, the state, business or the media. In other cases, it is influence over other social groups: for instance, professional, cultural and intellectual strata, or the activist layers of the political left, centre or right beyond the professional political elite concentrated at Westminster.

Many of the most influential media in the UK are in print (though they increasingly have websites, email newsletters, podcasts and apps extending their presence online). The most influential news media organisations in the UK, overall, are still the ‘quality’ press: *The Times*, *The Telegraph*, *The Guardian*, the *Financial Times* and *The Economist*. These are the news media whose reporting and opinion matters most to Britain’s political and media elites, although *The Economist* is more of a weekly summary of global news, for a global readership, of which only a small portion is in the UK. As a result, *The Economist* does not typically break news or set the UK news agenda, but it does give attention to news stories from around the globe that most of the rest of the UK’s media ignores.

The Times, *The Telegraph* and *The Guardian* in particular have great inter-media agenda-setting power, often ‘leading’ the news agenda of the UK’s major broadcasters. Partly as a result of that, they have great power to set the political agenda too. These titles do also exercise some influence over business elites too, but the extent of that influence has likely diminished over the last decade or so, for two key reasons. First, these titles have retreated from specialist reporting, including specialist business coverage, and now place more emphasis on general news, lifestyle, opinion and cultural content, and on catering to the general reader. One simple reason why is the loss of classified advertising revenue in categories like recruitment that once justified news coverage aimed at attracting readers from particular business sectors, like *The Guardian*’s media supplement. The second reason is the development of specialist business information services that cater more specifically, and in more depth, to business needs. These range from publishers of business journalism like the *Financial Times*, *The Economist* and *Politico Europe*, to financial institutions and commercial research firms who produce regular, in-depth reports on companies and sectors for their business subscribers. The *Financial Times* and *The Economist* both have increasingly global audiences but remain widely read among Britain’s political and business elites, especially in the financial sector.

These five ‘quality’ titles all sell print editions and digital subscriptions that are aimed at, and priced for, the most affluent. *The Guardian* is the cheapest, offering access to its premium mobile apps and an ad-free version of its website for £119 a year, alongside a website that remains free for all to access. The other four are self-consciously priced for and targeted at an elite audience. Of these four, *The Telegraph* is the cheapest, offering access to its paywalled website and apps for £124 a year. *The Economist* offers digital access for £179 a year (though a print/digital bundle is only £36 more). But the *Times* and *Financial Times* are both significantly more expensive, at £314 and £309 a year respectively for digital subscriptions.[106] However, these subscription costs are often covered not by individual readers but by their employers: the majority of *Financial Times* subscriptions are corporate.

[106] By comparison, a digital subscription to the *New York Times* is £96 a year, the *Washington Post* around £70.

In broadcast media, there are a handful of particularly important and influential programmes. **Panorama** is the BBC's flagship regular investigative documentary series. Its only equivalent at other channels is Channel 4's **Dispatches**. Both are shown on Monday nights.[107] ITV's **The Tonight Programme** on Thursday nights is a much less substantial news programme, often focusing on human interest stories rather than major investigations. Altogether, investigative documentaries for television are far less of a priority for British broadcasters today than they were in the 1970s and 1980s heyday of *Panorama* and *World in Action*.

BBC Two's **Newsnight**, late on weekday nights, is the most influential news and current affairs programme on television, treating stories in more depth than the major BBC and ITV news bulletins at six and ten o'clock. **Channel 4 News**, a nightly news programme, is probably the best made on British television, and over the last five years has won the Royal Television Society's award for Daily News Programme of the Year twice (in 2017 and 2019) – more than any other programme.[108] BBC One's **Question Time**, which runs late on Thursday nights, is the main political discussion programme on British television, featuring representatives from the main political parties.

On the radio, the most influential news and current affairs programmes are those on BBC Radio 4: the daily morning **Today** programme is the most news-focused of all the morning radio programmes, and typically features an interview with a leading political figure. The station's other news programmes throughout the day – **The World at One**, **PM**, the **Six O'Clock News** and **The World Tonight** likewise do more than any other radio station's news programme to define and shape the daily news and political agenda. Alongside these, Radio 4 produces influential current affairs programmes like **Any Questions?** – the radio equivalent to BBC One's *Question Time*; **The Media Show** – a weekly discussion of issues affecting the media, and media policy debates; **The Week at Westminster** – a summary of the week's Parliamentary events. Alongside these, the station produces a range of current affairs documentaries, probably the closest any British radio station comes to doing investigative journalism.

Niche and Independent Media

Alongside the media most influential with Britain's political, business and media elites, there are many other titles whose influence is smaller and more niche but nevertheless much greater than their raw circulation figures might suggest. Most of these titles are print magazines, periodicals or journals published weekly, fortnightly, bimonthly or quarterly. Who they influence will be indicated in each case below. Most of these titles have strongly articulated political positions, although there are two important exceptions. **The Week** is a deliberately neutral weekly summary of news in the UK, collating perspectives from across the political spectrum. Its average circulation stands at around 130,000 a week.[109] **Private Eye** is a fortnightly satirical magazine containing a mixture of jokes and parodies, original news stories (often investigative) and gossip drawn from the worlds of media, politics and business. Its perspective is a kind of general anti-establishment cynicism and irreverence. Published fortnightly and with very little of the magazine's content on its website, its average circulation is nearly a quarter of a million copies.[110] Along with *The Economist*, these are the two highest-circulation current affairs magazines in the UK. *Private Eye* is particularly widely read among political and media elites, and among the state bureaucracy, which also appears to be the source for many of its stories.

[107] ITV's counterpart to *Panorama* was *World In Action*, which ran from 1963 until its cancellation in 1998. It was replaced by *The Tonight Programme* (formerly *Tonight with Trevor McDonald* between 1999-2007).

[108] The RTS Television Journalism Awards are available online at <https://rts.org.uk/awards/television-journalism-awards>

[109] <https://www.abc.org.uk/product/7763>

[110] Private Eye's circulation data is available online at: <https://www.abc.org.uk/product/3379>

Alongside *The Economist* and *The Week* there are two other important weekly political magazines. **The Spectator** is the most important print organ of the Conservative Party outside of the national press, with a circulation of just over 100,000 of which three quarters are print readers and a quarter are digital-only subscribers.[111] It is owned by Frederick Barclay, the owner of the *Telegraph*. Its journalism focuses primarily on British politics, culture and lifestyle matters, though it also takes in some matters of business and international politics, all seen from a solidly conservative perspective. [112] The current Prime Minister, Boris Johnson, was the *Spectator*'s editor between 1999 and 2005, and many other figures connect the Party to the magazine. Its Coffee House blog extends its influence online.

The New Statesman is a centre-left weekly with some ties to the Labour Party – though the relationship is looser than *The Spectator*'s with the Conservative Party. Its circulation is also much smaller: around 37,000 with, again, around a quarter of those being digital subscribers. Its sole owner since 2009 has been Mike Danson, a multimillionaire businessman.[113] Its writing has the same focus as *The Spectator* on politics and culture, with some coverage of international affairs, media, technology, science and history. Politically, the New Statesman has generally oscillated between the centre and the right of the Labour Party.

The New European is a centrist weekly newspaper with a circulation of around 20,000 that was launched in July 2016 in response to the result of the 2016 referendum on the UK leaving the EU. It primarily aims to represent those who voted to remain in the EU and were most vociferously opposed to Brexit, who tended to be in the liberal centre of British politics. The paper was launched by the commercial publisher Archant but in February 2021 it was announced that a consortium of investors – including the founding editor Matt Kelly (who left Archant to become the paper's publisher), ex-Director General of the BBC and CEO of the New York Times Company Mark Thompson, and former *Financial Times* editor Lionel Barber – had acquired the paper. Kelly is now CEO and editor-in-chief.[114] Although its politics are broadly liberal, like *The Economist*, it does not seem to have much of a connection to the Liberal Democrats. Its political constituency is probably just as much to be found on the right of the Labour Party, where opposition to Brexit was most strident, and support strongest for a second referendum to overturn the verdict of the first.

There are a number of other influential literary and political periodicals and magazines. Generally speaking, each contains some coverage of culture and some of politics, though their relative proportion and priority varies, as do the areas of culture covered. These titles' audiences are typically drawn more from Britain's intellectual, artistic and cultural strata, unless indicated below.

At the more cultural end of the spectrum are the **Times Literary Supplement (TLS)**, a weekly periodical with a circulation of around 20-30,000 copies dedicated mostly to reviewing literature and non-fiction, and the **London Review of Books (LRB)**, a fortnightly periodical with a circulation of almost 90,000 which publishes a combination of essay-length book reviews of literature and non-fiction, long essays on a wide range of subjects, memoirish 'diary' pieces, poems, and reviews of films and exhibitions.[115]

[111] *The Spectator*'s circulation data is available online at: <https://www.abc.org.uk/product/3016>

[112] For a short profile of *The Spectator*, see Will Davies, "Only Joking?", Sidecar 29 December 2020, available online at: <https://newleftreview.org/sidecar/posts/13>

[113] James Robinson, "Mike Danson takes full ownership of New Statesman", *The Guardian* 14 April 2009, available online at: <https://www.theguardian.com/media/2009/apr/14/new-statesman-ownership-mike-danson-geoffrey-robinson>

[114] "The New European is under new ownership", *The New European* 1 February 2021, available online at: <https://www.theneweuropean.co.uk/brexit-news/the-new-european-sale-7297100>

[115] *The London Review of Books*'s circulation data is available online at: <https://www.abc.org.uk/product/6558>

Politically, the *TLS* exhibits a range of opinions spanning mostly from the liberal centre to the centre-right. Meanwhile, the *LRB*'s centre of gravity is to the left of the *New Statesman*, opinion spanning from the liberal centre to the socialist left, with less of a regular interest in Westminster politics than the *New Statesman* but more of an international range and perspective. The *TLS* was founded in 1902 but is currently owned by News Corp, who acquired it as part of its acquisition of Times Newspapers in 1981. The *LRB* began in 1979 as an insert in the *New York Review of Books*, launched to fill a gap in literary reviewing during a year-long management lockout at Times Newspapers that prevented the *TLS*'s publication. Initially financed by the *NYRB*, ownership of the *LRB* was taken over by Mary-Kay Wilmers, who began as the paper's deputy editor and then became the paper's sole editor from 1992 until 2020, when she stood down to become consulting editor.[116] Both titles have comprehensive websites and produce podcasts. The *LRB* has a blog for shorter contributions. The primary audience for both titles is in Britain's intellectual and cultural strata, especially academia, which also provides the bulk of both titles' contributors.

At the more political end of the spectrum are, first, two monthly magazines, the centrist-to-centre-left **Prospect** and the right-wing **Standpoint**. *Prospect*'s circulation stands at around 32,000, of which about three-fifths is in print.[117] Its focus is overwhelmingly on current affairs – a mixture of British and global, with less cultural coverage than the *TLS* or *LRB* – and more short-form than either of those titles. Politically, it does not have the attachment to a particular political party of *The Spectator* or even the *New Statesman*, but it is far more engaged with Westminster politics than the *LRB* or *TLS*. *Prospect* is owned by the Resolution Trust, which also funds the Resolution Foundation – an influential centrist/centre-left think-tank. The Trust has a substantial endowment from Clive Cowdery, an English multimillionaire who founded Resolution, an insurance investment firm. *Prospect*'s audience is much more likely to be drawn from political or bureaucratic circles.

Standpoint's circulation was reported to be around 10,000 in 2019.[118] Its politics are right-wing, Atlanticist and neo-conservative. It has been owned and funded by the Social Affairs Unit, a right-wing think-tank born in 1980 as an offshoot of the neoliberal Institute of Economic Affairs. However, the magazine appears to have fallen apart in 2020. Its founding editor, Daniel Johnson, left in 2019 after more than ten years at the magazine. In late 2019 **The Critic**, a new right-wing political magazine, was launched by some formerly associated with *Standpoint*. The title is financially backed by Jeremy Hosking, a Brexit-supporting right-wing investor, and co-edited by Michael Mosbacher, formerly the acting editor of *Standpoint*, and Christopher Montgomery, a former strategist for the European Research Group, a strongly pro-Brexit faction of Conservative MPs.[119] The audience for both titles is, again, drawn largely from those invested in the world of British politics.

Finally, there are three influential political print publications on the left of British politics. **Renewal**, a quarterly "journal of social democracy", serves as the main organ of the 'soft left' or party centre in the Labour Party. Its output is exclusively focused on matters of politics and strategy, and many contributions are addressed directly to party matters. It is not read widely in the party, but it serves as a key point of connection between intellectuals and party MPs. It is published by Lawrence & Wishart, a publishing house formerly associated with the Communist Party of Great Britain, which also publishes a range of other, more academic journals.

[116] Wyatt Mason, "How Mary-Kay Wilmers Became Britain's Most Influential Editor" *The New York Times Magazine* 24 October 2019, available online at: <https://www.nytimes.com/2019/10/24/magazine/london-review-of-books-mary-kay-wilmers.html>

[117] *Prospect*'s circulation data is available online at: <https://www.abc.org.uk/product/8153>

[118] Lindsay Fortado and Laurence Fletcher, "City financier Jeremy Hosking donates £850,000 to Standpoint magazine", *Financial Times* 17 June 2019, available online at: <https://www.ft.com/content/77f879be-877b-11e9-97ea-05ac2431f453>

[119] Ian Burrell, "Does Britain need another contrarian conservative magazine? The Critic makes its case", *The Drum* 30 January 2020, available online at: <https://www.thedrum.com/opinion/2020/01/30/does-britain-need-another-contrarian-conservative-magazine-the-critic-makes-its>

Tribune is the long-running magazine of the Labour left, originally founded in 1937. After decades of decline, it ceased publication in early 2018 before being bought in May of that year by the American socialist magazine Jacobin, which then relaunched it in September 2018 at the Labour Party conference. As of December 2020, *Tribune* had 15,000 subscribers. It also publishes articles regularly on its website and produces podcasts. It is the print publication most closely associated with the socialist left of the Labour Party, the Corbyn leadership and Momentum, and its readers are most likely younger trade unionists and members of the Labour Party and Momentum – in short, the new, socialist left drawn into Labour politics from Corbyn’s 2015 Labour leadership campaign onwards. [120]

New Left Review (NLR) is a bimonthly journal published since 1960 with a circulation of around 10,000. Its readership is global, and it publishes each edition in Spanish as well as English, reflecting a strong following in Latin America. Politically, the *NLR* is the most left-wing journal published in the UK. It emerged out of the British New Left in the late 1950s and is renowned for publishing cutting-edge Marxist and other radical work on politics, culture, history and theory.[121] It is owned by New Left Books, a company which also owns the left-wing book publisher Verso, and which is controlled by three directors with longstanding editorial involvement at both – Perry Anderson, Tariq Ali and Robin Blackburn. At the end of 2020, the *NLR* launched a new blog, Sidecar, which produces global political and cultural commentary. The *NLR*’s audience is more academic than *Tribune* but it nevertheless has a following among some Labour left activists.

There are three small left-wing magazines (circulation probably below 10,000) also worth noting. **Red Pepper** is a left-wing magazine with broadly New Left, feminist, ‘red and green’ politics, published quarterly, which has been going since 1995; its focus is on left-wing opinion, features and book reviews.[122] **New Internationalist** is a left-wing magazine owned and managed by a worker-run co-operative, which is published bimonthly and focuses on international news and issues, with a particular emphasis on environmental issues. **Salvage** is an avowedly ‘pessimistic’ magazine of the Marxist left published once or twice a year, founded by an editorial collective in 2015, and focused primarily on politics and literary culture. In each case, readers are likely to be drawn from higher education or left-wing activism, with *New Internationalist* perhaps engaged more strongly with the voluntary sector and civil society organisations.

The UK has an increasing number of small but influential online-only media, in addition to the websites, apps and podcasts of many of the titles listed above. On the political right, sites like *Conservative Home*, *Spiked*, *UnHerd*, *CapX*, *Reaction* and *The Spectator’s Coffee House* blog are sources of right-wing opinion and debate but play relatively little role in breaking news stories. On the other hand, the *Guido Fawkes* blog, run by the libertarian blogger Paul Staines, has been going since 2004 and is one of the most important sources of right-wing, partisan Westminster gossip. Some of its former journalists have graduated to reporting roles in the mainstream media.

These sites are mainly by and for the politically engaged, from rank-and-file Conservative Party members, through to right-wing journalists and commentators, Conservative Party staff and politicians, and right-wing businesspeople and lobbyists. *CapX* is a representative example, producing writing on a mixture of politics, economics and technology from a perspective supportive of “markets, innovation and competition” clearly pitched at an audience drawn from the world of politics and business. The site is published by the Centre for Policy Studies, a right-wing think-tank whose director Robert Colville is *CapX*’s editor-in-chief.

[120] See this tweet from the magazine’s editor, Ronan Burtenshaw: <https://twitter.com/ronanburtenshaw/status/1341509567717511171>

[121] For a brief history of New Left Review, see: <https://newleftreview.org/pages/history>

[122] See the magazine’s editorial charter, available online here: <https://www.redpepper.org.uk/editorial-charter/>

The political centre is so dominant in more established news media sites, like those of *The Guardian*, the *Financial Times*, *The Times*, *The Independent*, *Huffington Post*, *New Statesman* and *Prospect* that there has been relatively little need to set up new digital-only sites. Nevertheless, there are a few. Two of the most notable are **Byline Times** – an online newspaper founded by a freelance journalist, Peter Jukes, and an advertising executive, Stephen Colegrave – and **Tortoise** – a subscription-funded ‘slow news’ organisation co-founded by James Harding, former editor of *The Times* and head of news at the BBC. Both produce original reporting, including with a focus on Westminster politics; neither has any marked partisan attachment. *Tortoise*’s audience is most likely among the most news-engaged, drawn from the political, media and business worlds. *Byline Times* is addressed more to a popular constituency of people in the liberal centre mobilised by the Brexit referendum and the rightwards drift of British politics.

On the political left, **Labour List** provides the most comprehensive coverage of matters relating to the Labour Party, as well as publishing opinion and analysis from party members and figures, including MPs, and acts in effect as the Party’s internal bulletin. **openDemocracy** provides opinion from a range of perspectives, ranging from the liberal centre to the socialist left, with a centre of gravity in Labour’s ‘soft left’ and giving a degree of representation to Scottish nationalism and Green politics unusual in British political media. It also increasingly produces important investigative reporting.

A group of sites including **The Canary**, **Skwawkbox** and **Evolve Politics** provide political news from perspectives putting them on the left of the Labour Party. *Tribune*’s website is also a major source of left-wing analysis and opinion, as are **Novara Media** and **New Socialist**. All of these sites strongly supported Jeremy Corbyn’s leadership of the Labour Party. *Novara* began as a weekly podcast but has developed into a website, YouTube channel and a number of regular podcasts. Its contributors are probably the most prominent of any of these left-wing sites in the established media. All of these sites address themselves primarily to the new, socialist left mobilised and drawn into Labour Party politics since 2015.

Scotland has a small number of independent online media outlets. Three particularly worth noting are **The Ferret**, a non-profit co-operative which produces investigative journalism, **Wings Over Scotland**, a leading pro-independence website, and **The National** – Scotland’s only pro-independence newspaper. Alongside these are more established (and anti-independence) titles like *The Scotsman*, *The Herald* and the *Daily Record*.

The most striking characteristic of the media above is that, apart from the Scottish outlets, almost every single one is based in London. One reason for this concentration in London is that the focus of many of these titles is on political activity in the Parliament at Westminster, reflecting the highly centralised character of the British state. Another is that much of the nation’s cultural life is concentrated in London, too. London is also one of the most left-wing cities in the country, and as such, it is a place where the new, socialist Labour left is strongest. The second most striking characteristic of the media listed above is how nationally insular much of it is; insofar as foreign news, politics or culture matter they are usually those of the United States; the Republic of Ireland is a common blind spot, and continental Europe is covered only occasionally rather than routinely. Some titles have a more international orientation – typically those of the left, or whose primary UK audience is in the financial sector: in the first category, *New Left Review*, the *London Review of Books*, *New Internationalist* and *openDemocracy*; in the second, *The Economist*, the *Financial Times*. *The World Tonight* and *Channel 4 News* stand out as the broadcast news programmes most engaged with news outside the UK.

FINANCIAL PERFORMANCE OF MAJOR MEDIA GROUPS

Television

Table 31. Selected financial data of UK broadcasters, 2016-2021

Sources: company reports

£m (unless otherwise specified)	2016	2017	2018	2019	2020	2021
BBC						
Licence fee income	3,743	3,787	3,830	3,690	3,520	3,750
Other income*	1,084	1,167	1,233	1,199	1,423	1,314
Total income	4,827	4,954	5,063	4,889	4,943	5,064
Operating profit (deficit)	30	(39)	234	(52)	(122)	290
Operating margin	0.62%	-0.79%	4.61%	-1.06%	-2.47%	5.73%
Licence fee % of total income	77.5%	76.4%	75.7%	75.5%	71.2%	74.1%
ITV						
Advertising revenue	1,209	1,066	1,240	1,191	1,098	
Non-advertising revenue	1,855	2,066	1,971	2,117	1,683	
Total revenue**	3,064	3,132	3,211	3,308	2,781	
Operating profit	604	555	600	535	356	
Operating margin	19.71%	17.72%	18.69%	16.17%	12.80%	
Advertising % of revenue	39.5%	34.0%	38.6%	36.0%	39.5%	
Channel 4						
Content spend	695	675	662	660	522	
Originated content spend	501	510	489	492	370	
Digital revenue	102	124	138	163	161***	
Corporation revenues	995	960	975	985	934	
Underlying operating profit/(deficit)	(18)	(25)	4	(17)	71	
Operating margin	-1.8%	-2.6%	0.4%	-1.7%	7.6%	
Net cash reserves	215	190	180	137	201	
Net cash as % of annual revenue	22%	20%	18%	14%	22%	
Channel 5						
Turnover	384	380	376	452****		
Operating profit	58	45	40	27		
Operating margin	15.2%	11.8%	10.6%	6.1%		

£m (unless otherwise specified)	2016	2017	2018	2019	2020
Sky*****					
Revenue	12,445	12,997	13,585		
EBITDA	2,226	2,151	2,349		
Adjusted operating profit	1,569	1,473	1,574		
Revenue (\$m)			19,814	19,219	18,594
Adjusted EBITDA (\$m)			2,894	3,099	1,954
Operating margin	12.61%	11.33%	11.59%		
Revenue components					
Direct-to-consumer (\$m)			16,077	15,538	15,223
Content (\$m)			1,248	1,432	1,373
Advertising (\$m)			2,489	2,249	1,998

*Other income is primarily commercial and grant income

**Total revenue is listed as 'group external revenue' in company reports, where 'total revenue' refers to figures inclusive of intra-group transactions.

***Channel 4 changed the way it reported revenue in 2020, replacing the digital revenue metric with digital advertising revenue, which excludes digital revenues generated by e.g. UK secondary rights sold to SVOD platforms, and subscriptions to All4+ – Channel 4's ad-free SVOD service. Digital advertising revenues were £145m in 2019, 89% of digital revenue.

****Channel 5's reporting changed from end of September to end of December this year, so the 2019 income statement is for the 15 months ended 31 Dec 2019.

*****Sky was acquired by Comcast in 2018, after which results were reported in US \$ by Comcast and included (adjusted) EBITDA but not operating profit. Results are given up to 2018 in UK £, and from 2018 in US \$.

Although Sky is the largest broadcaster in the UK by revenue, a large proportion of its expenditure is spent on securing the rights to show live sport, including the FA Premier League. Likewise, TV accounts for a substantial portion, but not all, of the BBC's content expenditure: 66% in the year to the end of March 2021.[123]

Both the BBC and Channel 4 have low operating margins because they are both public broadcasters whose remit is not to produce a profit but to meet a series of public service objectives. Channel 4 nevertheless has substantial net cash reserves – to which it has actually added since the pandemic – to cover it in case of a period of sustained operating losses. Nevertheless, the overall picture has financially been one of stagnation at the UK's two public broadcasters over the last five years. The BBC's income in the year to 2021 is actually over £300m (6%) below its income from five years earlier when the latter is adjusted for 2020 prices.[124] Meanwhile, Channel 4 was poorer in cash terms in 2020 than in 2016, and was even so in 2019, before the pandemic's impact on advertising revenue – Channel 4's main source of income. Adjusted for inflation, Channel 4's income in 2020 was £174 million (16%) below its 2016 level.

Channel 4's spending on content fell by £252 million between 2016 and 2020, when adjusted for inflation, reflecting the deep cuts made by the channel early on in 2020, when it appeared that the pandemic would heavily impact its advertising revenue for the year.[125] But even before the pandemic, in 2019, its content budget was down by £115 million on 2016 (inflation-adjusted).

[123] News and Current Affairs was 19% of TV expenditure and 12% of total content expenditure in 2021.

[124] £4,827 million in 2016 would be £5,379 million in 2020 prices, adjusting for CPI inflation – £315 million below the BBC's 2021 income.

[125] Mark Sweney, "Channel 4 cuts content budget by £150m as virus hits ad revenues" *The Guardian* 8 April 2020, available online at: <https://www.theguardian.com/media/2020/apr/08/channel-4-cuts-content-budget-virus-ad-revenues-programming-furlough>

There are different reasons for this continuing austerity at each of the broadcasters. Channel 4 is affected by the decline of TV advertising as linear TV viewing declines and is replaced by catch-up, VOD or other digital viewing, where Channel 4 has a smaller share of viewing and which it finds it harder to monetise than live TV. Channel 4 has struggled to generate non-advertising income sources: in 2020 these only accounted for 9% of its overall revenue. Meanwhile, the BBC's primary problem is the fact that the number of households buying TV licences appears to have peaked, while the price of the licence fee is only increasing in line with general inflation – and after a period from 2010-16 when the price was frozen, meaning that the licence fee's price is today 13% below where it would have been if it had risen in line with inflation. Growth in the BBC's commercial income was strong (averaging 7.3% a year between 2016 and 2020, until the pandemic impacted TV production) but it is too small a proportion of the BBC's overall income to make enough of a difference to the overall picture.

ITV's revenue was growing at a reasonable rate of between 2.2 to 3% a year until the pandemic impacted both of its main income sources: TV production and distribution, and TV advertising. Underlying operating margins have been strong over the past five years, albeit in slight decline. Channel 5's financial performance has to be caveated on the basis that it is a subsidiary of ViacomCBS, but the channel's profitability appears to have been in decline in the run-up to the pandemic. Like ITV and Channel 4, Channel 5 is heavily dependent on TV advertising for its income and, as the section below on advertising funding shows, advertising spend on TV has been in decline over the past five years.

Sky's revenues were increasing at a solid rate until its acquisition by Comcast, after which time they declined, in both 2019 and 2020. In 2019, this was primarily due to the impact of currency movements – Sky's underlying revenue actually increased by 1.7% due to increased content and direct-to-consumer revenues, which were partially offset by a decline in advertising revenue. In 2020, Sky was impacted by the pandemic, which led to the cancellation or postponement of many sporting events. This affected both Sky's subscriber numbers and its average revenue per customer. In the long run, Sky is less exposed to the decline of TV advertising than ITV, Channel 4 or Channel 5 as advertising revenue amounted for only 12% of its revenue even before the pandemic. Nevertheless, it is more exposed to potential competition for the rights to live sport, films and imported premium drama series from streaming companies. However, Sky's parent company, the American telecoms behemoth Comcast, had annual revenue of \$103 billion and EBITDA of \$31 billion a year in 2020 – money that leaves it far better placed than the other UK broadcasters to invest in creating new content to take on those new rivals.

Newspapers

Table 32. Selected financial data of UK national newspaper publishers, 2016-2020

Sources: company reports

£m (unless otherwise specified)	2016	2017	2018	2019	2020
News UK					
Total revenue (\$m)*	1,281	1,037	1,076	1,032	898
News Group Newspapers					
Revenue	446	424	401	420	324
Operating profit/(loss)	(63)	(16)	(66)	(63)	(199)
Operating margin	-14.1%	-3.8%	-16.5%	-14.9%	-61.5%
Times Newspapers					
Revenue	342	319	326	330	310
Operating profit/(loss)	(3)	(4)	12	6	13
Operating margin	-0.8%	-1.3%	3.7%	1.8%	4.1%
DMGT					
Revenue	1,917	1,564	1,426	1,337	1,203
Adjusted operating profit	277	179	145	88	136
Operating margin	14.4%	11.4%	10.2%	6.6%	11.3%
dmg media					
Revenue	706	683	654	672	604
Operating profit	100	77	64	67	56
Operating margin	14.2%	11.3%	9.8%	10.0%	9.3%
Reach plc**					
Revenue	713	623	724	703	600
Operating profit	138	125	146	153	134
Operating margin	19.3%	20.0%	20.1%	21.8%	22.3%
Print revenue	638	541	623	591	479
Digital revenue	58	69	91	107	118
Digital share of revenue	9.2%	12.7%	14.6%	18.1%	24.7%
Telegraph Media Group					
Revenue	296	278	271	266	235
Operating profit	28	16	3	9	25
Operating margin	9.5%	5.9%	1.1%	3.4%	10.5%
Print revenue	Not available	Not available	Not available	195	175
Digital revenue	Not available	Not available	Not available	43	46
Digital revenue share of total	Not available	Not available	Not available	16%	20%

*Reported in News Corp 10-Ks. Overall News UK operating profit data unavailable. News UK includes talkSPORT and news printing subsidiaries alongside News Group Newspapers (*The Sun* and *The Sun on Sunday*) and Times Newspapers.

**Note that Reach plc's financial data includes regional as well as national newspaper titles, and magazines.

£m (unless otherwise specified)	2016	2017	2018	2019	2019
Guardian Media Group					
Revenue	210	215	217	225	224
Operating profit/(loss)	(100)	(63)	(54)	(13)	(18)
Operating margin	-47.9%	-29.1%	-24.7%	-5.7%	-7.8%
Cash and endowment fund	765	1,033	1,005	1,014	954
Print revenue	124	116	106	97	94
Digital revenue	82	94	109	126	125
Digital revenue share of total	39%	44%	50%	56%	56%
Reader revenues*	42	49	63	72	80
Reader revenue share of total	20%	23%	29%	32%	36%

*Reader revenues include digital app subscriptions and one-off and regular donations, but not print copy sales.

The UK's national newspaper publishers are mostly much smaller financial entities than the broadcasters. In almost every case, profitability is low if not negative. News UK's subsidiary News Group Newspapers, which publishes *The Sun* and *The Sun on Sunday*, was formerly one of the biggest cash cows in the Murdoch empire. For several years those titles have been losing money – the weaknesses of the underlying businesses added to the substantial costs involved in continuing to handle civil cases brought against News UK relating to claims of phone hacking in the 2000s, and usually settle them out of court. In 2020, the effect of the pandemic on print circulation and advertising made matters worse, with revenue falling by nearly a quarter year-on-year. News Group Newspapers was particularly exposed to the effects of the pandemic on newspaper circulation because it has so far failed to build *The Sun's* website into one capable of generating serious digital revenue. Times Newspapers, on the other hand, has been able to turn a small profit in the last three years, not least due to its increasing number of digital subscribers and as a result of this strong digital position its revenue only declined by 6% in 2020.[126]

DMG media, the subsidiary of DMGT that publishes the *Daily Mail*, *Mail on Sunday* and *Mail Online*, as well as *Metro* and the *i*, likewise saw its revenue decline in 2020 due to the pandemic, but by nowhere near as much as News Group Newspapers: only 10% year on year. The critical difference is that, although DMG media was heavily exposed to the collapse of print circulation and advertising – especially with the free *Metro* – *Mail Online* is a much more developed digital revenue generator than *The Sun's* website, contributing £144 million, or 24%, of DMG media's revenue in 2020. In the long run, however, it is doubtful that the site will ever generate as much revenue as the *Daily Mail* and *Mail on Sunday* do in print: £356 million in 2020, and £406 million in 2019 before the pandemic affected circulation. Lord Rothermere is reportedly considering a £810 million bid to take DMGT private, buying the around 70% of DMGT shares that he does not already own.[127]

[126] Total subscribers grew from 502,000 in 2018 to 541,000 in 2019 and 556,000 in 2020, driven by digital growth.

[127] Kalyeena Makortoff and Mark Sweney, "Rothermere readies £810m bid to take Daily Mail owner private" *The Guardian* 12 July 2021, available online at: <https://www.theguardian.com/business/2021/jul/12/rothermere-bid-daily-mail-general-trust-dmgt>

Note that although Rothermere only owns 30% of DMGT shares, DMGT has a dual-class share structure and he owns all of the voting shares.

Reach plc's performance over the last five years is perhaps the most indicative of the state of the national and regional press. It owns more national and regional titles than any other publisher, and it has seen print revenues decline precipitously and only be partially replaced by growing digital revenue. Falling revenues have been masked to an extent by the acquisition of some national newspapers (the *Express* and the *Star*) and magazines from Richard Desmond's Northern & Shell in 2017. Operating margins are higher than at other publishers, which is probably linked to the fact that it is the only publisher that is both publicly traded on the stock market and without a controlling proprietor relatively insulated from shareholder pressure. It is therefore unable to take a longer-term view, sacrificing some short-term profit for the sake of investing in the business's print-to-digital transition.

Telegraph Media Group's revenues have declined consistently across the period between 2016 and 2020. The principal reason was a poorly executed digital strategy under the previous CEO, which failed to generate much revenue to compensate for the rapid rate of print decline. New leadership was appointed in 2017. In the last couple of years, TMG's fortunes have begun to change: in the year to March 2021 the Telegraph reached 413,000 digital subscribers, a 71% growth year-on-year; digital revenues grew 77% year-on-year, albeit from a low base.

Guardian Media Group's (GMG's) strategy in the early 2010s was marked by ambitious global expansion, particularly into the US market, funded by advertising revenue; that strategy had run aground by the mid-2010s. In 2015, editor-in-chief Alan Rusbridger and CEO Andrew Miller both left. Their replacements, Katherine Viner and David Pemsel, devised a new strategy, which involved cancelling the more ambitious plans of the previous regime, vigorously cutting costs (including by laying off many staff), asking readers to donate, and rationalising how *The Guardian* charged for its digital offering. The result was a rapid increase in reader revenues that has more than offset print revenue declines. Together with cost-cutting, operating losses equating to nearly half of annual revenue in 2016 have been reduced to less than a tenth. GMG's long-run aim is not to become a highly profitable business but to reduce its operating losses to a low enough level that they can be covered by the investment return on GMG's substantial endowment, which stood at £954 million in 2020.

Other Companies

Financial data is not available for all of the companies examined above, usually because revenue is, or was, dispersed across a large number of separate but connected subsidiaries with intra-group transactions that mean it is not possible to reach an accurate overall figure for either revenue or profit. This was the case for Newsquest before 2018, and for Bauer Radio.

Table 33. Selected financial data of UK media companies, 2016-2021

Sources: company reports

£m (unless otherwise specified)	2016	2017	2018	2019	2020	2021
Global Radio						
Revenue	268	282	319	340	339	
Operating profit/(loss)	10	16	36	(4)	23	
Operating margin	3.8%	5.7%	11.3%	-1.2%	6.8%	
Newsquest (Gannett UK)						
Revenue			197	188		
Operating profit from core businesses			27	27		
Operating margin			13.8%	14.3%		
National World*						
Revenue	223	202	**	131***	88	
Operating profit/(loss) on non-recurring items	42	33	N/A	6***	(2)	
Operating margin	19%	16%		4%	-2%	
Lebedev Holdings						
Revenue	103	69	69	66	50	
Operating profit/(loss)	(14)	(13)	(13)	(14)	(12)	
Operating margin	-13%	-19%	-19%	-21%	-25%	
Revenue from news publishing	100	64	65	63	43	
Independent Digital News & Media						
Revenue	14	22	25	27	30	
Operating profit	2	3	3	2	3	
Operating margin	11.8%	14.7%	12.2%	8.5%	8.9%	
The Economist Group						
Revenue	331	353	367	333	326	310
Operating profit	61	54	47	31	31	42
Operating margin	18.4%	15.3%	12.8%	9.3%	9.5%	13.5%
Subscription revenue	176	205	221	195	204	210
Advertising, research & other revenue	155	148	144	138	122	101
Financial Times						
Revenue	311	321	332	345		
Operating profit/(loss)	7	4	7	1		
Operating margin	2.13%	1.23%	2.19%	0.19%		
UK revenue	138	142	142	153		
UK share of revenue	44.4%	44.2%	42.8%	44.3%		

*Formerly JPI Media 2018-2020 and Johnston Press plc until 2018.

**In mid-2018, Johnston Press went into administration and was taken over by its creditors as JPI Media. National World acquired JPI Media's titles on 2 January 2021. Results for the 2018 year are unavailable.

***Results for the 74 weeks to 4 January 2020. Adjusted results are £116 million in revenue and £5 million in operating profit. Note that in 2018, the i newspaper was sold to DMGT.

Global Radio's profitability is low, but it remains the largest commercial radio provider in the UK by revenue, with turnover equivalent to three-quarters of UK commercial radio revenue. [128] Its revenue (derived entirely from advertising) increased steadily year-on-year until the pandemic.

Newsquest and National World (formerly Johnston Press and then JPI Media) are the two largest regional newspaper publishers in the UK besides Reach. In both cases, they have been in commercial decline for years. In the case of Johnston Press, the underlying business was profitable but the company had acquired too large a debt burden in the 2000s – largely as a result of making a series of extremely ill-timed acquisitions, like paying £160 million for *The Scotsman* newspaper in 2005 – to be able to repay it. It was taken over by its creditors in 2018. The *i* newspaper was sold to DMGT and the remaining titles were acquired by National World. It remains to be seen whether National World can turn around the fortunes of the regional titles it now owns after over a decade of decline.

Lebedev Holdings is the holding company of Alexander and Evgeny Lebedev; it owns the *Evening Standard* newspaper and London Live, a local TV channel. The company's losses appear to be covered by the Lebedev's personal wealth. It is uncertain how wealthy the Lebedevs are – Alexander Lebedev's personal wealth was described by the *Evening Standard* in 2019 as "well over \$1 billion (£810 million) at peak", presumably placing the current figure somewhere in the hundreds of millions. In December 2018, 30% of Lebedev Holdings was sold to a Saudi businessman. The Lebedevs also own Independent Digital News and Media Limited, the company that runs *The Independent* website, a small operation which makes a profit.

The Economist is one of the few print titles that has managed to grow its overall revenue over the past fifteen years: revenue in 2006 was £218 million, whereas in the year to March 2021 it was £310 million (albeit the 2006 figure would equate to £323 million in 2020 prices). The paper has maintained a healthy operating margin during the print-to-digital transition, and it has managed to compensate for declining advertising revenue with more subscription revenue – largely by raising prices rather than expanding circulation. Subscription now accounts for over two-thirds of total revenue, whereas in 2016 it only accounted for just over half.

In 2015 the *Financial Times* was sold by Pearson, a British education publisher, to Nikkei Inc., a Japanese publishing conglomerate. The *Financial Times*'s revenue has consistently grown since 2016 with the majority of revenue generated outside the UK.

[128] Based on data on annual radio revenue in the UK (£450 million) from Ofcom's latest Communications Market Report, available online at: <https://www.ofcom.org.uk/research-and-data/multi-sector-research/cmr/cmr-2021/interactive-data>

KEY FUNDERS

There are four main sources of funding for journalism in the UK: public funding, advertising, subscriptions/single copy sales, and donations.

It is important to note that some newspapers, though privately owned, have long been making losses. They are subsidised by the profits of the larger businesses of which they have been a part. There are two major examples of this, both in the quality press. *The Times* has long been a loss-making title – at times, heavily so. But its losses have been covered either by the profits of *The Sunday Times* or by the profits of News Corporation, which owns the two titles. In recent years, Times Newspapers has made a very small profit but as recently as 2017 it made a loss, and earlier in the decade it was heavily loss-making. *The Guardian* has, for years, consistently lost money but its losses are subsidised by the returns generated by the investment of the Scott Trust's large endowment, whose size was substantially increased by the sale of Guardian Media Group's stake in *AutoTrader*, a car sales website, for over £600 million in 2014. [129]

The BBC is not required to be profit-generating: its remit is to fulfil its mission and public purposes. Producing high-quality news and current affairs programmes is both a core part of its remit and a major area of the Corporation's expenditure. Likewise, the UK's commercial broadcasters have traditionally not regarded news and current affairs programmes as profit-making activities. The profits generated by their whole output are used to subsidise the production of high-quality news and current affairs programming that meets the UK's broadcasting code requirements and their quota obligations. As holders of prominent channel licences, they are required to produce a certain amount of news and current affairs programming, which is shown at peak times. Although not a public service broadcaster, Sky has long taken a similar approach to its Sky News channel, which is run at a loss and aspires to the same sort of editorial standards as the PSBs' news programmes.

These examples demonstrate a fundamental feature of the UK's public service broadcasting system: unlike most of the British press or American cable news channels, the major broadcasters do not treat news as – or expect it to be – a profit-making activity. That is not to say that these programmes are exempt from commercial considerations: TV news producers are not given a blank cheque, there are budget constraints, the commercial PSBs all have ad breaks in their news programmes, and there is of course competition for viewers. However, this exemption from the pressure to produce profit, and its consequences for editorial standards and priorities, is one plausible reason why the UK's television news is still regarded by the public as relatively high quality compared to other news sources, even if it is no longer seen as being as high-quality as in the past.

In the (quality) press and in broadcasting, the exemption of news production from the pressures of profit-maximisation, either through the use of public funding, business cross-subsidy, or simple subsidy by a billionaire owner, is an important feature of the UK's media landscape.

[129] Mark Sweney, "Guardian Media Group sells stake in AutoTrader publisher" *The Guardian* 22 January 2014, available online at: <https://www.theguardian.com/media/2014/jan/22/guardianmediagroup-theguardian>

Non-Government

Advertising

Advertising has long been the most important commercial source of funding for journalism in the UK: both the national and regional press have depended on it as the mainstay of their revenue, magazines have long derived important revenue from it, and ITV, Channel 4 and Channel 5 have all traditionally made the majority – in fact nearly the entirety – of their revenue as broadcasters from advertising. However, advertising has undergone a digital revolution in the UK as well over the last twenty years. In 2001, total press advertising (national and regional newspapers, consumer, business and professional magazines, and directories) accounted for £8.5 billion out of £16.5 billion total ad spending for that year – over half, while the internet accounted for 1%.[130] By contrast, in 2019, before the pandemic, the total share accruing to newsbrands and magazines – including their online revenue – was 9.4%, and the total online share – minus those of newsbrands and magazines – was 58.5%. Over the same period, TV advertising remained relatively constant at around a quarter of total ad spend until it started to decline from 2017 onwards, falling to 19.4% in 2019. Consequently, in 2001 66.7% of UK advertising spend was on media and with companies that produced journalism, whereas in 2019 their share was only 28.9%. [131]

Newspaper publishers have been the hardest hit by advertising's digital migration. Classified advertising was the category that moved online the quickest, which meant that, since regional titles were more dependent on classified advertising revenue than national ones, the collapse in print advertising hit the regional press first. But by the 2010s, print display advertising – a mainstay of the national press – was in freefall too. Online advertising has completely failed to make up for the revenue lost. Take the national press, for example. In 2001 their advertising revenue was £2.1 billion, a 12.5% share of total UK ad spending. If that share had been maintained, it would have meant a revenue of £3.16 billion in 2019. In fact, their print advertising revenue that year was only £679 million – a 3.9% share, which means that, between 2001-2019, the national press has lost £2.49 billion of the annual print advertising revenue it would have had if it had maintained its share, or four-fifths of its 2001 share. In 2019 it generated only £317 million of online advertising revenue, or a 1.3% share of total ad spending, by way of compensation. In other words, the national press has added only 13p in online advertising for every £1 of print advertising it has lost. The collapse has been even more dramatic in the regional press, which has lost 89% of its 2001 share, and added only 6p in online advertising revenue for every £1 of print advertising revenue lost. Nevertheless, as the chart below shows, advertising still accounts for the majority of the news sector's online revenues: over 60% in 2020, according to Ofcom's estimates.

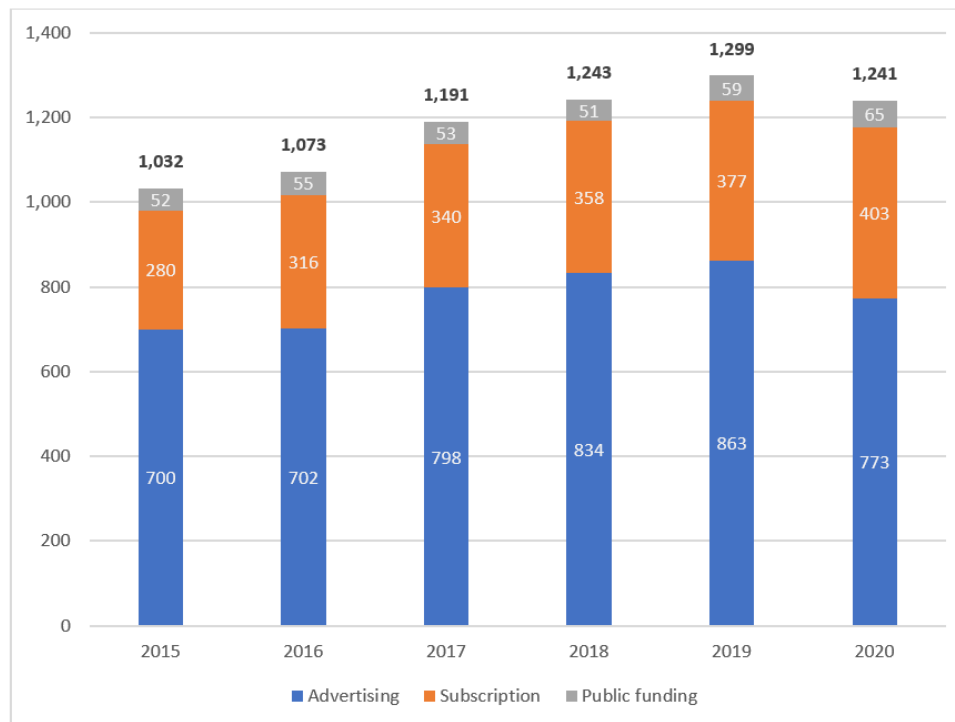
[130] Mediatel News, "AA Data Shows UK Adspend Fell 2.6% In 2001" 29 May 2002, available online at: <https://mediatel.co.uk/news/2002/05/29/aa-data-shows-uk-adspend-fell-2-6-in-2001/>

[131] With the caveat that these figures include the magazine sector, which of course includes news and political magazines but without these being more than a small fraction of total magazine circulation.

Table 34. News sector online revenues (£m), 2015-2020

Source: Ofcom estimates based on AA/WARC Expenditure Report and PwC Global Entertainment and Media Outlook: 2020-2024 (2020 data are forecasts only).

Note: pre-2020 figures have been adjusted for CPI at 2020 prices by Ofcom. Excludes revenue from donations.



For most of the last twenty years, the digital advertising shift was mostly at the expense of newspapers but in the last five years TV's share of advertising spend has begun to decline too – principally due to the decline of linear TV viewing shown earlier on in this report. Today, much video viewing is via on-demand platforms like Netflix, BBC iPlayer and Amazon Prime Video that carry no advertising except for promoting their own shows. Meanwhile, catch-up viewing of recorded programmes on a set top box allows viewers to skip TV advertising. And neither Facebook nor YouTube (owned by Google) – the two main suppliers of online video advertising in the UK – invest the advertising revenue they generate in producing their own, original journalism.[132] This is particularly challenging for Channel 4, whose remit bars it from producing programmes – either for itself or for other companies, which has been an important way ITV has diversified its revenue away from reliance on advertising. Today, over 90% of Channel 4's revenue still comes from advertising. But TV advertising remains a major source of funding for ITV, and Channel 5. The decline of TV advertising revenue is an increasingly important problem for the funding of broadcast news.

[132] Both Google and Facebook do make grants to independent, often non-profit, journalism projects. These grants are discussed later on in this report but in neither case do they amount to more than a tiny fraction of the advertising revenue that these companies generate annually. For example, between 2015-2020 the Google News Initiative awarded €14.9 million of funding to 78 projects in the UK, averaging €2.5 million of grants per year in a market where, in 2019, Google generated over £5 billion in advertising revenue.

Table 35. UK advertising expenditure by platform (£000)

Source: Advertising Association/WARC

	2016	2017	2018	2019	2020
Internet	10,257	11,553	13,439	15,618	16,415
Search	Not available	Not available	6,656	7,814	8,369
Online display	Not available	Not available	5,332	6,405	7,071
TV	5,277	5,108	5,111	4,930	4,350
of which VOD	197	211	391	452	523
Direct mail	1,739	1,753	1,555	1,383	909
Online classified	Not available	Not available	1,451	1,399	1,399
Out of home	1,123	1,144	1,209	1,301	699
of which digital	Not available	Not available	603	694	415
National newsbrands	1,093	1,032	971	996	755
of which digital	230	275	274	317	319
Regional newsbrands	1,021	887	804	720	470
of which digital	193	212	228	239	183
Magazine brands	877	776	718	655	462
of which digital	282	271	270	264	199
Radio	646	679	713	703	614
of which online	28	35	45	49	47
Cinema	252	260	254	313	55
Total UK ad spend	21,355	22,191	23,566	25,283	23,458

Online advertising in the UK is dominated by two companies: Google and Facebook. In July 2020, the UK's Competition and Markets Authority produced a market study, *Online platforms and digital advertising*, which found that the two companies' share of digital advertising in the UK was around 80%. Google had more than a 90% share of the search advertising market and Facebook had an over 50% share of the online display advertising market. The report said, "*Both Google and Facebook grew by offering better products than their rivals. However, they are now protected by such strong incumbency advantages – including network effects, economies of scale and unmatched access to user data – that potential rivals can no longer compete on equal terms.*"[133] One of the main harms that the CMA identified arising from these two companies' dominance of the online advertising market was, "*wider social, political and cultural harm through the decline of authoritative and reliable news media, the resultant spread of 'fake news' and the decline of the local press which is often a significant force in sustaining communities.*" The CMA found that "*intermediaries (the largest of which is Google) capture at least 35% of the value of advertising bought from newspapers and other content providers in the UK. Greater competition and transparency would put downward pressure on these intermediaries' fees, helping publishers to receive a larger share of this value.*"[134]

[133] Competition and Markets Authority, *Online platforms and digital advertising: Market study final report*, 1 July 2020, p. 5, available online at: <https://www.gov.uk/cma-cases/online-platforms-and-digital-advertising-market-study>

[134] Competition and Markets Authority, *Online platforms and digital advertising*, p. 9, paragraphs 14-15

Subscription and Single Copy Sales

After advertising, the second most important source of funding for news in the UK is direct payments by readers: either sales of single copies of newspapers or news magazines, or subscriptions to the same – whether print, digital or both. Traditionally, the vast majority of UK newspaper sales have been single copies bought at a newsstand, newsagent, supermarket or other shop. Subscriptions are available but usually take the form of vouchers to be redeemed at one of these locations instead of home delivery.

Since the late 2000s, paid newspaper circulation has collapsed. By 2019, national daily circulation had fallen to 4.8 million copies, 62% below where it stood in the year 2000, at 12.4 million.^[135] The annual rate of decline between 2000-2007 was -1.8% but after 2008 the rate increased substantially, averaging -6.7% between 2008-2019. This caused a massive loss of not only advertising but circulation revenue. Publishers tried to compensate by raising the cover prices of their titles, adding slightly to the rate of decline. Today, *The Guardian's* weekday print edition costs £2.50, whereas in 2009 it cost £1 (or £1.37 when adjusted to 2020 prices). Analysis for the Cairncross Review estimated that total newspaper print circulation revenues fell by 24% in the decade between 2007 and 2017, from £2.2 billion to £1.7 billion. The collapse of print advertising revenue was more catastrophic, but the loss of circulation revenue has added to the newspaper industry's woes.

The principal cause of the circulation collapse was the availability of news online, often for free. Over the course of the 2010s, the number of newspapers who made their websites free to access fell somewhat but there remained a number of good, free options – and social media. Home broadband internet took off in the early 2000s but the reason the decline only started to accelerate in the late 2000s is that it was only then that the internet started to go mobile on smartphones and tablets and made online news available to people on the go – a critical change for morning newspapers often read on the way in to, or at, work.

News publishers have attempted to replace at least some of their lost print circulation revenue with digital subscription revenue. But success has been very limited. The biggest success stories have been the *Financial Times* and *The Economist*, two titles aimed largely at a very affluent business audience, whose subscriptions are often paid for by employers, not out of their readers' own pockets. It has proven much harder to convince most people to pay for digital news subscriptions.

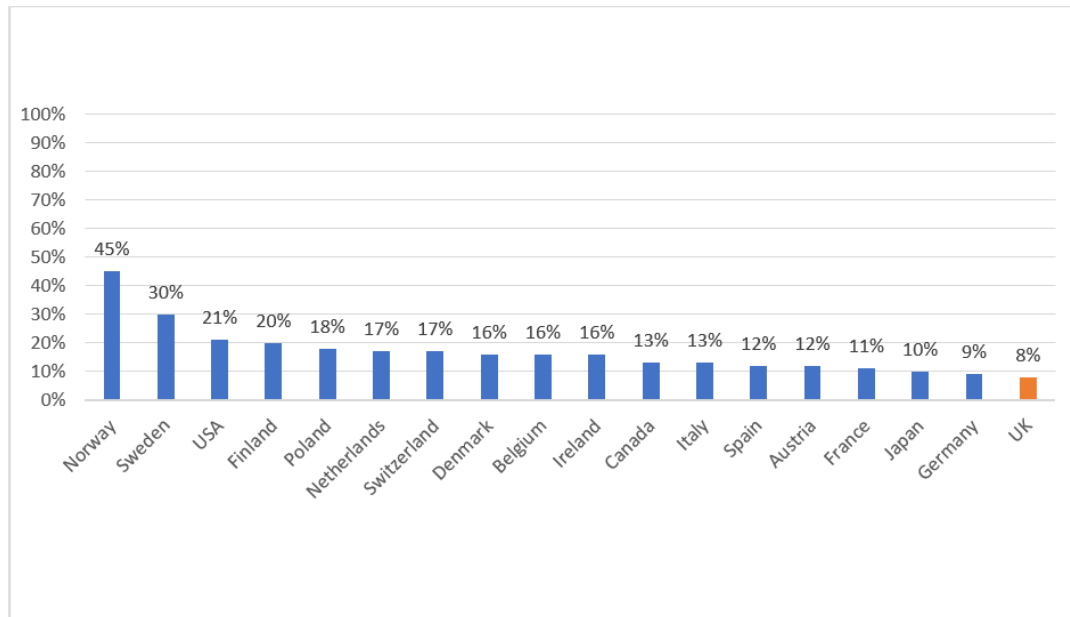
One of the biggest questions about online news in the UK is, why do so few people pay for it? As shown in the consumption trends section above, the proportion of people in the UK who pay for online news has stayed low for years – between 6-9% of the population. This figure is relatively low by comparison with the US and other European countries, especially the Nordic countries, where the proportion of people who pay for online news ranges between 16% in Denmark and 45% in Norway. Even more worrying for news publishers, around half of those that the Reuters Institute surveyed for its 2020 report said that nothing would persuade them to pay for online news.

^[135] However, this understates the magnitude of the decline: the UK's population grew by 13.4%, from 58.9 million to 66.8 million people in that period, so the per capita circulation decline was 67%. That is, in 2000, 21 out of 100 people in the UK bought a newspaper each day but in 2019 only 7 out of 100 did.

Table 36. Proportion of population that paid for any online news in the last year

Source: Reuters Institute Digital News Report 2021

Question: "Have you paid for online news content, or accessed a paid-for online news service in the last year? (This could be a digital subscription, combined digital/print subscription or one-off payment for an article or app or e-edition)."



There are several possible explanations for the UK's low rate. The first explanation, which the UK's national newspaper publishers often give, is that the availability of BBC News online for free 'crowds out' the development of an online market for news subscriptions. However, the BBC is far from the only free online news source in the UK: *Mail Online*, *The Guardian* and *Sky News* are also free to access, therefore, insofar as the BBC 'crowds out' subscription, these sites do so too. Were BBC News online to be shut down, or dramatically scaled back, as some publishers have argued it should be in order to help them build sustainable online news subscription businesses, the most likely outcome is surely just that much of BBC News's online traffic would go to these free sites instead.

In other words, the root of the issue is that the UK has a highly competitive and crowded national online news market, with broadcasters, newspapers and new online-only brands like HuffPost all converging on the same platforms. In some of the Nordic countries, where the proportion of the population paying for online news is high, people are paying for online news by subscribing to the online edition of a local newspaper, which has maybe one or no local competitors: i.e. there are highly restricted local markets, fortified by a language barrier that bars foreign competitors, instead of a single big, national market like in the UK that is very open to foreign competitors. In Norway, 57% of digital subscribers are paying for one or more local outlets in digital form. Often there is no realistic prospect of a free, ad-funded site entering these local markets and achieving the necessary scale to be financially sustainable.

In the UK, by contrast, the websites of the local and regional press are largely free, ad-funded and contain all-too-much fodder and clickbait. Only the national quality titles have had any success in charging for news. However, it is worth noting that there are some small digital-only or digital-first local sites that have had some success in getting people to pay for news. But these are non-profit sites like *The Bristol Cable* and *The Ferret* (discussed below).

A second explanation is that UK newspaper publishers have, on the whole, deemed it in their interest to attract a smaller number of digital subscribers paying very high prices rather than a larger number of subscribers at a lower price. For instance, a standard, annual, digital-only subscription to *The Times* website and apps costs £312, whereas a similar subscription to *The New York Times* costs only £96; to *Le Monde*, £155. And this despite the fact that *The Times* produces far less original, deeply-reported journalism – it has just over 500 editorial staff compared to *The New York Times*'s 1,700. *The Times* has deliberately priced itself so high that only a small elite can afford it, the *Financial Times* likewise. Of course, this is a consequence of the smaller scale of the UK market compared to the US one: fixed costs (premises, editorial staff, website and app maintenance) spread over a smaller number of customers inevitably means higher prices. *The Times* charges £312 because it has no realistic possibility of selling even a third *The New York Times*'s number of digital subscriptions (7.8 million).

A third explanation is the relatively low level of trust in the UK's news media, and in particular many of its newspaper brands. Even so-called 'quality' titles like the *Times*, *Telegraph* and *Guardian* are less trusted than the BBC. The Nordic countries, where a much higher proportion of the population pays for news, also have much higher levels of trust in their news media. The problem for many UK newspaper publishers is not just that the BBC is free but that much of the public regards it as a better news source than their brands.

According to the Reuters Institute's *Digital News Report 2021*, *The Times*, *The Telegraph* and *The Guardian* account for over half (52%) of those currently paying for news in the UK. 20% pay for *The Telegraph*, 19% for *The Times* and 16% for *The Guardian*, with some paying for several. By comparison, only 3% of people paying for news in the UK are paying money to local, regional or city brands. The median number of subscriptions is one, and the average age of digital subscribers is between 50 and 55.[136]

Given the difficulty of competing for online advertising revenue with Google and Facebook, the likelihood is that the long term move away from the free, advertising-funded model towards models based on subscriptions or donations will continue. That move is likely to cause difficulties and tensions. For instance, the chief executive of Guardian Media Group, Annette Thomas, stood down in June 2021 over a disagreement with *The Guardian*'s editor, Katherine Viner – apparently over *The Guardian* moving further towards a subscription model.[137] *The Sun* trialled a paywall in 2015 but took it down after it failed to attract many subscribers.[138]

Free, ad-funded news sites may simply cut more staff, or close down altogether (as BuzzFeed News UK did in 2020). Or it may simply mean that the free, ad-funded sites move further and further away from producing serious news reporting and increasingly become sites dedicated exclusively to celebrity, gossip, lifestyle and human-interest stories.[139]

[136] Reuters Institute, *Digital News Report 2021*, p. 15, available online at: <https://reutersinstitute.politics.ox.ac.uk/digital-news-report/2021>

[137] Alex Barker, "Guardian Media Group chief Annette Thomas quits after clash with editor" *Financial Times* 9 June 2021, available online at: <https://www.ft.com/content/e43573b6-bc94-4d22-beb6-f41c05d9ddf6>

[138] Mark Sweney, "Sun website to scrap paywall" *The Guardian* 30 October 2015, available online at: <https://www.theguardian.com/media/2015/oct/30/sun-website-to-scrap-paywall>

[139] Mark Sweney, "BuzzFeed pulls plug on UK and Australian news operations" *The Guardian* 13 May 2020, available online at: <https://www.theguardian.com/media/2020/may/13/buzzfeed-pulls-plug-on-uk-and-australian-news-operations>

Table 37. Digital subscriptions/donations at UK national news publishers, most recent estimates
Source: company reports

Title	Product	Subscribers/members	Price/year	As of
Financial Times	Digital access. Premium: exclusive content	Around 288,000 (960,000 in total, of which around 70% are outside the UK)*	Standard: £309 Premium: £489	April 2021
The Guardian	Donations Premium: apps and ad-free website Patrons: various benefits	790,000 monthly supporters (including premium subscribers), 340,000 one-off contributions. 1.13 million total	Donations: variable, £9/month recommended Premium subscription: £119 Patrons: £1200-5000	March 2020
The Telegraph	Digital access	413,000	Standard: £124	March 2020
The Times	Digital access. Basic: smartphone-only access on one device	336,000	Standard: £312 Basic: £180	July 2020
The Economist	Digital access	150,000	Standard: £179	December 2020
Daily Mail	Mail Plus: subscriber-only digital content	80,000	Standard: £75	

**Source for the claim that 70% of FT readers outside UK: <https://whatsnewinpublishing.com/70-of-financial-times-readers-are-outside-the-uk-heres-how-its-driving-global-growth/>

Donations, Grants and Foundation Funding

The UK does not have a major culture of philanthropy – certainly nothing close to the battery of well-endowed, grant-making, private foundations found in the United States, which have played such an important role in the development of a non-profit news sector there over the last two decades and provided 47% of the sector's funding in 2020.[140] Consequently, the UK does not have anything like as large or significant a non-profit news sector. However, *The Guardian* is a major non-profit news provider, which has led the way in asking readers to donate money to sustain its work. Guardian Media Group does not provide a breakdown of its donations by size or source but in its most recent annual report, for the year to March 2020, it disclosed that *The Guardian* has over 790,000 regular paying supporters and had received 340,000 one-off contributions over the previous twelve months. 'Reader revenues', which excludes sales of the print edition but includes recurring and one-off donations, and subscriptions to *The Guardian's* digital premium tier, were £80.5 million in the year to March 2020 – 36% of overall revenue, up from 20% in 2016.[141]

[140] The Institute for Nonprofit News's annual Index provides the best guide to the size of the US nonprofit news sector. See, Institute for Nonprofit News, *The State of Nonprofit News: Index 2021*

[141] Guardian Media Group plc, Annual Report and Consolidated Financial Statements for the Year ended 29 March 2020, p. 2-3, available online at: https://uploads.guim.co.uk/2020/07/15/1._GMG_Financial_Statements_2020_FINAL_.pdf

The Guardian thus dominates non-profit news in the UK, and many of the donations it receives are small ones made by individuals. The rest of the non-profit sector is far smaller, and far more dependent on grant or foundation funding. The examples of three of the most notable other non-profit news organisations in the UK demonstrate this.

openDemocracy is a non-profit journalism website, which produces investigations, features and opinion pieces on a range of subjects including global affairs, the economy, democratic processes and migration. In 2020, it received £2.27 million of income, of which 67% came from direct grants, 14% in grants from the Open Trust, which is itself funded by large donations and foundation grants. Only 16% of its income came from reader donations.[142]

The Bureau of Investigative Journalism is a non-profit news organisation that produces major 'public interest' news stories, usually in collaboration with partners – including the BBC, Channel 4, the *Financial Times*, *Sunday Times* and *The Independent*. *The Bureau* received £1.414 million in income in 2019 (the most recent year for which data is available), of which 85% was grant funding, either for the organisation as a whole or for specific projects, and 11% came from major donations. Smaller individual online donations made up only 3.4% of its funding.[143]

The Bristol Cable is a reader co-operative producing local journalism, whose directors are democratically elected by the more than 2,600 members of the co-operative who make a regular donation to it. These members are also entitled to vote on editorial campaigns.[144] However, this form of income accounted for only a 26.6% share of the *Cable's* £278,940 turnover in 2020 (working out at only around £2.40 per member per month). The vast majority of the *Cable's* funding – 67.7% – came from grants, mostly from private foundations.[145]

Who are the major private foundations and donors giving money to non-profit news organisations in the UK? The most striking thing to notice is how few are actually based in the UK. Among the few major ones that are from the UK, some worth singling out include:

- **The David and Elaine Potter Foundation** – a major funder of the Bureau of Investigative Journalism and a donor to openDemocracy, among a number of grants to educational, cultural and civil society organisations.[146] David and Elaine Potter are also directors of the Bureau. David Potter is a multimillionaire who founded a microcomputer systems company, Psion, which he ran between 1980-1999, then chairing the company board until 2009. He has held a number of roles in British public life and served as a non-executive director of the Bank of England between 2003-2009.[147] He was once a major donor to the Labour Party and in 2001 he signed a letter to the *Financial Times* by a number of major businesspeople endorsing Labour, but in 2005 he refused to do so again over the invasion of Iraq, which he opposed.[148] Elaine Potter worked as an investigative journalist for *The Sunday Times*, co-founded the Bureau of Investigative Journalism and is a trustee of the Bureau's Trust, the Centre for Investigative Journalism, openDemocracy and the Index on Censorship.[149]

[142] For a breakdown of openDemocracy's funding, see its annual reports, available online at: <https://www.opendemocracy.net/en/about/> A list of major financial supporters is available here: <https://www.opendemocracy.net/en/supporters/> Details of the Open Trust, including its annual accounts – which contain lists of major donors – are available online at the website of the Charity Commission for England and Wales, here: <https://register-of-charities.charitycommission.gov.uk/charity-search/-/charity-details/3977079/charity-overview>

[143] See <https://tbijreport2019.co.uk/>

[144] See <https://thebristolcable.org/about/>

[145] The Bristol Cable's annual accounts are available online at: <https://mutuals.fca.org.uk/Search/Society/21312>

[146] The David and Elaine Potter Foundation's annual accounts are available online on the Charity Commission's website, here: <https://register-of-charities.charitycommission.gov.uk/charity-search/-/charity-details/3966257/charity-overview>

The 2019 accounts show a £150,000 grant to the Bureau of Investigative Journalism's trust, and a £60,000 grant to Open Trust.

- **The Joseph Rowntree Charitable Trust** is one of several foundations funded from the legacy of the Quaker chocolate entrepreneur Joseph Rowntree, who endowed them in 1904. In recent years it has supported the Bureau of Investigative Journalism and the Centre for Investigative Journalism [150] among many projects related to the media.[151] The Trust is one of several Joseph Rowntree organisations, along with the Joseph Rowntree Reform Trust, which has been involved in funding the Public Interest News Foundation (see below).
- **The Sigrid Rausing Trust** is one of the largest philanthropic foundations in the UK, which awarded £53 million of grants in 2019.[152] Rausing is a Swedish anthropologist, philanthropist and publisher who lives in the UK. Her grandfather, Ruben Rausing invented the Tetra Pak, and her father, Hans Rausing, sold his half of the Tetra Laval Group to his brother Gad for \$7 billion in 1995.[153] The Trust owns Granta magazine and Granta Books. Together with her husband, the film producer Eric Abraham, Rausing gave over £100,000 to openDemocracy in 2019, and over £200,000 in 2018.[154]

Alongside these UK-based foundations, there are a number of other foundations that have made significant grants to news organisations and other journalism-related organisations in the UK in recent years. Some of the most important are:

- **Luminate** – formerly the Governance and Citizen Engagement Initiative of the Omidyar Network, a ‘philanthropic investment firm’ created by the eBay founder Pierre Omidyar and his wife Pam. Omidyar funded the creation of First Look Media, which publishes *The Intercept*, and is a major donor to the Democratic Party in the United States. Luminate is a global philanthropic organisation based in the US, the UK and Kenya, founded in 2018 with a remit that includes supporting independent media. In January 2020, Luminate awarded £350,000 in core funding to *The Bristol Cable* over three years; in 2020, it gave over £100,000 to openDemocracy; the Bureau of Investigative Journalism’s annual report for 2019 lists Luminate as a major supporter.
- **Open Society Foundations** – the US-based grant-making network established by the American liberal billionaire investor and philanthropist George Soros. OSF is a major donor to openDemocracy and the Bureau of Investigative Journalism.
- **The Google News Initiative**, whose Digital News Innovation Fund awarded €14.9 million in funding to 78 news projects in the UK over the period 2015-2020, including the Bureau of Investigative Journalism.[155]
- **The Facebook Community News Project** – a project announced by Facebook in late 2018 to donate £4.5m to fund the training and employment of 80 new community journalists.[156]

[147] https://www.potterfoundation.com/who_we_are.html See also: David Potter, “Let’s welcome the enmity of bankers” *openDemocracy* 5 October 2012, available online at: <https://www.opendemocracy.net/en/opendemocracyuk/lets-welcome-enmity-of-bankers/>

[148] Brian Carlo, “Big shot” *The Times* 9 July 2005, available online at: <https://www.thetimes.co.uk/article/big-shot-tkcj5qzxrj>

[149] https://www.potterfoundation.com/who_we_are.html

[150] “The Centre for Investigative Journalism (CIJ) is a think-tank, alternative university and an experimental laboratory set up to train a new generation of reporters in the tools of investigative, in-depth, and long-form journalism across all media. Registered as a charity, we robustly defend investigative journalists and those who work with them.” See the Centre’s website: <https://tcij.org/about/who-we-are/>

[151] A list of grants the JRCT has awarded since 2017 is available as a spreadsheet online here: <https://www.jrct.org.uk/grants-awarded> Information on the foundation’s funding priorities is available here: <https://www.jrct.org.uk/funding-priorities>

[152] The Sigrid Rausing Trust’s accounts are available at: <https://register-of-charities.charitycommission.gov.uk/charity-details/?subid=0®id=1046769>

[153] Stuart Jeffries, “Hans Rausing obituary” *The Guardian* 1 September 2019, available online at: <https://www.theguardian.com/business/2019/sep/01/hans-rausing-obituary>

[154] Open Trust, “Accounts for the year ended 31 December 2019”, p. 5, available online at: <https://register-of-charities.charitycommission.gov.uk/charity-search/-/charity-details/3977079>

[155] Google News Initiative, “Digital News Innovation Fund Impact Report”, p. 5, available online at:

<https://newsinitiative.withgoogle.com/dnifund/report/> See p. 28 of the report for a list of all the funded organisations in the UK.

[156] Nick Wrenn and Sian Cox-Brooker, “Facebook Launches UK Community News Project”, Facebook 19 November 2018, available online at: <https://www.facebook.com/journalismproject/facebook-uk-community-news-project-launch>

Alongside these, there are a number of other – mostly US-based – foundations that occasionally back individual projects or investigations by news organisations based in the UK. These include the Aseem Foundation, the Avaaz Foundation, the Ford Foundation, the Hollick Family Foundation, the Oak Foundation, the Reva and David Logan Foundation, the Rockefeller Brothers Fund, the David and Lucile Packard Foundation, the Tides Foundation and the Wellspring Philanthropic Fund – among a number of others.[157]

In November 2019, the Public Interest News Foundation (PINF) was launched.[158] The PINF is the first organisation in the UK dedicated to attracting and awarding funding for ‘public interest news’ – i.e. independent, non-profit news organisations. The PINF was launched on the recommendation of the Independent Publishers Taskforce, a project set up by a group of independent publishers, funded by the Joseph Rowntree Reform Trust and hosted by the independent press regulator, IMPRESS. The PINF’s Executive Director is Jonathan Heawood, the founder and formerly the CEO (until March 2020) of IMPRESS, as well as a Committee Member at the Joseph Rowntree Charitable Trust. In June 2020 the PINF distributed £60,000 in grants of up to £3,000 each to independent news publishers, through an Emergency Fund created in light of the pandemic. The Fund was paid for by the Joseph Rowntree Reform Trust.

In July 2021, the PINF launched the Index of Independent News Publishing in the UK 2021 – a report, modelled on the annual report of the US Institute for Nonprofit News, describing the state of the non-profit news sector in the UK.[159] The report found that the 56 respondents to its survey had a monthly reach of 10 million unique users, a total revenue of under £5.4 million and a median income of £42,224. 40% of publishers generated less than £20,000 in annual income. Only one-sixth of revenue came from readers through membership or subscriptions, while a quarter came from donor and grant funding and a third came from advertising. In short, the report laid bare how small and poorly funded the non-profit news sector is in the UK.[160]

Government

Public funding is a major source of funding for news in the UK, but that funding is overwhelmingly concentrated in the revenue generated by the TV licence fee, which provides the bulk of the BBC’s funding. The only other major source of public funding for news is the indirect subsidy for news production through the zero VAT rating on newspapers, journals, periodicals and magazines, worth around £1.4 billion a year. Two other, smaller subsidies are outlined below: the Nesta Innovation Fund and the BBC Local News Partnership.

[157] All of these foundations have given money in the last few years to one of the three non-profit news organisations highlighted above.

[158] See <https://www.publicinterestnews.org.uk/our-story>

[159] Available online at: <https://www.publicinterestnews.org.uk/pinindex>

[160] Although it is important to note that the survey excluded nonprofit publishers with annual turnover over £2 million, which meant that the two largest news nonprofits by turnover, *The Guardian* and *openDemocracy*, were not included.

The TV Licence Fee

The most important form the public funding of media takes in the UK is the TV licence fee, which all UK households that watch live or catch-up TV – on any device – are required to pay. The licence fee is levied on the household, not the number of occupants.[161] There is no discount or rebate for low-income or student households, except for low-income over-75s in receipt of pension credit, who get a free licence, and those living in long-term care who only pay a nominal rate. Evasion is a criminal offence, but the punishment is only a fine and conviction does not lead to a criminal record.[162] TV licensing enforcement typically drop prosecutions if the defendant buys a TV licence before court proceedings commence. In 2020 the government considered decriminalising non-payment of the licence fee – an idea looked at, and rejected, in 2015 by an independent review that the government commissioned – but it appears to have decided against it for the time being.[163]

In 2020 there were an estimated 27.8 million households in the UK. 27 million owned a TV set at the beginning of 2020 and were thus eligible to pay the licence fee. Of those 27 million, 25.7 million had TV licences in the 2019/20 year.[164] TV licensing estimated that 7.25% of eligible households (which includes those without TV sets that watched TV on other devices) evaded paying the licence fee, an evasion rate that has slightly increased in recent years from around 5% in the early 2010s (equating to a loss in income of around £100 million a year). The most likely cause is the greater ease of licence fee evasion in households that have no TV set or aerial and watch TV on other connected devices, since in these cases it is much harder for TV licensing's enforcement officers to prove that TV is being watched.

The volume of TV licence sales, which peaked in 2017/18 at 25.96 million, has since fallen 2.7% below that peak, with net declines of 256,000 in 2019/20 and 414,000 in 2020/21.[165] TV licensing believes that this is due to “a fall in the estimated number of households which require a TV licence as people, particularly younger people, switch to viewing content online via Subscription Video-on-Demand services and social media”.[166]

[161] Over-75s used to receive free TV licences until 2020. The Conservative government effectively ended funding for the benefit by transferring responsibility for meeting its almost £800m annual cost onto the BBC – a cost equivalent to around 20% of the Corporation's budget. Unable to meet the cost without making enormous cuts to its programmes and services, the BBC cancelled the free TV licences, except for low-income over-75s in receipt of pension credit, which will still cost the Corporation around £250m annually. After the BBC cancelled the free licences, the government blamed the BBC for doing so. In reality, it was a government decision taken in 2015 by the then-Chancellor George Osborne, who passed responsibility over to the BBC in order to pass on the blame for cancelling the benefit.

[162] See Department for Culture, Media and Sport, TV Licence Fee Enforcement Review July 2015, p. 14-21, available online at: <https://www.gov.uk/government/consultations/tv-licence-enforcement-review-a-consultation>

[163] For a summary of the debate, see John Woodhouse, “TV licence fee non-payment: should it be decriminalised?” House of Commons Library 20 July 2021, available online at: <https://commonslibrary.parliament.uk/research-briefings/sn06860/>

See also Leo Watkins, “Decriminalising TV licence fee evasion will cut BBC funding without helping the poorest” *LSE Blog* 5 October 2020, available online at:

<https://blogs.lse.ac.uk/medialse/2020/10/05/decriminalising-tv-licence-fee-evasion-will-cut-bbc-funding-without-helping-the-poorest/>

[164] Office for National Statistics, “Families and households in the UK: 2020” 2 March 2021, available online at:

<https://www.ons.gov.uk/peoplepopulationandcommunity/birthsdeathsandmarriages/families/bulletins/familiesandhouseholds/2020>

[165] John Woodhouse and Yago Zayed, “TV licence fee statistics”, House of Commons Library 27 January 2021, p. 6-8, available online at:

<https://commonslibrary.parliament.uk/research-briefings/cbp-8101/> TV licensing was unable to estimate an evasion rate for 2020/21 because of covid-related interruption of the BARB Household Establishment survey used to estimate TV penetration rate in UK households. However, the BBC's budget assumption was that the rate remained within the 6.57%-7.25% range it has been in since 2016/17.

[166] BBC, Television Licence Fee Trust Statement for the Year Ending 31 March 2021, 6 July 2021, p. 28, available online at: <https://www.tvlicensing.co.uk/about/bbc-trust-statement-AB21>

The level of the licence fee is set by the government through the Department for Digital, Culture, Media and Sport (DCMS). In the year from 1 April 2021, a standard TV licence cost £159. In 2010, the Coalition government announced it was freezing the price at £145.50 for the six years between 2011 and 2017, as part of wider government austerity. The next settlement, in 2015, allowed the price to rise in line with inflation from 2017 to 2022, in return for the BBC taking over responsibility from the government for paying for free TV licences for over-75s. Although nominally the DCMS's responsibility, the 2010 and 2015 settlements were both negotiated by the Chancellor of the Exchequer, George Osborne, who took the responsibility upon himself.[167] The effect of the 2011-17 freeze is that the price today is still 13% below where it would have been if it had risen in line with inflation from 2011.

Licence fee revenue goes to the BBC, which is also responsible for running TV licence fee enforcement.[168] Total licence fee revenue in 2020/21 was £3.75 billion, accounting for 74% of the BBC's £5.06 billion of income that year (the rest being commercial income).[169]

In the 1960s and 1970s, when TV household penetration was rising, and as households upgraded from black-and-white to colour TV sets (which required a higher-cost TV licence), the BBC's licence fee income rose simply because the number of households buying licences, or upgrading from black-and-white to colour licences, was rapidly rising. Consequently, at that time the BBC was less dependent on getting an increase in the price of the TV licence from the government in order to achieve year on year increases in its income. However, household penetration of colour TV sets has now been at saturation point for many years. In fact, TV licence sales volumes are now falling. Although the BBC has sought to supplement its licence fee income with income from commercial sources, these still only accounted for 25.9% of its total income in 2020/21. The reality is that the BBC is still highly dependent on the licence fee as a source of income, and highly dependent on increases in the price of the licence fee in order to increase its licence fee income. Consequently, the government's power to set the price of the licence fee gives it enormous power over the BBC's funding – more than this mechanism gave it in the past.

Although the BBC's executive leadership would not acknowledge it, it is widely known and quite self-evident that the fear of damaging consequences in the form of a bad licence fee settlement has an impact on BBC decisions. Challenging the government has a real chance of leading to a harsh funding settlement that requires the BBC to make deep cuts to its programmes and services. Of course, governments ideologically committed to the erosion or marginalisation of public service broadcasting and its replacement by commercial broadcasting may well just impose those cuts anyway, regardless of how pliant they find the BBC to be.

[167] BBC News, "Television licence fee to be frozen for next six years" 20 October 2010, available online at:

<https://www.bbc.co.uk/news/entertainment-arts-11572171> Jane Martin and John Plunkett, "George Osborne forces BBC to pay for over-75s' TV licences" *The Guardian* 6 July 2015, available online at:

<https://www.theguardian.com/media/2015/jul/06/osborne-slashes-bbc-budget-pay-over-75s-tv-licences>

See also Paul Farrelly, "The BBC licence fee deal is a drive-by shooting" *The Guardian* 7 July 2015, available online at:

<https://www.theguardian.com/media/2015/jul/07/bbc-licence-fee-deal-john-whittingdale-george-osborne>, and Jasper Jackson and Jane

Martinson, "George Osborne met Rupert Murdoch twice before imposing BBC cuts" *The Guardian* 18 December 2015, available online at:

<https://www.theguardian.com/media/2015/dec/18/george-osborne-rupert-murdoch-bbc-cuts-news-corp> Finally, see Patrick Barwise and Peter York, *The War Against the BBC: How an Unprecedented Combination of Hostile Forces Is Destroying Britain's Greatest Cultural Institution... And Why You Should Care* (Penguin 2020), p. 51-71

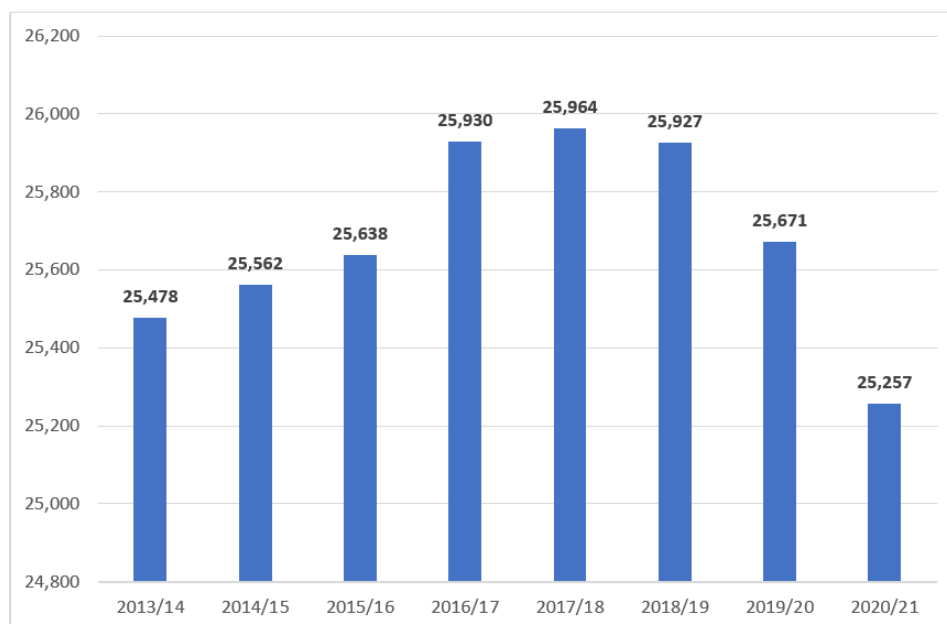
[168] Collection is carried out efficiently: collection costs represented only 3.4% of licence fee income in 2019/20, and have remained consistently around 3% for several years. See John Woodhouse and Yago Zayed, "TV licence fee statistics", p. 7

[169] BBC, Group Annual Report and Accounts 2020/21, p. 201, available online at:

<https://downloads.bbc.co.uk/aboutthebbc/reports/annualreport/2020-21.pdf>

Table 38. TV licence sales volumes ('000s of licences including free over-75s licences)

Source: Television Licence Free Trust Statement for the Year Ending 31 March 2021



Negotiations are currently underway between the government and the BBC leadership over the price at which the licence fee should be set from 2022. The current government is widely known to be hostile to the BBC, and the current prime minister wondered aloud during the 2019 general election campaign whether the licence fee should be abolished.[170] In 2004 the prime minister's former adviser Dominic Cummings called for the "end of the BBC in its current form" as a "mortal enemy" of the Conservative Party.[171] However, reports in February 2020 suggested that Johnson and Cummings disagreed over scrapping the licence fee.[172] And since Cummings was sacked from the government by Johnson in November 2020 the noises coming from Number 10 Downing Street have not been as aggressively hostile to the BBC.

Nevertheless, the BBC's problem is that it arguably needs much more than an inflation-indexed increase in the price of the licence fee to provide a sufficient boost to its income. If the number of TV licences being bought continues to fall, then it will be necessary to increase the price of the licence fee above the level of inflation to secure an increase in overall licence fee income in line with general inflation. But the problem is actually even worse than that, because in key genres like premium drama, the inflation in the cost of TV production is much higher than general inflation. The BBC told a 2019 House of Lords Communications Committee inquiry examining the future of public service broadcasting that its typical budget for a high-end drama series had increased by 60% in the previous five years. Channel 4 told the committee that its budget per hour of commissioned drama had doubled from £750,000 to £1.5 million between 2013 and 2017.[173] The principal reason they gave was the increasing competition from the big US streaming companies for the best talent, facilities and other means of production.[174]

[170] Rowena Mason and Jim Waterson, "Boris Johnson 'looking at' abolishing TV licence fee for BBC" *The Guardian* 9 December 2019, available online at: <https://www.theguardian.com/politics/2019/dec/09/boris-johnson-looking-at-abolishing-tv-licence-fee-for-bbc>

[171] Rowena Mason, "Dominic Cummings thinktank called for 'end of BBC in current form'" *The Guardian* 21 January 2020, available online at: <https://www.theguardian.com/politics/2020/jan/21/dominic-cummings-thinktank-called-for-end-of-bbc-in-current-form>

[172] Steven Swinford, "Boris Johnson at odds with Dominic Cummings over BBC licence fee" *The Times* 18 February 2020, available online at: <https://www.thetimes.co.uk/article/boris-johnson-at-odds-with-dominic-cummings-over-bbc-licence-fee-206nkjrj>

[173] House of Lords Select Committee on Communications and Digital, Public Service Broadcasting: *As vital as ever - 1st Report of Session 2019, 5 November 2019*, p. 38, paragraph 137, available online at: <https://publications.parliament.uk/pa/ld201919/ldselect/ldcomuni/16/16.pdf>

[174] Netflix spent an average of \$60 million per season of *The Crown*. Disney spent \$100 million on an eight-episode season of half-hour episodes of *The Mandalorian*, a Star Wars spin-off: a cost-per-hour of \$25 million.

In order just to keep up with cost inflation in the broadcasting sector, and with a declining number of TV licences being sold, the BBC needs substantial above-inflation year on year increases in the price of the licence fee. This puts it in a position of greater dependence on, and vulnerability to, the government than – arguably – at any point in its history. Given the current government's stance, it is doubtful that the BBC's next funding settlement will be adequate to meet the challenges laid out above.

Concern at the dangerous amount of power the current process for setting the price of the licence fee gives to the government, and the damage done to the BBC by the last two licence fee settlements, has led some to propose alternative processes. In its 2016 report on BBC charter renewal, the House of Lords Communications Committee recommended that

“the body which regulates the BBC (the regulatory body) should publish its evidence-based recommendation on the level of the licence fee (or the level of funding under any future mechanism) and submit this to the Secretary of State for Culture, Media and Sport. ... The regulatory body must be free of Government influence, both formally and in spirit. ... The Secretary of State should have an obligation to accept the recommendation or publish the reasons for not doing so. ... If agreement cannot be reached, the Secretary of State should have the final say on the proposed licence fee agreement.”[175]

In 2017, Lord Best – a crossbench peer in the House of Lords – introduced the BBC Licence Fee Bill, a Private Members' Bill to establish a BBC Licence Fee Commission that would make recommendations to the Secretary of State for Digital, Culture, Media and Sport on future BBC funding settlements, following public and parliamentary consultation.[176] However, the Bill did not progress to second reading in the Lords. In August 2018, the then-leader of the Labour Party Jeremy Corbyn made proposals, drawing on the Media Reform Coalition's work, proposing that internet service providers and tech giants like Google and Facebook should be taxed to supplement the BBC's current licence fee income, and an independent body should be given the responsibility for setting the level of the licence fee.[177] In its March 2019 *Media Manifesto*, the Media Reform Coalition proposed that “an independent, non-market, regulator, acting solely in the public interest, should set the level of the licence fee”. [178]

Both left and right are critical of the licence fee, but on different grounds. Right-wing think-tanks and Conservative MPs have long criticised it for being a compulsory fee levied on all households who watch TV, regardless of whether those households like or use the BBC. The idea of making the BBC into an opt-in, subscription service has repeatedly been floated, although this has been opposed on the grounds that it would effectively mean the end of the BBC as a public service broadcaster with a remit to appeal across all sections of British society. Inevitably, a subscription model would bias the BBC towards those most able to afford a subscription – the affluent.

[175] House of Lords Select Committee on Communications, BBC Charter Review: *Reith not revolution – 1st Report of Session 2015-16*, 24 February 2016, p. 56, paragraphs 222-223, available online at: <https://publications.parliament.uk/pa/ld201516/ldselect/ldcomuni/96/96.pdf>

[176] BBC Licence Fee Bill [HL], available online at: <https://bills.parliament.uk/bills/2048>

[177] Joe Watts, “Jeremy Corbyn sets out plans to ‘end government control’ of BBC” *The Independent* 22 August 2018, available online at: <https://www.independent.co.uk/news/uk/politics/jeremy-corbyn-bbc-tv-bias-government-control-journalism-labour-party-a8503166.html>

[178] Media Reform Coalition, *Media Manifesto 2019*, March 2019, p. 7, available online at:

https://www.mediareform.org.uk/wp-content/uploads/2019/03/MRC_MediaManifesto_0305_web.pdf

Further proposals for the reform of the BBC, and public service broadcasting more generally, can be found in Media Reform Coalition, ‘Manifesto for a People's Media’, November 2021, <https://www.mediareform.org.uk/get-involved/manifesto-for-a-peoples-media>

Meanwhile, on the left, it is argued that the licence fee is a distributively regressive funding mechanism – a flat tax, in effect – because all households pay the same amount regardless of their ability to pay (except among over-75s). Other countries with similar levies grant exemptions to low-income households and/or students. Finland, for example, uses a broadcasting income tax to ensure that contributions are progressively graduated by income.[179]

In March 2021, the House of Commons Select Committee on Digital, Culture, Media and Sport – on which Conservative MPs hold a majority, including the chair – published a report on the future of public service broadcasting, which recommended no change to the existing licence fee mechanism. The Committee argued that none of the alternatives were “sufficiently attractive to justify recommending, for the next Charter period, that they replace the current licence fee model, not least given the disruption and expense of doing so”.[180]

Zero VAT Rating for Printed Matter and E-publications

The standard rate of value-added tax (VAT) is currently 20% in the UK. The UK’s tax-gathering service, Her Majesty’s Revenue and Customs (HMRC), gives some goods and services a reduced or zero rate. Books, magazines, newspapers, journals, periodicals and other publications are all zero-rated. This is a major indirect subsidy to the UK’s news, magazine and book publishers. As of 1 May 2020, this exemption now applies to such publications when supplied electronically.[181] According to Press Gazette’s calculations, this extension to the VAT exemption will save news publishers “at least” £50 million a year, with News UK the largest beneficiary at around £15 million a year.[182] According to HM Revenue & Customs, the total annual cost of the zero rate for printed matter and e-publications was £1.4 billion in 2019/20.[183]

The BBC Local News Partnership

The commercial decline of the national and regional press has led to increasing pressure on the BBC to find ways of helping these publishers. During the negotiations in 2015-2016 over the BBC’s next Royal Charter, the publishers lobbied for the BBC to financially assist them. In 2016, as part of the BBC’s 2017-2027 Charter, the BBC committed to a partnership with the local press whereby the BBC would fund – out of its own income – 150 local reporters to be employed by qualifying local news organisations to cover local authorities and public services. The cost of the scheme was estimated at ‘up to £8 million’ a year.[184]

[179] See House of Commons Select Committee on Digital, Culture, Media and Sport, *The future of public service broadcasting – 6th Report of Session 2019-21*, 17 March 2021, p. 48, available online at: <https://committees.parliament.uk/publications/5243/documents/52552/default/>

[180] House of Commons Select Committee on Digital, Culture, Media and Sport, *The future of public service broadcasting – 6th Report of Session 2019-21*, p. 51-2, paragraph 12

[181] Unless they “(a) are wholly or predominantly devoted to advertising, or (b) consist wholly or predominantly of audio or video content” See section 1.2 of HMRC, “Zero rating books and printed matter (VAT Notice 701/10)”, last updated 31 July 2020, available online at:

<https://www.gov.uk/guidance/zero-rating-books-and-printed-matter-for-vat-notice-70110>

[182] Dominic Ponsford and William Turvill, “News industry set for £50m-a-year boost from VAT cut on digital publications” *Press Gazette* 26 May 2020, available online at: <https://www.pressgazette.co.uk/news-industry-set-for-50m-a-year-boost-from-vat-cut-on-digital-publications/>

[183] HM Revenue & Customs, “Estimated Cost of Tax Reliefs” 30 October 2020, p. 34, available online at:

<https://www.gov.uk/government/statistics/main-tax-expenditures-and-structural-reliefs>

[184] BBC, “BBC announces media organisations which will employ Local Democracy Reporters as latest step in the Local News Partnerships” 7 December 2017, available online at: <https://www.bbc.co.uk/mediacentre/latestnews/2017/local-democracy-reporters>

In December 2017 the BBC announced that an initial 145 reporters were allocated to 58 local news organisations across the UK, though 130.5 (90%) were employed by the three biggest regional publishers: Trinity Mirror (now Reach), Newsquest and Johnston Press (now National World).[185] From July 2021 to 2024 the scheme will cover 165 reporters, of whom 139 (84%) will be employed by JPI Media (now National World), Newsquest or Reach.[186]

The scheme has been criticised for being, in effect, a public subsidy to the UK's biggest commercial publishers to pay for the kind of reporting that they no longer find profitable enough to pay for out of their own commercial revenues.[187] And this new subsidy to the regional newspaper publishers came at a time when, earlier that year, the BBC announced it was cutting £80 million over the next four years from BBC News, cuts which included the loss of 450 jobs in 2020.[188] In its submission to the Cairncross Review, the News Media Association called for extra funding to expand the scheme.[189]

The Nesta Innovation Fund

Nesta (formerly the National Endowment for Science, Technology and the Arts) is an independent charity originally established in 1998 as a non-departmental public body and endowed with a grant of public funds. Today, Nesta operates as an organisation autonomous of government and responsible for supporting innovation in a range of fields, including the arts and culture.

In 2019, the Cairncross Review recommended the creation of a publicly funded 'innovation fund' to help independent news publishers develop new business models and other digital capacities. Following the Review's recommendations, the Department for Digital, Culture, Media and Sport (DCMS) gave Nesta a £2 million fund to award in grants to support innovation in news. Nesta created the Future News Pilot Fund and awarded 20 grants to a range of independent news projects.[190] Recipients included *The Bristol Cable*, *New Internationalist*, *The Meteor* and *openDemocracy*.

In its end of programme report, Nesta recommended that the government "get behind innovators with an annual investment – set as Dame Frances Cairncross recommended at a minimum of £10 million a year – for the next decade." The funding needed to "come from diverse sources. While tech giants are helping to drive innovation, the government needs to step up and provide sustained financial support, as well establish a much-needed Institute for Public Interest News, as recommended by the Cairncross Review." [191] However, there has been no indication as yet that the government intends to introduce a permanent annual journalism innovation fund. It seems that the Nesta Innovation Fund was a one-off.

[185] <https://www.bbc.co.uk/mediacentre/latestnews/2017/local-democracy-reporters>

[186] https://www.bbc.com/1np/1drs/2021_contracts

[187] Jonathan Heawood, "Why is the BBC giving licence fee cash to the companies who have slashed local journalism?" *openDemocracy* 1 December 2016, available online at:

<https://www.opendemocracy.net/en/ourbeeb/why-is-bbc-giving-licence-fee-cash-to-companies-who-have-slashed-local-jour/>

See also Steven Barnett and Roy Greenslade, "Not the way to use our money" *British Journalism Review* 2 June 2020, available online at: <https://journals.sagepub.com/doi/full/10.1177/0956474820931404>

[188] Jane Martinson, "BBC News faces £80m cuts over the next four years" *The Guardian* 29 February 2016, available online at: <https://www.theguardian.com/media/2016/feb/29/bbc-news-cuts-news-channel>

BBC News, "BBC News to close 450 posts as part of £80m savings drive" 29 January 2020, available online at: <https://www.bbc.co.uk/nws/entertainment-arts-51271168>

[189] News Media Association, "Tackling the Threat to High-Quality Journalism in the UK – NMA Response to Cairncross Review Call for Evidence", p. 17, available online at: http://www.newsmediauk.org/write/MediaUploads/PDF%20Docs/NMA_Response_to_Cairncross_Review_-_Call_for_Evidence_-_FINAL_v9.pdf

[190] Nesta, "Future News Pilot Fund: End of programme report" 12 August 2020, available online at: <https://www.nesta.org.uk/report/future-news-pilot-fund-end-programme-report/>

[191] Nesta, "Future News Pilot Fund: End of programme report", p. 41

PART 3:
TECHNOLOGY,
PUBLIC
SPHERE &
JOURNALISM

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TECHNOLOGY, PUBLIC SPHERE & JOURNALISM

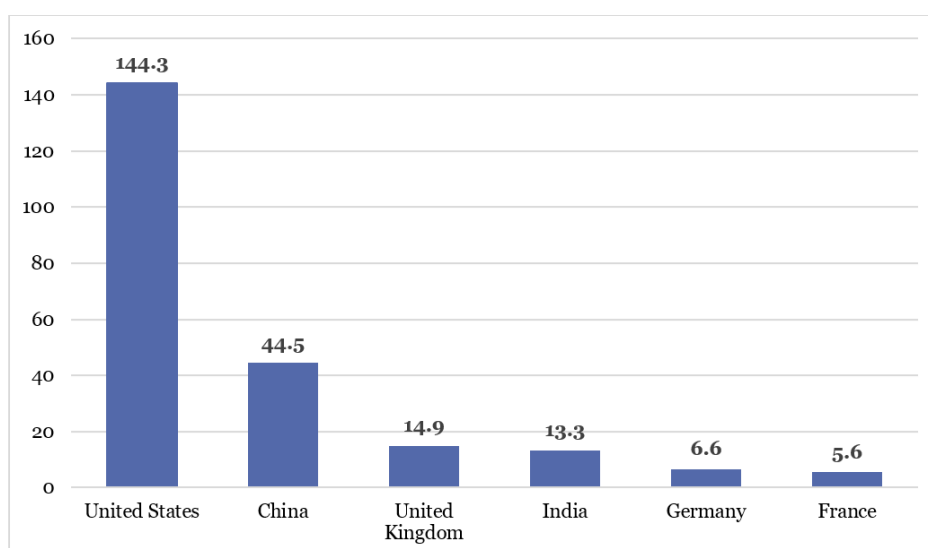
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INTRODUCTION

The UK has a major technology sector, with the third-highest venture capital (VC) investment in the world behind the US and China, reaching \$15 billion in 2020. Leading sub-sectors include fintech, enterprise software, health tech and transport tech. However, the UK's level of investment still leaves it far behind the US, which leads the world in VC investment, with with \$144 billion – almost ten times ten times the UK's in 2020.

Table 1. Venture capital investment in technology companies – by country, 2020 (\$bn)

Source: Tech Nation, Dealroom 2021



Despite a substantial and growing tech sector, the UK's dominant platforms for many key digital activities like search, social media, communication and audio-visual media are predominantly those of the American tech giants, especially Google and Facebook. The sole exception is in online audio-visual media, where the UK's broadcasters – especially the BBC – still play an important role with their video-on-demand platforms. But even there, American free and paid video streaming platforms like YouTube, Netflix, Amazon Prime Video and Disney+ increasingly threaten to dominate. Moreover, American media conglomerates have acquired two of the UK's major broadcasters over the past decade: Channel 5 was acquired by ViacomCBS in 2014 and Sky was acquired by Comcast in 2018.

The American digital giants have a substantial presence in the UK, with major offices in London that in some cases also serve as their European headquarters. For example, Google has five offices in the UK – four in London, one in Manchester – and is currently building an 11-storey, 650,000 square foot building in London's King's Cross area, with the potential to house up to 7,000, up from the 4,500 UK employees it has currently.[1] In 2020, over two-thirds of tech investment was in London, which had the fourth-highest VC investment of any city in the world in 2020 with \$10.6 billion. Investment outside London is concentrated in the South East and East of England. 63% of investment in the UK's tech sector in 2020 came from overseas, up from 50% in 2016.[2]

[1] Joanna Partridge, "Google commits to vast London office despite rise of remote working" *The Guardian* 28 July 2020, available online at: <https://www.theguardian.com/technology/2020/jul/28/google-commits-to-vast-london-office-despite-rise-of-remote-working>

[2] Tech Nation, *The future UK tech built: Tech Nation Report 2021*, available online at: <https://technation.io/report2021/>

The tech sector is a major, rapidly growing contributor to the UK's economy. Successive governments have announced strategies to promote the growth of the tech industry and the digital economy, the latest being the current government's '10 Tech Priorities' announced in March 2021.[3] Government ministers repeatedly stress in their speeches how important the tech industry is to the UK's economic growth. Gross Value Added (GVA) in the UK's digital sector increased by 26.5% in real terms between 2010 and 2019, having reached £150.6 billion, 7.6% of total UK GVA.[4] For comparison, GVA in 2019 was £115.9 billion for the creative industries, £74.5 billion for tourism, £129.3 billion for construction, £49.1 billion for the automobile industry and £13 billion for agriculture. Telecoms has been the biggest contributor to digital sector GVA growth between 2010 and 2019, accounting for 20%. The UK's digital sector accounted for 1.6 million jobs in the period between October 2019 and September 2020, with London and the South East accounting for almost half (777,000). Of those 1.6 million jobs, over half (876,000) are in computer programming, consultancy and related activities, 167,000 are in telecoms, and 164,000 are in digital publishing.[5]

There are a number of industry associations that represent the interests of the UK's tech industry. Foremost is techUK, whose board strikingly displays the dominance of the industry by US tech firms with representation from the likes of Microsoft, IBM, Cisco, HP, Oracle, Adobe, Zoom and VMware.[6] In general, UK tech firms do not have the prominence in political debates over digital policy that the tech giants have in the US. In large part this is because they do not play a major role in the digital intermediation of information or communications, or in the online advertising market – the areas that have so far proved the focus of public policy attention around regulating tech.

The deployment of digital and internet technologies is relatively far advanced in the UK. Broadband was already available in 80% of households in 2012, and it is now present in almost all of them – around 96%. During the 2010s, there was rapid adoption of smartphones and other mobile devices, and 4G became the standard mobile internet technology. The UK government's next goals are the rollout of 5G and the rapid rollout of full fibre home broadband, upgrading current superfast (30+Mbit/s) connections to ultrafast (300+Mbit/s) or gigabit connections this decade. The government's official target is 85% full fibre coverage by 2025 but it is unlikely that full fibre will be universally available or widely used until towards the end of the decade.

British politics at Westminster has reacted very slowly to register the existence of distinctive and challenging issues involving technology, digital markets and online platforms that require public policy attention. The beginnings of a sea change in attention can be dated to the panic around 'fake news' after the 2016 US presidential election (examined in more detail below).

The current government has two main policy initiatives with implications for the relationship between technology and journalism in the UK. First, it recently published a draft Online Safety Bill that would introduce a new 'duty of care' for digital platforms requiring them to take more proactive steps to protect their users from a range of 'online harms,' including disinformation and misinformation. Second, it has formulated prospective legislation to update the UK's competition regime to better address the distinctive issues raised by digital markets. These are among the issues considered below.

[3] Department for Digital, Culture, Media and Sport, "Our 10 Tech Priorities" available online at: <https://dcms.shorthandstories.com/Our-Ten-Tech-Priorities/index.html>

[4] Department for Digital, Culture, Media and Sport, "DCMS Economic Estimates 2019 (provisional): Gross Value Added" 19 February 2021, available online at: <https://www.gov.uk/government/statistics/dcms-economic-estimates-2019-gross-value-added/dcms-economic-estimates-2019-provisional-gross-value-added>

[5] Department for Digital, Culture, Media and Sport, "DCMS Sector Economic Estimates: Employment Oct 2019 - Sep 2020" 21 January 2021, available online at: <https://www.gov.uk/government/statistics/dcms-sector-economic-estimates-employment-oct-2019-sep-2020>

[6] <https://www.techuk.org/who-we-are/our-board.html>

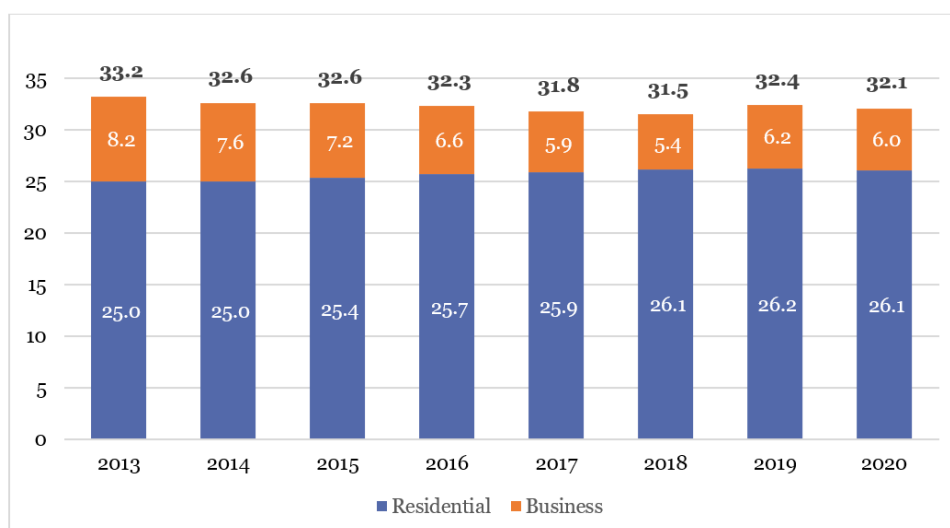
TECHNOLOGY OVERVIEW

Infrastructure

The UK has a relatively developed telephony and broadband infrastructure. The number of phone landlines is now in decline, driven by a 25% drop in the number of business landlines between 2013 and 2020 as VoIP and mobile calls increasingly replace fixed-line calls, although residential landlines increased slightly, in line with UK household growth.

Table 2. Landlines by customer type, millions

Source: Ofcom / operators



The UK has long had near-universal fixed broadband coverage of 10Mbit/s or higher: the standard defined in law as the Universal Service Obligation (USO). All UK households have a legal right to request at least a 10Mbit/s connection under the USO, unless the cost of installing such a connection would be exorbitant. The 2% of households that do not have such a connection are in remote rural areas where the cost of connection is too high.[7] In the last five years, the UK has nearly completed the rollout of superfast broadband coverage, which is defined as an average speed of 30Mbit/s or higher. The remaining 4% of households without access are predominantly in rural areas and account for 20% of rural households.

Two key choices have defined the British state's strategy for upgrading the UK's fixed broadband infrastructure. First, reliance on private sector investment to pay for new infrastructure rollout, supplemented by some public subsidies to cover the rollout in rural areas, where the higher cost of connecting households discourages private sector providers from making the necessary investments to do so. Second, the rollout of fibre-to-the-cabinet (FTTC) technology that utilises slower, existing copper wire connections from the cabinet to the household, instead of using fibre optic cables all the way (known as full fibre or fibre-to-the-premises – FTTP). The reason was that although FTTC technology is not capable of FTTP's ultra-fast speeds, FTTC was cheaper and faster to roll out, and provided superfast connections that were fast enough to be capable of many of the core activities for which higher internet speed was sought, like video streaming.

[7] For more on the Universal Service Obligation, see Georgina Hutton, "The Universal Service Obligation (USO) for Broadband" *House of Commons Library* 2 October 2020, available online at: <https://commonslibrary.parliament.uk/research-briefings/cbp-8146/>
See also Ofcom, "Your right to request a decent broadband service: What you need to know" 11 August 2021, available online at: <https://www.ofcom.org.uk/phones-telecoms-and-internet/advice-for-consumers/broadband-uso-need-to-know>

Table 3. Fixed broadband coverage – by available download speeds, UK 2017-2021

Source: Ofcom

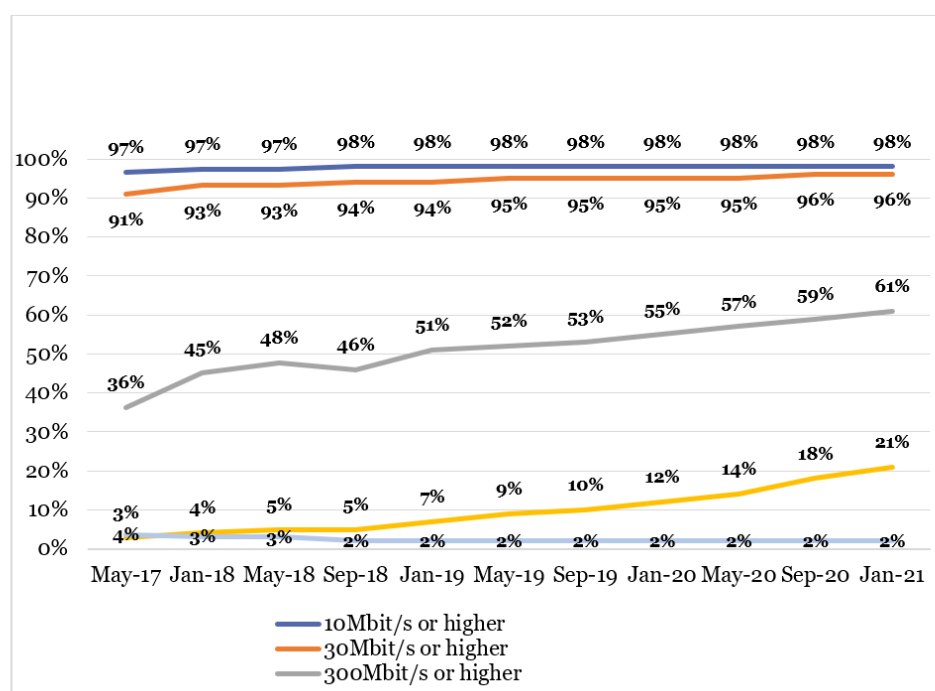
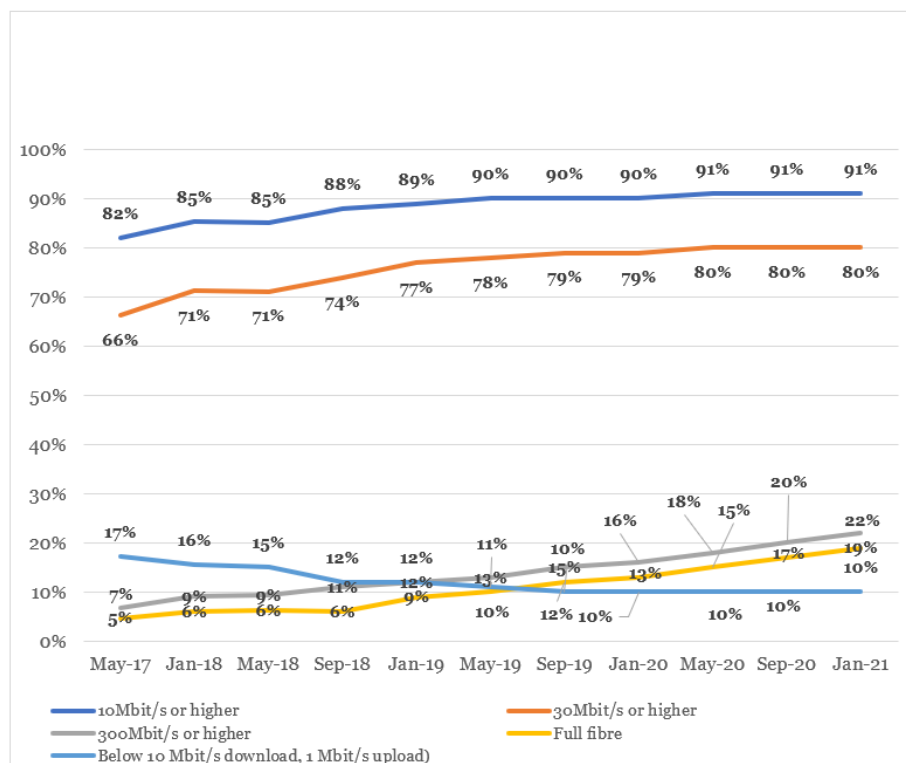


Table 4. Fixed broadband coverage in rural areas – by available download speeds, UK 2017-2021

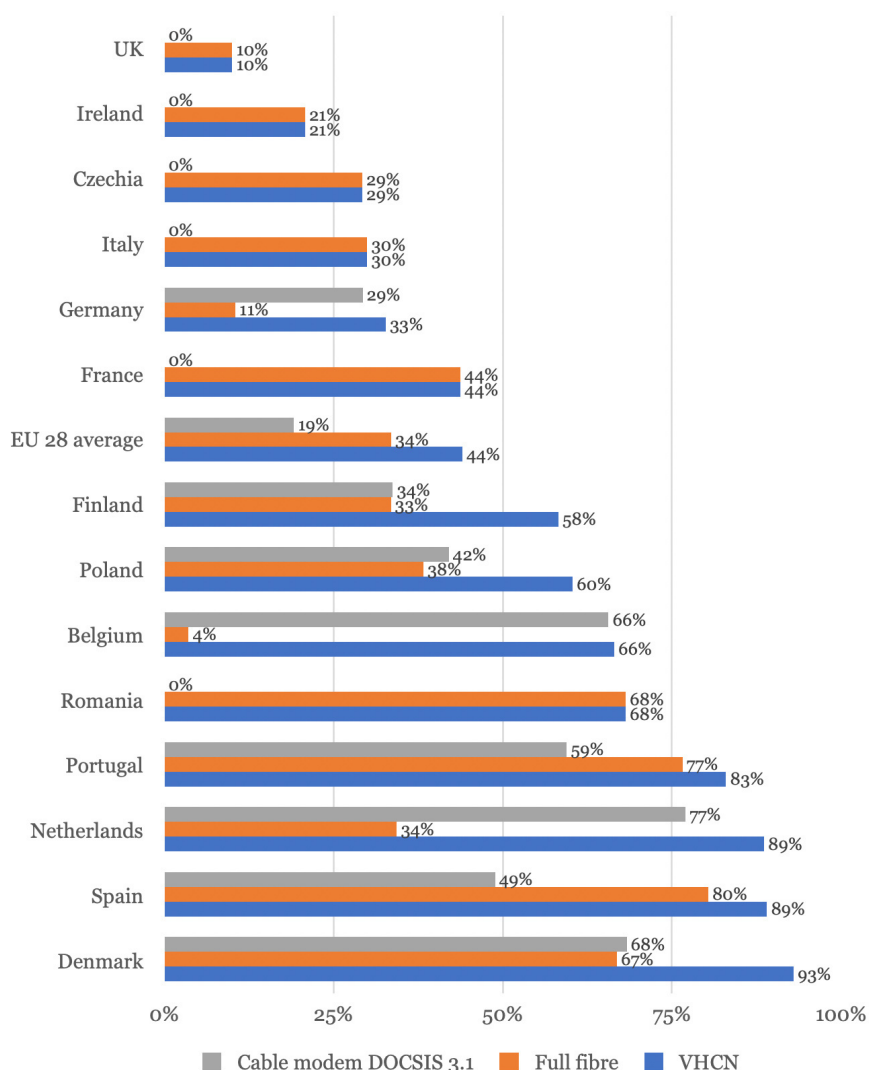
Source: Ofcom



The downside of the UK's strategy of prioritising the rapid, near-universal deployment of FTTC technology delivering superfast speeds is that the UK lags considerably behind other European countries in the rollout of FTTP, 'full fibre' coverage. The most recent EU-wide data, for 2019, showed FTTP coverage in the UK at 10% compared to an EU average of 33.5%, and overall fixed very high-capacity network (VHCN) coverage (which includes DOCSIS 3.1 cable technology as well as FTTP) at 10% compared to an EU average of 44%. Even though full fibre coverage in the UK had doubled to 21% by January 2021, according to Ofcom, that still leaves the UK's VHCN coverage well behind most other major European countries. However, the upside of the UK's approach is that, as of 2019, the UK had more widespread coverage of superfast fixed broadband than the EU average: 95% in the UK compared to 83.3%.

Table 5. Fixed broadband coverage in Europe – by available connection type, % of households 2019

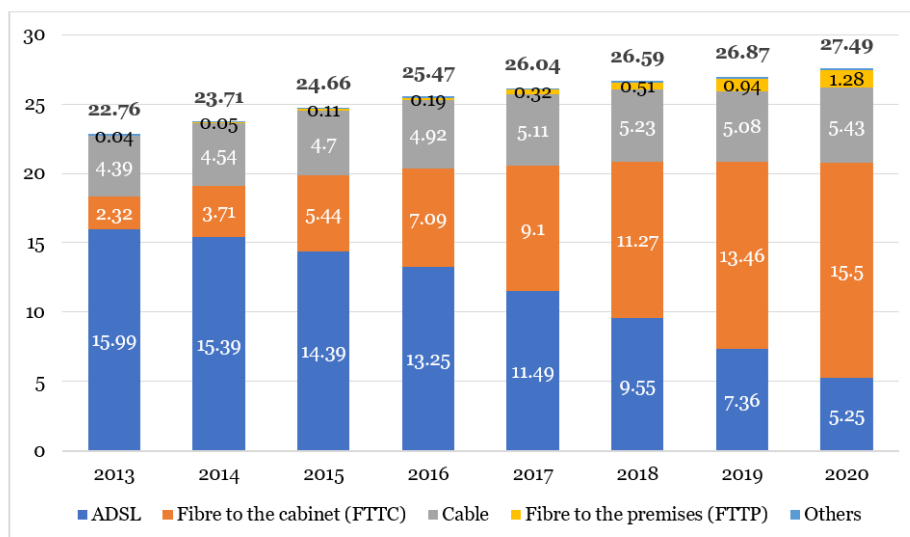
Source: European Commission



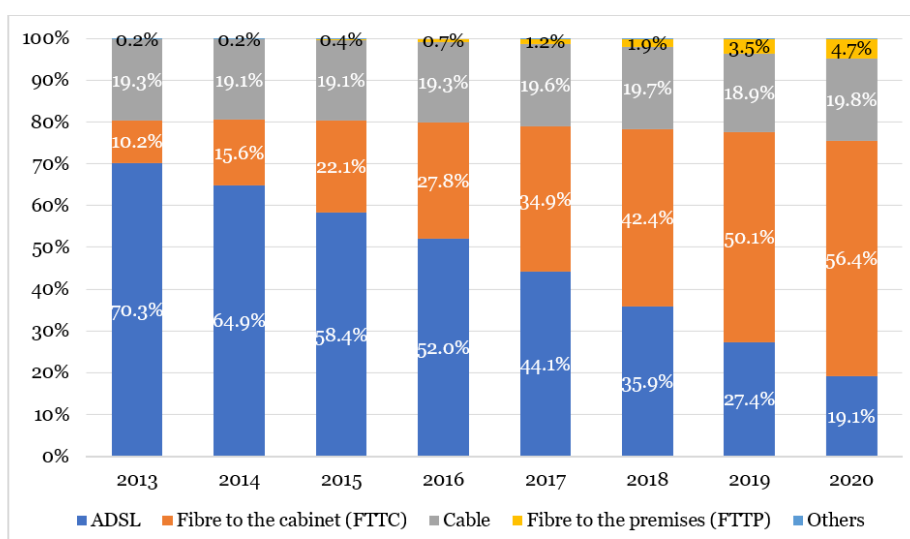
Although 96% of households have access to superfast connections today, the take-up of superfast connections stands at only 78% – no doubt due to a combination of a lack of need in some low-internet-use households, and an inability to afford the price of superfast internet connection in others. However, the gap between superfast coverage and take-up has closed considerably since 2017, when 91% of households had access but only 51% had taken it up. Take-up has risen from 23% in 2013 to 78% in 2020. Together with some take-up of ultra-fast (100+ Mbit/s) and gigabit broadband, mostly in large urban areas, the result of this upgrading is that the average actual fixed broadband download speed in the UK has increased by over four times between 2013 and 2020, from 18 to 80 Mbit/s. These speeds, easily capable of streaming HD video, are sufficient for all but the heaviest home internet users, but the average figure masks considerable inequalities in the speeds people can access.

Table 6. Fixed broadband connections by technology, UK 2013-2020

Source: Ofcom/operators

**Table 7. Fixed broadband connections by technology, UK 2013-2020**

Source: Ofcom/operators

**Table 8. Superfast (30+ Mbit/s) fixed broadband lines, UK 2013-2020**

Source: Ofcom/operators.

Note: figures have been adjusted to exclude lines with an advertised download speed of 30+ Mbit/s that are not capable of delivering an actual download speed of 30+ Mbit/s

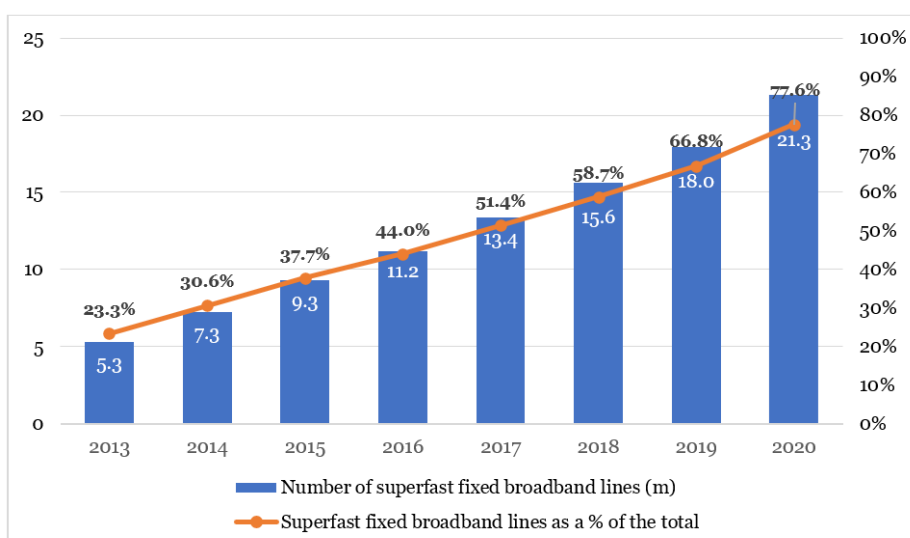
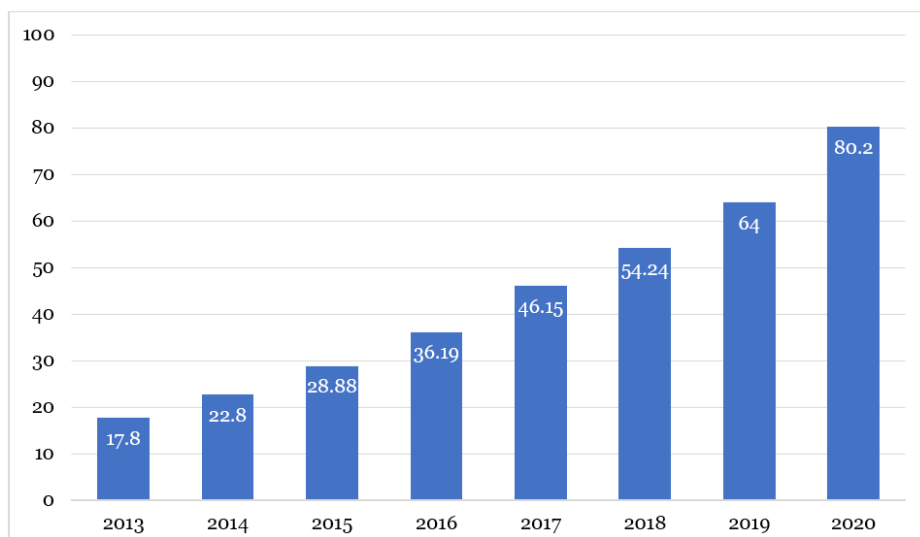


Table 9. Average actual fixed broadband download speed (Mbit/s), UK 2013-2020

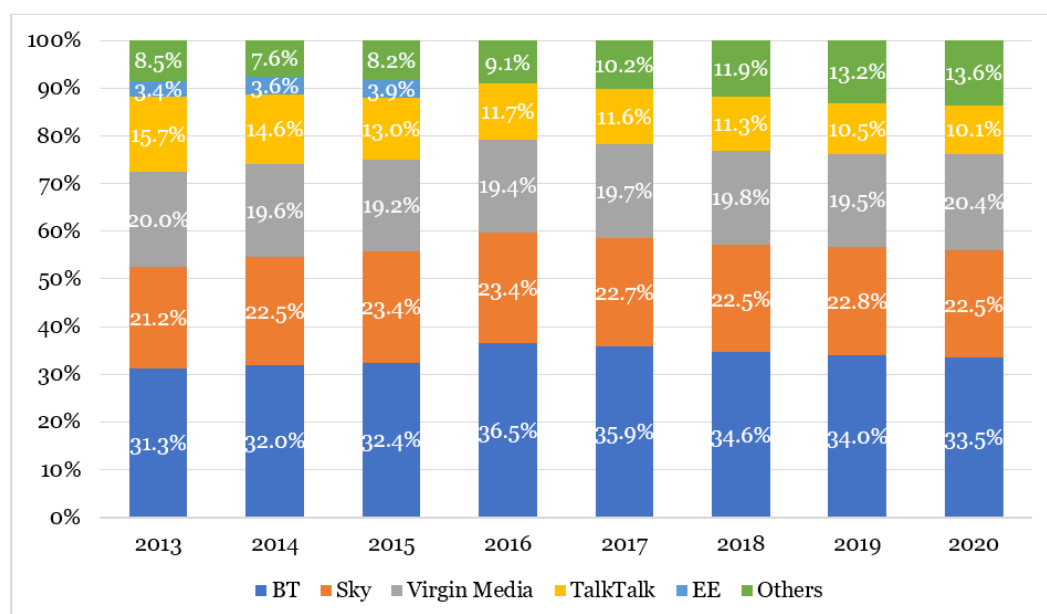
Source: Ofcom/operators. Note: measurements taken in Q4 of each year



BT, formerly the state-owned corporation British Telecom but now a publicly-traded private company, is the dominant internet service provider in the UK, as well as the main provider of fixed line telephone services. BT, Sky and Virgin Media dominate fixed line telecoms in the UK, with a consistent three-quarter market share of fixed broadband connections over the past decade. BT's share has declined slightly since 2016 (when it acquired EE), and TalkTalk's share declined by a third from 2013 to 2020. Growth has come largely from other providers, whose share of connections increased by five percentage points between 2013 and 2020.

Table 10. Fixed broadband connections by internet service provider (ISP), UK 2013-2020

Source: Ofcom/operators. Note: BT includes Plusnet and, from 2016 onwards, EE.



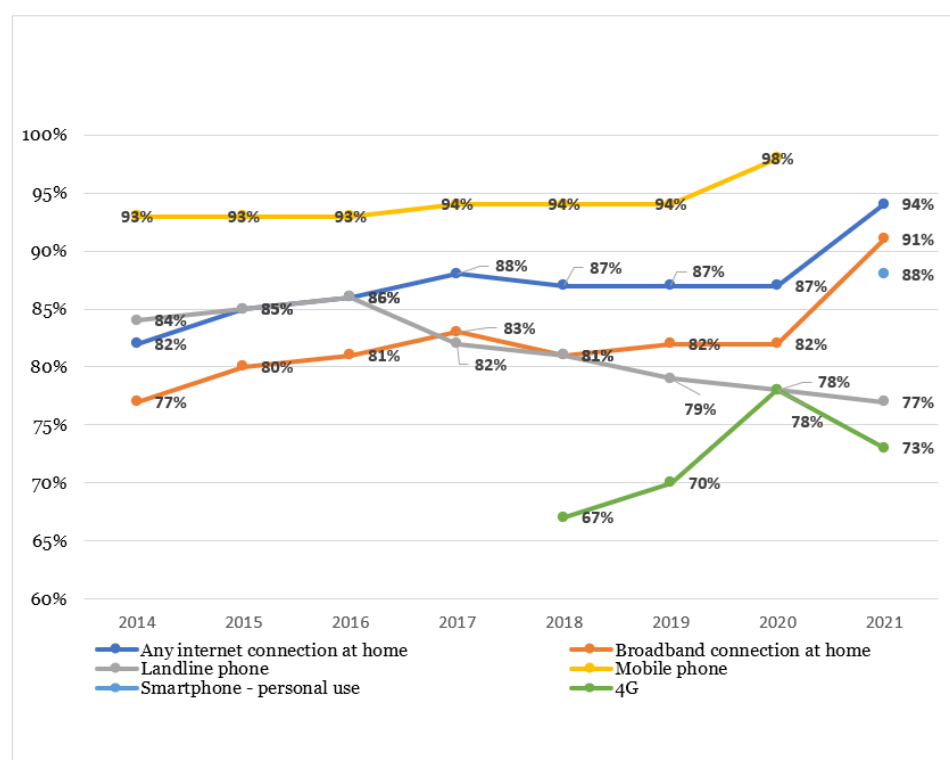
Telephone & Internet Penetration

Mobile phone penetration in the UK is now virtually universal, as are internet connections. However, 9% of UK households do not have a broadband connection at home – mostly poorer households and those in hard-to-reach rural areas where broadband speeds are low. 4G coverage is widespread but not universal, and 5G coverage has begun to be rolled out, with 7% take-up in 2021. 80% of people have either 4G or 5G mobile data.

Table 11. Telecoms service take-up, 2014-2020

Source: Ofcom Technology Tracker surveys. All figures refer to households except for smartphone and 4G which represent personal use. Broadband connection at home includes mobile connections and mobile phone access.

Note: the 2021 data is not strictly comparable to the previous years because the pandemic enforced changes to Ofcom's survey methodology (2020 fieldwork was carried out prior to the pandemic): face-to-face surveys could not be used, and were replaced with telephone surveys.



Some of the increase in home internet connections in 2021 is probably due to pandemic-enforced changes to Ofcom's survey methodology (the replacement of face-to-face interviews with telephone surveys). However, some of the increase seems to be genuine: the Office for National Statistics' data gives a slightly higher rate of household internet access over the whole period but its breakdown of internet connections by household composition clearly shows a marked increase in internet access in households with at least one person over the age of 65 in 2020. Most likely, the pandemic pushed some households with older members who started 2020 without internet access to acquire it over the course of the year in order to stay connected to friends and family.

Table 12. Internet connection by household composition, GB 2012 to 2020

Source: Office for National Statistics

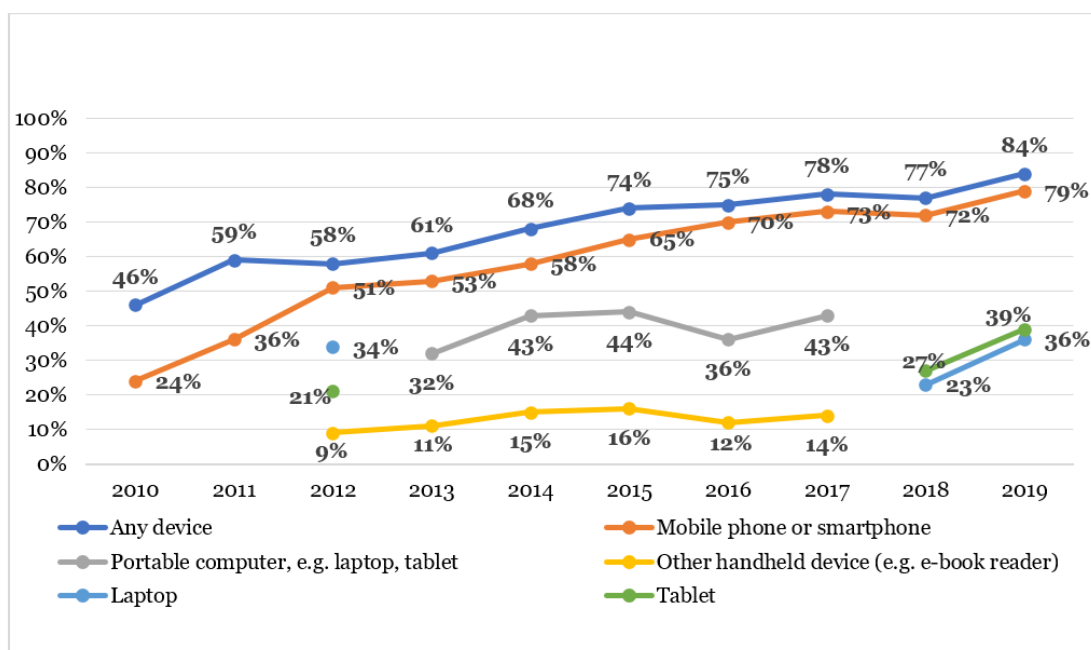
	2012	2013	2014	2015	2016	2017	2018	2019	2020
All households	80%	83%	84%	86%	89%	90%	90%	93%	96%
1 adult aged 16 to 64	76%	74%	81%	80%	87%	88%	91%	94%	95%
1 adult aged 65+	36%	40%	40%	49%	53%	61%	59%	73%	80%
2 adults aged 16 to 64	93%	96%	97%	96%	99%	97%	99%	100%	100%
2 adults, 1 at least 65+	69%	74%	79%	84%	85%	88%	87%	89%	94%
3+ adults, all ages	95%	97%	97%	98%	99%	100%	98%	99%	97%
Households with children	95%	97%	96%	97%	99%	98%	100%	100%	100%

During the 2010s, the internet went mobile: over the decade, the proportion of the population accessing the internet 'on the go' went from less than half to over four-fifths, with the proportion using a mobile phone or smartphone to do so rising from a quarter to four-fifths. The use of tablets to do so increased over the decade, but not by as much – from 21% in 2012 to 39% in 2019.

Table 13. Internet use 'on the go' by device, GB 2010-2019

Source: Office for National Statistics

Note: in 2012, 2018 and 2019 ONS reported laptop and tablet use 'on the go' separately.



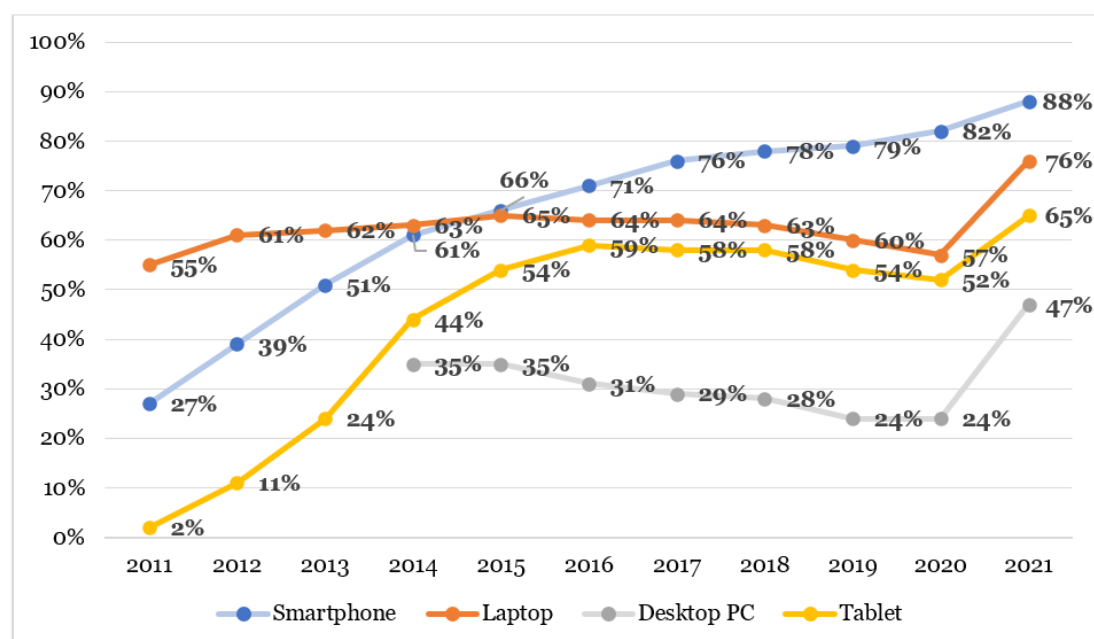
Devices

During the 2010s, ownership of smartphones took off, rising from 27% in 2011 to 88% in 2021. This was the most fundamental and transformative change in digital technology over the decade. Meanwhile, tablet ownership took off rapidly in the first half of the decade, but then levelled off in the second half at just under 60%. Desktop PC ownership declined from 35% in 2014 to 24% in 2020. Laptop ownership gradually rose in the first half of the decade but then declined slightly in the second half.

Ofcom's survey data appears to suggest a large jump in all types of device ownership in 2021. This may primarily be due to pandemic-enforced changes in its survey methodology which had the effect of overrepresenting computer device owners and underrepresenting those who own none – or fewer – of these devices. But it is also possible that the restrictions on going out – and thus on a number of kinds of spending – as a result of the pandemic led to a reallocation of household budgets, with more people buying computer devices, especially devices for the home like desktop PCs. Staying connected to friends and family amid repeated national lockdowns seems to have provided a compelling reason for older people, in particular, to finally get smartphones.

Table 14. Computer device take-up, UK 2011-2021

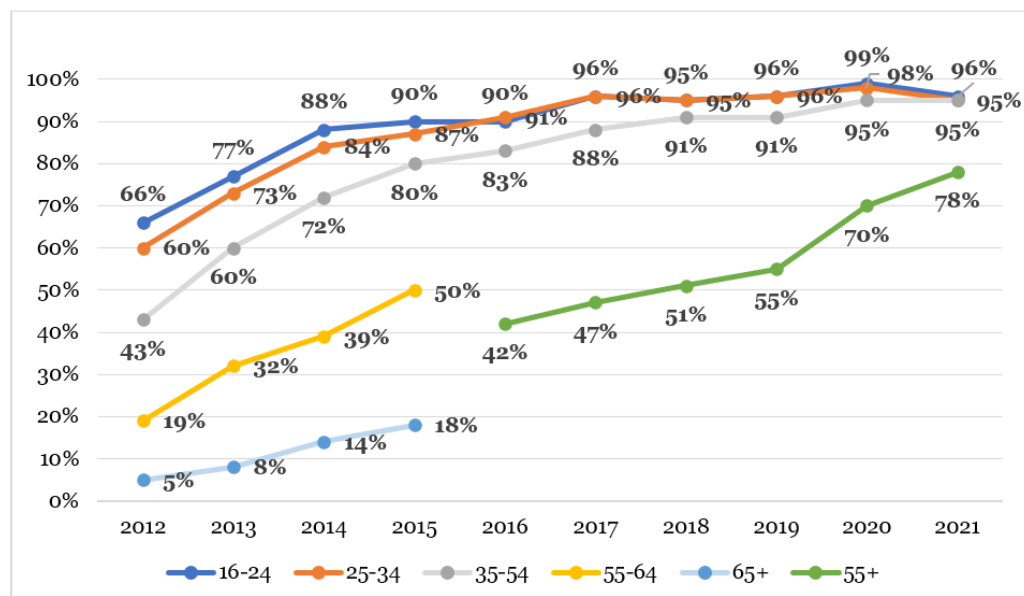
Source: Ofcom Technology Tracker surveys



The speed of take-up of smartphones and tablets was very different for different age groups. By 2016, almost all people under the age of 35 owned a smartphone but only 42% of over-55s did so, and the gulf remained marked up to 2019. However, the gap narrowed considerably in 2020 and 2021.

Table 15. Smartphone ownership – by age, UK 2012-2021

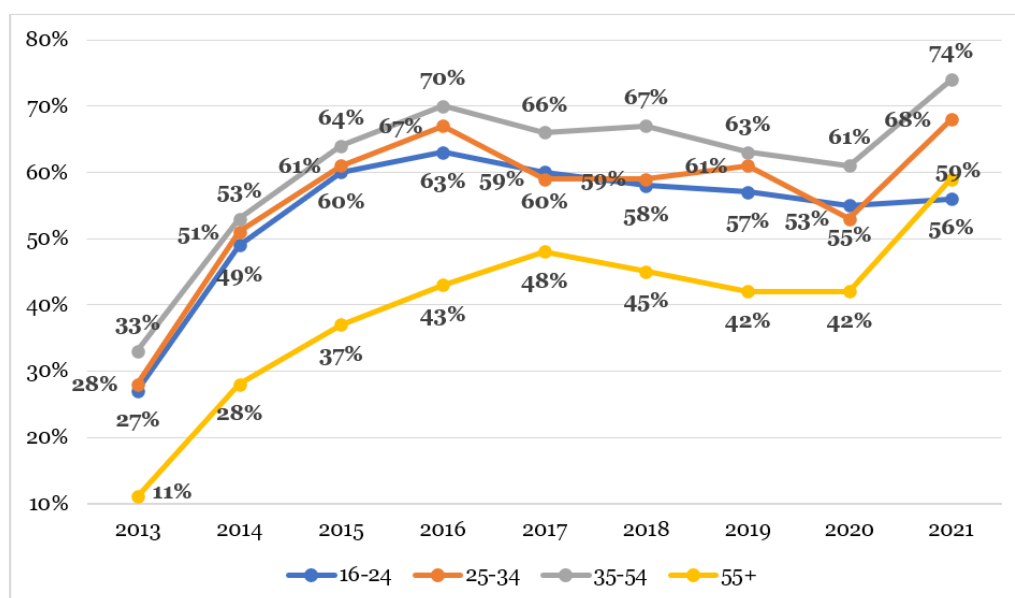
Source: Ofcom Technology Tracker surveys



Tablet ownership rose rapidly until the middle of the 2010s, when it started to decline – until 2021. The gap in ownership between age groups was narrower, and 2021 data suggests over-55s are now more likely to own a tablet than 16-24s. This may be partly a matter of disposable income, with the smartphone being a more essential device for younger people, particularly for social communication.

Table 16. Tablet ownership – by age, UK 2012-2021

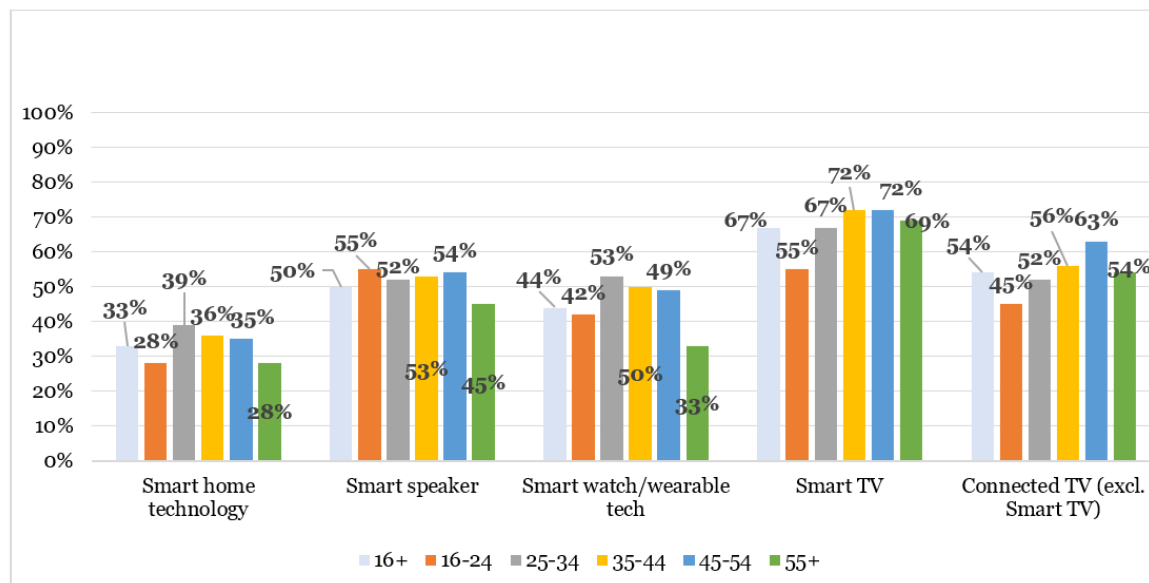
Source: Ofcom Technology Tracker surveys



In 2021, Ofcom surveyed the take-up of ‘smart’ technology, showing that smart or connected TVs are now in around two-thirds of UK households, and smart speakers are now in around half. Half of 25-54s use wearables, while over-55s and 16-24s use them less.

Table 17. 'Smart' device take-up – by age, UK 2021

Source: Ofcom Technology Tracker surveys

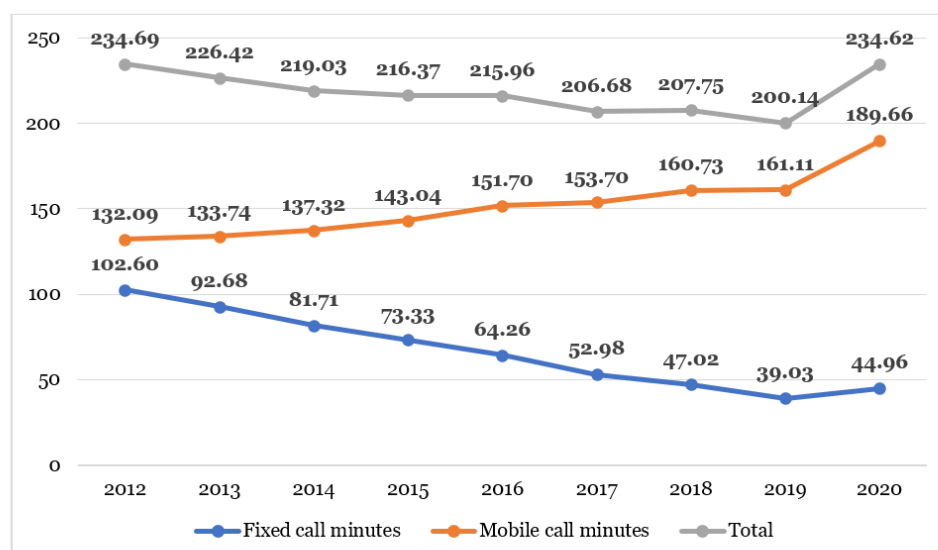


Usage

The 2010s have seen the rapid decline of the home telephone: fixed line call minutes more than halved between 2012 and 2020, from 102.6 billion in 2012 down to 39.03 in 2019, though there was a slight uptick in 2020 as a consequence of the pandemic. The growth of mobile call minutes did not compensate for the fixed line decline for most of the decade. Although total minutes returned to 2012 levels in 2020, that reversal seems likely to be temporary, an effect of the pandemic and its restrictions on movement. Phone calls – whether fixed line or mobile – are increasingly being supplanted by Voice over Internet Protocol (VoIP) services like WhatsApp, FaceTime and Skype, and internet video calls. As internet connections have improved, the relative attraction of these services over traditional telephony has increased – not least because they are free. However, accurate data is currently lacking on the full volume of these taking place in the UK.

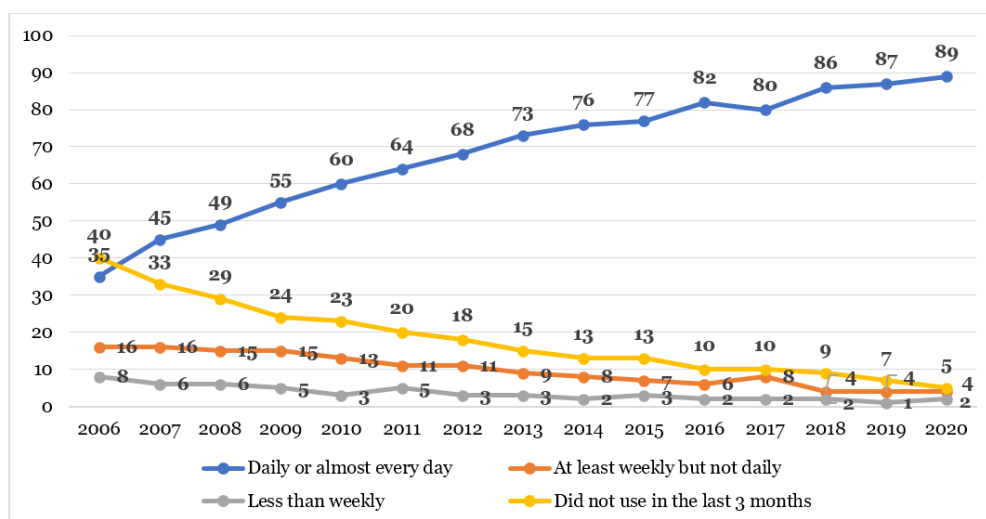
Table 18. Call minutes (billion), UK 2012-2020

Source: Ofcom/operators/ONS



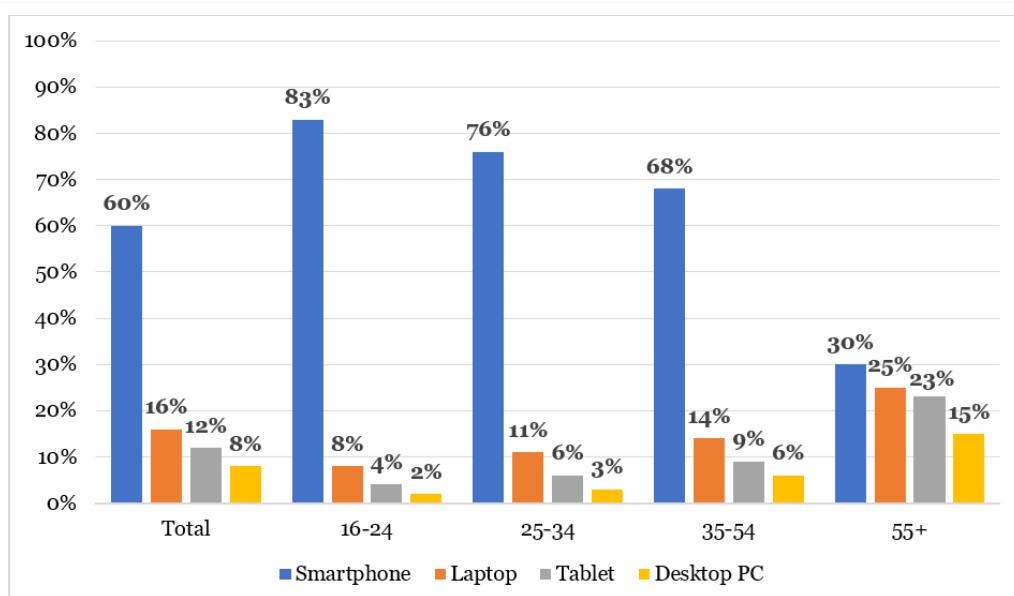
The proportion of the UK population that goes online frequently has increased enormously over the past fifteen years. ONS data shows that in 2020 89% of the UK adult population used the internet 'daily or almost every day', up from 60% in 2010 and 35% in 2006. The proportion of the population who had not used the internet in the previous three months fell from 40% in 2006 to 23% in 2010 and just 5% (or around 2.7 million adults) in 2020. The 2020 data shows that use 'daily or almost every day' is universal among under-35s, but remains at 67% in the over-65 age group; 18% of over-65s had not used the internet at all in the previous three months, suggesting there is still a substantial part of Britain's elderly population that is not online.

Table 19.
Frequency of
internet use (%),
UK adults 16+
2006-2020
Source: Office for
National Statistics



In 2020, for 60% of the internet-using population, the smartphone was the most important device used for connecting to the internet, especially for young people. In contrast, over-55s are more likely to say that one of either a laptop, a tablet or a desktop PC is their most important device for doing so. Overall, it is clear that the smartphone is the device responsible for the huge increase in the frequency of internet use over the last fifteen years.

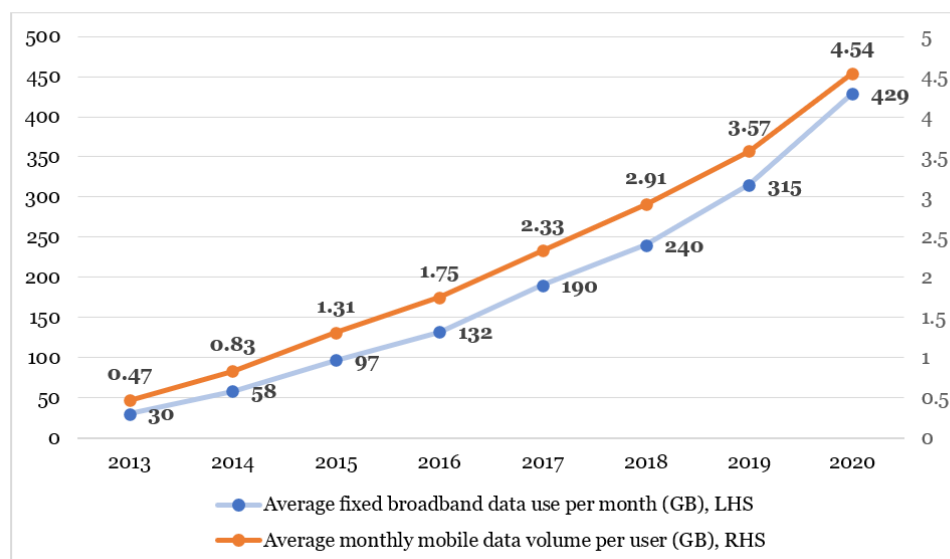
**Table 20. Most
important device
used to connect to
the internet, UK
16+ adults 2020**
Source: Ofcom.
Base: those who
use the internet at
home or
elsewhere. Note:
this question was
not asked in the
2021 survey.



Growing internet use and increasingly fast fixed and mobile internet connections mean that average monthly data use rocketed enormously between 2013 and 2020. Average fixed broadband use grew by over fourteen times, while mobile increased by almost ten times. In 2020, fixed broadband data use soared by 36%, while mobile data use rose by 27% - the highest year-on-year increase since 2017. Some of this growth is likely a result of pandemic-induced internet use, like the hugely increased use of video calling for working from home, online learning, and keeping in contact with friends and family. Nevertheless, there is little sign of a slowdown in the growth of data use.

Table 21. Average monthly fixed and mobile internet data use per user, UK 2013-2020

Source:
Ofcom/operators



The average time UK adults (18+) spent online across computers, tablets and smartphones in 2019, before the pandemic, was three and a half hours, which increased by 9 minutes in 2020. The largest growth was among over-55s, who spent 16 minutes more online compared to the previous year. In April 2020 – at the height of the first coronavirus lockdown – average daily time spent online was four hours and 2 minutes. (Of course, this data does not capture the increasing time that the population spend with a range of other, increasingly popular internet-connected devices like smart TVs, smart speakers and wearables.) Time spent online in the UK is about an hour a day less than the USA, roughly comparable to Canada, and over an hour a day more than France or Germany. Young people use the internet the most, with 16-24s spending an hour and 43 minutes more on it per day than over-55s.

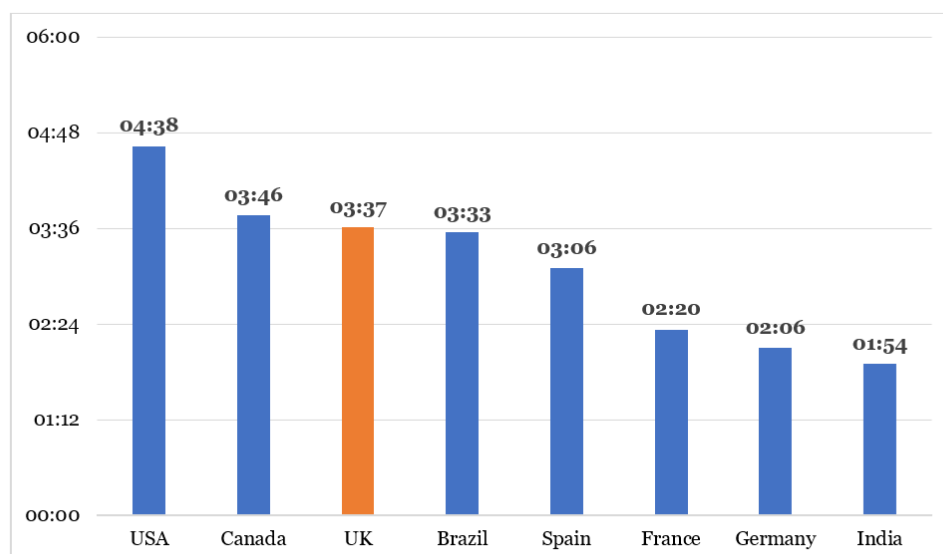
Table 22. Average time spent online across computers, tablets and smartphones per UK adult per day, by age and year (hours:minutes)

Source: Comscore MMX Multi-Platform, Total Internet, Age: 18+, Jan-Dec 2019 and 2020, UK

Age	2019	2020	Year-on-year increase
18+	3:28	3:37	9 minutes
18-24	4:24	4:34	10 minutes
25-34	3:55	4:07	12 minutes
35-44	3:41	3:51	10 minutes
45-54	3:35	3:36	1 minute
55+	2:35	2:51	16 minutes

Table 23. Average time spent online per day in 2020 by adult internet users, selected countries 2020 (in hours)

Source: Comscore MMX Multi-Platform, age 18+, Jan-Dec 2020, USA, Canada, UK, Brazil, Spain, France, Germany and India



Ofcom found that the main increase in time spent online in 2020 was via connected TVs, estimating that UK individuals (including children) spent 81 minutes per day using a range of services on the TV set, like video-on-demand viewing (Netflix, BBC iPlayer), online gaming and YouTube. This was 25 minutes more than in 2019 (when their daily use stood at 56 minutes). [8]

The Office for National Statistics has surveyed the UK population since 2007 on what it uses the internet for, and the results show that the vast majority of the UK population uses the internet for some core services like email, search and internet banking. Around 70% use the internet for messaging and social networking services. Around 60-70% use the internet for media consumption: reading online news, watching YouTube, listening to music. Slightly fewer people (56%) use video-on-demand services like Netflix, Amazon Prime Video and Disney+ but their proportion is increasing rapidly, almost doubling from 29% in 2016 as older age groups are discovering these services, drawn by prestige drama series targeted at them such as Netflix's *The Crown* and *Bridgerton*. Around half of the population now use the internet to make video or voice calls – a major cause of the decline of fixed and mobile telephony highlighted above. Online gaming is still a minority activity at 41%, though more popular by 9 percentage points than it was five years ago.

There are still big differences in what different age groups use the internet for. Over 90% of 16-24s use the internet for instant messaging and social network services, whereas only around 60% of 55-64s and less than 40% of over-65s do so. There are equally large age disparities in online video viewing, with 88% of 16-24s using VOD services compared to only 17% of over-65s. There is less of an age disparity in who reads news online, but this is perhaps partly because 16-24s are less interested in news generally. Rates of 83% and 86% among 25-34s and 35-44s contrast with 47% of over-65s. Nevertheless, of all the different kinds of online media consumption, reading news is the one the most over-65s engage in. Although online gaming is a minority activity in the population as a whole, a majority of under-35s engage in it.

[8] Ofcom, *Online Nation – 2021 report*, 9 June 2021, p. 12, available online at: <https://www.ofcom.org.uk/research-and-data/internet-and-on-demand-research/online-nation>

Table 24. Internet activities, GB adults 16+ 2016-2020

Source: Office for National Statistics

Activities	2016	2017	2018	2019	2020
Sending/receiving emails	79	82	84	86	85
Finding information about goods or services	76	71	77	78	81
Internet banking	60	63	69	73	76
Using instant messaging services (e.g. Skype or WhatsApp)	N/A	N/A	N/A	72	71
Social networking (e.g. Facebook or Twitter)	63	66	65	68	70
Reading online news, newspapers or magazines	60	64	N/A	66	70
Watching video content from sharing services such as YouTube	47	N/A	62	N/A	66
Listening to or downloading music	N/A	N/A	N/A	N/A	62
Looking for health-related information (e.g. injury, disease, nutrition, improving health etc.)	51	53	54	63	60
Watching internet streamed live or catch-up TV	43	N/A	56	N/A	59
Watching Video on Demand from commercial services	29	N/A	46	N/A	56
Making video or voice calls over the internet (e.g. via Skype or Facetime)	43	46	45	50	49
Playing or downloading games	32	N/A	31	N/A	41
Selling goods or services over the internet	18	19	25	29	21
Making an appointment with a medical practitioner via a website or app	15	N/A	13	N/A	21
Using other online health services via a website or app instead of having to go to the hospital or visit a doctor, for example getting a prescription or a consultation online	N/A	N/A	N/A	N/A	15
Accessing personal health records online	N/A	N/A	N/A	N/A	8
Listening to music	49	N/A	58	65	N/A

Table 25. Internet activities by age, GB adults 16+ 2020

Source: Office for National Statistics

Activities	16-24	25-34	35-44	45-54	55-64	65+
Sending/receiving emails	94	89	93	91	79	72
Finding information about goods or services	84	89	92	87	79	64
Internet banking	90	90	89	82	69	49
Using instant messaging services (e.g. Skype or WhatsApp)	92	87	92	77	59	38
Social networking (e.g. Facebook or Twitter)	97	91	90	72	58	34
Reading online news, newspapers or magazines	78	83	86	77	63	47
Watching video content from sharing services such as YouTube	95	84	86	68	48	34
Listening to or downloading music	93	89	81	62	43	24
Looking for health-related information (e.g. injury, disease, nutrition, improving health etc.)	61	70	71	70	55	40
Watching internet streamed live or catch-up TV	78	73	76	63	48	33
Watching Video on Demand from commercial services	88	85	80	54	33	17
Making video or voice calls over the internet (e.g. via Skype or Facetime)	70	67	66	48	34	21
Playing or downloading games	63	57	47	43	30	17
Selling goods or services over the internet	22	24	30	31	17	6
Making an appointment with a medical practitioner via a website or app	20	20	25	26	15	19
Using other online health services via a website or app instead of having to go to the hospital or visit a doctor, for example getting a prescription or a consultation online	15	11	15	15	19	17
Accessing personal health records online	12	8	10	7	6	8

Excluded from the list of activities above is online shopping and e-commerce. The ONS's survey shows that in 2019 82% of the adult (16+) population had shopped online within the last 12 months, a figure that rose to 87% in 2020, as the pandemic led to lockdowns during which many shops were closed.

Table 26.
Shopping online
within the last 12
months – by age,
UK adults 16+
2016-2020
Source: Office for
National Statistics

Age group	2016	2017	2018	2019	2020
16-24	89	88	95	97	96
25-34	93	89	96	97	99
35-44	87	91	89	94	95
45-54	86	84	81	89	95
55-64	77	75	71	77	79
65+	45	45	48	54	65
All	77	77	78	82	87

Online shopping is also becoming increasingly frequent: in 2020, 34% of UK adults had shopped eleven times or more within the last three months, and 83% had shopped at least three times with 25-44s the heaviest shoppers and 68% of the population spending at least £100, but only 26% spending over £500. The physical goods most commonly purchased online in 2020 were:

- clothes, shoes and accessories (55%)
- deliveries from restaurants, fast-food chains or catering services (32%)
- printed books, magazines or newspapers (29%)
- furniture, home accessories or gardening products (28%)
- computers, tablets, mobile phones or accessories (24%)

Table 27.
Frequency of
online shopping
in the last 3
months – by age,
UK adults 16+
2020
Source: Office for
National Statistics

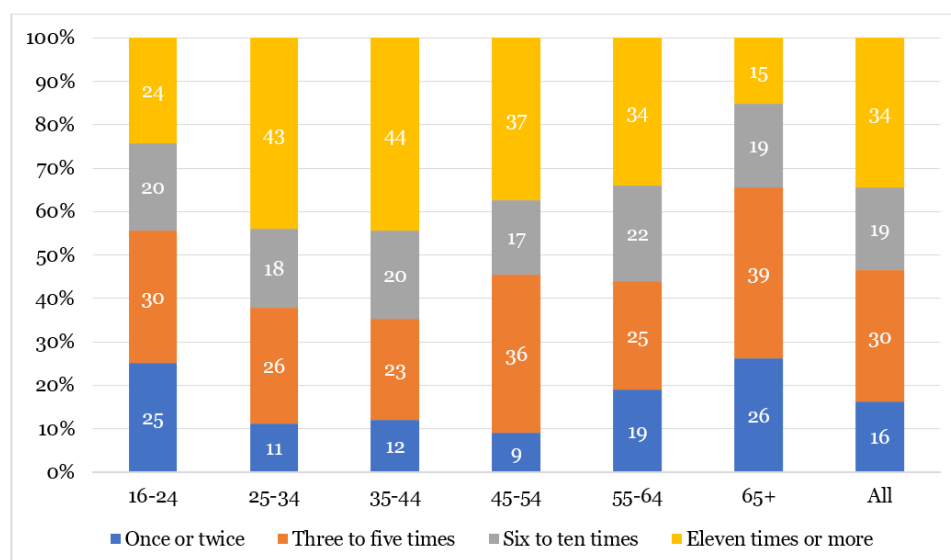
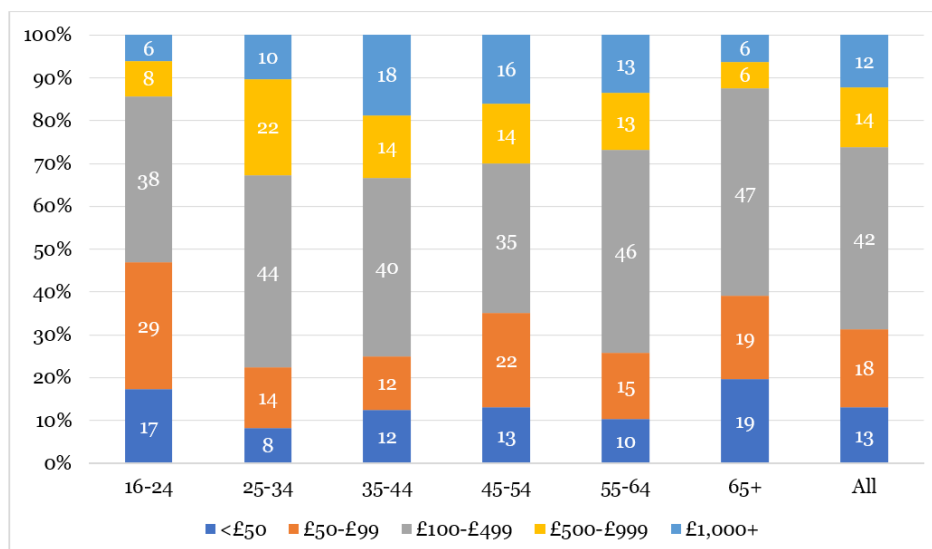


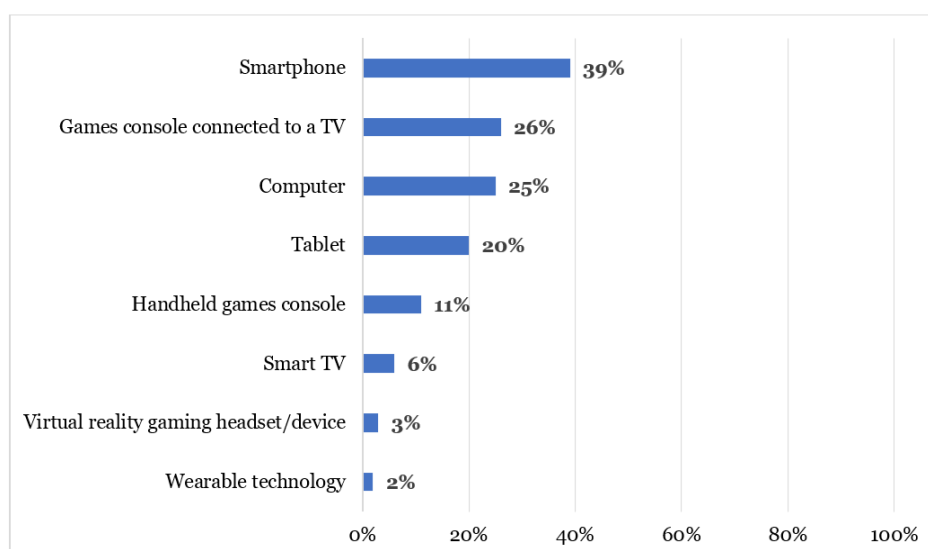
Table 28. Total value of online purchases in the last 3 months – by age, UK adults 16+ 2020

Source: Office for National Statistics



Gaming on digital devices has become increasingly popular – Ofcom’s Adults’ Media Literacy Tracker found that 62% of adults in the UK played games on an electronic device, including 92% of 16-24s. A range of devices are used, with smartphones being the most popular at 39%.

Table 29. Devices used for gaming at home or elsewhere, UK adults 16+ 2020
Source: Ofcom Adults' Media Literacy Tracker survey



The most popular internet properties (websites and apps) in the UK are Google and Facebook’s, the latter including the Facebook-owned WhatsApp and Instagram. The list of the top ten most widely accessed internet properties in the UK is dominated by the tech giants and the UK’s most popular news sites. The BBC has long had one of the most visited websites in the UK, thanks to its iPlayer VOD service, the BBC News website, BBC Sport and BBC Radio. Other popular sites include Reach plc’s network of local and national news sites, Sky News, News UK’s sites and Mail Online.

Table 30. Top ten properties accessed by adults – by reach, UK adults 18+ September 2018-2020

Source: Comscore MMX Multi-Platform. Note: does not include TV set and smart speaker use.

Rank	2018		2019		2020	
	Property	Reach	Property	Reach	Property	Reach
1	Google Sites	98%	Google Sites	99%	Google Sites	99%
2	Facebook	96%	Facebook	95%	Facebook	97%
3	BBC Sites	93%	Amazon Sites	92%	Amazon Sites	92%
4	Amazon Sites	91%	Reach Group	88%	Reach Group	91%
5	Microsoft Sites	86%	Microsoft Sites	87%	Microsoft Sites	90%
6	Reach Group	83%	BBC Sites	87%	News UK Sites	89%
7	Verizon Media	72%	News UK Sites	79%	Mail Online	82%
8	eBay	72%	eBay	73%	BBC Sites	82%
9	Sky Sites	72%	Sky Sites	70%	Sky Sites	81%
10	News UK Sites	68%	Verizon Media	70%	Apple Inc.	73%

The sites with the heaviest daily use per user are those of tech giants (Google, Facebook), smaller social media platforms (Twitter, TikTok, Snapchat), e-commerce giants (Amazon, eBay), or VOD, music or gaming services (BBC, Netflix, Spotify, Roblox).

Table 31. Top ten properties accessed by adults via computer, smartphone and tablet – by average time spent per day by site visitors, UK adults 18+ September 2018-2020

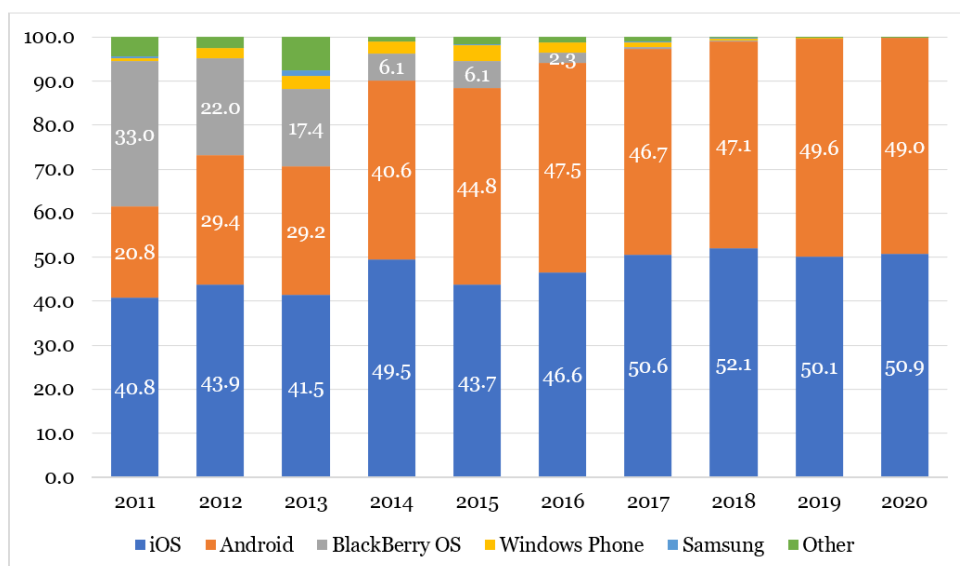
Source: Comscore MMX Multi-Platform, based on Top 100 Properties by reach. Note: online use via a TV set or smart device is not measured.

Rank	2018		2019		2020	
	Property	Time	Property	Time	Property	Time
1	Google Sites	43 mins	Google Sites	47 mins	Google Sites	52 mins
2	Facebook	29 mins	Facebook	36 mins	Facebook	29 mins
3	Spotify	23 mins	Spotify	15 mins	Bytedance Inc. (TikTok)	20 mins
4	Netflix	15 mins	Netflix	15 mins	Netflix	16 mins
5	BBC Sites	5 mins	Samsung Group	6 mins	Spotify	15 mins
6	Xhamster	4 mins	Verizon Media	4 mins	Snapchat, Inc.	8 mins
7	Verizon Media	4 mins	Microsoft Sites	4 mins	Twitter	5 mins
8	eBay	4 mins	eBay	4 mins	Roblox	5 mins
9	Microsoft Sites	3 mins	BBC Sites	4 mins	Verizon Media	5 mins
10	Amazon Sites	2 mins	Twitter	3 mins	Microsoft Sites	4 mins

Platforms

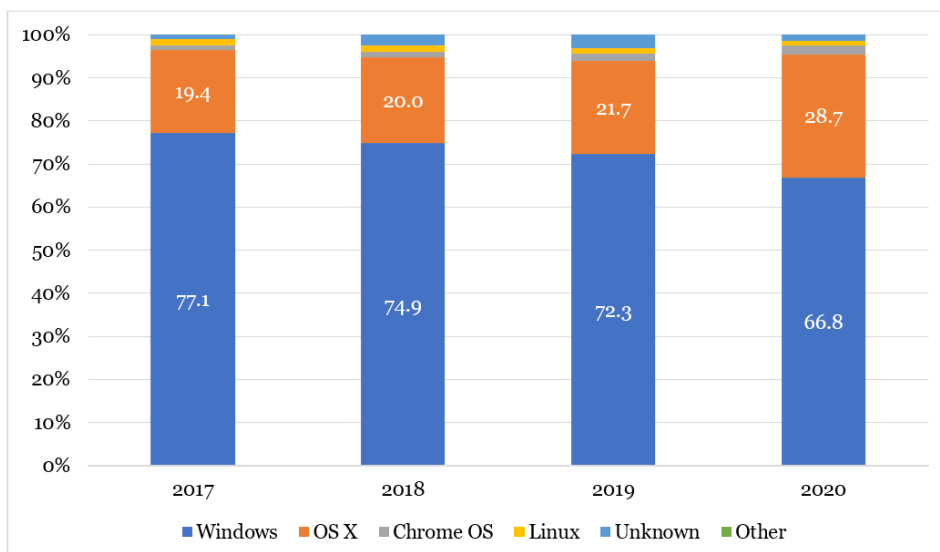
The dominant platforms in the UK are those of the US tech giants often referred together as GAFAM: Google, Apple, Facebook, Amazon and Microsoft. Google's Android and Apple's iOS dominate mobile operating systems in the UK. In 2020, they accounted for 99.9% of mobile devices. Their nearest competitor, BlackBerry, became marginal by 2014 and had disappeared by 2017. Android's market share increased from 21% to 49% over the decade, while iOS's grew from 41% to 51%.

Table 32. Market share of mobile operating systems (%), UK 2011-2021
Source: StatCounter
Note: data is for December of each year.



Apple's dominance of mobile OS has no doubt contributed to its erosion of Windows's dominance on desktop computers, increasing its share of the market from 19.4% to 28.7% between 2017-2020. Chrome OS and Linux are marginal players, with market shares of 2% and 1.2% in 2020 respectively.

Table 33. Market share of desktop operating systems, UK 2017-2020
Source: StatCounter



Google is the dominant search engine in the UK, with 87.7% of the market in June 2021. Google's closest commercial competitor in the search advertising market is not a search engine as such, but Amazon.

Table 34. Market share of leading search engines (%), UK Sep 2015-Jun 2021

Source: StatCounter

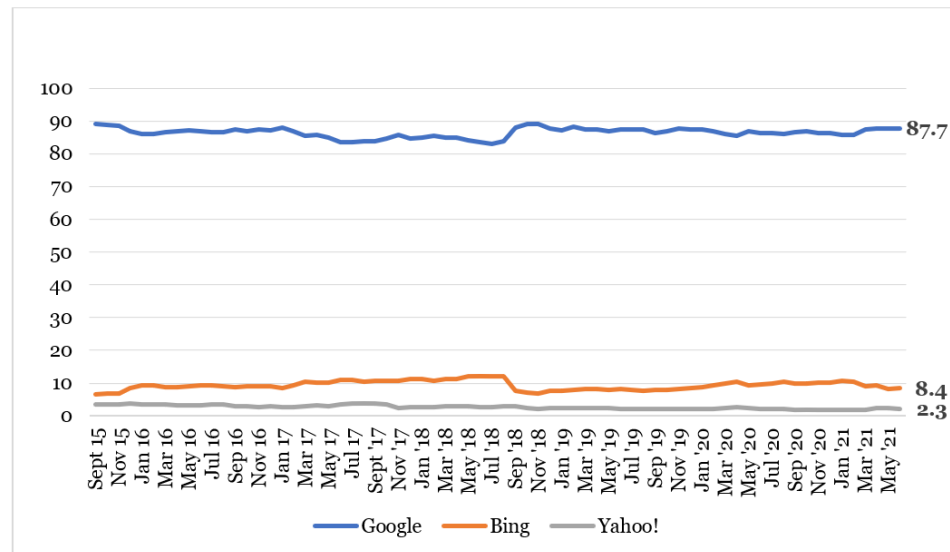
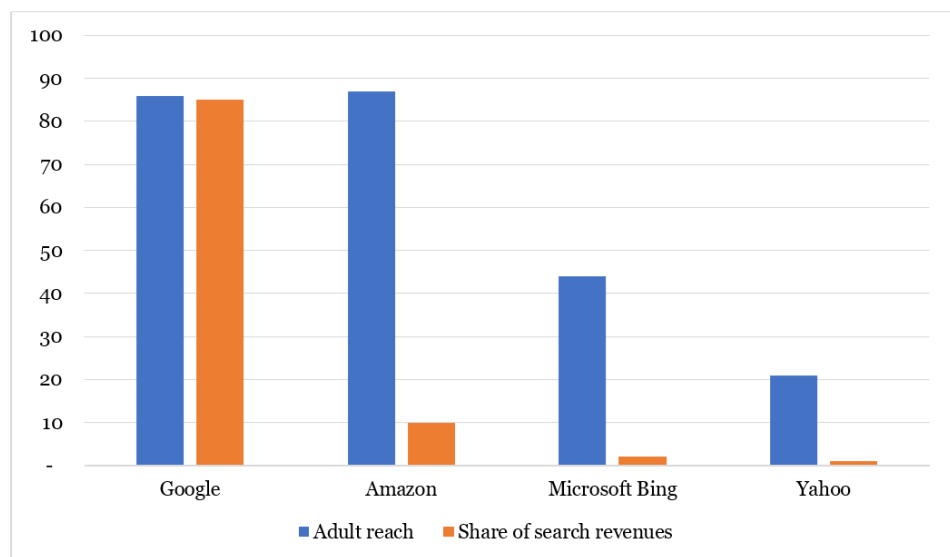


Table 35. Top search sites and search-enabled e-commerce sites (%), UK adults 18+ Sep 2020

Source: Comscore MMX Multi-Platform and Ofcom estimates using IAB UK/PwC Digital Adspend Study 2020 and company reports



Google's Chrome browser is also the dominant internet browser overall across devices in the UK, followed by Apple's Safari. At the start of the 2010s, Microsoft's Internet Explorer and Mozilla's Firefox were the dominant browsers with 81.1% share of the market. However, at that time the majority of internet use was still on desktop PCs and laptops. As a result of the surge in the use of mobile devices, the smartphone displaced the PC as the most important digital device – the majority of online time is now spent on mobile devices – and Apple and Google's decisive advantages in mobile OS mean that in the first half of the 2010s they rapidly relegated Internet Explorer and Firefox into insignificance. However, their dominance is not quite as complete as in mobile OS, with a combined market share of 82.8%. Microsoft has since replaced Internet Explorer with Microsoft Edge, which its dominant position in desktop OS allows it to promote.

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Source: StatCounter

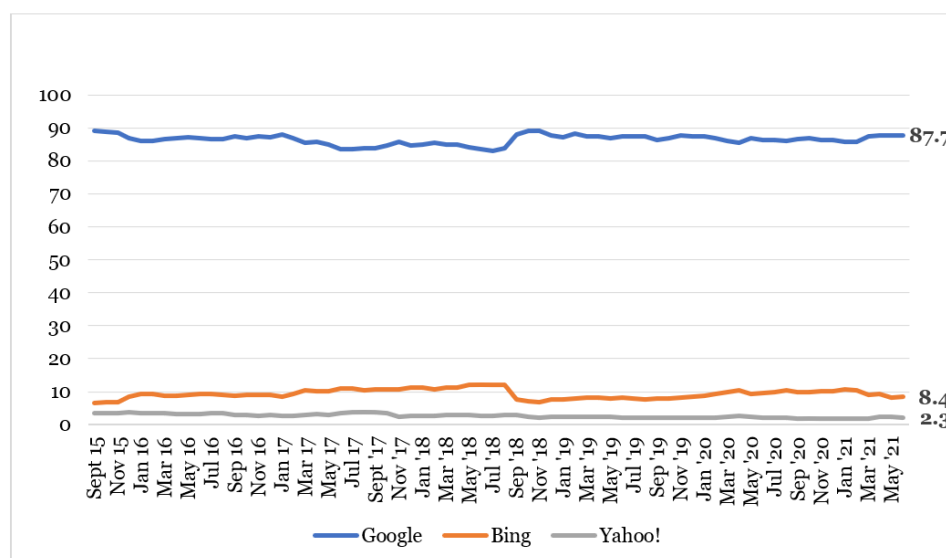
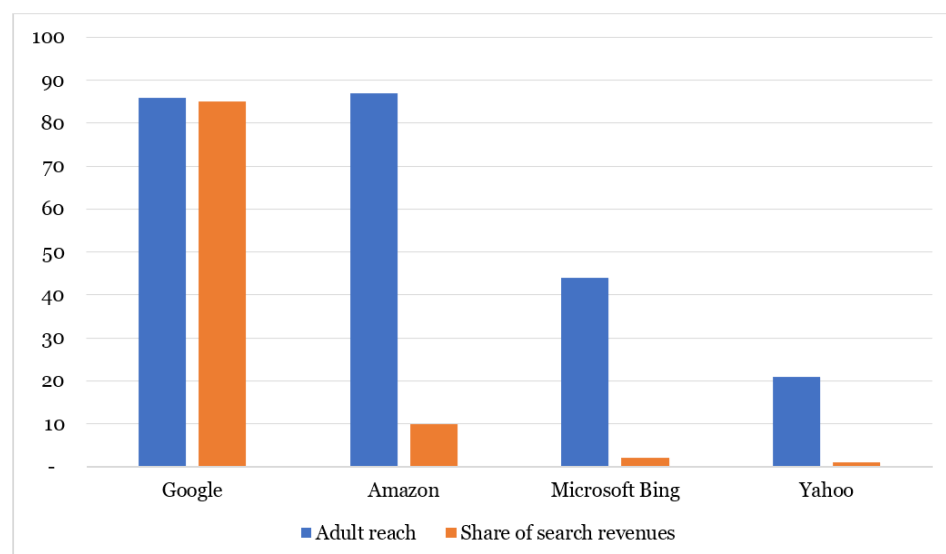


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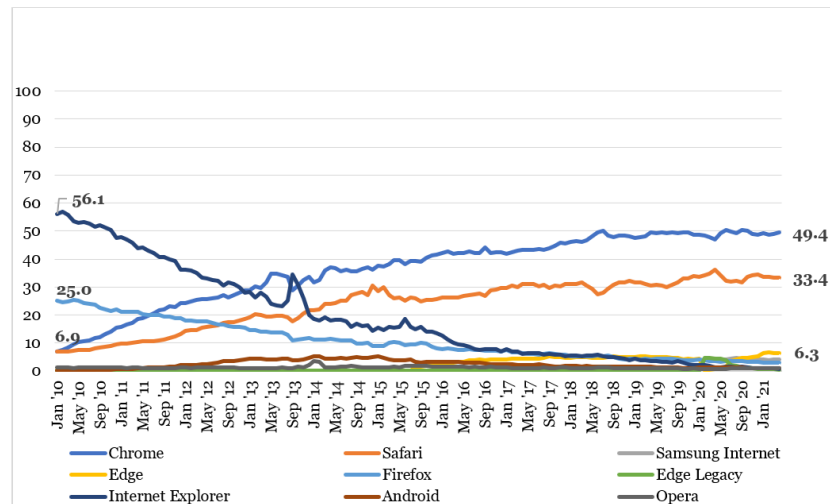


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Table 36. Market share of leading internet browsers (%), UK Jan 2010-Apr 2021

Source: StatCounter.

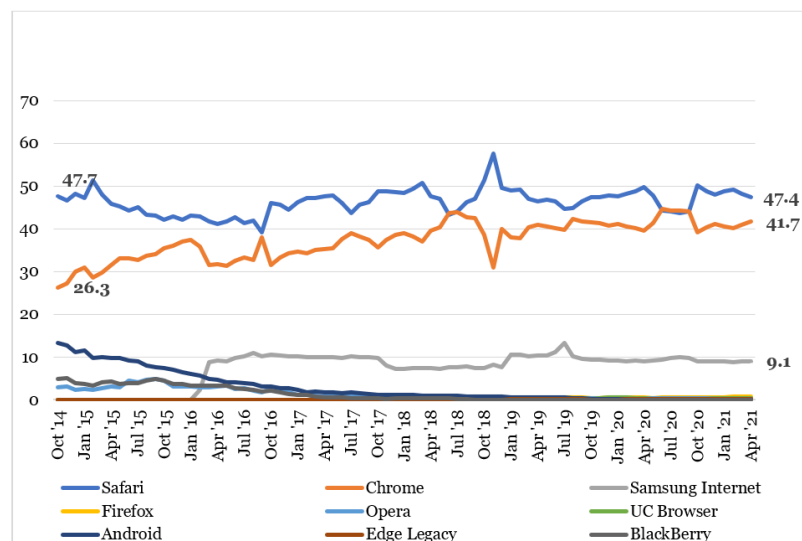
Note: data includes desktop, mobile, tablet and console devices



Despite the dominance of Apple's iOS and the power that gives Apple to promote Safari by making it the default browser for opening links, web pages in apps and so on, Google's Chrome browser has managed to increase its market share since 2015. This growth has been achieved by Google even though Samsung created its own browser app that comes preinstalled on Samsung's mobile devices running Android, which has eaten into Chrome's share on Android. Most likely, Chrome has gained an increasing share of iOS browser usage, despite Apple's efforts to direct users to Safari.

Table 37. Market share of leading mobile internet browsers (%), UK Oct 2014-Apr 2021

Source: StatCounter



The top ten most popular apps in the UK are dominated by Google (Alphabet) and Facebook, who own nine out of ten – the tenth being Amazon. YouTube has only marginally greater reach than Facebook, but the time spent on it per visitor per day is almost double. According to Ofcom's most recent *Media Nations* report, in 2020, across devices, YouTube on average accounted for 41 minutes out of 5 hours and 40 minutes of total daily video viewing by UK individuals of all ages, or 12% of the total. Among 16-34s, the figure was 23%.[9]

[9] Ofcom, *Media Nations: UK 2021*, 5 August 2021, p. 6, available online at: <https://www.ofcom.org.uk/research-and-data/tv-radio-and-on-demand/media-nations-reports/media-nations-2021>

Table 38. Top ten apps on iOS and Android, by mobile reach and time spent per adult visitor per day, UK adults 18+ September 2020

Source: Comscore Mobile Metrix (app only). Note: Alphabet is Google's parent company.

Rank	App owner	App	Reach (million)	Mobile adult reach	Time spent by visitor per day
1	Alphabet	YouTube	31.9	75%	31mins 56 secs
2	Facebook	Facebook	31.7	74%	16mins 56 secs
3	Facebook	WhatsApp	29.6	70%	7mins 36 secs
4	Alphabet	Google Search	23.9	56%	5 mins 37secs
5	Alphabet	Google Maps	22.5	53%	2mins 18secs
6	Facebook	Instagram	20.8	49%	6mins 45secs
7	Alphabet	Gmail	20.4	48%	4mins 8secs
8	Amazon	Amazon	19.2	45%	2mins 5secs
9	Alphabet	Google Play	18.4	43%	23secs
10	Facebook	Facebook Messenger	18.2	43%	15mins 46secs

Through WhatsApp and Facebook Messenger, Facebook dominates text-based messaging in the UK, reaching two-thirds and nearly half of UK adults respectively. No doubt partly due to the rise in video calling as a result of the pandemic, Microsoft Teams and Zoom each reach a substantial portion of the population – around a fifth each. Most other services are relatively marginal in their reach by comparison.

Table 39. Top online messaging and calling services by reach, UK adults 18+ September 2020

Source: Comscore MMX Multi-Platform

Rank	Communications services	Adult reach (million)	Online adult reach
1	WhatsApp	30.4	67%
2	Facebook Messenger	20.4	45%
3	Microsoft Teams	9.5	21%
4	Zoom	8.0	18%
5	Google Duo	3.3	7%
6	Skype	2.7	6%
7	Discord	2.3	5%
8	Viber	1.63	4%
9	Telegram	1.23	3%
10	Kik	770k	1.7%
11	Imo	733k	1.6%
12	Houseparty	703k	1.5%
13	Line	274k	0.6%
14	WeChat	240k	0.6%
15	Signal	137k	0.3%
16	Kakao	14k	0.1%

Email in the UK is dominated by Google's Gmail and Microsoft's Outlook, although Yahoo remains a significant presence.

Table 40. each of selected email sites/apps, UK adults 18+ September 2020

Source: Comscore MMX Multi-Platform

Rank	Email service	Adult reach (million)	Online adult reach
1	Google Gmail	27.9	61%
2	Outlook.com (Microsoft)	14.0	31%
3	Verizon (incl. Yahoo and AOL)	9.3	21%
4	Samsung mail app	5.0	11%
5	ParentMail (IRIS)	933k	2%
6	Mail.com	617k	1%

The use of social media sites and apps varies quite considerably across age groups. Snapchat and TikTok are markedly more popular among 16-24s than other age groups, with almost three-quarters of 16-24s using Snapchat compared to less than a quarter of 35-54s and almost no over-55s. Instagram and YouTube are also more popular among the young than the old – Instagram markedly so, whereas for YouTube the difference is smaller but still marked. Twitter and LinkedIn show much less difference in use across age groups, but they are less widely used than Instagram or YouTube overall. Facebook is by far the most widely used social media platform, even though it is now used more by the old than the young.

Table 41. Use of social media sites/apps by social media users – by age (%), UK adults 16+ 2020

Source: Ofcom Adults' Media Literacy Tracker. Respondents who said they had a profile or account on a social media site or app were asked, "Which social media sites or app have you visited?"

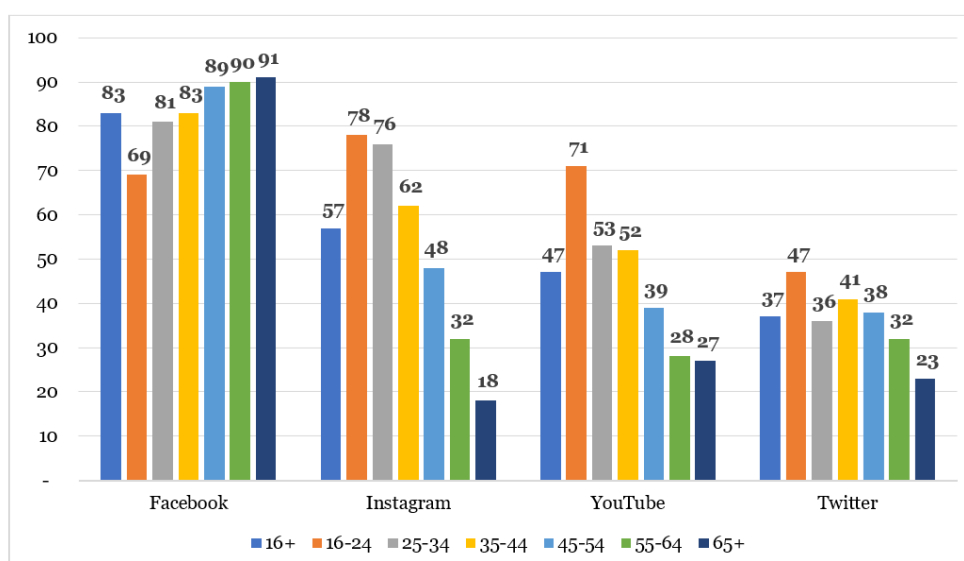
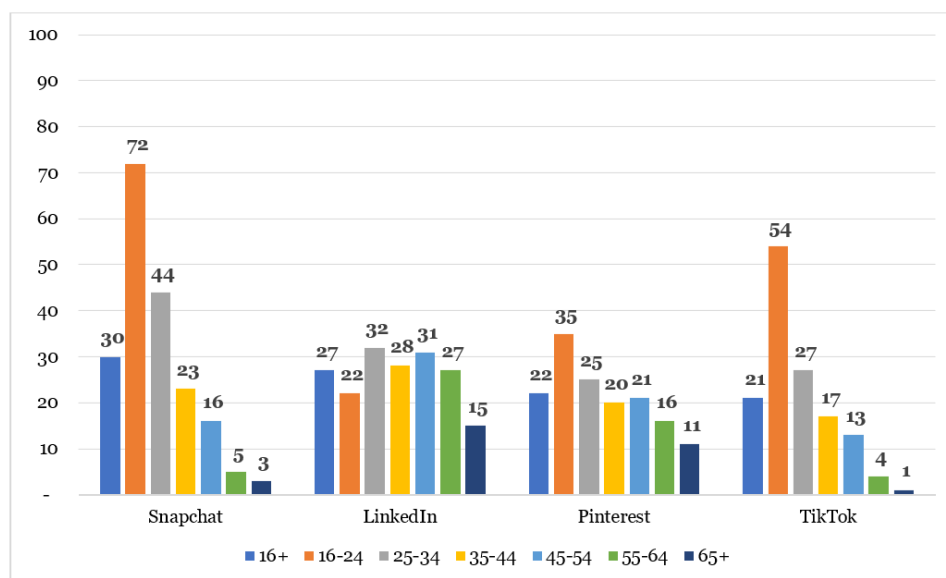


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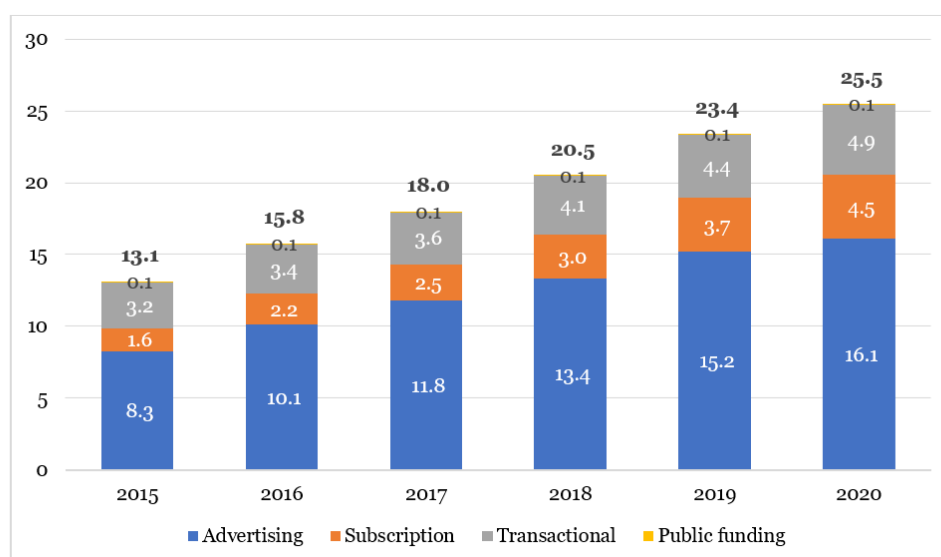


Revenue

The UK's online sectors are primarily funded by advertising, which according to Ofcom still accounted in 2020 for the two-thirds (63%) share of online revenue it did in 2015. What has changed over that period, however, is that transactional revenue has grown much more slowly than subscription revenue. Buying individual games, songs, albums or movies has been increasingly replaced by subscription gaming, VOD, music and other services. Apps are increasingly funded by subscription rather than one-off purchases. Subscriptions to services like online news and online dating have increased too.

Table 43. Estimated revenues of online sectors – by business model (£bn), UK 2015-2020

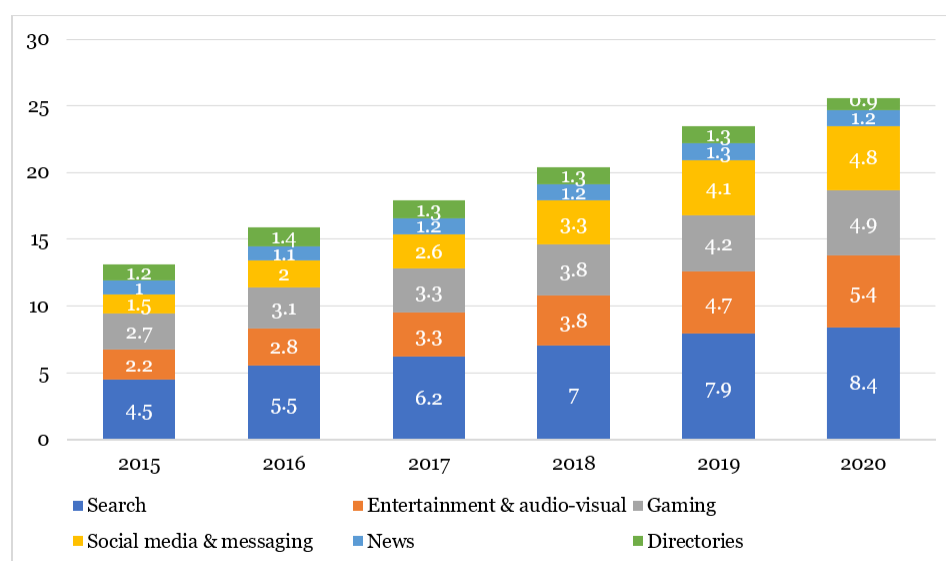
Source: Ofcom estimates and analysis.
Note: excludes e-commerce. Pre-2020 figures have been adjusted for CPI at 2020 prices.



Growth in the revenue of the UK's online sectors has been driven by social media & messaging, revenue from which has more than trebled since 2015, and entertainment & audio-visual media, which has more than doubled. The latter has grown faster than gaming, overtaking it between 2015 and 2020 to become the second-largest revenue category after search, which remains dominant.

Table 44. Estimated revenues of online sectors – by sector (£bn), UK 2015-2020

Source: Ofcom estimates and analysis.
Note: excludes e-commerce. Pre-2020 figures have been adjusted for CPI at 2020 prices.



Online entertainment and audio-visual media is increasingly dominated by paid-for video; in other words, by subscription video-on-demand services like Netflix, Amazon Prime Video, Disney+ and Now. Revenue from these has trebled in five years, as it has for free video (i.e. YouTube). Meanwhile, audio media revenue has doubled over the last five years as music streaming services like Spotify and Apple Music become increasingly popular, and as podcasts have started to take off too.

Social media revenues mostly came from non-video advertising in 2015 but now come mostly from video advertising, reflecting the growth of advertising on video-heavy sites like Instagram, Snapchat and TikTok as well as the increasing volume of video advertising on established platforms like Facebook and Twitter.

Table 45. Estimated shares of online entertainment and audio-visual media revenues - by media type (£m), UK 2015-2020

Source: Ofcom estimates based on data from various sources.
Note: Pre-2020 figures have been adjusted for CPI at 2020 prices.

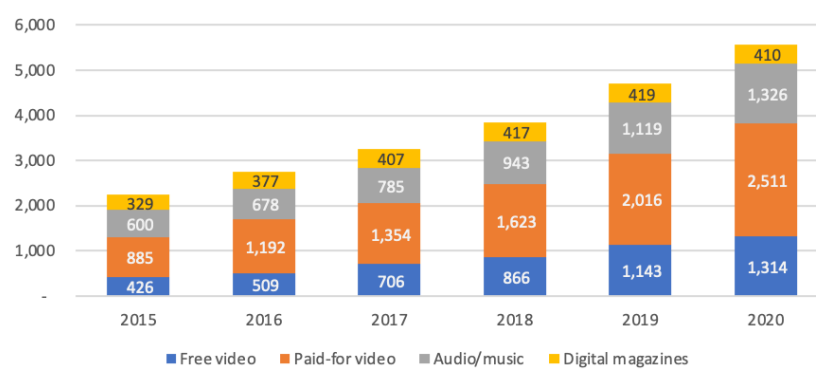
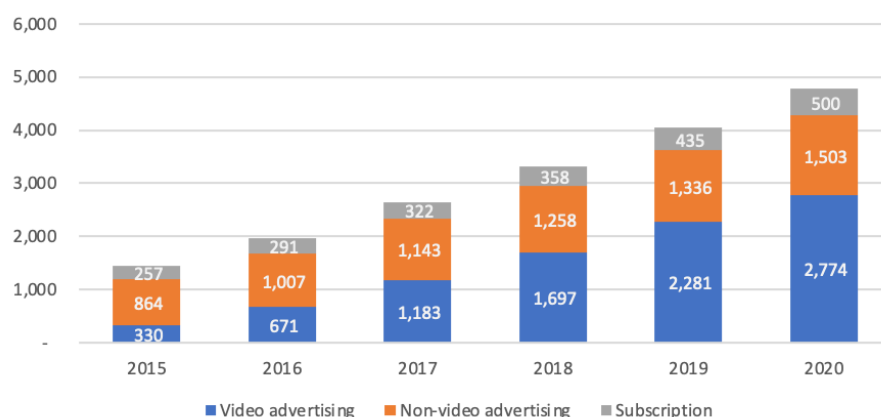


Table 45. Estimated social media revenues - by revenue stream (£m), UK 2015-2020

Source: Ofcom estimates based on data from various sources.

Note: Pre-2020 figures have been adjusted for CPI at 2020 prices.



PROFILES OF KEY PLAYERS

Internet & Mobile

Table 46. Services offered by internet and mobile companies

Company	Email service	Messaging & VoIP	Mobile ecosystems	Search	Social network & blog	Video & photo
Google	✓	✓	✓	✓	✓	✓
Apple	✓	✓	✓			✓
Facebook		✓			✓	
Microsoft	✓			✓		
Twitter					✓	
Snap Inc.		✓			✓	
ByteDance					✓	

Table 47. Internet and mobile tech company financial data (\$m), 2016-2020

Company	2016	2017	2018	2019	2020
Google					
Revenue	90,272	110,855	136,819	161,857	182,527
Operating income	23,737	26,178	27,524	34,231	41,224
Operating margin	26%	24%	20%	21%	23%
Apple					
Revenue	215,639	229,234	265,595	260,174	274,515
Operating income	60,024	61,344	70,898	63,930	66,288
Operating margin	28%	27%	27%	25%	24%
Facebook					
Revenue	27,638	40,653	55,838	70,697	85,965
Operating income	12,427	20,203	24,913	23,986	32,671
Operating margin	45%	50%	45%	34%	38%
Microsoft					
Revenue	91,154	96,571	110,360	125,843	143,015
Operating income	26,078	29,025	35,058	42,959	52,959
Operating margin	29%	30%	32%	34%	37%
Twitter					
Revenue	2,529	2,443	3,042	3,459	3,716
Operating income	(367)	38	453	366	26
Operating margin	-15%	2%	15%	11%	1%
Snap Inc.					
Revenue	404	825	1,180	1,715	2,506
Operating income	(520)	(3,486)	(1,268)	(1,103)	(862)
Operating margin	-129%	-423%	-107%	-64%	-34%

Google

Google is an American multinational technology company founded in 1998 by Larry Page and Sergey Brin. Today, Google is the dominant provider of search services, internet browsers, mobile operating systems and email markets in the UK, as well as the owner of YouTube – the dominant free video platform in the UK. As a result, Google is one of the two dominant players in the UK's online advertising market, along with Facebook. It accounts for 90% of online search advertising revenue in the UK.

Google has a nearly 90% share of online search in the UK, its Chrome browser is the leading internet browser across devices with roughly half of total browser usage, and its Android mobile operating system accounts for around half of all mobile devices in use in the UK. Of the top ten most widely used mobile apps in the UK, five belong to Google – more than any other company. YouTube is the most popular, used by 32 million UK adults. Indeed, YouTube accounted for 12% of all video viewing minutes across all devices in 2020, with users spending an average of 41 minutes a day on it. Google's Gmail is used by 28 million UK adults, twice the number who use the next most popular email client, Microsoft Outlook.

After a corporate restructuring in 2015, Google is now the subsidiary of a publicly-traded holding company, Alphabet Inc., whose other subsidiaries are focused on AI, robotics, health, autonomous driving and other 'moonshot' investments. Alphabet has a triple-class share structure. Class A 'normal' shares carry 1 vote per share, Class B shares carry 10 votes per share and Class C 'non-voting' shares carry no vote. Their ownership of 85.3% of the Class B shares mean that, although Larry Page and Sergey Brin own a small amount of Alphabet's equity (just over 10%), they have just over 51% of shareholder votes and are in effective overall control of the company, with, as Alphabet's most recent 10-Q filing puts it, the "ability to elect all of our directors and to determine the outcome of most matters submitted to a vote of our stockholders".[10] Eric Schmidt, Google's CEO between 2001 and 2011 and executive chairman of Google (2011-2015) and then Alphabet (2015-2017) owns 7.4% of Class B stock and so holds the next-largest share of votes after Brin and Page, with 4.5%.[11]

In the period between 2016 and 2020, Alphabet's global revenue doubled from \$90 billion to \$183 billion. Alphabet is currently the third-largest American company by market capitalization, at \$1.8 trillion, behind only Microsoft and Apple.

Google has had offices in the UK since 2003, and is currently building a new office at King's Cross for 4,000 employees. Google UK reported revenue of £1.8bn in the year ending June 30 2020 but the vast majority of Google's UK ad revenues are booked in Ireland, where tax is lower. Google's total annual UK ad revenue is estimated to stand at roughly £7-8 billion.[12] Google has a major lobbying presence in the UK, and the company routinely gives evidence to Parliamentary select committees on digital policy issues.

Apple

Apple Inc. is an American multinational technology company founded in 1976 by Steve Jobs, Steve Wozniak and Ronald Wayne. Today, Apple is the fourth-largest seller of personal computers, the fourth-largest smartphone manufacturer in the world, the largest company selling tech products in the world by revenue and, since January 2021, the world's most valuable company by market capitalisation. Apple's primary products are Mac personal computers, iPhones, iPads and now Apple Watches.[13]

[10] Alphabet Inc, 10-Q for the quarterly period ended June 30, 2021, Part II Item 1A: Risk factors, available online at: <https://www.sec.gov/Archives/edgar/data/1652044/000165204421000047/goog-20210630.htm>

[11] Larry Page owns stock worth 26.1% of votes, Sergey Brin 25.1%. See Alphabet Inc, Notice of 2021 Annual Meeting of Stockholders and Proxy Statement, 23 April 2021, p. 32, available online at:

https://www.sec.gov/Archives/edgar/data/0001652044/000130817921000256/lgoog2021_def14a.htm

[12] In April 2021, eMarketer estimated that Google would account for around 40% of an estimated £19bn in digital ad spending in the UK.

[13] Amazon has larger revenue than Apple (\$386 billion in 2020 compared to Apple's \$275 billion) but although it sells some digital services and some tech devices, its primary business is more general e-commerce. Amazon is considered a digital retail company rather than a 'pure' tech company.

Alongside these devices, which form the core of its business, Apple is increasingly seeking to generate revenue by selling subscription services. In addition to the revenue generated by Apple's commission on purchases made through its iOS and macOS app stores, Apple now sells subscriptions to Apple Music, its streaming service; Apple TV+, a SVOD service; Apple News+, a bundle of digital newspapers and magazines; Apple Arcade, a games bundle; Fitness+, which provides workouts, and iCloud, a cloud storage service. These services are available bundled together as Apple One.

Alongside these paid products and services, Apple provides a range of apps and services as part of its iOS and macOS operating systems: Messages, its messaging app; a Mail app, and iCloud email addresses; FaceTime, a voice and video calling app; Safari, its web browser; Photos, its video and photo storage and sharing app. Safari is the second most popular desktop internet browser and the most popular mobile browser in the UK, reflecting Apple's greater share of active mobile devices than of PCs, where Microsoft's Windows is still dominant.

Approximately half of all smartphone users in the UK have an iPhone. Since over 90% of the UK's adult population has a smartphone, that means nearly half of all UK adults have at least one Apple device. By contrast, Macs account for around 29% of desktop computers in the UK.

Apple Inc. is a publicly traded company with no single controlling overall shareholder and only one stock class (unusual among the biggest tech companies). Steve Jobs was the last of the company's three founders to work at the company, as CEO from 1997 until just before his death in 2011. Since then, the company has been run by Jobs's chosen successor, Tim Cook. Its market capitalisation currently stands at \$2.45 trillion. Apple's global revenue stood at \$275 billion in 2020, up by over a quarter on \$216 billion in 2016. Apple has a major sales presence in the UK, with 38 Apple stores – more than in any other country in Europe, and more than the combined total in the two European nations that come after the UK, France and Italy.[14] Nevertheless, the precise size of the revenue it generates in the UK is uncertain. Apple's two UK subsidiaries, Apple Retail UK and Apple UK, reported revenue of £1.1 billion and £372 million in 2020. However, this probably heavily underrepresents the total revenue Apple generates from UK sales of its devices and services, since Apple's total Europe-wide revenue in 2020 was \$69 billion and the number of Apple stores in the UK shows clearly that the UK is one of Apple's largest European markets, as does the fact that Apple has roughly half of the smartphone market in the UK – a larger market share than it has in any other European country.

Apple has for years funnelled its European sales revenue through an Irish subsidiary in order to avoid paying tax in the countries where its devices and services are bought. For this reason, in 2016 the EU's Commissioner for Competition, Margrethe Vestager, brought a case against Apple before the European Court of Justice that sought to require Ireland to collect €13 billion in unpaid taxes from the company, arguing that Apple had unfairly benefited from illegal state aid. In July 2020, the General Court ruled in Apple's favour.[15] In September 2020, Vestager announced that the European Commission would appeal the ruling.[16]

[14] Statista, "Number of Apple Stores in European countries, as of October 2020", available online at:

<https://www.statista.com/statistics/1041526/apple-store-numbers-european-countries/>

[15] Daniel Boffey, "Apple does not need to pay €13bn Irish tax bill, EU court rules" *The Guardian* 15 July 2020, available online at:

<https://www.theguardian.com/technology/2020/jul/15/apple-does-not-need-to-pay-13bn-irish-tax-bill-court-rules>

[16] Rory Carroll, "European commission to appeal against €13bn Apple tax ruling" *The Guardian* 25 September 2020, available online at:

<https://www.theguardian.com/technology/2020/sep/25/european-commission-appeal-against-apple-tax-ruling-ireland>

In March 2021, the UK's Competition and Markets Authority announced that it was launching an investigation into Apple following complaints of unfair and anti-competitive behaviour in the terms and conditions for app developers using its App Store.[17]

Facebook

Facebook is an American multinational social media company, now known as Meta, that was founded in 2004 by Mark Zuckerberg and four fellow Harvard students. Today, Zuckerberg is the only one of the five founders still involved with the company, which he runs as its CEO and owns a controlling voting stake in.

Facebook's primary product is its eponymous social networking site and app, the largest social networking site in the world. Facebook also owns Facebook Messenger and WhatsApp (having acquired the latter in 2014 for \$19.3 billion), two of the most popular messaging apps in the world, and Instagram, a popular photo and video sharing social networking site and app (acquired in 2012 for \$1 billion).[18]

Facebook has nearly 32 million users of its mobile app in the UK, as well as three other apps in the top ten most widely used apps in the UK: WhatsApp, Instagram and Facebook Messenger, used by 30, 21 and 18 million UK adults respectively. 83% of social media users in the UK use Facebook, a figure which rises to over 90% among social media users over the age of 65. Facebook's apps are also among the most heavily used in the UK. Facebook is a major means of news consumption online for much of the UK population.

Facebook has a dual-class share structure, where Class A stock have one vote each but Class B stock have ten votes each. Mark Zuckerberg owns 81.7% of Class B stock and controls 57.7% of total voting power, with fellow founders Dustin Moskovitz and Eduardo Saverin owning stock controlling 3.8% and 6.9% of the latter respectively.[19] Facebook's market capitalisation stands at just over \$1 trillion, making it the sixth-largest company in the world on that metric, behind Apple, Microsoft, Alphabet, Saudi Aramco and Amazon.

Facebook's global revenue has more than trebled in the years since 2016, to \$86 billion in 2020. The Competition and Markets Authority's 2020 investigation of the UK's digital advertising market found that Facebook received more than half of the £5.5 billion spent on online display advertising in the UK. Facebook's UK revenues therefore stand between £2-3 billion; however, only some of this revenue is booked by Facebook's UK subsidiary. For a number of years, Facebook has shifted profits to its Irish subsidiary in order to minimise the corporation tax it is required to pay, but at the end of 2020 it was reported that Facebook is winding up its Irish holding companies.[20]

[17] The inquire page is available online at: <https://www.gov.uk/cma-cases/investigation-into-apple-appstore>

[18] Facebook also attempted to buy Snapchat for a reported \$3bn in 2013, and it has also previously attempted to buy Twitter. See: Dominic Rushe, "Snapchat rejects \$3bn Facebook buyout" *The Guardian* 13 November 2013, available online at:

<https://www.theguardian.com/technology/2013/nov/13/snapchat-facebook-buyout-offer-rejected> Isabella Jibilian, "Facebook tried and failed multiple times to acquire a mystery competitor that wasn't Twitter or Snapchat, according to the FTC's new lawsuit" *Insider* 10 December 2020, available online at: <https://www.businessinsider.com/facebook-ftc-antitrust-mystery-competitor-tried-to-acquire-failed-2020-12>

[19] This includes 7.4% of Class B stock, worth 4.8% of total votes, which is owned by Dustin Moskovitz but over which Mark Zuckerberg holds an irrevocable proxy. See Facebook, "Notice of Annual Meeting & Proxy Statement" (for 2021), p. 61, available online at:

https://www.sec.gov/Archives/edgar/data/1326801/000132680121000022/facebook2021definitiveprox.htm#ic3434e614c6d4661abc9f5e608f438ab_755

[20] Julia Kollewe, "Facebook to close Irish holding companies at centre of tax dispute" *The Guardian* 27 December 2020, available online at: <https://www.theguardian.com/technology/2020/dec/27/facebook-to-close-controversial-irish-holding-companies>

Facebook has a substantial presence in the UK, employing over 4,000 people in a wide range of positions including product management, research, sales and marketing, communications and public policy. Nicola Mendelsohn, a British former advertising executive, is Facebook's vice president for Europe, the Middle East and Africa, while Nick Clegg, the former leader of the Liberal Democrats in the UK, has been Facebook's vice president for global affairs and communications since 2018.

Microsoft

Before the rise of mobile devices in the late 2000s and 2010s, Microsoft's role as the supplier of the Windows operating system for PCs made it the biggest and most important tech company in the world. It remains the world's largest company (by revenue) whose primary business is making software. Today, its main products are the Windows operating system, the Microsoft Office suite and cloud services, the social network for work LinkedIn (acquired in 2016 for over \$26 billion), the Azure cloud computing service, the Xbox video game console, and the Surface range of laptops, tablets and desktop PCs. Microsoft also maintains a search engine, Bing, and provides free e-mail accounts through Outlook.com (formerly MSN Hotmail and then Windows Live Hotmail). It also owns Skype and Teams, applications used for VoIP and video calls.

Windows is still the most popular operating system in the UK for desktop PCs, although its market share has been eroded over time by Apple's macOS. In the 2010s, Microsoft attempted to compete against Apple and Google on mobile devices, acquiring Nokia's mobile phone division and making both the hardware and the operating system for its own Windows Phone, but the product failed and Microsoft exited the smartphone market in 2016. During the same decade, Microsoft's failure in the mobile segment also contributed to the eclipse of Microsoft's Internet Explorer web browser (gradually replaced by Microsoft Edge after 2015) by Google's Chrome and Apple's Safari browsers. Microsoft's search engine Bing is the second most-used in the UK behind Google's, although its share of the market is still minor – around 8% compared to Google's 88%. Outlook.com is the second most popular email service in the UK after Google's Gmail, with 14 million users in the UK in late 2020, according to Ofcom. Skype is one of the more popular video calling services in the UK, although its reach is quite small – 2.7m in late 2020.

Microsoft does not have a dual class share structure: there is only one class of Microsoft stock, and shareholdings are relatively dispersed. Microsoft's largest shareholders are The Vanguard Group, Inc. (8.17% of shares) and BlackRock, Inc. (6.8%): two of the world's largest investment management companies, with around \$7 trillion and \$10 trillion assets under management respectively.[21] Microsoft's revenue and operating margin have both grown significantly over the past five years, with revenue increasing by 57% from \$91 billion in 2016 to \$143 billion in 2020, and its operating margin rising from 29% to 37% in that time.[22] After Steve Ballmer stood down as CEO in 2014 and was replaced by Satya Nadella, Microsoft has shifted away from attempting to compete with Google and Apple on mobile and towards making more revenue from selling software and services.

[21] Microsoft, "Notice of Annual Shareholders Meeting and Proxy Statement 2020" 19 October 2020, available online at: https://www.sec.gov/Archives/edgar/data/789019/000119312520272025/d31295ddef14a.htm#toc31295_27 For the assets under management of The Vanguard Group and BlackRock, see https://en.wikipedia.org/wiki/The_Vanguard_Group and <https://en.wikipedia.org/wiki/BlackRock>
[22] Revenue for 2021 was \$168 billion and operating income \$70 billion, meaning that Microsoft's operating margin has increased further still, to 42%.

Microsoft has five offices in the UK, in London (Paddington), Cambridge, Reading, Manchester and Edinburgh. Turnover of its UK subsidiary was £4 billion in 2020, just under 4% of its global revenue.

Twitter

Twitter is a social media and microblogging platform with around 192 million of what it calls ‘monetizable daily active users’ – its key reporting metric – across the globe. In the early 2010s, Twitter’s user numbers appeared to be on a similar trajectory to Facebook’s. However, since then, the two platforms’ trajectories have diverged considerably. Whereas Facebook has become one of the most widely used internet sites and apps in the world, and consequently one of the biggest tech companies globally by revenue and market capitalisation, Twitter has remained stuck at a much lower number of users, and it generates a small fraction – less than one twentieth – of Facebook’s annual revenue. Unlike Facebook, Twitter has not acquired other major social media platforms. Its sole product remains the Twitter platform.

Nevertheless, Twitter is an enormously important social media platform in many countries for news. The volume of news consumption on Facebook may be greater overall by virtue of its huge number of users, but Twitter’s short format and openness makes it the social media platform most suited to reporting and following breaking news, to reacting publicly to news and commentary, and to open debate – however variable the quality of that debate may sometimes be. Because of these qualities, not only all major news organisations are present on the platform but also many – indeed perhaps most – journalists in those countries where Twitter is popular, as are many of the public figures who feature in the news. Twitter is a place where public statements are made, and thus a place where news is created as well as reported. Donald Trump’s prolific use of Twitter was one high-profile example of this. As a result, Twitter is a magnet for those sections of the public most engaged with media, politics, sport and culture.

In the UK, Twitter has the third-largest reach among the major social media platforms, having been overtaken in the last five years or so by Instagram, but it is the second most popular after Facebook by site visits, reflecting a greater depth of average user engagement than Instagram. The use of Twitter is more even across different age groups than for its nearest rivals, Instagram and Snapchat, which are both much more youth dominated.

Twitter has a single class of stock and its three largest shareholders are The Vanguard Group (10.41%), Morgan Stanley and Morgan Stanley Investment Management, Inc. (8.05%) and BlackRock, Inc. (6.65%). Twitter’s CEO, Jack Dorsey, is one of the original founders of the platform and holds 2.26% of Twitter’s stock. Dorsey’s leadership of Twitter has been contentious, and in March 2020 activist investors made an abortive attempt to replace Dorsey and several other directors of the company before Dorsey reached an accommodation with them.[23]

[23] Dominic Rushe, “Twitter and activist investor agree on truce to keep Jack Dorsey as chief” *The Guardian* 9 March 2020, available online at: <https://www.theguardian.com/business/2020/mar/09/twitter-jack-dorsey-elliott-management-agreement>

Twitter's revenue is far smaller than that of the five big tech companies – Amazon, Apple, Facebook, Google and Microsoft – standing at \$3.7 billion in 2020, 47% more than in 2016. It is hardly the explosive growth many of the other companies have seen over the same period. Its market capitalisation currently stands at just over \$50 billion – far below the big five, whose valuations all stand in the \$1-2.5 trillion range. Indeed, even Snap Inc., whose revenues are smaller, has a market capitalisation over twice as large (\$119 billion).

Twitter has two offices in the UK, employing people in a wide range of roles. Twitter UK's primary activity is marketing and selling advertising on Twitter to UK advertisers, but it also provides design, development and support services to the wider company. Revenue in 2019 – the most recent year available – was £132 million, and the company had 237 UK employees, mostly in sales and marketing.[24]

Snap Inc.

Snap Inc., formerly Snapchat, is an American social media company founded in 2011 by Evan Spiegel, Bobby Murphy and Reggie Brown. The company's main product is the Snapchat social media platform, to which it has added Bitmoji – personalised stickers for messaging apps, and Spectacles: 'smartglasses' that record video for use on Snapchat and retail for \$380. Globally, Snapchat had 265 million daily active users by the end of 2020, up from 218 million at the end of 2019. Of those 265 million, 74 million (28%) were in Europe.[25]

In 2013, worried about the popularity Snapchat was achieving with younger users, Facebook tried to buy Snapchat for a reported \$3 billion.[26] In 2016, Google reportedly offered \$30 billion to buy the company. Both offers were turned down.[27] Snap Inc. went public in 2017 at an initial valuation of \$24 billion, the largest US-listed tech IPO since Facebook. Having failed to acquire Snap, Facebook retaliated against the competitive threat by copying a number of Snapchat's features on its apps, particularly Instagram.[28]

Snap Inc. has a triple-class share structure where Class A stock – the commonly traded stock – has no voting rights. 99.5% of voting capital stock is controlled by the company's two co-founders, Evan Spiegel and Bobby Murphy. Spiegel has slightly more, such that, as Snap's most recent annual report puts it, "Mr Spiegel alone can exercise voting control over a majority of our voting power. As a result, Mr Spiegel and Mr Murphy, or in many instances Mr Spiegel acting alone, have the ability to control the outcome of all matters submitted to our stockholders for approval". [29] Spiegel is the company's CEO, while Bobby Murphy is the company's Chief Technology Officer. Both are in their early thirties, and billionaires.

[24] Twitter UK Limited, *Annual Report: Financial Year Ended 31 December 2019*, p. 21, available online at: <https://find-and-update.company-information.service.gov.uk/company/07653064/filing-history>

[25] Snap Inc, *Annual Report 2020*, p. 46-48, available online at: <https://investor.snap.com/financials/sec-filings/default.aspx>

[26] John Shinal, "Mark Zuckerberg couldn't buy Snapchat years ago, and now he's close to destroying the company" *CNBC* 12 July 2017, available online at: <https://www.cnbc.com/2017/07/12/how-mark-zuckerberg-has-used-instagram-to-crush-evan-spiegels-snap.html>

[27] Alex Heath, "Insiders say Google was interested in buying Snap for at least \$30 billion last year" *Business Insider* 3 August 2017, available online at: <https://www.businessinsider.com/google-offered-to-buy-snapchat-for-at-least-30-in-early-2016-insiders-say-2017-8>

[28] Billy Gallagher, "Copycat: How Facebook Tried to Squash Snapchat" *Wired* 16 February 2018, available online at: <https://www.wired.com/story/copycat-how-facebook-tried-to-squash-snapchat/>

[29] Snap Inc, *Annual Report 2020*, p. 15-16

Snapchat is the fourth most popular social media platform in the UK, after Facebook, Instagram and Twitter. Among 16-24s, it is the second most popular after Instagram: according to the most recent Ofcom data, 72% of them use it. However, use falls off more rapidly with age than in the case of Instagram. In recent years, TikTok has begun to emerge as a major rival to Snapchat (and Instagram) among young people.

Snap Inc's revenue remains miniscule by the standards of the big five tech companies: 2020 revenue of \$2.5 billion equates to around 3% of Facebook's – the smallest of the big five. However, revenue is still growing rapidly: up by 620% since 2016, and 46% year-on-year. Snap Inc is running at a substantial loss, and has done continuously since its IPO, but the scale of its losses is declining: from a margin of minus 64% in 2019 to minus 34% in 2020. The company appears to be on a path to profit. Market capitalisation currently stands at \$119 billion.

Snap Inc.'s UK subsidiary is Snap Group Limited, which has an office in London and books Snap's advertising revenue from across Europe. The company employed 184 staff in 2019, of which over half were in sales and operations.

ByteDance

ByteDance is a Chinese multinational technology company founded by Zhang Yiming in 2012, most famous in the UK as the developer of TikTok, an increasingly popular social media platform where users record and share short-form, looped videos. Videos are typically light – jokes, dancing, pranks – but the platform is also used to express opinions. The platform was launched outside of mainland China in May 2017 and has since taken off to become one of the most popular social media platforms in the UK, and the fourth most popular among 16-24s – behind Facebook, Instagram and Snapchat but ahead of Twitter. As of July 2020, TikTok had 689 million global monthly active users.[30] ByteDance's total revenue stood at \$34.3 billion in 2020, an increase of 111% year-on-year.[31] The company aims to go public with an IPO on Hong Kong's stock exchange in late 2021 or early 2022.[32]

[30] Alex Sherman, "TikTok reveals detailed user numbers for the first time" *CNBC* 24 August 2020, available online at: <https://www.cnn.com/2020/08/24/tiktok-reveals-us-global-user-growth-numbers-for-first-time.html>

[31] "TikTok owner ByteDance sees its earnings double in 2020" *BBC News* 18 June 2021, available online at: <https://www.bbc.co.uk/news/business-57522368>

[32] "TikTok owner ByteDance aims for Hong Kong IPO by early 2022 – FT" *Reuters* 8 August 2021, available online at: <https://www.reuters.com/technology/tiktok-owner-bytedance-aims-hong-kong-ipo-by-early-2022-ft-2021-08-08/>

Telecommunications

Table 48. Telecommunications company financial data (£m), 2016-2020

Company	2016	2017	2018	2019	2020
BT Group plc					
Revenue	18,909	24,107	23,761	23,459	22,824
Operating profit	3,950	4,273	4,063	3,846	3,611
Operating margin	21%	18%	17%	16%	16%
Virgin Media					
Revenue	4,806	4,963	5,150	5,168	5,129
Operating profit	Not available	Not available	Not available	Not available	Not available
Operating margin	Not available	Not available	Not available	Not available	Not available
Sky					
	£m	£m	\$m	\$m	\$m
Revenue	12,445	12,997	19,814	19,219	18,594
Operating profit	1,569	1,473	Not available	Not available	Not available
Operating margin	13%	12%	Not available	Not available	Not available
TalkTalk					
Revenue	1,835	1,783	1,708	1,632	1,518
Operating profit/(loss)	38	95	(18)	47	197
Operating margin	2.1%	5.3%	-1.1%	2.9%	13.0%
Vodafone UK					
Revenue	8,428	6,925	7,078	6,272	6,484
Operating profit	Not available	Not available	Not available	Not available	Not available
Operating margin	Not available	Not available	Not available	Not available	Not available
Hutchison 3G UK (Three)					
Revenue	2,203	2,357	2,379	2,327	Not available
Operating profit	308	362	78	360	Not available
Operating margin	14%	15%	3%	15%	Not available

BT (including EE)

Formerly a state-owned utility, British Telecom was privatised in 1984 and renamed BT in 1991. Today, BT Group plc is a British multinational telecoms company and the largest provider of fixed-line, of broadband and, through EE, of mobile services in the UK, as well as pay-TV – BT TV and BT Sport – and internet services. It provides these services to both businesses and consumers, serving 1.2 million business and public sector organisations in the UK and the Republic of Ireland, and over 14 million households in the UK, making it the largest provider of consumer telecoms in the UK. As of June 2021, BT had just over 9 million broadband subscribers, therefore the company's share is around a third of the market. EE has around 32 million customers, making it the largest mobile network provider in the UK. BT has over 580 BT/EE retail stores in the UK and employs 80,400 full-time equivalent staff in the UK.

Openreach Limited is a fixed-line telecoms infrastructure company wholly owned by BT and responsible for installing and maintaining the UK's telecoms infrastructure used by telecoms providers including BT. Openreach was previously a division of BT, regulated so that rival telecoms operators had equal access to BT's network. In 2017, following a series of reviews by Ofcom which found competition problems with BT's control over Openreach, BT agreed to separate Openreach into a legally separate company; however, the company is still wholly owned by BT Group plc. The central issue was whether Openreach's decisions were being overly influenced by BT's commercial interests, rather than treating all its customers equally in the broader interest of the development and good maintenance of the UK's fixed-line infrastructure. Ofcom continues to keep Openreach's performance and independence under review through a dedicated Openreach Monitoring Unit.[33]

In 2013, in order to compete with its major rival Sky, BT launched its first TV channels, BT Sport, and began competing for Premier League and Champions' League sports rights (a major cause of Premier League rights inflation in the 2010s). In 2016, BT acquired the mobile network operator EE – the largest in the UK – for £12.5 billion.[34]

BT is a publicly traded company with no single dominant shareholder. Its two largest shareholders are the French multinational telecoms company Altice, founded by Patrick Drahi, which holds a 12.1% stake, and Deutsche Telekom, which has a 12.06% stake as a result of BT's 2014 acquisition of EE (Deutsche Telekom part-owned the latter and was paid partly in stock).

Sky

Formerly a publicly listed company, Sky has been a wholly owned subsidiary of the American multinational telecoms and entertainment giant Comcast since 2018. Sky operates in the UK, the Republic of Ireland, Germany, Austria, Switzerland and Italy. In the UK its primary products are pay-TV, fixed broadband connections, fixed and mobile phone services, sold to consumers and businesses. It is the UK's largest pay-TV broadcaster, and one of the largest in Europe.

[33] For more on why this happened, see Georgina Hutton and Sara Priestley, "BT and Openreach" *House of Commons Library* 11 January 2019, available online at: <https://commonslibrary.parliament.uk/research-briefings/cbp-7888/>

[34] Daniel Thomas and Arash Massoudi, "BT seals £12.5bn deal to buy EE" *Financial Times* 5 February 2015, available online at: <https://www.ft.com/content/9a74a0ec-ac6c-11e4-9aaa-00144feab7de>

Across Europe, Sky had 23.9 million subscribers at the end of 2020. Its revenue in 2020 was \$18.6 billion, of which the vast majority came from direct-to-consumer sales. Sky supplies the second highest number of broadband connections in the UK, after BT, with 22.5% of connections.

Sky's parent company, Comcast, is a publicly traded company with a revenue of over \$103 billion in 2020. Sky accounts for around 18% of Comcast's revenue. Comcast has a dual class share structure. The largest shareholders of Class A stock, worth 0.0622 votes per share, as of 10 March 2020 were The Vanguard Group (8.9% of Class A) and BlackRock (7.1%). There is only one holder of Class B stock, worth 15 votes per share: Brian Roberts, Comcast's CEO, who is the son of the company's founder, Ralph J. Roberts. Roberts's share equates to 33 1/3% of the combined voting power of the two classes of stock. This percentage is non-dilutable under the terms of the company's articles of incorporation.[35]

Virgin Media-O2

Until June 2021, Virgin Media was a wholly owned subsidiary of Liberty Global, at which time it merged with the mobile network operator O2, owned by Telefónica, in a deal worth £31 billion. [36] Virgin Media-O2 is a joint venture, half-owned by each of Liberty Global and Telefónica. The aim of the merger was to create a rival that can challenge BT, the UK's dominant telecoms provider in Britain.

Virgin Media is the third-largest provider of fixed broadband connections in the UK, after BT and Sky, with 20.4% of connections in 2020, having gained just under one percent of market share since 2016. Virgin Media is a major provider of gigabit-speed broadband through fibre optic cables to the premises (FTTP), offering gigabit speeds to over 8 million homes, more than half of the 15.5 million homes that its fixed network passes. Virgin Media O2 also accounts for a total of 47 million connections in the UK across broadband, mobile, TV and home phone, with 24 million mobile customers, making it the second biggest mobile network provider in the UK, after EE.[37] Virgin Media O2 employs around 18,000 people and has more than 430 retail stores in the UK.

Liberty Global is a publicly traded Anglo-Dutch-American multinational telecoms company with a triple-class share structure. Class A shares are worth one vote, Class B shares ten votes, and Class C shares are non-voting. There are seven holders of Class B shares, of whom the largest by far, with 70% of them, is John C. Malone, Liberty Global's chairman (and also the largest private landowner in the United States, owning upwards of 2.2 million acres, with personal wealth of over \$9 billion). Malone's combined holdings of Class A and Class B shares gives him 30.1% of voting power. The second highest number of shares of voting power are those of Harris Associates L.P., which owns 24.5% of Class A stock and holds 10.6% of overall voting power, and Michael T. Fries, Liberty Global's CEO, who owns 19.8% of Class B stock and 1.8% of Class A, giving him 9.1% of overall voting power. Other shareholders with significant voting power include Berkshire Hathaway (5.9%), Goldman Sachs (3.6%), Bill Gates (3.5%) and Robert R. Bennett – former CEO and president of Liberty Media (3.2%).[38]

[35] Comcast, *Notice of 2020 Annual Meeting of Shareholders of Comcast Corporation*, p. 4-5, available online at:

<https://www.sec.gov/Archives/edgar/data/1166691/000119312520118504/d781322ddef14a.htm>

[36] Nic Fildes, "Newly merged Virgin Media O2 'ready to fire' at incumbent BT" *Financial Times* 1 June 2021, available online at:

<https://www.ft.com/content/9329ed0e-6ba4-46ed-992c-2b9538507e36>

[37] <https://news.virginmediao2.co.uk/about-us/> and <https://news.virginmediao2.co.uk/investors/>

[38] Liberty Global, *Notice of Annual General Meeting of Shareholders to be Held June 16, 2021*, p. 17-18, available online at:

https://libertyglobal.gcs-web.com/node/26611/html#toc31532_18

Telefónica is a publicly traded Spanish multinational telecoms company, one of the largest telephone and mobile network operators in the world. The three shareholders with the largest shares of total voting rights are Banco Bilbao Vizcaya Argentaria BBVA (4.96%), CaixaBank, S.A. (4.7%) and BlackRock Inc. (4.68%).[39]

Talk Talk

TalkTalk Telecom Group plc was originally created as a subsidiary of the Carphone Warehouse in 2003 before being demerged into a standalone company in 2010. The company provides pay-TV, broadband, and fixed telephony services to businesses and consumers in the UK. Until 2018 it provided mobile network services before exiting that market. TalkTalk is the fourth largest supplier of broadband connections in the UK, after BT, Sky and Virgin Media, with around 10% in 2020 – although its market share has declined considerably since 2013, when it stood at 15.7%.

For some years, TalkTalk was a publicly listed company but in December 2020 it offered £1.1 billion to its shareholders to take the company private, which came from Toscafund – a hedge fund, and the company's second-largest shareholder. The bid was endorsed by TalkTalk's largest shareholder, Sir Charles Dunstone, who originally founded the Carphone Warehouse. The company's shareholders approved the offer in March.[40] Dunstone has donated to both Labour and the Conservatives in the past. He publicly backed the Labour Party under Tony Blair before resigning from the party after it moved leftwards in the 2010s.[41]

Dido Harding, TalkTalk's CEO, was given a peerage by her friend David Cameron when he was Prime Minister in 2014. She later stood down in 2017 after TalkTalk experienced a cyber-attack in which the personal and banking details of up to four million of its customers may have been accessed. An investigation by the Information Commissioner's Office found that TalkTalk had not taken sufficient measures to protect its customers' data. The ICO report said "For no good reason, TalkTalk appears to have overlooked the need to ensure it had robust measures in place despite having the financial and staffing resources available." [42] The company was issued with the ICO's largest ever fine – £400,000. In May 2020, the Health Secretary Matt Hancock announced that Harding was to be put in charge of the NHS Test and Trace programme, having served since 2017 as the chair of NHS Improvement, a non-departmental body responsible for overseeing the NHS's foundation trusts, NHS trusts and independent providers of NHS-funded care. These appointments were criticised as cronyism.[43]

[39] <https://www.telefonica.com/en/web/shareholders-investors/share/significant-shareholdings>

[40] Alex Ralph, "TalkTalk investors say yes to takeover by Toscafund" *The Times* 2 March 2021, available online at: <https://www.thetimes.co.uk/article/talktalk-investors-say-yes-to-takeover-by-toscafund-sw973z93w>

[41] Christopher Hope and Steven Swinford, "Tony Blair's former business backer Sir Charles Dunstone 'frightened' by Ed Miliband winning election" *The Telegraph* 5 February 2015, available online at: <https://www.telegraph.co.uk/news/politics/11394001/Tony-Blairs-former-business-backer-Sir-Charles-Dunstone-frightened-by-Labour-winning-election.html>

[42] Information Commissioner's Office, "TalkTalk cyber attack – how the ICO's investigation unfolded" 15-21 October 2015, available online at: <https://ico.org.uk/about-the-ico/news-and-events/talktalk-cyber-attack-how-the-ico-investigation-unfolded/>

[43] Ashleigh Furlong and Charlie Cooper, "Britain's new health boss Dido Harding sparks cries of cronyism" *Politico* 22 August 2020, available online at: <https://www.politico.eu/article/the-businesswoman-leading-britains-mid-pandemic-shakeup-of-public-health/>

Vodafone

Vodafone Group plc is a British multinational telecoms company, one of the largest mobile network operators in the world, owning and operating networks in 21 countries and with partner networks in a further 48. The UK is one of Vodafone's largest markets, accounting for 13% of Vodafone's overall revenue – only Germany accounts for more (31%).^[44] Vodafone's primary business is selling mobile phone and internet services, with 65.4 million mobile contract customers across Europe, but it also has 25.6 million broadband customers across the continent, although only 1.1 million of the latter in the UK.^[45] In total it has over 18 million UK mobile and fixed line customers, making it the third-largest mobile network provider in the UK after EE and O2.^[46] Vodafone employs around 8,500 people in the UK. Vodafone is a publicly traded company with one class of stock. Its largest shareholders are BlackRock (4.32%), Norges Bank Investment Management (3.05%) and The Vanguard Group (2.75%).

Hutchison 3G UK Limited (Three)

Hutchison 3G UK Limited ('3 UK') is the UK subsidiary of CK Hutchison Holdings, a Hong Kong-based multinational conglomerate with core businesses in ports and related services, retail, infrastructure and telecoms. CK Hutchison Group Telecom Holdings Limited, incorporated in the Cayman Islands, manages telecoms businesses in the UK, Italy, Sweden, Denmark, Austria and Ireland through 3 Group Europe. As of June 2021, 3 Group Europe has around 44 million registered mobile customers, of whom 38 million are active customers. 3 UK serves around 13 million registered customers, of whom around 10 million are active customers. ^[47]

Three is the fourth-largest provider of mobile network services in the UK, launching in March 2003 as the UK's first commercial 100% 3G network. Three's parent company attempted to acquire O2's UK operations for around £10 billion in 2015 but the European Commission blocked the acquisition on the grounds that it would be detrimental to competition in the UK's telecoms market.^[48]

CK Hutchinson Holdings was formed by a merger of Cheung Kong Holdings and its main associate company Hutchison Whampoa in 2015. The company is listed on the Hong Kong stock exchange. It has only one class of stock, but the largest shareholder by far is the family of Li Ka-shing, a Hong Kong business magnate and investor, which holds 30.1% of stock. (The next-largest shareholder is The Vanguard Group, which holds 1.7%.) Li Ka-shing is one of the wealthiest people in the world, and the richest person in Hong Kong with net assets of US \$35.4 billion.^[49] He was chairman of the board of CK Hutchison Holdings until he resigned in 2018. He remains senior advisor to the company.

[44] Vodafone, *Annual Report 2021*, p. 24, available online at:

<https://investors.vodafone.com/sites/vodafone-ir/files/2021-05/vodafone-annual-report-2021.pdf>

[45] Vodafone, *Annual Report 2021*, p. 14, 25

[46] <https://newscentre.vodafone.co.uk/about-us/vodafone-uk-in-numbers/>

[47] https://www.ckhutchisontelecom.com/en/business/our_businesses.php See also Hutchison 3G UK Limited, *Annual Report and Financial Statements: For the Year Ended 31 December 2019*, p. 5, available online at:

<https://find-and-update.company-information.service.gov.uk/company/03885486/filing-history>

[48] "EU blocks Three's takeover of O2" *BBC News* 11 May 2016, available online at: <https://www.bbc.co.uk/news/business-36266924>

[49] <https://www.forbes.com/hong-kong-billionaires/#31603f8e3e46>

TECHNOLOGY & GOVERNMENT

The Parliament at Westminster has generally been slow to recognise the existence of important digital issues requiring public policy intervention. In the past, this has no doubt been partly due to some degree of digital illiteracy – the average age of members of the House of Commons is 51; in the House of Lords the average is 70.[50] Another probable factor has been the generally free-market, ‘light-touch’, deregulatory direction of state policy since the 1980s. The last major piece of communications legislation – the 2003 Communications Act passed by Tony Blair’s New Labour government – was mostly deregulatory in intent and effect. There have been minor bills since then, but no major new piece of legislation. The UK does not have a dedicated regulator for the internet. Ofcom is tasked with regulating the UK’s telecoms infrastructure, but it does not – yet – have a formal remit to regulate the internet.

This section of this report will consider some of the main issues that have emerged as a result of the development of digital technology and platforms, and the companies that provide them, in the UK.

Broadband Rollout: Superfast and Full Fibre

As already shown above, the UK has one of the lowest rates of full-fibre broadband rollout in Europe. This is due to the fact that a conscious policy decision was taken by government in the 2010s to quickly achieve the rapid, universal rollout of superfast broadband (30 Mbps or more) across the UK. Doing so would only require rolling out fibre optic technology to local street cabinets, so-called ‘fibre-to-the-cabinet’ (FTTC) and not also from the cabinet to individual households, ‘fibre-to-the-premises’ (FTTP). FTTC then uses the existing, slower copper telephone wires that run from the cabinet to the premises. This copper telephone network is owned and operated by Openreach, the subsidiary of BT, and broadband retail providers deliver broadband services to consumers using Openreach’s network.

FTTP might deliver much faster speeds, but it was decided that it would be more costly, take longer to roll out and require bigger public subsidies to cover the cost of laying cables in sparsely populated rural areas. In the first half of the 2010s, broader government policy was one of cutting public spending – ‘austerity’. Public investment was one of the first things cut drastically by the Coalition government that took power in May 2010 – a 40% real terms cut.[51] In this fiscal context, substantial new public investment in rolling out FTTP across the country was unlikely. Superfast rollout would be quicker and cheaper.

[50] Christopher Watson, “House of Commons trends: The age of MPs” *House of Commons Library* 3 November 2020, available online at: <https://commonslibrary.parliament.uk/house-of-commons-trends-the-age-of-mps/> For the House of Lords, see: <https://www.parliament.uk/about/faqs/house-of-lords-faqs/lords-members/>

[51] John Van Reenen, “Austerity in the UK: past, present and future” *LSE Politics and Policy Blog* 11 March 2015, available online at: <https://blogs.lse.ac.uk/politicsandpolicy/austerity-past-present-and-future/>

In 2010, the government announced a superfast broadband rollout programme that, in its first phase, would use £530 million of public funding to ensure 90% of UK premises could access superfast broadband by early 2016 and all UK premises could access basic broadband (2 Mbps or more) by December 2015. In June 2016 Ofcom confirmed the first target had been met, but still in July 2017 115,000 UK premises (0.5% of the total) could not access basic broadband. The second phase of the programme would use an extra £250 million of government funding to extend superfast coverage to 95% of premises by the end of 2017. Ofcom confirmed that this target was met by February 2018. Phase three of the programme – the rollout of superfast broadband to the remaining 5% of (mostly rural) premises – had no new funding attached and no targets for when universal coverage would or should be achieved. In October 2020 a National Audit Office report found that the government now expects contracts for the remaining delivery of superfast coverage to run until 2024, four years longer than originally planned. Total government money committed to the programme was £780 million. As of August 2020, the total funding spent by the government was £719 million, supplemented by an additional £1.2 billion spend by local bodies, for total public funding of £1.9 billion over the decade or so.[52] The result of this government policy was that in 2019, the most recent year for which Europe-wide comparisons are available, the UK had 95% superfast coverage, well above the EU average of 83%. However, it had only 57% coverage with speeds above 100 Mbps compared to an EU average of 68% and 9% coverage above 1 Gbps compared to an EU average of 32%.

One criticism of the superfast rollout programme was that the easiest-to-reach premises were tackled first, and that public funding did not sufficiently focus on the areas least likely to be targeted by private investment. As a result, many hard-to-reach areas were either connected very late on in the programme or have remained left behind. Even the most recent coverage data from Ofcom indicates that whereas only 3% of urban premises lack access to superfast broadband, the figure for rural premises is 20%. Average monthly broadband data use in the UK was 429 GB in 2020, fourteen times larger than the 30 GB average in 2013. The rapid rise of use is being driven by online video streaming and video calls. It has become increasingly clear over the last several years that, relatively soon, superfast broadband will be inadequate to the needs of many UK internet users. In the 2018 Future Telecoms Infrastructure Review (FTIR), the then-government shifted its policy goal to prioritise the rollout of gigabit-capable broadband.[53] At the 2019 election, all the main politics parties were committed to significantly upgrading the UK's digital infrastructure.

The current Conservative government has identified the delivery of gigabit-capable broadband as a major part of its 'levelling up' agenda. In its December 2019 general election manifesto, the Conservatives committed to delivering nationwide gigabit-capable broadband by 2025. In late November 2020, the government's National Infrastructure Strategy included a commitment to spend £5 billion to support UK-wide gigabit broadband rollout, and a Shared Rural Network extending 4G mobile coverage to 95% of the UK. However, less than a month later in the Spending Review 2020, it emerged that the government was only committing to spend a total of £1.2 billion of this '£5 billion commitment' by 2025. The government's target is now only for 85% coverage by 2025, and majority 5G coverage by 2027. In December 2020 a report by the House of Commons Digital, Culture, Media and Sport Select Committee concluded that "*even meeting the revised target will be a challenge*".[54]

[52] For more on the superfast broadband programme, see Carl Baker and Georgina Hutton, "Superfast broadband in the UK" *House of Commons Library* 4 March 2021, available online at: <https://commonslibrary.parliament.uk/research-briefings/sn06643/>

[53] Department for Digital, Culture, Media and Sport, *Future Telecoms Infrastructure Review* 23 July 2018, available online at: <https://www.gov.uk/government/publications/future-telecoms-infrastructure-review>

[54] House of Commons Digital, Culture, Media and Sport Committee, *Broadband and the road to 5G – Fourth Report of Session 2019–21*, 17 December 2020, p. 3, available online at: <https://committees.parliament.uk/work/89/broadband-and-the-road-to-5g/publications/>

Gigabit coverage is currently expanding rapidly. It is now available to 37% of UK homes (11 million), driven largely by the rollout of Virgin Media's DOCSIS3.1 cable technology, way up from 9% in 2019.[55] Full fibre deployment is now at 21% (just under 6 million homes). The government has forecast that 60% of the UK will have access to gigabit broadband by the end of 2021.[56] Nevertheless, the UK is still considerably behind where many other European countries already were two years ago.

Three questions remain. First, is even the government's revised target of 85% coverage by 2025 realistic? The Commons Select Committee identified some reasons for scepticism. For example, the build rate of full-fibre services achieved between May 2019 and May 2020, during which 1.8 million premises were connected, would have to be increased threefold in order to connect the remaining 22 million required to meet the government's revised target by 2025.[57] There are a range of barriers to achieving this rate, including a lack of enough telecoms engineers unless the government takes steps to ensure a sufficient supply of skilled labour, either through training or immigration.[58]

Second, when will the hardest-to-reach parts of the UK – the parts it is least profitable for private sector broadband providers to connect – get access to gigabit-capable broadband? In revising its target for 2025 down to 85% of UK premises, the government has not offered any estimate of when after 2025 the final 15% of households – most likely to be rural and remote ones – could expect to be connected. The question is compounded by doubts about whether even the £5 billion originally committed to connecting the 20% of premises most difficult to connect would actually be sufficient to achieve that purpose. The FTIR estimated that connecting the final 10% of premises would cost between £3-5 billion.

Third, achieving widespread gigabit-capable coverage is not the same as widespread take-up of gigabit-capable connections. Even if the government's target of 85% coverage by 2025 was achieved, would connections be available at affordable enough prices? At the moment, a superfast broadband connection costs upwards of £25 a month, whereas a gigabit connection usually costs upwards of £60 a month. There is the potential for increasing inequality of connection speeds across the country, due not only to the uneven rollout of coverage but also to unequal incomes and abilities to pay. The UK has 14.5 million people in poverty, including 4.3 million children.[59] Will they be able to afford gigabit broadband? Can they afford the kinds of devices that would allow them to take full advantage of it? Moreover, levels of consumer take-up will have an impact on the level of private sector investment: there is no profit in rolling out infrastructure that relatively few people are prepared to pay to use. So far, the take-up of gigabit connections has remained low. In December 2020, Ofcom estimated that around 25% of consumers with access to full fibre take it up, whereas 60% of premises with access to superfast do so.[60]

[55] Ofcom, "Connected Nations Update: Spring 2021" 12 May 2021, p. 1, available online at:

https://www.ofcom.org.uk/_data/assets/pdf_file/0028/218881/Connected-Nations-Spring-Update-2021.pdf

[56] Department for Digital, Culture, Media and Sport, "PM and Digital Secretary welcome broadband jobs boom" 1 April 2021, available online at: <https://www.gov.uk/government/news/pm-and-digital-secretary-welcome-broadband-jobs-boom>

[57] House of Commons Digital, Culture, Media and Sport Committee, *Broadband and the road to 5G – Fourth Report of Session 2019-21*, p. 19

[58] For more on policy reforms required to assist the rollout of gigabit infrastructure, see part five of Carl Baker and Georgina Hutton, "Gigabit-broadband in the UK: Government targets and policy" *House of Commons Library* 30 April 2021, p. 20, available online at:

<https://commonslibrary.parliament.uk/research-briefings/cbp-8392/> For more on the programme, see also Georgina Hutton, "Gigabit-broadband in the UK: Public funding" *House of Commons Library* 2 September 2021, available online at:

<https://commonslibrary.parliament.uk/research-briefings/cbp-9207/>

[59] Poverty is defined as people in 'relative low income' – living in households with income below 60% of the median income that year, after housing costs. See Brigid Francis-Devine, "Poverty in the UK: statistics" *House of Commons Library* 31 March 2021, available online at:

<https://commonslibrary.parliament.uk/research-briefings/sn07096/>

[60] Carl Baker and Georgina Hutton, "Gigabit-broadband in the UK: Government targets and policy", p. 27

Tax Avoidance by Major Tech Companies

Tax avoidance is increasingly recognised as a major issue around the world. International efforts to tackle tax avoidance are ongoing. In the UK, the small amounts of tax paid by major tech companies who generate billions of pounds of revenue in the UK each year have often been a focus of media attention, public anger and political inquiry. One of the first flashpoints was Google's tax affairs, which came under scrutiny over several years by the influential House of Commons Public Accounts Committee. In its first report on the subject, published in 2013, the Committee estimated that, between 2006 and 2011, Google generated \$18 billion revenue in the UK but paid just \$16 million of UK corporation taxes even though Google's global operating profit in the period was substantial. The Committee found Google's defence of this discrepancy unconvincing:

"Google defends its tax position by claiming that its sales of advertising space to UK clients take place in Ireland—an argument which we find deeply unconvincing on the basis of evidence that, despite sales being billed from Ireland, most sales revenue is generated by staff in the UK. It is quite clear to us that sales to UK clients are the primary purpose, responsibility and result of its UK operation, and that the processing of sales through Google Ireland has no purpose other than to avoid UK corporation tax. This elaborate corporate construct has damaged Google's reputation in the UK and undermined confidence in the effectiveness of HMRC. In contrast to evidence given to us previously, Google has also conceded that its engineers in the UK are contributing to product development and creating economic value in the UK."

However, the Committee concluded the problem went much further than Google.

"International tax rules are complicated and have not kept pace with the way businesses operate globally and through the internet. ... it is far too easy for companies to exploit the rules and set up structures in low-tax jurisdictions, rather than pay tax where they actually conduct their business and sell their goods and services. We are also particularly concerned about the out-of-date tax frameworks covering international internet based commerce which rely on a fully automated process."[61]

In 2016, Google announced that it had reached an agreement with Her Majesty's Revenue and Customs (HMRC) to pay an additional £130 million in corporation tax covering the period between January 2005 and June 2015, after a six-year investigation by HMRC. The Public Accounts Committee published a second report on Google, examining this deal, in 2016. The Committee concluded that *"The lack of transparency about tax settlements makes it impossible to judge whether HMRC has settled this case for the right amount of tax. Taxpayers' legal right to confidentiality means that HMRC cannot explain how it has arrived at this or other settlements, or demonstrate that the rules have been applied correctly."* But it was unequivocal that Google was avoiding tax:

[61] House of Commons Committee of Public Accounts, *Tax Avoidance—Google – Ninth Report of Session 2013-14*, 13 June 2013, p. 5-6, available online at: <https://publications.parliament.uk/pa/cm201314/cmselect/cmpubacc/112/112.pdf>

“Multinational firms such as Google have made a choice to avoid tax, despite any claims they make to the contrary. Google told us that international tax rules are complex and that it just follows them. This is disingenuous. There is nothing in the rules that says you must set up two companies in Ireland and send large royalty payments, via the Netherlands, to a company that is tax resident in Bermuda. Multinational companies seem to be able to control how much corporation tax they pay in each country by the way they structure their business and allocate profits between their overseas entities. The fact that companies can do this within the rules shows that the corporation tax system is in urgent need of reform.”

The Committee also registered its concern that HMRC appeared “to have settled for less corporation tax from Google than other countries are willing to accept,” despite the UK being Google’s second largest market after the US and contributing around 10% of Google’s worldwide revenue in 2015.[62]

Nevertheless, after the settlement Google continued to engage in tax avoidance through elaborate profit shifting manoeuvres.[63] At the start of 2020, it announced it would no longer use the ‘Double Irish, Dutch sandwich’ tax loophole, following a crackdown from Irish tax authorities (under pressure from the European Union) and a requirement from US authorities for companies to end their use of the system by the end of 2020. The loophole had allowed Google to enjoy an effective tax rate on non-US profits in the single digits, estimated at around a quarter the average tax rate in overseas markets.[64] Nevertheless, Google has continued to pay a relatively low amount of corporation tax: £50 million in 2020 despite Google UK posting revenues of £1.8 billion, itself only a fraction of the roughly £7-8 billion of UK advertising revenue Google is estimated to account for.[65]

Google is by no means the only tech giant to have engaged in tax avoidance. In 2015 it was reported that in 2014 Facebook paid only £4,327 in corporation tax in the UK. Facebook made an accounting loss of £28.5 million in the UK that year, despite making a global profit of \$2.9 billion on revenue of \$12.5 billion (a margin of 23%).[66] In 2016 it was announced that Facebook could pay millions of pounds more in UK tax after changing its corporate structure in Europe, invoicing large UK customers from Facebook UK rather than Facebook Ireland.[67] However, the following year it became clear that in 2016 Facebook’s UK operations had only actually paid £5.1 million in corporation tax (£2.58 million after deductible expenses) even though its revenue rose to £842 million. In 2019, it was reported that Facebook had paid only £28 million corporation tax on UK revenues of £1.6 billion in 2018. Facebook UK said that 12% of its sales were converted to profits – compared to a global average for the company of 44%. [68]

[62] House of Commons Committee of Public Accounts, Corporate tax settlements – *Twenty-fifth Report of Session 2015-16*, 24 February 2016, p. 4-7, available online at: <https://publications.parliament.uk/pa/cm201516/cmselect/cmpubacc/788/788.pdf>

[63] Reuters, “Google shifted \$23bn to tax haven Bermuda in 2017, filing shows” *The Guardian* 3 January 2019, available online at: <https://www.theguardian.com/technology/2019/jan/03/google-tax-haven-bermuda-netherlands>

[64] Edward Helmore, “Google says it will no longer use ‘Double Irish, Dutch sandwich’ tax loophole” *The Guardian* 1 January 2020, available online at: <https://www.theguardian.com/technology/2020/jan/01/google-says-it-will-no-longer-use-double-irish-dutch-sandwich-tax-loophole>

[65] Chris Newlands, “Google UK pays just £50m of tax on revenues totalling £1.8bn, while staff are paid almost £1.25bn” *i* 21 April 2021, available online at: <https://inews.co.uk/news/google-uk-pays-just-50m-of-tax-on-revenues-totalling-1-8bn-966557>

[66] Heather Stewart, “Facebook paid £4,327 corporation tax despite £35m staff bonuses” *The Guardian* 11 October 2015, available online at: <https://www.theguardian.com/global/2015/oct/11/facebook-paid-4327-corporation-tax-despite-35-million-staff-bonuses>

[67] Samuel Gibbs, “Facebook to pay millions more in UK tax” *The Guardian* 4 March 2016, available online at: <https://www.theguardian.com/technology/2016/mar/04/facebook-pay-millions-more-uk-tax-reports>

[68] Mark Sweney, “Facebook paid just £28m tax after record £1.6bn revenues in UK” *The Guardian* 11 October 2019, available online at: <https://www.theguardian.com/technology/2019/oct/11/facebook-paid-just-28m-on-record-16bn-earnings-in-the-uk>

Apple and Amazon have likewise been criticised for minimising their UK tax bills. For example, Apple paid just £13 million in corporation tax in the UK in 2015, when approximately 10% of its £153 billion revenue and £35 billion profits were made in the UK. Assuming £3.5 billion of its profits for the year were generated in the UK, and at the UK's corporation tax then of 20%, Apple would have owed £700m in tax: 54 times what it actually paid.[69] In 2017, the 'Paradise Papers' investigation by The Guardian and other media partners into offshore wealth and tax avoidance revealed that when Apple concluded that basing its operations in Ireland for tax purposes was no longer sustainable, it just secretly moved key parts of its empire to Jersey instead.[70] Meanwhile, Amazon only started paying UK corporation tax in 2015, after the UK's introduction of a punitive 'diverted profits' tax discouraged it from continuing to use its previous tax avoidance strategy of booking its UK sales in Luxembourg.[71] Nevertheless, in 2019, Amazon was criticised for paying only £14 million in UK corporation tax in 2018, despite its UK operation having total sales of £10.9 billion in the year.[72]

According to Tax Watch UK, a research and pressure group, eight tech companies – Amazon, Google, Apple, Facebook, Microsoft, Adobe, Cisco Systems and eBay – collectively avoided an estimated £1.5 billion in UK tax in 2019. The majority of this amount came from two of the eight companies: Apple and Google, which were estimated to underpay by £518 million and £452 million respectively.[73] Tax Watch UK also estimated that Apple, Google Facebook, Microsoft and Cisco Systems had avoided roughly £5 billion of UK tax between 2012 and 2017.[74] Meanwhile, a study by the campaign group Fair Tax Foundation, published in May 2021, accused 'the Silicon Six' – Amazon, Facebook, Google, Netflix, Apple and Microsoft – of inflating their stated tax payments in their annual financial reports by almost \$100 billion (£70 billion) over the previous decade.[75]

The central cause of the problem, by general agreement, is the fact that the international tax system is based on some outdated fundamental assumptions. Currently, tech companies are liable for tax in the UK only on profits that arise from value created in the UK, not sales in or revenue from the UK. This 'source-based' approach is the common foundation of tax regimes across the OECD. But globalisation and the rise of companies based on intangible assets – like branding, software and other intellectual property – is making it much harder to say definitively where a company that operates across multiple national markets is creating its value and its profits. Currently, the profits a company makes through each of its national subsidiaries are calculated by the pricing of transactions between a multinational corporation's subsidiaries – what is called 'transfer pricing', and it relies on the 'arms-length principle', which states that the company must treat transactions between its subsidiaries as though they were taking place between two unconnected companies.

[69] David Pegg, "The tech giants will never pay their fair share of taxes – unless we make them" *The Guardian* 11 December 2017, available online at: <https://www.theguardian.com/commentisfree/2017/dec/11/tech-giants-taxes-apple-paradise-corporation-avoidance>

[70] Nick Hopkins and Simon Bowers, "Apple secretly moved parts of empire to Jersey after row over tax affairs" *The Guardian* 6 November 2017, available online at: <https://www.theguardian.com/news/2017/nov/06/apple-secretly-moved-jersey-ireland-tax-row-paradise-papers>

[71] Simon Bowers, "Amazon to begin paying corporation tax on UK retail sales" *The Guardian* 23 May 2015, available online at: <https://www.theguardian.com/technology/2015/may/23/amazon-to-begin-paying-corporation-tax-on-uk-retail-sales>

[72] Sarah Butler, "Amazon accused of handing over 'diddly-squat' in corporation tax" *The Guardian* 3 September 2019, available online at: <https://www.theguardian.com/technology/2019/sep/03/amazon-accused-of-handing-over-diddly-squat-in-corporation-tax-despite-tripling-payment>

[73] Tax Watch, "Eight tech companies in the UK avoided an estimated £1.5bn in 2019", available online at: https://www.taxwatchuk.org/tech_companies_global_minimum_tax/

[74] Tax Watch UK, "Corporate tax and technology companies – still crazy after all these years" available online at: <https://www.taxwatchuk.org/corporate-tax-and-tech-companies-in-the-uk-2/>

[75] Fair Tax Foundation, "Silicon Six end the decade with \$100 billion tax shortfall" 31 May 2021, available online at: <https://fairtaxmark.net/silicon-six-end-the-decade-with-100-billion-tax-shortfall/>

The problem is that in those fields where a company relies heavily on intellectual property, it is very difficult to say where the value creation is occurring, and the company has an obvious self-interest in declaring the value to be created in places where the resulting tax bill is minimal. Moreover, it is difficult to see how new technologies that have never been traded on a market can be priced at all. Consequently, differences between national tax systems, and the existence of tax havens, can be exploited by multinational tech companies to heavily decrease their tax bills. The current system was created a century ago, at a time when production predominantly meant the production of physical goods: in those cases, it was evident where the value was being created. But today it is much harder to say where, for example, a transaction involving a US tech company selling online display advertising space on its social media platform to a German furniture company that tries to reach the digital screens of British consumers is actually taking place. And tech companies can increasingly sell enormous amounts in the digital markets of countries where they have no physical presence.

After many years in which little was done to address this problem, international efforts have been launched to reconsider and update the international tax system. As the major American tech companies have grown larger and larger, so has the amount of tax revenue been forgone by the non-US countries in which these companies sell a major share of their products and services. Year after year news stories about the miniscule amounts of corporation tax that these companies pay have fanned the flames of public anger. Governments have been under increasing public pressure to find ways of collecting at least some more tax revenue from these companies.

Nowhere has this been truer than in the UK. The first major stories about tax avoidance by big multinational companies came to light in 2012, and they were followed by the Public Accounts Committee's report into the issue published in December 2012. Following a wave of public outrage, the first move in the government's response was the introduction of a General Anti-Abuse Rule in July 2013. The second was the announcement in late 2014 of a new Diverted Profits Tax (DPT) to tackle artificial profit-shifting. Despite being widely dubbed the 'Google tax', the DPT did not actually cover Google's particular tax avoidance strategy – although it did affect Amazon's.[76] The subsequent settlement between HMRC and Google in 2016 for £130 million in back taxes and interest covering the decade to 2015 was widely criticised at the time for raising a paltry amount of revenue, and widely taken as proof that not enough had changed in the government's approach to tackle tax avoidance by multinational companies.[77]

Alongside these efforts in the UK, talks were progressing slowly between the OECD and its member countries about modernising the principles of the international tax system in order to better address the problems outlined above. In 2013, the OECD and the G20 established the Base Erosion and Profit Shifting Project (BEPS Project) to develop a new international framework.

[76] The DPT's peak yield was £219 million in 2017/18, although the yield fell to £12 million in 2018/19 and £17 million in 2019/20; however, the primary purpose of the DPT was not to achieve a large yield but to encourage companies not to use contrived tax arrangements to minimise their tax liabilities, and instead to pay additional corporation tax. For more on the DTP and HMRC's approach to transfer pricing, see HMRC, "Tackling profit diversion by multi-national companies" 12 November 2020, available online at:

<https://www.gov.uk/government/publications/transfer-pricing-and-diverted-profits-tax-statistics-2019-to-2020/tackling-profit-diversion-by-multi-national-companies>

[77] Murad Ahmed, Vanessa Houlder and George Parker, "Google tax: the 6-year audit that ended in a political storm" *Financial Times* 29 January 2016, available online at: <https://www.ft.com/content/flc5ca30-c677-11e5-b3b1-7b2481276e45> John McDonnell, "These mate's rates from George Osborne let Google off the hook on tax" *The Guardian* 3 February 2016, available online at:

<https://www.theguardian.com/commentisfree/2016/feb/03/george-osborne-google-tax-labour> Jon Stone, "George Osborne's tax deal with Google in the spotlight as French authorities raid the company's offices" *The Independent* 25 May 2016, available online at:

<https://www.independent.co.uk/news/uk/politics/george-osborne-tax-deal-google-spotlight-french-authorities-raid-firm-s-offices-a7048266.html>

In October 2015, after two years of discussions, the OECD published a series of recommendations on each of the 15 ‘action points’, which were endorsed by the leaders of the G20 countries that November. These recommendations fell into three categories: minimum standards to which all countries involved would agree to conform; revised international standards to be incorporated into tax treaties; recommended best practices. The central uncertainty was how widespread conformity with these recommendations would be, given that the OECD itself has no power to compel its member states: would sufficient international pressure be able to be brought to generate conformity to the recommended standards? In 2016 the UK government followed the BEPS Project’s recommendations and made a number of changes to the UK’s tax rules, including those on transfer pricing.

Although the BEPS Project’s 2015 recommendations were widely agreed to be a step forward, for many they were not enough. In 2017, the government published a position paper setting out its approach to addressing the specific taxation problems raised by the tech giants, which said that while it would support a second OECD-led effort to reach an international agreement on taxing multinationals, it would at the same time explore the possibility of a UK tax on major digital platforms. In the 2018 Budget, the then Chancellor Philip Hammond announced the introduction of a new Digital Services Tax (DST) from April 2020 that would deliver tax revenue from the tech giants to compensate for the ongoing lack of an international agreement on taxing them. Such DSTs have been introduced in a number of countries around the world over the past few years. [78] The UK’s version would be a 2% tax on the revenues of certain digital businesses, namely those providing a social media service, search engine or online marketplace to UK users [79], and whose worldwide revenues from these digital activities were more than £500 million, with more than £25 million of these revenues derived from UK users. The DST came into force in April 2020 and was forecast to raise £280 million in the 2020/21 tax year, rising to £515 million by 2024/25. The UK government’s position is that the DST is currently necessary to compensate for the inadequacies of the current international tax regime but will become superfluous once that regime has been reformed adequately. The US government, on the other hand, rejects the use of DSTs and on 2 June 2021 the US Trade Representative confirmed plans to impose trade tariffs on certain countries with DSTs, including the UK; however, these tariffs would be suspended for up to 180 days in order to allow the conclusion of multilateral negotiations on international tax reform at the OECD.

On 1 July 2021, the OECD announced that 130 countries and jurisdictions representing over 90% of global GDP had signed up to a new, two-pillar plan to reform international tax rules and reduce tax avoidance. [80] Pillar One primarily concerns the reform of profit allocation rules – the core of the UK’s issue with the tech giants. Under it, large, profitable multinationals will be required to pay tax in the countries in which they operate, not just where their headquarters are based. Global firms with at least a 10% profit margin will be able to be taxed in the countries in which they operate on at least 20% of their residual profits above that 10% margin. Pillar Two concerns the creation of a global minimum 15% corporation tax rate. [81]

[78] For a comprehensive, up-to-date list of international developments in digital economy taxation, see KPMG’s reports, available online at: <https://home.kpmg/xx/en/home/insights/2019/06/tmf-digital-economy0.html>

[79] HMRC, “Digital Services Tax” 11 March 2020, available online at: <https://www.gov.uk/government/publications/introduction-of-the-digital-services-tax/digital-services-tax>

[80] OECD, “130 countries and jurisdictions join bold new framework for international tax reform” 1 July 2021, available online at: <https://www.oecd.org/tax/beps/130-countries-and-jurisdictions-join-bold-new-framework-for-international-tax-reform.htm>

[81] The Biden administration originally sought agreement on a 21% minimum tax rate, but its proposal was watered down. See Phillip Inman, “Agreement to tax Google and Facebook is historic. Will Brexit Britain stay onside?” *The Observer* 6 June 2021, available online at: <https://www.theguardian.com/politics/2021/jun/06/agreement-to-tax-google-and-facebook-is-historic-will-brexite-britain-stay-onside>

The Biden administration is more keen on Pillar Two because of its potential to reduce the ability of US firms to respond to a rise in US corporate tax rates by offshoring their operations; the fact that the minimum tax would be global also helps prevent US firms suffering a competitive disadvantage against firms from other countries: if nobody can pay taxes offshore, US firms can't be undercut as easily by foreign firms paying lower tax bills. In other words, the Biden administration's central goal is to be able to raise more US corporate tax revenue without disadvantaging US firms in international competition. In effect, the US agreed to Pillar One in order to get Pillar Two, whereas for the UK and a number of other countries Pillar One was the main priority. The UK government's view is that implementation of Pillar One will largely obviate the need for the Digital Services Tax.

Much remains to be done before the agreement becomes reality. Treaties have to be drawn up and ratified. Key details like the way in which the tax base will be determined have yet to be defined. Some low-tax countries did not sign the agreement, including Ireland, Hungary, Barbados and Estonia. Even if all goes according to plan, the regime will not come into effect until 2023. Nevertheless, the OECD's announcement represents a significant step towards reforming the international tax system.[82]

Digital Competition & Anti-Trust Policy

Over the past five years, there have been mounting concerns about the dominance that a handful of giant American tech firms have acquired in certain markets and in the public life of countries like the UK. For instance, in the UK, Google accounts for over 90% of search advertising revenue and Facebook accounts for over 50% of online display advertising revenue. Between them, these two firms account for around 80% of online advertising revenue.[83] Google alone will account for around 29% of global online ad spending, according to eMarketer's projections.[84] This dominance has led to complaints from UK news publishers that the digital dominance of these two firms is preventing them from generating enough digital advertising revenue to facilitate their transition away from print newspaper publishing and into digital news publishing, on a business model that is sustainable for the long term.

Not only do these tech giants appear to be unassailably dominant in their core product markets and to be taking an enormous share of digital advertising revenue in the UK. They are also big and profitable enough to be able to acquire competitive threats – as Facebook did by acquiring Instagram in 2012 for \$1 billion and WhatsApp in 2014 for \$12 billion – or to give themselves unfair advantages over rivals and advertisers, as Google has repeatedly been charged with doing in a succession of anti-trust cases in recent years.

[82] For more on the DST and the OECD agreement, see Antony Seely, "Digital Services Tax" *House of Commons Library* 2 July 2021, available online at: <https://commonslibrary.parliament.uk/research-briefings/cbp-8719/> For more on the history of corporate tax reform in the UK since 2010, see Antony Seely, "Corporate tax reform (2010-2020)" *House of Commons Library* 7 July 2021, available online at: <https://commonslibrary.parliament.uk/research-briefings/sn05945/>

[83] Competition and Markets Authority, Online platforms and digital advertising: Market study final report, 1 July 2020, p. 5 and 9, available online at: <https://www.gov.uk/cma-cases/online-platforms-and-digital-advertising-market-study>

[84] Ethan Cramer-Flood, "Duopoly still rules the global digital ad market, but Alibaba and Amazon are on the prowl" *eMarketer* 10 May 2021, available online at: <https://www.emarketer.com/content/duopoly-still-rules-global-digital-ad-market-alibaba-amazon-on-prowl>

In June, the European Commission launched a new competition investigation of Google's digital advertising business. (The Commission has already fined Google \$9.5 billion over the past decade for anti-competitive behaviour.)[85] The overarching complaint, then, is that the tech giants' dominance in one or several core product markets enables them to behave in anti-competitive ways in those and other markets, in ways that ultimately exploit consumers or unfairly disadvantage other firms.

These concerns about the effect the tech giants are having on competition in digital markets arises in the context of a broader concern that competition – often held to be one of the drivers of economic growth – is in decline in many countries, including the UK, as industries become more concentrated into a smaller number of larger firms.[86] This problem has long been identified as a source of concern by analysts of media and cultural industries, but it is much a wider phenomenon. In November 2020, the UK's Competition and Markets Authority (CMA) published a major report on the state of competition in the UK – the first of what will now be a regular survey. The report found that “all the measures of competition” the CMA examined had deteriorated during the 2008-9 recession due to a rise in industry concentration, that they had only partially recovered since then, and therefore that the level of competition in the UK is now lower than it was at the start of the twenty-first century.[87] The effect of the last recession naturally gives rise to a concern that one of the economic impacts of the pandemic will be to further increase industry concentration and reduce competition.

The European Commission has led the way on anti-trust enforcement against the tech giants: it has been bringing competition cases against them for over a decade, beginning with the investigation it launched into Google in 2010 based on the claim that Google unfairly promoted its own products and services over those of its competitors in its own search engine results pages, leading to a case against the company in 2015 that resulted in a €2.42 billion fine in 2017.[88] Another two Commission antitrust investigations followed, leading to fines in 2018 and 2019.[89] However, action has been slower to take shape in the United States and the UK. In the US, 2020 was a breakthrough year: a number of anti-trust cases have now begun to be brought against the tech giants there.[90] Meanwhile, Congressional efforts are underway to introduce six bills that would lead to what *The New York Times* called a “sweeping overhaul” of US anti-trust law and policy.[91]

[85] Foo Yun Chee, “Google in EU crosshairs again with advertising antitrust inquiry” *Reuters* 22 June 2021, available online at: <https://www.reuters.com/technology/eu-antitrust-regulators-investigate-googles-adtech-business-2021-06-22/>

[86] For an analysis centring on the United States, see David Wessel, “Is Lack of Competition Strangling the U.S. Economy?” *Harvard Business Review*, March-April 2018, available online at: <https://hbr.org/2018/03/is-lack-of-competition-strangling-the-u-s-economy>

[87] According to the report, “industry concentration across the economy rose in the recession following the financial crash in 2008. Although concentration began to decrease from 2010, it remains 3 percentage points higher than it was in 1998.” CMA, “The State of UK Competition” 30 November 2020, p. 3, available online at: <https://www.gov.uk/government/publications/state-of-uk-competition-report-2020>

[88] European Commission, “Antitrust: Commission fines Google €2.42 billion for abusing dominance as search engine by giving illegal advantage to own comparison shopping service” 27 June 2017, available online at: https://ec.europa.eu/commission/presscorner/detail/en/IP_17_1784

[89] Lauren Feiner, “Google's antitrust mess: Here are all the major cases it's facing in the U.S. and Europe” *CNBC* 18 December 2020, available online at: <https://www.cnn.com/2020/12/18/google-antitrust-cases-in-us-and-europe-overview.html>

[90] See Daisuke Wakabayashi, Mike Isaac, Karen Weise, Jack Nicas and Sophia June, “13 Ways the Government Went After Google, Facebook and Other Tech Giants This Year” *The New York Times* 16 December 2020, available online at: <https://www.nytimes.com/interactive/2020/technology/tech-investigations.html>

[91] Cecilia Kang, “Lawmakers, Taking Aim at Big Tech, Push Sweeping Overhaul of Antitrust” *The New York Times* 11 June 2021, available online at: <https://www.nytimes.com/2021/06/11/technology/big-tech-antitrust-bills.html> See also, Cecilia Kang and David McCabe, “Antitrust Overhaul Passes Its First Tests. Now, the Hard Parts.” *The New York Times* 24 June 2021, available online at: <https://www.nytimes.com/2021/06/24/technology/antitrust-overhaul-congress.html>

As in the US, efforts in the UK to address the concerns arising from the tech giants' size and dominance have been slow to arise. Policymakers' awareness of the issues and their interest in devising policies to address them were both limited throughout most of the 2010s. The beginnings of a change in mentality in the UK can be dated to late 2016, the election of Donald Trump and the panic in Anglo-American media about 'fake news' and disinformation. This then opened the door to a wider conversation about tech companies' dominance; one that the UK's politically influential news publishers were happy to promote, given their increasing awareness of the conflict of commercial interests in the digital advertising market between them on the one hand and Google and Facebook on the other.[92]

The last major piece of competition legislation in the UK was the Enterprise Act 2002, which was subject to mostly minor revisions in the Enterprise and Regulatory Reform Act 2013. Therefore, the UK's competition regime completely pre-dates the tech giants' rise to dominance and the distinctive problems and challenges their dominance has generated. To some extent, while the UK was a member state of the EU, it was left to the European Commission to take the initiative in addressing competition problems involving the tech giants. But with the UK leaving the EU at the end of 2019 it became clear, once policymakers finally turned their attention to issues of digital dominance and competition, that a new policy framework was needed in the UK.

The first step towards that new framework was the government's appointment in 2018 of a Digital Competition Expert Panel, led by Jason Furman – former chief economist to President Obama. The panel's March 2019 report, *Unlocking digital competition*, argued that the UK needed to update its merger and antitrust rules, and to create a new regime for proactively promoting competition in digital markets, including by promoting data mobility, data openness and systems with open standards.[93] Meanwhile, in June 2019 the Competition and Markets Authority (CMA) published its first digital markets strategy.[94] In March 2020 the CMA was asked by the government to lead a Digital Markets Taskforce, working with Ofcom and the ICO, to produce expert advice for the government on a new pro-competition regime for digital markets. In July 2020, the CMA, ICO and Ofcom launched a Digital Regulation Co-operation Forum to ensure greater co-operation between them.[95] At the same time, the CMA published the final report of its market study of online platforms and digital advertising in the UK. The study concluded:

“Both Google and Facebook grew by offering better products than their rivals. However, they are now protected by such strong incumbency advantages – including network effects, economies of scale and unmatched access to user data – that potential rivals can no longer compete on equal terms. These issues matter to consumers. Weak competition in search and social media leads to reduced innovation and choice and to consumers giving up more data than they would like.

[92] News Corp, the dominant national newspaper publisher in the UK, has long inveighed against Google in particular. In March 2019 it told Australia's competition regulator that Google should be broken up to end its “overwhelming” market power in digital advertising. See Amanda Meade and Amy Remeikis, “Google must be broken up due to its ‘overwhelming’ power, News Corp says” *The Guardian* 12 March 2019, available online at: <https://www.theguardian.com/media/2019/mar/12/google-must-be-broken-up-due-to-its-overwhelming-power-news-corp-says>

In February 2017, The Times published an investigation showing that a number of brands were unwittingly funding “Islamic extremists, white supremacists and pornographers” by advertising on their websites and videos through programmatic ad trading and YouTube's ad platform. See Alexi Mostrous, “Big brands fund terror through online adverts” *The Times* 9 February 2017, available online at: <https://www.thetimes.co.uk/article/big-brands-fund-terror-knnxfgb98>

[93] <https://www.gov.uk/government/publications/unlocking-digital-competition-report-of-the-digital-competition-expert-panel>

[94] CMA, “The CMA's Digital Markets Strategy: June 2019”, available online at:

<https://www.gov.uk/government/publications/competition-and-markets-authoritys-digital-markets-strategy/the-cmas-digital-markets-strategy>

[95] For more information about the Digital Regulation Cooperation Forum, including its launch document, see

<https://www.gov.uk/government/collections/the-digital-regulation-cooperation-forum>

Weak competition in digital advertising increases the prices of goods and services across the economy and undermines the ability of newspapers and others to produce valuable content, to the detriment of broader society.

The concerns we have identified in these markets are so wide ranging and self-reinforcing that our existing powers are not sufficient to address them. We need a new, regulatory approach – one that can tackle a range of concerns simultaneously, with powers to act swiftly to address both the sources of market power and its effects, and with a dedicated regulator that can monitor and adjust its interventions in the light of evidence and changing market conditions.”[96]

In November 2020 the government responded to the CMA’s market study by announcing the creation of a new Digital Markets Unit (DMU) to oversee a new pro-competition regime for digital platforms.[97] In December 2020 the Digital Markets Taskforce’s report, *A new pro-competition regime for digital markets*, was published, following a call for information to which a wide range of firms and groups responded.[98] It made two main recommendations. The first was to support the idea of a new DMU inside the CMA, already endorsed by the government. The second was the development of a new regulatory framework for overseeing the most powerful digital firms, who would be designated with ‘Strategic Market Status’ (SMS). Firms with SMS would be subject to an enforceable code of conduct, pro-competition interventions to address the sources of their market power, and special merger rules to ensure closer scrutiny of transactions involving them.

In light of the progress made since mid-2019, the CMA published a ‘refresh’ of its digital markets strategy in February 2021.[99] The DMU then launched in April 2021, initially in a ‘shadow’ non-statutory form, ahead of the legislation that will grant it its full statutory powers.[100] The DMU’s role is also, in part, to advise the government of the shape of the new statutory regime.[101] The final form of the DMU has yet to be determined but the government has committed to putting the body on a statutory footing “as soon as parliamentary time allows.”

In July 2021, the government published its proposals for the new pro-competition regime for digital markets, launching a public consultation which is due to close on 1 October.[102] At the same time, the government launched a wider consultation on reforming competition and consumer policy more broadly.[103]

[96] CMA, “Online platforms and digital advertising: Market study final report” 1 July 2020, p. 5, available online at:

<https://www.gov.uk/cma-cases/online-platforms-and-digital-advertising-market-study>

[97] Department for Business, Energy and Industrial Strategy and Department for Digital, Culture Media and Sport, “Response to the CMA’s market study into online platforms and digital advertising” November 2020, available online at:

https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/939008/government-response-to-cma-study.pdf

[98] <https://www.gov.uk/cma-cases/digital-markets-taskforce>

[99] CMA, “The CMA’s Digital Markets Strategy: February 2021 refresh” 9 February 2021, available online at:

<https://www.gov.uk/government/publications/competition-and-markets-authoritys-digital-markets-strategy/the-cmas-digital-markets-strategy-february-2021-refresh>

[100] Department for Digital, Culture, Media and Sport and CMA, “New watchdog to boost online competition launches” 7 April, available online at: <https://www.gov.uk/government/news/new-watchdog-to-boost-online-competition-launches--3>

[101] Department for Business, Energy & Industrial Strategy and Department for Digital, Culture, Media and Sport, “Digital Markets Unit (non-statutory) - terms of reference” 7 April 2021, available online at: <https://www.gov.uk/government/publications/non-statutory-digital-markets-unit-terms-of-reference/digital-markets-unit-non-statutory-terms-of-reference>

[102] The consultation document is available online at:

<https://www.gov.uk/government/consultations/a-new-pro-competition-regime-for-digital-markets>

For an overview of government activity around digital regulation generally, see

<https://www.gov.uk/guidance/digital-regulation-overview-of-government-activity>

[103] Department for Business, Energy and Industrial Strategy, “Reforming competition and consumer policy” 20 July 2021, available online at:

<https://www.gov.uk/government/consultations/reforming-competition-and-consumer-policy>

Despite not yet being established on a statutory footing, the DMU has already used the CMA's existing powers to launch major investigations into Google, over its proposals to remove third party cookies and other functionalities from its Chrome browser[104], and into Apple, over the terms and conditions governing app developers' access to its App Store on iOS and iPadOS devices.[105] The DMU is also investigating Facebook's acquisition of Giphy, and in August it announced that it had provisionally found competition concerns with the acquisition.[106] An earlier investigation of acquisitions involving Adevinta ASA and eBay launched in December 2020 concluded in June 2021 after a 'phase 1' inquiry by accepting undertakings in lieu of reference to a longer 'phase 2' investigation.[107]

Online Harms

Everyone agrees that harms can occur on internet platforms. Most people – except perhaps the platform companies themselves – agree that the platforms have been too slow to do much about these harms, been reactive rather than proactive in dealing with them, and put too few resources and too little effort towards mitigating them. It has been observed that some social media companies appear to be able to take down sports or other media content that infringes commercial broadcasting or intellectual property rights much more quickly than they are able to remove certain forms of socially harmful content.

The problem of 'online harms', as it has come to be called in the UK's public policy debate over the issue, is in effect a classic problem of negative market externalities – akin to pollution by fossil fuel companies, or workplace accidents in the manufacturing and construction industries. As in those cases, the problem is at root one of for-profit companies failing to accord enough importance to limiting the socially harmful side-effects of their businesses, and only addressing them insofar as it is in their commercial self-interest to do so – for instance for reputational or 'branding' reasons. The classic solution to the problem of negative externalities is to use regulation to impose greater financial, reputational and other costs on firms that allow them to occur. For instance, in the case of workplace accidents, the 1974 Health and Safety at Work Act imposed a statutory 'duty of care' on employers to protect their employees by taking reasonable precautions, explaining risks, consulting with their employees, providing health and safety training, and providing protective equipment and clothing in good condition.

There have been calls in the UK for several years for the government to legislate to address the problem of online harms. Particularly since the panic about 'fake news', 'post-truth' politics and disinformation that began in late 2016 and reached its first peak in 2017 (see the chart below), the media policy debate in the UK have focused heavily on the question of whether, and how, to regulate the internet.

[104] CMA, "Investigation into Google's 'Privacy Sandbox' browser changes" 8 January 2021, available online at:

<https://www.gov.uk/cma-cases/investigation-into-googles-privacy-sandbox-browser-changes>

[105] CMA, "Investigation into Apple AppStore" 4 March 2021, available online at:

<https://www.gov.uk/cma-cases/investigation-into-apple-appstore>

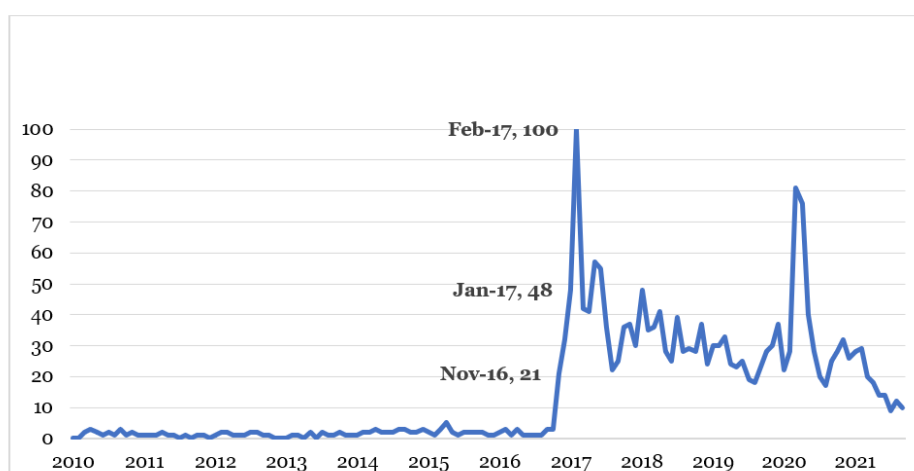
[106] CMA, "Facebook, Inc / Giphy, Inc merger inquiry" 16 August 2021, available online at:

<https://www.gov.uk/cma-cases/facebook-inc-giphy-inc-merger-inquiry>

[107] CMA, "Adevinta / eBay merger inquiry" 30 June 2021, available online at: <https://www.gov.uk/cma-cases/adevinta-ebay-merger-inquiry>

Table 49. Google web search interest in the term "fake news" - indexed to peak interest, UK 2010-2021

Source: Google Trends



Since 2017, a series of news stories about online harms – particularly involving children – have raised the general level of concern, and the pressure on the government to act. These have been supplemented by mounting research from regulators and civil society organisations showing that many adults are specifically concerned about online harms to children, and that many children have either suffered harm online or been exposed to harmful content. In 2018, Ofcom commissioned the first in an annual report series on internet users' experience of harm online, which showed survey evidence that there was widespread public concern about the issue.[108] The National Society for the Prevention of Cruelty to Children's (NSPCC) annual 'How safe are our children?' reports for 2018 and 2019 each focused on children's exposure to harm online. The 2018 report declared, "Most platforms have failed to integrate child safeguarding into their business models or the design of their platforms. Rapidly developing technology creates new opportunities to initiate, maintain and escalate abuse." [109]

It has taken some time for the government to develop its legislative proposals in this area. In October 2017 the government first published an Internet Safety Strategy 'green paper', which considered what responsibilities internet companies have to their users and how online harms could be prevented. A consultation on the green paper then ran to December 2017, to inform the government's intended publication of a white paper on the issue by the end of 2018.[110] In fact, the Online Harms White Paper was not published until April 2019. In fact, the Online Harms White Paper was not published until April 2019.[111] Another consultation then ran for several months on the White Paper; the government published an initial response to the consultation in February 2020 indicating it was minded to give the task of regulating the platforms to Ofcom. [112]

[108] The reports are available online at: <https://www.ofcom.org.uk/research-and-data/internet-and-on-demand-research/internet-use-and-attitudes/internet-users-experience-of-harm-online> Ofcom's most recent *Online Nation* report also contains information on public attitudes towards, and experiences of, harm online. See Ofcom, *Online Nation: 2021 report*, 9 June 2021, available online at: <https://www.ofcom.org.uk/research-and-data/internet-and-on-demand-research/online-nation>

[109] NSPCC, *How safe are our children? 2018*, p. 6, available online at: <https://learning.nspcc.org.uk/research-resources/how-safe-are-our-children>

[110] Department for Digital, Culture, Media and Sport, "Internet Safety Strategy green paper" 11 October 2017, available online at: <https://www.gov.uk/government/consultations/internet-safety-strategy-green-paper>

[111] Department for Digital, Culture, Media and Sport, "Online Harms White Paper" April 2019, available online at: <https://www.gov.uk/government/consultations/online-harms-white-paper>

[112] Department for Digital, Culture, Media and Sport and the Home Office, "Online Harms White Paper: Initial consultation response" 12 February 2020, available online at: <https://www.gov.uk/government/consultations/online-harms-white-paper/public-feedback/online-harms-white-paper-initial-consultation-response>

A full government response to the consultation was only published in December 2020 [113], and a draft Online Safety Bill was finally published in May 2021.[114] In July, a Joint Committee on the draft Online Safety Bill, composed of members of both Houses of Parliament, was established to scrutinise the proposed legislation. It is required to report on the bill by 10 December 2021.[115] Legislative passage of an Online Safety Bill will most likely happen by the middle of 2022, therefore implementation may not take place until 2023 or 2024.

At the heart of the draft Online Safety Bill is the proposal that a statutory ‘duty of care’ ought to be imposed on internet companies requiring them to take reasonable steps to protect their users from harm. Companies that fail to fulfil the duties imposed on them will face financial sanctions, at the least. Ofcom will have the power to issue fines of up to £18 million or 10% of a company’s global annual, whichever is higher, as well as the power to block sites. The draft bill also contains reserved powers for Ofcom to pursue criminal action against named senior managers who do not comply with Ofcom’s requests for information, which the government has said it will introduce “if tech companies fail to live up to their responsibilities.”[116]

Which internet companies would come within the scope of the legislation? It would apply to all companies that either:

- host user-generated content which can be accessed by users in the UK,
- facilitate public or private online interaction between service users, one or more of whom is in the UK, or
- provide search engines.

Any company that meets this definition and provides one of these services to UK users is within the scope of the legislation, regardless of where they are based.

The regulatory framework will establish differentiated expectations on different companies regarding specific types of harm. All in-scope companies will have to act against illegal content and activity, and to assess the likelihood of children accessing their services and provide additional protections if this is likely. “Category 1” services – in essence, the biggest platforms with the most users – would in addition be required to act against harmful content and activity accessed by adults, on the basis that, given their large user numbers and increased potential for sharing content, if they permit certain kinds of activity there is a much greater risk of harm. The legislation defines high-level factors that lead to a significant risk of harm occurring to adults through legal but harmful content; the government will determine and publish thresholds for such factors that will define whether a service is ‘Category 1’, with Ofcom providing advice on where the thresholds should be set. Ofcom will then assess services with regard to these factors and publish a register of all those that meet the thresholds set by the government and are therefore classed as ‘Category 1’.

[113] Department for Digital, Culture, Media and Sport and the Home Office, “Online Harms White Paper: Full government response to the consultation” 15 December 2020, available online at:

<https://www.gov.uk/government/consultations/online-harms-white-paper/outcome/online-harms-white-paper-full-government-response>

[114] Department for Digital, Culture, Media and Sport, *Draft Online Safety Bill* 12 May 2021, available online at:

<https://www.gov.uk/government/publications/draft-online-safety-bill>

[115] The Joint Committee’s page on the Parliament website is:

<https://committees.parliament.uk/committee/534/draft-online-safety-bill-joint-committee/>

[116] Department for Digital, Culture, Media and Sport and the Home Office, “Landmark laws to keep children safe, stop racial hate and protect democracy online published” 12 May 2021, available online at:

<https://www.gov.uk/government/news/landmark-laws-to-keep-children-safe-stop-racial-hate-and-protect-democracy-online-published>

All regulated services will have to take action against ‘illegal content’ and ‘content that is harmful to children’. Furthermore, Category 1 services will also have to address ‘content that is harmful to adults’. How is ‘harm’ defined? Regulated content will be considered harmful under the legislation if:

- it is designated in secondary legislation as “primary priority content” that is harmful to children or “priority content” that is harmful to children or adults
- a service provider has “reasonable grounds to believe that the nature of the content is such that there is a material risk of the content having, or indirectly having, a significant adverse physical or psychological impact” on a child or adult of “ordinary sensibilities”
- a service provider has “reasonable grounds to believe that there is a material risk” of the dissemination of the content “having a significant adverse physical or psychological impact” on a child or adult of “ordinary sensibilities”.

In short, there is a common core effect of ‘harm’ – “having a significant adverse physical or psychological impact” – which can occur either due to the *nature* of content, or specifically due to its dissemination. Alongside this general definition, there are specific kinds of harm that will be identified in secondary legislation. It is important to note that the government also believes that disinformation and misinformation that could cause harm to individuals, e.g. anti-vaccination content, will be covered. However, certain types of harms are not intended to be within the scope of the system: for instance, those involving intellectual property rights, data protection and cyber security breaches.

In response to concerns raised by a number of civil society groups and media organisations about the potential threat to freedom of expression online from a definition of ‘harm’ as wide as the one that the government has chosen, the government introduced some specific protections when it turned its White Paper into the draft bill. Content defined as ‘democratically important’ – e.g. that which relates to promoting or opposing government policy, or a political party – will be protected. Companies will be specifically forbidden from discriminating against particular political viewpoints, and will be required to apply protections equally to a range of political opinions. Companies will need to take into account the political context around content shared on their platforms and give it a high level of protection if it is democratically important. Journalistic content on news publishers’ websites is explicitly excluded from the scope of the duty, as are articles by ‘recognised news publishers’ shared on regulated platforms. In fact, platforms would have a statutory duty to safeguard access to journalistic content shared on their platforms. Finally, all in-scope companies would also have to consider and put in safeguards to protect freedom of expression while fulfilling their duties to prevent harms.

Companies that provide ‘Category 1’ services will be required to publish transparency reports about the steps they have taken to tackle online harms. The processes companies will need to follow in order to fulfil their duty of care will be set out in codes of practice published by Ofcom after consultation. Companies will need to be able to demonstrate either that they are complying with the codes or that an alternative approach they have taken is equally effective. Ofcom’s primary duty will be to improve the safety of those using online services, as well as those who could be directly affected by others’ use. Ofcom would also be responsible for establishing a ‘transparency, trust and accountability’ framework, and for requiring all in-scope companies to have effective and accessible mechanisms for users to report concerns.

The debate over the government's draft bill will no doubt continue throughout its legislative passage. For example, an initial analysis by the Carnegie UK Trust – the original source of the idea of imposing a 'duty of care' on platforms – identified a number of shortcomings with the bill, including the fact that it gave the Secretary to State too many powers. It would be up to the Secretary of State, for example, to define what kinds of content are identified as 'priority content' or 'primary priority content' in secondary legislation – a process that would occur without Parliamentary scrutiny or approval. The Trust also argued that *"adults on the largest platforms are not well covered ... The government needs to spell out how huge volumes of racism, misogyny, antisemitism etc – that are not criminal but are oppressive and harmful, particularly to prominent figures – will be addressed. No special treatment is given to protect politicians, candidates and journalists involved in the democratic process."*[117]

The House of Lords Communications and Digital Committee's July 2021 report on freedom of expression in the digital age also expressed a number of criticisms of the legislation:

"We support the Government's proposal that, through the draft Online Safety Bill, platforms should be obliged to remove illegal content. Ofcom should hold them to strict timeframes where content is clearly illegal. We also support the Government's intention to protect children from harm, although the draft Bill is inadequate in this respect—particularly in relation to pornographic websites. Nor are we convinced that the draft Bill sufficiently protects vulnerable adults. ... The Government also proposes to introduce duties in relation to content which is legal but may be harmful to adults. This is not the right approach. If the Government believes that a type of content is sufficiently harmful, it should be criminalised. ... Content which is legal but some may find objectionable should instead be addressed through regulation of the design of platforms, digital citizenship education, and competition regulation. This approach would be more effective, as well as better protecting freedom of expression."[118]

The civil society group Index on Censorship has expressed a more fundamental objection to the 'duty of care' concept at the centre of the proposed regulatory system:

"With little debate, an abstract concept, the "Duty of Care" has become central to civil service thinking about freedom of expression online. The "Duty of Care" applies notions best applied to health and safety law in the workplace to freedom of speech online. It will reverse the famous maxim, "published and be damned", to become, "consider the consequences of all speech, or be damned". It marks a reversal of the burden of proof for free speech that has been a concept in the common law of our country for centuries."[119]

Meanwhile, Julian Petley, a professor of journalism at Brunel, University of London, has published a narrative and critique of the national press's efforts to ensure that the scope of the legislation would not include their websites or their content, in which he concluded:

[117] Lorna Woods, William Perrin and Maeve Walsh, "The Draft Online Safety Bill: Carnegie UK Trust initial analysis" 15 June 2021, available online at: <https://www.carnegieuktrust.org.uk/blog-posts/the-draft-online-safety-bill-carnegie-uk-trust-initial-analysis/>

[118] House of Lords Communications and Digital Committee, *Free for all? Freedom of expression in the digital age – 1st Report of Session 2021-22*, 22 July 2021, available online at: <https://committees.parliament.uk/work/745/freedom-of-expression-online/publications/>

[119] Index on Censorship, "Right to type: How the "Duty of Care" model lacks evidence and will damage free speech" 23 June 2021, available online at: <https://www.indexoncensorship.org/2021/06/governments-online-safety-bill-will-be-catastrophic-for-ordinary-peoples-freedom-of-speech-says-david-davis-mp/>

“the proposed legislation threatens to create a two-tier system of online regulation. Intensive press lobbying, and government acquiescence to it, have led to a potential measure which would almost certainly prove to be quite unworkable and also open to serious challenge by those aggrieved by its double standards – not least, albeit for different reasons, the tech companies and campaigners against the debased journalistic standards of the UK national press. The latter will most certainly argue that if something is judged to be “harmful” or “unsafe” by the standards laid down by the legislation, then it is so wherever it appears. For example, whether or not speech is deemed to be hate speech is determined not by its location, nor by who has uttered it, but by the very words that are used.”[120]

Petley’s analysis gets to the heart of the problem with the draft bill: it effectively establishes different regimes for the freedom of expression of individual users of internet platforms on the one hand, and that of news organisations on the other. The latter are fully exempted from the scope of this regulatory regime. The perverse result is that if an individual user posts disinformation about coronavirus vaccines on YouTube or Facebook, YouTube or Facebook would have a duty to act against that individual and their content, yet if, on the other hand, the exact same disinformation content is contained in a news article from an organisation that meets the legislation’s definition of a news publisher and that article is shared on Facebook, it would appear that Facebook will be required not only not to take any action against it but to protect the publisher’s freedom of expression. A cynic might say that all this legislation could end up achieving – at least with respect to the problem of online disinformation – is to grant news publishers a more exclusive monopoly on the supply of it.

A further undue consequence of the incoherent regulatory architecture that would result from the combination of this legislation with the existing system of press self-regulation is that the fines that could potentially be levied against internet companies on the one hand, and media organisations on the other, for distributing the same disinformation are totally different. Facebook had global revenue of \$86 billion in 2020, meaning that under the terms of the proposed legislation, the maximum fine for which it could be eligible for failing to fulfil its duty of care with respect to protecting its users from harmful disinformation would be 10% of its global revenue, \$8.6 billion. Clearly, a fine that large is unlikely in any event, but the potential for large fines is there. This seems to be widely accepted as necessary to incentivise companies like Facebook to comply with the legislation.

On the other hand, not only do national newspaper publishers in the UK face no penalties or consequences for their blanket refusal to join a press regulator that meets Parliament’s criteria, but the maximum they can be fined by the self-regulator (IPSO) that the majority of them have joined for any breaches of its code of conduct, following a standards investigation, is £1 million. A £1 million fine equates to around 0.01% of News Corporation’s annual global turnover, 0.08% of DMGT’s annual turnover, or 0.4% of Guardian Media Group’s. IPSO has never launched a single standards investigation into, nor levied a single fine against, any of its member publishers since it was established in 2014.

[120] Julian Petley, “A Thoroughly Unsafe Bill” *Hacked Off* 13 July 2021, available online at: <https://hackinginquiry.org/julian-petley-a-thoroughly-unsafe-bill/>

In short, the financial penalties the government envisages for internet companies *hosting* disinformation or other kinds of harmful content are enormous by comparison to the penalties that can potentially be imposed on commercial news publishers for *publishing* the same disinformation. It is, moreover, likely that the enforcement regime to which the internet companies will be subject will be considerably more robust than the one IPSO maintains for the press. The exemption from the regime for news publishers means that the whole regulatory architecture is predicated on the assumption that the kinds of online harms the government is concerned about – including misinformation and disinformation – are solely the result of the content and activity of users, never of news publishers. This is a view that, in a UK context at least, is hard to credit. Some of the biggest examples of misleading news stories in the run-up to the Brexit referendum came from the national press [121] and some of the worst examples of the same in the run-up to the 2019 general election came from the Conservative Party.[122] Neither case would be covered by the government's proposals.[123]

Technology & Journalism

Two events have defined the history of the British news media over the past decade. The first was the phone hacking scandal in 2011, leading to the 2011-2012 Leveson Inquiry. The scandal was an enormous hit to the reputation of the British press: not only because illegal newsgathering had been going on for years at several national newspapers, but because it emerged that the illegal activity was widely known – and even publicly joked about – in the industry for years, and yet a conspiracy of silence had kept the public in the dark. In its most fundamental task – exposing corruption and the abuse of power – the British news media had collectively failed for years with regard to itself. The Leveson Inquiry shone a light on the corrupt relationship between many senior British politicians and some press publishers, damaging public trust in both.

Throughout the period from the publication of the Leveson Report in November 2012 to the next general election, in May 2015, the media policy debate in the UK was dominated by the question of whether the Leveson Report's recommendations for a new system of press standards regulation would be implemented, and if so, how. This new system would have been independent of government but monitored for adequacy and independence by an arms-length state body. Although cross-party agreement was reached in March 2013, the Conservative Party only agreed under Parliamentary duress: in a coalition government with the Liberal Democrats, the Conservatives lacked a majority in the House of Commons and knew that if the other parties – who were all much more in favour of regulating the press than them – joined forces against them, they would lose a Commons vote. (The Conservatives were, and always have been, the British political party with the closest ties to the national press, which has always been one of the party's most important sources of support.) The Conservatives agreed to the March 2013 settlement in order to avoid that outcome.

[121] Jim Waterson, "Britain Has No Fake News Industry Because Our Partisan Newspapers Already Do That Job" *BuzzFeed News* 24 January 2017 <https://www.buzzfeed.com/jimwaterson/fake-news-sites-cant-compete-with-britains-partisan-newspape>

[122] Carlotta Dotto, "Thousands of misleading Conservative ads side-step scrutiny thanks to Facebook policy" *First Draft* 6 December 2019, available online at: <https://firstdraftnews.org/articles/thousands-of-misleading-conservative-ads-side-step-scrutiny-thanks-to-facebook-policy/>

[123] For more on the detail of the draft Online Safety Bill and its process of development, see John Woodhouse, "Regulating online harms" *House of Commons Library* 12 August 2021, available online at: <https://commonslibrary.parliament.uk/research-briefings/cbp-8743/> For a selection of responses to the draft bill, see John Woodhouse and Maria Lalic, "Reaction to the Draft Online Safety Bill: a reading list" *House of Commons Library* 12 August 2021, available online at: <https://commonslibrary.parliament.uk/research-briefings/cbp-9243/>

The next two years or so saw the agreement's implementation proceed extremely slowly – deliberately so: it was the Conservatives who controlled the government department responsible for implementing it. After the Conservatives won a (small) Commons majority at the 2015 election, the agreement was effectively dead. Attempts by campaigners to force implementation, and to initiate the originally promised 'Part Two' of the Leveson Inquiry were both defeated by the Conservative government. Nevertheless, the dominant narrative about the British national press continued to be one centred on its problems of poor journalistic standards and criminal activity; not least because of a constant procession of criminal trials. The most famous such trial was the six-month 'phone hacking trial' in 2014 and the last one of these trials did not conclude until 2016.[124]

By 2016 the threat of the full implementation of the Leveson Report's recommendations on press regulation seemed dead. The Conservatives had a majority and the Labour Party had just chosen a leader – the lifelong socialist Jeremy Corbyn – whom mainstream media and Westminster opinion unanimously regarded as incapable of winning an election. The 2016 Brexit referendum and its aftermath saw the press return to some of its most unscrupulous tactics and damaging practices, and triumph in securing victory for Leave – which most titles strongly supported – in spite of the fact that the leaders of all Britain's major political parties (except UKIP) supported Remain. Subsequent analysis showed that the press had played a major role in shaping the news agenda in Leave's favour in the final weeks of the campaign.[125]

One strand of the reaction to the referendum's outcome in Parliament – where, against the result of the referendum, the majority of MPs and peers were pro-Remain – was a renewed interest in returning to the issues of press regulation and Part Two of the Leveson Inquiry. It was widely thought that the press's conduct during the referendum campaign illustrated that, once again, despite promises of reform the press had not really reformed itself or addressed its persistent problem of low journalistic standards and misleading – sometimes deliberately misleading – stories. In autumn 2016, parliamentary momentum began to gather behind efforts (often starting in the House of Lords) to bring both press regulation and Leveson Two to a vote in the House of Commons. The Conservative government's small majority, and the fact that the majority of MPs were pro-Remain, made it somewhat uncertain what the result might be.

It was in this political context that the second defining event of the last decade occurred: the election of Donald Trump in November 2016. Although it is often forgotten now, the Google Trends chart earlier in this report shows that Trump's election was the trigger for a transatlantic panic over 'fake news' and disinformation. What had been a trickle of articles on the issue of 'fake news' on Facebook before the election – mostly by the *BuzzFeed* reporter Craig Silverman – quickly became a flood afterwards, as established news media in Britain and America cast around for reasons that could explain such a massive electoral upset.

[124] "Phone-hacking trial explained" *BBC News* 25 June 2014, available online at: <https://www.bbc.co.uk/news/uk-24894403>

[125] Martin Moore and Gordon Neil Ramsay, "Lessons for the election campaign from UK media's role in Brexit" *The Conversation* 10 May 2017, available online at: <https://theconversation.com/lessons-for-the-election-campaign-from-uk-medias-role-in-brexit-77433>

That article is a summary of their report, *UK media coverage of the 2016 EU referendum campaign*, May 2017, which is available online at: <https://www.kcl.ac.uk/policy-institute/assets/cmcp/uk-media-coverage-of-the-2016-eu-referendum-campaign.pdf>

Despite the enormous volume of (free) TV news coverage Trump had benefited from, and despite the arguably disproportionate coverage newspapers scrupulously dedicated to political ‘balance’ and objectivity like *The New York Times* had given to a relatively minor scandal about Hilary Clinton’s emails, the debate about what role the news media played in Trump’s victory quickly shifted to people viewing completely made-up stories published online by fake news websites. For example, it was revealed that some teenagers in Macedonia had created a batch of fake news websites full of articles designed to pander to the attitudes of strong Trump supporters in the hope of making money out of the articles going viral on social media and generating substantial ad revenue.[126] Much media attention and commentary then focused on the culpability of the biggest online platforms, like Facebook and Google, in allowing this ‘fake news’ to spread, be seen, and potentially influence American voters.[127]

Trump’s election was no less shocking to mainstream opinion in the UK. From 8 November 2016 onwards, *The Guardian* and the *Financial Times* in particular published a long series of articles on ‘fake news’ and the mounting pressure on Google and Facebook to do something about it. In December 2016 and January 2017, however, there was a new development on the ‘fake news’ front: some right-wing national newspapers and Conservative MPs evidently began to see a way of using the panic about ‘fake news’ as a way of redirecting policy attention away from regulating the press and towards regulating the big online platforms instead. The argument was that the press now constituted a bulwark against the rising tide of ‘fake news’ and disinformation online. The press could now be rebranded as the producers of ‘high-quality journalism’ in contrast with the low quality of much of what circulated on social media.

It was enormously in the press’s interests to reshape the narrative around itself, for two main reasons. First of all, it would help defeat efforts to regulate or investigate the press. Publishers and their supporters could now argue that those efforts were driven by outdated concerns based on bad behaviour now long in the past: most of the prosecutions brought after the phone hacking scandal related to alleged crimes committed more than a decade earlier. Now there was a new problem to address: ‘fake news’ online, which was nothing to do with the press. Matt Hancock, the then Culture Secretary, explicitly made this argument in the House of Commons while speaking in opposition to amendments to a government bill that would have forced the government to commence Leveson Part Two:

“Crucially, the arrival of the internet has fundamentally changed the landscape. That was not addressed at the core of the first Leveson inquiry, but it must be addressed. Later this month we will publish our internet safety strategy, as I mentioned, in which we will set out the action we need to take to ensure that the online world is better policed. ... However, the internet has also fundamentally undermined the business model of our printed press. Today’s core challenge is how to ensure a sustainable future for high-quality journalism that can hold the powerful to account. The rise of clickbait, disinformation and fake news is putting our whole democratic discourse at risk. This is an urgent problem that is shaking the foundations of democracies worldwide.

[126] Craig Silverman and Lawrence Alexander, “How Teens In The Balkans Are Duping Trump Supporters With Fake News” *BuzzFeed News* 3 November 2016, available online at:

<https://www.buzzfeednews.com/article/craigsilverman/how-macedonia-became-a-global-hub-for-pro-trump-misinfo> See also Heather C. Hughes and Israel Waismel-Manor, “The Macedonian Fake News Industry and the 2016 US Election” *PS: Political Science & Politics*, Vol. 54, Issue 1, 25 August 2020, available online at: <https://www.cambridge.org/core/journals/ps-political-science-and-politics/article/macedonian-fake-news-industry-and-the-2016-us-election/79F67A4F23148D230F120A3BD7E3384F>

[127] For an assessment of the extent of ‘fake news’ consumption in the run-up to the election, and some analysis of its possible influence, see Hunt Allcott and Matthew Gentzkow, “Social Media and Fake News in the 2016 Election” *Journal of Economic Perspectives*, Vol. 31 No. 2 Spring 2017, available online at: <https://web.stanford.edu/~gentzkow/research/fakenews.pdf>

Liberal democracies such as Britain cannot survive without the fourth estate, and the fourth estate is under threat like never before. These amendments would exacerbate that threat and undermine the work we are doing through the Cairncross review [into the sustainability of the press] and elsewhere to support sustainable journalism.”[128]

The ‘fake news’ panic also allowed the press to redirect public and political attention towards the very real problem of their commercial sustainability online. By 2016 many press publishers were well-aware of the fact that their efforts to transform themselves into sustainable digital news businesses had run into considerable difficulty. To take one example, in the year ended 3 April 2016 Guardian Media Group plc made a staggering pre-tax loss of £68.7 million on revenue of £209.5 million: a margin of -32.8%. *The Guardian’s* strategy of a free, ad-funded website expanding into Australia and the US and generating a huge enough volume of traffic to make up for low ad revenue per user had clearly failed. The simple reason for this was that even huge volumes of traffic could not compensate for such low ad yields per user. The dominance of Google and Facebook in the UK’s online ad market made it clear who the revenue was going to instead: their share was reckoned at 54% of it in 2016, projected to grow to over 70% by 2020.[129] In fact, as the CMA’s 2020 market study showed, that was an underestimate: the real figure ended up being around 80%.

There were, and are, a number of reasons why the print-to-digital transition has been so difficult for the UK’s newspaper publishers. But for them, the power of Google and Facebook online, and their dominance of the UK’s online advertising market, was at the top of the list. In view of the total collapse of press advertising revenue over the past two decades (examined in Part 2 of this report), there is clearly much truth to that belief. However, the press’s focus on that explanation does occlude some of the other reasons for their difficulties for which they are more culpable. If it is true that the press has lost an enormous amount of its former advertising revenue to Google and Facebook in the course of the print-to-digital transition, it is also true that US newspaper publishers have faced the same problem. In the US, they have responded by trying to build up digital subscription businesses. For many years they struggled to do so until, in 2016, some of them were able to make a major breakthrough. There was an enormous ‘Trump bump’ in digital subscribers to *The New York Times* and *Washington Post* from late 2016; the two brands had both tripled their numbers by late 2020.[130]

There was no real equivalent to their success in the UK’s press, except perhaps *The Guardian’s* growth in reader revenues over the past five years. The reason is simple: the British public has long had very low trust in the national press, as confirmed by a number of trust surveys. Indeed, according to Eurostat, Britain has the least trusted press in Europe. It may well be that one reason the press finds it so difficult to convince any more than a tenth of the population to pay for their digital services is simply that their services aren’t valued any more than what is available for free. The UK’s equivalents to the Trump phenomenon have been Brexit and the rise of Boris Johnson. On both issues, most of the UK press have acted as cheerleaders rather than as watchdogs. One renegade right-wing journalist, Peter Osborne, has written a series of denunciations of this record, claiming in one:

[128] Hansard HC Deb. vol. 640, col. 711, 9 May 2018, available online at: [https://hansard.parliament.uk/Commons/2018-05-09/debates/CE43B0ED-87D3-4F63-B8A4-2A66964790C2/DataProtectionBill\(Lords\)#contribution-D47A766F-FF9C-4B15-8939-0115E6F0A9AC](https://hansard.parliament.uk/Commons/2018-05-09/debates/CE43B0ED-87D3-4F63-B8A4-2A66964790C2/DataProtectionBill(Lords)#contribution-D47A766F-FF9C-4B15-8939-0115E6F0A9AC)

[129] Ben Bold, “Google and Facebook dominate over half of digital media market” campaign 18 September 2017, available online at: <https://www.campaignlive.co.uk/article/google-facebook-dominate-half-digital-media-market/1444793>

[130] Sara Fischer, “Trump bump: NYT and WaPo digital subscriptions tripled since 2016” *Axios* 24 November 2020, available online at: <https://www.axios.com/washington-post-new-york-times-subscriptions-8e888fd7-5484-44c7-ad43-39564e06c84f.html>

"I have been a political reporter for almost three decades and have never encountered a senior British politician who lies and fabricates so regularly, so shamelessly and so systematically as Boris Johnson. Or gets away with his deceit with such ease. ... In theory Johnson should not be able to get away with this scale of lying and deceit. In a properly functioning democracy, liars should be exposed and held to account. But that isn't happening. As with Donald Trump, for Johnson there seems to be no political price to pay for deceit and falsehood. The mainstream media, as Washington's response to Johnson's speech shows, prefers to go along with his lies rather than expose them. ... A big reason for Johnson's easy ride is partisanship from the parts of the media determined to get him elected." [131]

The basic problem with the UK news media's focus on 'fake news' has long been that it has not been clear what problems in the UK 'fake news' is supposed to explain. In the US, the explosion of interest was very clearly driven by a need to explain both the shock of Trump's election and what many seemed to regard as the inexplicable endurance of his public support, throughout his presidency. Until the pandemic, Trump had appeared on course to win re-election in 2020. The development and spread of the Q-Anon conspiracy theory also seemed to indicate something was badly wrong with the information diets of many Americans.

In the UK, it is not necessary to invoke 'fake news' to explain either Brexit or Johnson's rise. Both were heavily supported by large sections of the UK's established media, specifically the right-wing press. These titles have no interest in attributing Brexit or Johnson to the pervasiveness of disinformation because they do not believe that people have to be misinformed to support either. Until the pandemic, and the spread of misinformation about Covid-19 and the vaccines against it, there wasn't much for 'fake news' to explain.

Perhaps partly for that reason, the UK news media's concerns about the big internet platforms quickly spread from 'fake news' and disinformation onto other kinds of 'online harms'. Focus quickly shifted to the effects of social media on children, and the inadvertent funding of extremism and other harmful activity via YouTube.[132] In 2019, a number of UK news sites, including *MailOnline*, *The Sun* and the *Daily Express* published stories about the 'Momo challenge' – an alleged game in which children and adolescents were being enticed into violence, self-harm and suicide on YouTube by a user called Momo. These stories were then widely shared on Facebook. It quickly emerged that the whole story was a hoax.[133]

[131] Peter Osborne, "It's not just Boris Johnson's lying. It's that the media let him get away with it" *The Guardian* 18 November 2019, available online at: <https://www.theguardian.com/commentisfree/2019/nov/18/boris-johnson-lying-media>

[132] See, for example, from 2017 alone:

-John Bingham, "One in three children send naked selfies online because parents let them 'roam free' on the internet" *The Telegraph* 5 January 2017, available online at: <https://www.telegraph.co.uk/news/2017/01/05/one-three-children-send-naked-selfies-online-parents-let-roam/>

-Alexi Mostrous, "Big brands fund terror through online adverts" *The Times* 9 February 2017, available online at: <https://www.thetimes.co.uk/article/big-brands-fund-terror-knnxfgb98>

-Daisy Dunne, "How Facebook hacks your brain: Ex-Google product manager reveals the tricks apps use to get us hooked" *MailOnline* 10 April 2017, available online at: <https://www.dailymail.co.uk/sciencetech/article-4397834/Google-employee-speaks-apps-ADDICTIVE.html>

-Denis Campbell, "Facebook and Twitter 'harm young people's mental health'" *The Guardian* 19 May 2017, available online at: <https://www.theguardian.com/society/2017/may/19/popular-social-media-sites-harm-young-peoples-mental-health>

-Alexi Mostrous, "YouTube adverts fund paedophile habits" *The Times* 24 November 2017, available online at: <https://www.thetimes.co.uk/article/youtube-adverts-fund-paedophile-habits-fdzfmqlr5>

-Tim Collins, "Google and Amazon really DO want to spy on you: Patent reveals future versions of their voice assistants will record your conversations to sell you products" *MailOnline* 15 December 2017, available online at: <https://www.dailymail.co.uk/sciencetech/article-5182577/How-Google-Amazon-SPYING-you.html>

-Matthew Moore, "Social media is bad for your mental health, Facebook admits" *The Times* 18 December 2017, available online at: <https://www.thetimes.co.uk/article/social-media-is-bad-for-your-mental-health-facebook-admits-82vnjlnk5>

[133] Tom Phillips and Joël Reland, "The 'Momo challenge' is an online hoax fuelled by media coverage" *Full Fact* 1 March 2019, available online at: <https://fullfact.org/online/momo-challenge-hoax/>

The history of the crystallisation of the ‘online harms’ agenda into legislative proposals has been covered above. But the question remains: what stands behind the UK news media’s particular interest in the issue of ‘online harms’? The media has never shown such an interest in, for example, the harms suffered by UK workers in the workplace, or the environmental harms caused by fossil fuel companies. The particular media focus on and attentiveness to the issue of ‘online harms’ occurring on big internet platforms is best explained as the product of a ‘common sense’ across the UK’s news media about the big internet platforms that has deep roots in news publishers’ own interests. Those interests are threefold.

First, to convince the British public that internet platforms, and especially social media platforms like Facebook, are fundamentally unsafe and unreliable places to get news from, and that people need instead to visit news websites and apps directly, and to buy subscriptions to these services. Rebranding themselves as the producers of ‘high-quality journalism’ and social media as the locus of disinformation and misinformation straightforwardly serves publishers’ commercial self-interest. This is nothing new: right-wing newspapers have claimed that the BBC has a pervasive left-wing bias for years, for much the same reason. This campaign has been highly effective, not least because it is grounded in some truth – the spread of disinformation around coronavirus during the pandemic is the latest illustration of that fact. As the data on the UK public’s trust in news media in Part 2 of this report showed, the public trusts news on social media much less than news in general. Moreover, among journalists, academics and policy makers there is now much attention devoted to the issue of disinformation and misinformation online, as the section above on the government’s draft Online Safety Bill shows. It is noteworthy that the legislation effectively defines disinformation and misinformation as problems that can result only from user-generated content or social communication on internet platforms, and never from news publishers’ output or its dissemination on those platforms. The political attention given to issues of ‘fake news’, disinformation and misinformation is examined in more detail below.

The second interest of news publishers is in convincing policy makers that there need to be significant pro-competition interventions in the online advertising market in order to reduce the dominance of Google and Facebook and help news publishers generate more advertising revenue. The argument that Google and Facebook’s dominance in online advertising needs to be tackled is easier to make in the context of a climate of opinion in which Google and Facebook are generally agreed to be causing a range of social problems as a result of their dominance. The representatives of the UK news media industry have explicitly linked Google and Facebook’s dominance of the advertising supply chain to the spread of fake news, arguing that it is those platforms that create the conditions that make the production of fake news profitable enough. The problem of ‘fake news’ online can be used to underscore the need for steps to be taken to support established news publishers. The government’s plans to reform the UK’s antitrust regime in order to better address competition issues in digital markets has been outlined above. The specific issue of Google and Facebook’s dominance of the online advertising market is examined in more detail below.

The third interest news publishers have at stake is in forcing Google and Facebook to reach a more favourable commercial accommodation with them in a number of areas such as revenue sharing, data, and the relative prominence of their content on their platforms. In conventional competition terms, news publishers clearly lack bargaining power with Google and Facebook. The latter are monopolists in their core markets – search and social media – which are both major sources of news publishers’ traffic. By contrast, news publishers operate in a ferociously competitive market that is in commercial decline. However, what news publishers do possess is an ability to produce original news stories that set the news agenda and thereby influence both public opinion and the political agenda.

Google and Facebook's chief vulnerability is that they are information *intermediaries* who do not engage in original news production of their own. Their ability to shape the news agenda is limited compared to that of the news publishers. Moreover, as intermediaries, the degree to which the public trusts them – to function as intermediaries, to hold their personal data, to display ads, and so on – is at the core of their business model. It will become even more so if competition interventions facilitate the development of commercial rivals, or if new services come along that threaten to rival their core functions.[134] Therefore, for news publishers, their news coverage, their influence over public opinion and their influence over public policy makers is arguably their most effective means for exerting pressure on Google and Facebook to reach a more favourable accommodation with them. It does not seem a coincidence that it was in January 2017 – at the height of the 'fake news' scandal after the 2016 presidential election – that Facebook suddenly decided to appoint a former TV news anchor to oversee its relationship with the news industry. [135] The final part of this report therefore looks at the evolving terms of platform-publisher relationships in the UK.

'Fake News', Disinformation & Misinformation

In the immediate aftermath of Trump's election, during the months of November and December in 2016, much of the coverage of *The New York Times*, *The Guardian* and the *Financial Times* focused on the problem of 'fake news'. By contrast, right-wing British titles like *The Times* and *The Telegraph* were much slower to take up the issue. The first *Telegraph* article did not appear until 6 January 2017. The first article in *The Times* was published on 30 January 2017. In both cases, the articles were op-eds written by the Conservative MP Damian Collins, then chair of the House of Commons Culture, Media and Sport Select Committee.[136] *The Telegraph* article explicitly argued that the focus of regulatory attention ought to shift now from newspapers to fake news online: "Press regulation is an important issue. But the greatest threat to the credibility of the media no longer emanates from newspapers. Instead it comes via the internet, where "fake news" spreads without regulation through social media platforms and numerous other channels. That should be a greater concern for us now."

Collins's committee then launched an 18-month inquiry into disinformation and fake news, whose final report was published in February 2019. The report argued,

"Social media companies cannot hide behind the claim of being merely a 'platform' and maintain that they have no responsibility themselves in regulating the content of their sites. We repeat the recommendation from our Interim Report that a new category of tech company is formulated, which tightens tech companies' liabilities, and which is not necessarily either a 'platform' or a 'publisher'. This approach would see the tech companies assume legal liability for content identified as harmful after it has been posted by users. We ask the Government to consider this new category of tech company in its forthcoming White Paper." [137]

[134] As Instagram, WhatsApp and Snapchat all threatened to do to Facebook – hence its acquisition of the first two and attempted acquisition of the third.

[135] Hannah Kuchler, "Facebook appoints former CNN anchor to media role" *Financial Times* 6 January 2017, available online at: <https://www.ft.com/content/cb44264e-d43c-11e6-9341-7393bb2e1b51>

[136] Damian Collins, "MPs should be targeting fake news - not the free press" *The Telegraph* 6 January 2017, available online at: <https://www.telegraph.co.uk/news/2017/01/06/mps-should-targeting-fake-news-not-free-press/>

Damian Collins, "Facebook and Google must stop the spread of fake news" *The Times* 30 January 2017, available online at: <https://www.thetimes.co.uk/article/facebook-and-google-must-stop-the-spread-of-fake-news-hpsm3qw0l>

[137] House of Commons Digital, Culture, Media and Sport Committee, *Disinformation and 'fake news': Final Report – Eighth Report of Session 2017-19*, 18 February 2019, p. 89, available online at: <https://publications.parliament.uk/pa/cm201719/cmselect/cmcumeds/1791/1791.pdf>

In April 2019, the committee launched a new sub-committee on disinformation, now the Sub-committee on Online Harms and Disinformation, whose current inquiry is examining the government's approach to tackling online harms.[138] The sub-committee's membership is the same as the main DCMS committee. During the early months of the pandemic in 2020, the main committee conducted an inquiry into misinformation relating to the pandemic. The report, *Misinformation in the COVID-19 Infodemic*, was published in July 2020. The report viewed the pandemic as a useful test case to examine the extent to which tech companies had reformed their policies and methods for tackling misinformation. Overall, they found these efforts lacking:

"Whilst tech companies have introduced new ways of tackling misinformation through the introduction of warning labels and tools to correct the record, these innovations have been applied inconsistently, particularly in the case of high-profile accounts. Platform policies have also been too slow to adapt, while automated content moderation at the expense of human review and user reporting has had limited effectiveness. The business models of tech companies themselves disincentivise action against misinformation while affording opportunities to bad actors to monetise misleading content. At least until well-drafted, robust legislation is brought forward, the public is reliant on the goodwill of tech companies, or the bad press they attract, to compel them to act."[139]

The government's draft Online Safety Bill is the primary means through which it intends to address these issues. As already described, the Bill will explicitly exclude recognised news publishers from its scope, as well as elected politicians, so that the 'duty of care' requirement on platforms will relate primarily to ordinary users of platforms. This will undoubtedly cover some of the misinformation on platforms like Facebook, particularly the hoaxes and scams identified by the committee as a key source of misinformation during the pandemic, as people tried to exploit the crisis for financial gain. On the other hand, misinformation spread either by journalists and commentators working for recognised news publishers or by political figures, will not be covered. The committee's report acknowledged the possibility of the latter as a source of misinformation – citing the examples of Donald Trump and Jair Bolsonaro. Yet there has been some misinformation about coronavirus, identified by the fact checking website *Full Fact*, that has come from political and media figures.[140] Meanwhile, the press reform campaign group Hacked Off alleged in January 2021 that 55 national newspaper articles containing "dangerous conspiracy theories and disinformation about Covid-19" had been published since the start of the pandemic over which the press's self-regulator IPSO had failed to take action.[141]

[138] "MPs probe the Government's approach to tackling harmful online content" 27 July 2021, available online at: <https://committees.parliament.uk/work/1432/online-safety-and-online-harms/news/156956/mps-probe-the-governments-approach-to-tackling-harmful-online-content/>

[139] House of Commons Digital, Culture, Media and Sport Committee, *Misinformation in the COVID-19 Infodemic – Second Report of Session 2019-21*, 21 July 2020, p. 3, available online at: <https://committees.parliament.uk/publications/1954/documents/19089/default/>

[140] Recent examples include misleading claims made by a former Supreme Court judge, a Telegraph newspaper columnist, and a prominent talk radio host. See, "Lord Sumption made several errors about Covid on Today" Full Fact 20 July 2021, available online at: <https://fullfact.org/health/lord-sumption-covid-errors/> "Allison Pearson tweets misleading stats about Covid hospital patients" Full Fact 16 July 2021, available online at: <https://fullfact.org/online/Allison-Pearson-Covid-stats-hospital/> "More than 10 people are dying of Covid-19 each week in the UK" Full Fact 2 June 2021, available online at: <https://fullfact.org/health/talk-radio-covid-death-statistics/>

[141] Hacked Off, "Hacked Off report identifies 55 fake news stories about Covid-19 published in National Newspapers in 2020. IPSO failed to uphold a complaint on any of the stories included in the report" 18 January 2021, available online at: <https://hackinginquiry.org/hacked-off-report-identifies-55-fake-news-stories-about-covid-19-published-in-national-newspapers-in-2020-ipso-failed-to-uphold-a-complaint-on-any-of-the-stories-included-in-the-report/>

Google & Facebook's Dominance of the Online Advertising Market

The decline of print newspapers and the rise of the internet has been devastating to the finances of most UK newspaper publishers. They have tried to replace their collapsing newspaper businesses with new digital news operations but, as Part 2 of this report showed, only a tiny fraction of the print advertising revenue that UK newspapers publishers have lost over the past twenty years has been replaced by new digital advertising revenue.

It is no mystery where the advertising money has gone. Advertising budgets in the UK are increasingly spent on online advertising and, as the CMA's 2020 market study established, Google and Facebook account for over 80% of online advertising revenue in the UK.

Meanwhile, most newspaper titles are either managing their decline into eventual closure or attempting the painful transition to new digital business models. For most of the titles that do survive, revenues coming directly from paying readers will play a much bigger part of their business than they did in the past. This is just as true of the elite-oriented titles that – from a financial point of view at least – have found the print-to-digital transition easiest: the likes of *The Economist*, *The Times* and the *Financial Times*. In fact, it is these titles, aimed at a mix of business and very affluent readers (often the same thing), that have found it easiest to switch away from a dependence on advertising, towards a more heavily subscription-oriented business model. Other titles have chosen to pursue a free, ad-funded model that relies on huge audience scale to compensate for low ad yields per user. As mentioned above, *The Guardian's* attempt at this strategy had clearly failed by 2016 and it quickly pivoted towards raising much more revenue directly from readers, either through subscriptions to its premium apps or through simply asking readers to make regular donations. A number of other newspaper brands have continued with the free, ad-funded model: the *Express*, the *Mirror*, *MailOnline*, *The Sun* and *The Independent* being the most popular online, although *MailOnline* and *The Independent* have added 'premium' subscription tiers. [142]

In March 2018, the government asked Dame Frances Cairncross, a former journalist, to chair a review into the commercial sustainability of 'high-quality journalism' in the UK – meaning the press. The review was specifically asked to consider threats to the financial sustainability of the news industry, the role and impact of digital search engines and social media platforms, and the role of digital advertising. The review was published in February 2019.[143] It found that Google and Facebook held considerable power over news publishers online because of their critically intermediary role in the distribution of news content. Publishers – and especially publishers pursuing the free, ad-funded business model – are heavily dependent on search and social media platforms to drive large volumes of traffic to their websites. This position of structural power, along with their enormous profitability, enables the platforms to impose terms on publishers in a range of key areas, with little need for consultation or negotiation. The review believed this posed a potential threat to the viability of publishers' online businesses and therefore made two key recommendations. First, that the CMA conduct a deeper market study of the online advertising market to determine if competition was working correctly, and if not, to recommend remedies.

[142] Sky News is free and does run advertising but it is heavily cross subsidised by Sky as a whole.

[143] *The Cairncross Review: A Sustainable Future for Journalism*, 12 February 2019, available online at: <https://www.gov.uk/government/publications/the-cairncross-review-a-sustainable-future-for-journalism>

Second, that the platforms be required to draw up codes of conduct to regulate their relationships with news publishers, on something like the model of the Public Service Broadcasters' codes of conduct that regulate their terms of trade with independent TV production companies.[144] The government's response to the review was to accept the recommendation for a CMA market study and to agree to explore the idea of developing codes of conduct.[145]

The CMA's market study published its provisional findings in December 2019. These included the suggestion that a code of conduct might be a useful means of regulating the behaviour of advertising-funded platforms with significant market power. The CMA's final report was published in July 2020 and set out the proposal in more detail. Notably, where the Cairncross Review had proposed the platforms should draw up their own codes, with guidance from the regulator, the CMA proposed that the codes should be developed primarily by the regulator and given a statutory basis, with the DMU being given enforcement powers by future legislation to ensure compliance. Moreover, its proposals for the code of conduct covered a wider range of relationships than just the platform-publisher ones that were the Cairncross Review's focus.

Building on the recommendations of the Furman Review, the report recommended an enforceable code of conduct be established to govern the behaviour of platforms that were designated with 'strategic market status', defined as those that hold enduring market power over a strategic gateway market, and over the users of their products, resulting in a powerful negotiating position that put other businesses in a relationship of dependency.[146] The CMA believed it was highly likely that Google and Facebook met this definition: "*Google has enduring market power in search and search advertising and in open display*" while "*Facebook has enduring market power in social media and display advertising*"; both platforms "*play an important role as a gateway for large numbers of businesses to access users on the other side of the platform.*"[147]

The CMA found that news publishers were particularly dependent on both Google and Facebook. In the case of Google, the CMA found:

"it has had 90% or more of the search market for over 10 years, as well as having a share of over 90% in the key publisher ad server market. It has a reach of over 90% of UK internet users and many businesses depend on Google for accessing these consumers. Publishers are particularly reliant on appearing within Google's search results and are vulnerable to changes to its algorithm which can have a material impact on user traffic. Google also frequently hosts publishers' content within its ecosystem. ... Google has developed unrivalled access to data through its operation of the largest browser (Chrome) and the Android mobile operating system. Through its display advertising businesses, including the largest publisher ad server (Google Ad manager) and the largest advertiser-facing demand side platforms (DV360 and Google Ads), Google is a vital trading partner for advertisers wanting to secure conversions. This access to data and presence along the ad tech supply chain can limit the availability of genuine alternative choices for publishers and advertisers."[148]

[144] *The Cairncross Review*, Chapter 4: The role of the online platforms in the markets for news and advertising, p. 56-74

[145] DCMS, "Government response to the Cairncross Review: a sustainable future for journalism" 27 January 2020, available online at: <https://www.gov.uk/government/publications/the-cairncross-review-a-sustainable-future-for-journalism/government-response-to-the-cairncross-review-a-sustainable-future-for-journalism> "The government agrees that codes of conduct that formalise the relationships between news publishers and online platforms may help to rebalance that relationship. The government is working with interested parties to further assess this recommendation over the coming months."

[146] CMA, "Online platforms and digital advertising: Market study final report" 1 July 2020, p. 336, paragraph 7.55-7.56, available online at: <https://www.gov.uk/cma-cases/online-platforms-and-digital-advertising-market-study>

[147] CMA, "Online platforms and digital advertising: Market study final report", p. 336, paragraph 7.59

[148] CMA, "Online platforms and digital advertising: Market study final report", p. 336-7, paragraphs 7.60-7.61

In the case of Facebook, the CMA found:

“Facebook (including Instagram and WhatsApp) has a reach of over 85% of UK internet users, around 75% of the time spent on social media for a number of years, and a share of over 50% of all UK display advertising revenues. This significant online presence means that Facebook plays an important role in driving consumer traffic to content providers, including publishers, in particular through its Newsfeed. Facebook also has extensive access to data and is the only medium through which advertisers can run certain valuable campaigns. It is a valuable portal through which advertisers can access a large number of users, with over one million UK advertisers using the platform in 2019. In addition, it can leverage this position to request data from advertisers or businesses interoperating with Facebook which is then used to create rival products in adjacent markets. Facebook also plays an important role for developers who are reliant on its platform to grow their userbase. Alterations made to its platform could require developers to make technical or even business model changes to their apps. Facebook may also leverage its position by creating products that compete directly with those of developers.”[149]

The CMA recommended that the code of conduct should apply to whole companies, with main provisions applying to ‘core markets’ (i.e. those in which the firm has market power) and ‘adjacent markets’ (i.e. those into which that market power can be leveraged, e.g. via the use of data or consumer attention). The code for Google and Facebook should take the form of “high-level principles rather than detailed rules”, and comprise the following elements:

- a) a statement of scope
- b) three high-level objectives: fair trading, open choices, trust and transparency – that is, to prevent the exploitation of customers, the exclusion of rivals or the reduction of transparency (undermining trust)
- c) principles within each objective
- d) guidance setting out in more detail the potential application of the code to each specific platform
- e) enforcement powers enabling the DMU to force firms to comply, with the ability to order conduct and issue financial penalties for non-compliance with either DMU orders or the code. [150]

The two relationships that it is critical for publishers are regulated in this way are (i) those between advertisers and publishers on one hand, and the platforms on the other, in the buying and selling of digital advertising, and (ii) platforms as gateways to content, that publishers need to direct traffic to their sites in order for them to generate ad revenue and in many cases sell digital subscriptions. Nevertheless, the CMA rejected the idea of it directly controlling levels of ad load on platforms, or the prices paid by advertisers. [151]

The fundamental problem for UK news publishers, though, is that even if both of those relationships they have with the platforms are regulated by codes of conduct, it is unlikely to have a transformative effect on the amount of advertising revenue they can generate. Google and Facebook will remain formidable competitors in the online advertising market because only some of their revenue is the result of their abuse of market power.

[149] CMA, “Online platforms and digital advertising: Market study final report”, p. 337, paragraphs 7.62-7.63

[150] CMA, “Online platforms and digital advertising: Market study final report”, p. 338-339, paragraphs 7.67, 7.69

[151] CMA, “Online platforms and digital advertising: Market study final report”, p. 343, paragraphs 7.79-7.80

Much of it is the result of them occupying far superior structural positions in the digital environment with respect to the acquisition of both user attention and user data. And much of it is the result of the fact that their business models allow them to operate at a scale that enable them to develop qualitatively superior technical capacities in the targeting of digital advertising and the measurement of its efficacy. There is simply no way that any of the UK's news publishers will ever operate at a large enough scale to be able individually to invest in developing remotely comparable technical capacities. So while it may be possible for them to limit some of the worst abuses of Facebook and Google's superior market positions, they cannot eliminate or end that superiority altogether. It is that superiority which is the core reason why publishers have over the last twenty years lost a huge share of the advertising spending that used to come to them. In short, it is unlikely that these pro-competition interventions will bring back any more than a small fraction of the revenue that publishers have lost to the platforms.

The larger issue for commercial news publishers is that the rise of the internet has had the structural effect of marginalising news's importance as a genre of content which provides a key context for selling advertising space. In the twentieth century, the print newspaper and magazine were technologies that protected that enduring centrality. In the twenty-first century, the online world is one in which advertising can occur in a vast range of other contexts: search engine results, online shopping, mobile games, user-generated content on social media or video platforms, dating apps. This enormous expansion in the amount of daily attention we give to spaces where advertising can be supplied is, in other words, a huge expansion in the supply of advertising space. The inevitable result is that prices fall, and those who are able to identify, track and understand users – the targets of advertising – the best will command the highest premium. The overall result is to displace news publishers from their previous privileged and central position in the advertising market.^[152] The consequence is that news publishers either compensate for the advertising revenue lost by developing new sources of revenue, or they accept that some of their titles will close and others will in the future be much smaller businesses than in the past. In practice, a mixture of these has occurred.

The Evolving Relationship Between Tech Giants and UK News Publishers

The UK's news publishers have strongly advocated for the development of the new pro-competition regime for digital markets currently developing in the UK. As the section above shows, one effect of that regime is likely to be to regulate the terms of the relationships between the UK's news publishers and the big tech platforms, particularly Google and Facebook. But it is unlikely that the regime eventually established will, on its own, lead to significant incremental revenue for the publishers. Publishers are therefore pursuing other efforts to try and get better terms from the platforms.

^[152] This conclusion was reached back in 2014 by an influential report from the Tow Center for Digital Journalism at Columbia University. See C.W. Anderson, Emily J. Bell and Clay Shirky, *Post-Industrial Journalism: Adapting to the Present*, 2014, available online at: <https://academiccommons.columbia.edu/doi/10.7916/D8N01JS7>

At the core of the issue is the peculiar ‘frenemy’ relationship between platforms that play a significant role in information intermediation, like Google and Facebook, and publishers of online journalism. On the one hand, the platforms need journalism. It is one of the major content categories users come to their platforms to access: in Google’s case through web search results and Google News; in Facebook’s case, through the Newsfeed. As such, the platforms derive substantial engagement – and therefore users, advertising revenue and user data – from journalistic content featured as part of the mix of content available through their services. Yet the competition between platforms to feature this content on their services is far less – the platforms being much bigger and fewer – than the competition between publishers to have their content featured prominently on those services. Indeed, news publishers aren’t only competing with each other – and that would be competition enough. They are competing for user attention with a whole range of new competitors: some are suppliers of journalism, most are not. This imbalance between the relative need that the platforms have for news content compared to the news publishers’ need to acquire traffic from the platforms is one of the major structural features of the current online news market that works against publishers.

Nevertheless, just because Google and Facebook need journalism less than publishers need traffic from the platforms, does not mean to say that the former do not need journalism. The argument increasingly heard around the globe from news publishers is that the platforms use their structural power to exploit them, under-paying them for the value their journalism creates for the platforms. Concretely, news publishers argue they deserve a share of the advertising revenue their content generates for the platforms. They have therefore argued that regulators ought to compel Facebook and Google to pay them royalties or licensing fees when their content is viewed by the platforms’ users, for instance on the Newsfeed or via Google News. Initially, the platforms’ response was to argue that the revenue they derive from featuring journalism is insignificant, and that if they were required to pay such licensing fees, they would sooner remove their services from the countries in question. Google has had showdowns with news publishers and regulators in France, Germany and Spain. In February 2021, Facebook temporarily blocked all sharing of news in Australia, causing a major backlash against the company.[153] The ban was reversed after the Australian government agreed to amend its proposed news media bargaining code.[154]

In 2013 Germany introduced a so-called ‘ancillary copyright for press publishers’ which would have required Google to pay German publishers for displaying their content, even if the content is shared in the form of short snippets on web search results or on the Google News aggregation service. Google challenged the law, and took Germany to the European Court of Justice, winning its case in 2020 on the basis that the EU executive had not been notified of the German technical regulation.[155] However, while the case was ongoing, the EU was in the process of developing and introducing its own law to give publishers similar rights.

[153] Josh Taylor, “Facebook’s botched Australia news ban hits health departments, charities and its own pages” *The Guardian* 18 February 2021, available online at: <https://www.theguardian.com/technology/2021/feb/18/facebook-blocks-health-departments-charities-and-its-own-pages-in-botched-australia-news-ban> See also Calla Wahlquist, “Time to reactivate MySpace: the day Australia woke up to a Facebook news blackout” *The Guardian* 18 February 2021, available online at:

<https://www.theguardian.com/technology/2021/feb/18/time-to-reactivate-myspace-the-day-australia-woke-up-to-a-facebook-news-blackout>

[154] Amanda Meade, Josh Taylor and Daniel Hurst, “Facebook reverses Australia news ban after government makes media code amendments” *The Guardian* 23 February 2021, available online at:

<https://www.theguardian.com/media/2021/feb/23/facebook-reverses-australia-news-ban-after-government-makes-media-code-amendments>

[155] Foo Yun Chee and Klaus Lauer, “Google wins legal battle with German publishers over fee demands” *Reuters* 12 September 2019, available online at: <https://www.reuters.com/article/us-google-germany-publishers-idUSKCN1VX0R2>

In April 2019 the Council of the European Union approved the Directive on Copyright in the Digital Single Market (CDSM), whose Article 15 requires member states to give publishers of press publications direct copyright over “the online use of their press publications by information society service providers”.[156] Member states are required to implement the directive by 2021. Since the UK left the European Union on 31 January 2020, the UK government’s position is that it is not required to implement the directive in the UK, and it has no intention to do so. However, the government has indicated that it broadly supports the aims of the directive. It is therefore possible that the government will, in future, legislate to give UK publishers similar rights.[157]

The increasing global momentum behind efforts to force the platforms to pay for their use of news content led Google to recognise the inevitability of reaching some kind of accommodation with news publishers.[158] In July 2020 it announced its intention to launch a new global licensing program to pay news publishers.[159] The following October, it announced the launch of Google News Showcase, committing to ‘\$1 billion over the next three years’ in payments to publishers.[160] In February 2021 the service launched in Australia and the UK. The same month, News Corp struck a global deal for Google to make “significant payments” for its journalism.[161] Facebook had already announced plans to pay major UK news outlets to licence their articles in December 2020.[162]

The logic for the platforms is simple: once it became clear that enough governments around the world were prepared to resort to legislation requiring them to reach agreements to license news content from publishers, it was in the platforms’ interest to conclude such agreements with the publishers sooner rather than later. The longer they waited, and the more obstinate they were, the greater the likelihood that countries would have legislated to make bargaining mandatory for Facebook and Google, which would have given the news publishers a stronger hand in the eventual negotiations or even see governments intervene directly to impose settlements on the platforms themselves. Striking bargains before any of this occurs means that negotiations are conducted more on the platforms’ terms and may in some cases even lead governments to conclude that it is unnecessary to legislate.

[156] Directive (EU) 2019/790 of the European Parliament and of the Council of 17 April 2019 on copyright and related rights in the Digital Single Market and amending Directives 96/9/EC and 2001/29/EC (Text with EEA relevance), available online at: <https://eur-lex.europa.eu/eli/dir/2019/790/oj>

[157] James Vincent, “The UK won’t implement EU’s controversial copyright directive after Brexit” *The Verge* 27 January 2020, available online at: <https://www.theverge.com/2020/1/27/21083295/eu-copyright-directive-uk-brexit-no-implementation>

[158] Brad Bender, “A new licensing program to support the news industry” *Google* 25 June 2020, available online at: <https://www.blog.google/outreach-initiatives/google-news-initiative/licensing-program-support-news-industry-/>

[159] Sundar Pichai, “Our \$1 billion investment in partnerships with news publishers” *Google* 1 October 2020, available online at: <https://blog.google/outreach-initiatives/google-news-initiative/google-news-showcase/>

[160] Kate Beddoe, “Google News Showcase launches in Australia” *Google* 4 February 2021, available online at: <https://blog.google/products/news/google-news-showcase-launches-australia/>

Ronan Harris, “Google News Showcase is launching in the U.K.” *Google* 10 February 2021, available online at: <https://blog.google/products/news/google-news-showcase-launches-uk/>

“In the U.K., Google has signed partnerships with publishers such as Archant, DC Thomson, Evening Standard, The Financial Times, Iliffe Media, The Independent, Midland News Association, New Statesman, Newsquest, JPI Media, Reach, The Telegraph and Reuters. In total, more than 120 publications in the U.K. will start curating content for News Showcase, many of them local newspapers who do not have the same resources that many larger, national papers have to invest in their digital transformation.”

[161] Alex Hern, “News Corp agrees deal with Google over payments for journalism” *The Guardian* 17 February 2021, available online at: <https://www.theguardian.com/media/2021/feb/17/news-corp-agrees-deal-with-google-over-payments-for-journalism>

[162] Jim Waterson, “Facebook to pay UK media millions to license news stories” *The Guardian* 1 December 2020, available online at: <https://www.theguardian.com/technology/2020/dec/01/facebook-to-pay-uk-media-millions-to-licence-news-stories>

In the UK, for example, there is not yet any legal requirement for the platforms to pay UK news publishers – by quickly reaching voluntary agreements with many of the biggest UK news publishers, Google and Facebook may have delayed or avoided the introduction of legislation that would have allowed the news publishers to negotiate from a stronger position, or led to terms that more deeply affected their core businesses, like if Google was required to pay royalties for news stories that appear in Google Search.[163]

One criticism of this arrangement is that because agreements are usually being concluded by individual publishers, the biggest, most politically connected publishers are potentially in a position to secure better terms from the platforms than smaller publishers, since buying off the former is, from the platforms' perspective, more useful for heading off the threat of legislation. [164] Google has reportedly said it will terminate agreements with any publishers participating in a legal claim or complaint against the company.

In short, one of the central functions of Google News Showcase is to halt the political momentum behind proposals for mandatory fair bargaining with news publishers.[165] Moreover, Google News favours the biggest established media outlets, so the deals may potentially contribute to marginalising alternative media online.[166] The introduction of a news media bargaining code may still be necessary, if governments are concerned to ensure that smaller publishers are able to conclude deals with platforms on the same terms as larger rivals. Whether the UK government will be concerned enough to do so once the big newspaper publishers are satisfied with the deals they have concluded remains to be seen.

[163] James Meese, "Why Google is now funnelling millions into media outlets, as Facebook pulls news for Australia" *The Conversation* 18 February 2021, available online at:

<https://theconversation.com/why-google-is-now-funnelling-millions-into-media-outlets-as-facebook-pulls-news-for-australia-155468>

[164] Kate Kaye, "I'm afraid of repercussions': Publishing industry members question Google's motives in paying off News Corp" *Digiday* 18 February 2021, available online at: <https://digiday.com/media/googles-motives-in-paying-off-news-corp/>

[165] Lucinda Southern, "'Quite cynical': Publishers leery about Google's \$1 billion news licensing pot" *Digiday* 1 October 2020, available online at: <https://digiday.com/media/draft-do-not-include-in-newsletters-quite-cynical-publishers-leery-about-googles-1-billion-license-pot/>

See also Joshua Benton, "'Google paying publishers' is more about PR than the needs of the news industry" *Nieman Lab* 25 June 2020, available online at: <https://www.niemanlab.org/2020/06/google-paying-publishers-is-more-about-pr-than-the-needs-of-the-news-industry/>

[166] Axel Bruns, "Google News favours mainstream media. Even if it pays for Australian content, will local outlets fall further behind?" *The Conversation* 22 September 2020, available online at: <https://theconversation.com/google-news-favours-mainstream-media-even-if-it-pays-for-australian-content-will-local-outlets-fall-further-behind-146565>

RECOMMENDATIONS

by Damian Tambini

Democratising the Media, Democratising the UK

Democratic self-government will face unprecedented challenges in United Kingdom over the next century. Society must, through a process of inclusive deliberation, find solutions to deep and intractable problems: of ecological risk, global heating, and rising levels of inequality. The burdens and benefits of new patterns of work, wealth and risk will have to be distributed. Ethical balances and institutions must be built to govern an accelerating pace of technological, cultural and social change. Whatever new institutional settlements and governance arrangements are reached will have to be legitimised by building consensus across an ever more fractured public.

To do all this and maintain the fundamentals of democratic legitimacy and popular consent, the United Kingdom will require a media system, and a process of democratic deliberation of a higher standard than it has ever enjoyed in the past. Yet all the signs are that the UK media system is in decline. As previous chapters have shown, the revenue and governance models that previously supported trusted public interest journalism, as well as the broader ecology of news gathering and distribution, are now fundamentally broken and there are few signs of a convincing plan to repair them. A fractured and fractious social media ecology shows few signs of capacity to generate productive deliberation or trusted facts.

In comparison with other recent legislative cycles, when specific new technologies were integrated with an existing media ecology (such as the integration of satellite or digital television in the 1990 and 1996 Broadcasting Acts, and the early internet with the 2003 Communications Act) the current context in UK media policy is one of a more fundamental shift away from traditional television, outside the scope of the EU framework. This is an opportunity for a more fundamental re-shaping of media governance.

The UK requires a much more holistic approach to converged content, infrastructure and the wider competition framework. It needs a deliberate plan to build and maintain institutions of deliberative democracy for the country. Because such fundamental media reforms would entail a significant challenge to existing approaches to media pluralism and media freedom, policymakers must also attend to the procedural dimension of policymaking in order to prevent a recurrence of well-established patterns of media capture through policy bargaining. This is an inflection point which calls for ambitious new approaches to public policy as well as bottom-up institution building by civil society. This will require far sighted approaches to supporting and building new institutions, whilst ensuring constant public involvement and oversight to improve trust.

SUMMARY OF THE RECOMMENDATIONS

1. Devise a new competition policy for the media sector
2. Build multistakeholder institutions with resources and capacity
3. Support alternative media with roots in civil society
4. Support ethical self-regulation protected from capture both by state and corporate interests
5. Ensure that media companies diversify revenue sources and form global and regional alliances
6. Require tech platforms to engage with civil society led ethical standards
7. Encourage a plurality of ownership and governance models
8. Support independence of media regulators
9. Create citizen assemblies with real power, inside regulators
10. Improve procedural standards in co-regulation of media and speech
11. Democratise intellectual property
12. Renew taxation policy
13. Subsidise independent journalism
14. Enforce duties of care and online safety whilst protecting freedom of speech
15. Require algorithmic accountability and transparency
16. Integrate media, security, defence and information warfare policy whilst avoiding censorship
17. Redefine the policy objective of media pluralism
18. Open up content moderation and media prominence
19. Enhance and protect the independence of Ofcom
20. Invest in research, data and institutions to conduct periodic independent reviews of media policy

The State of the Media in the UK: Five Crises

There has never yet been a golden age of UK journalism. Citizens have benefited from a great tradition of investigative journalism and public service, but we are also all too familiar with biased and unethical news that has served the interests of its owners and controllers, and excluded the voices and viewpoints of poor, non-metropolitan and marginalised groups.

Extensive mutual capture of the media by narrow political elites and interests, and of ministers and parties by powerful media, were put into clear focus by the Leveson Inquiry a decade ago, but never addressed by policymakers. There has been no fundamental reform of press regulation, and nor have there been structural reforms to underpin media pluralism.

A broken social contract. In the absence of decisive policy plans to update it, the social contract between media, state and public is breaking. News and journalism have historically been supported by privileges, including tax breaks, subsidies including spectrum, special competition rules, rights to self-regulate, and public interest defences and exemptions in privacy, defamation and data protection. These privileges were granted in exchange for the role media play supporting democracy, seeking the truth and facilitating deliberation. The chapters in this report describe the slow dismantling of all these forms of institutional support for media - support that was built up over centuries. Underlying the tsunami of changes described in these chapters are new forms of contestation about what constitutes media, what the public interest is, and how to encourage pro-social, pro-democratic news and media without impeding free expression. There is policy consensus that something needs to be done, but none on what should be done.

Declining public service. The democratic promise of the internet in the 1990s has given way to cynicism and disillusionment. As a result of radically new forms of communication and the slow bleeding of revenue from many public service news providers there is a danger that the media are becoming less able to consistently fulfil the democratic role and functions that some outlets have historically attempted to play. Public broadcasting and ethical journalism are less effective as integrative and enlightening institutions than they once were, tending to be drowned out by competing voices that put partisanship ahead of public deliberation about shared truths.

Market concentration and rentierism. Underlying these changes are powerful structural economic forces. New technologies, which witnessed a flowering of innovation and market entry with the growth of the consumer web in the 1990s and then broadband in the new century, have been subject to the same processes of capital concentration and gatekeeper control and rentierism that previous networked and communicative industries underwent. The emergence of platforms and intermediaries has led to unprecedented levels of market concentration and multi-sided leverage of market power. This has facilitated levels of value extraction (and repatriation) on unprecedented levels that tax authorities have so far been unable to constrain or mitigate, which has in turn undermined long established institutions of democratic media.

Inequality of access to the public sphere. As a result of these processes, citizen access to communications infrastructure, hardware and services is increasingly unequal: this may not cause but it does exacerbate existing inequality and social fragmentation. There is a danger that large minorities disengage from broader debates and self-select into self-referential bubbles, and that populist messages will be the only ones capable of cutting through an increasingly noisy communications environment that amplifies sensationalism and extremism.

The Current Juncture: Policy Stasis and Drift

As this context becomes more widely understood, there is no longer any doubt that pluralist multi-party democracy is in danger, not as a direct result of these changes, but because they render the democratic impulse and institutions in our media too weak to respond to the multifaceted challenges we face. Media do not cause populist authoritarianism – that is due to a failure of existing parties and ideologies to respond convincingly to the multiple economic, security and ecological challenges faced by citizens or to mitigate exploitation and inequality. But the media constitute a barrier to solving these problems because a media system in crisis does not provide a sufficiently effective public sphere or a trusted platform for consensus building and collective action.

Debates about media policy are increasingly polarised and fractious. Whilst democracy desperately needs independent media institutions capable of reducing noise and fostering inclusive debate, there are few signs that private media or public policymakers are capable of creating new media institutions that enjoy cross-party support and genuine social legitimacy. The great institution-building policy moments of the last century, including the founding of the BBC, the launch of television and commercial broadcasting, and decisions to limit the size and power of media empires were made through a process of open consultation and cross-party support. They were made, for example, by Royal Commissions established with clear terms of reference, transparency and civil society engagement, or through major pieces of legislation with cross party support. In order to modernise the UK media, to insulate them from state or corporate capture and prepare them for the challenges that will follow, new ways must be found to support and create trusted media without compromising their independence. The suspicion and ultimately rejection of positive support for journalism described in chapter 2 is a case in point:

Media reform should be guided by the aim of creating national platforms capable of responding to the unprecedented challenges that we face during the coming century. The extent of market failure in new digital media is becoming clearer. It is huge, in part due to the monopoly power of foreign tech advertising companies. Private decisions to invest or consume will simply not deliver the truth-generating capacity required of media in complex open societies. Large-scale public intervention and institution building is needed, but institution building in the media sector comes with grave dangers in open, democratic societies.

The policy drift that has characterised the United Kingdom since the setting up of Ofcom in 2003 has led to a number of dangers: one is that any mitigations to concentrated media power that have been posed by public broadcasting will not be replaced. Chapter 3 has shown that audiences continue to drift away from those providers, and engage in news avoidance, despite reporting in surveys that they trust impartial public broadcasters more than other providers.

Media policymakers should not be led by abstract economic objectives such as competition, innovation or increased investment. Their primary responsibility is to facilitate the long-term development of an open and pro-social democratic communication system. With the correct regulation and governance, commercial investment and competition can be a means towards this end, but they are not ends in themselves. The development of media fit for the challenges of democratic legitimisation in the 21st century will not happen without deliberate institution building through public policy.

The decision, one century ago to make a huge intervention in the nascent broadcasting industry by establishing the BBC monopoly and maintaining it in public ownership but formally independent of government had huge global repercussions. Arguably independent public broadcasting facilitated the development of healthy democracies in the post war period, despite huge challenges of austerity, because these institutions played a valuable integrative role and prevented capture of public opinion and information by private interests or the state, and any slide back towards majoritarian populism. They also were hugely influential on the development of commercial public service media in the post-war period. Regardless of causality, it is certainly the case that countries characterised by successful and independent public service broadcasters such as the UK have traditionally tended to be among the most stable and successful democratic polities.

Leaving aside intellectual property, no large-scale policy decisions have been taken on the UK regulatory settlement for the internet since the 1990s. The Communications Act 2003 explicitly excluded internet content, leaving it largely unregulated. At the start of the 2020s, content liability, taxation, competition and harm were all still governed by 1990s rules. It is now time to create a new settlement that involves all of the available policy levers. Such decisions can have a lasting impact on the democratic game, so to be trusted there must be an open, cross-party process for arriving at recommendations.

The response to date has been to establish self-regulatory institutions and the current trend is towards incorporating these self-regulatory bodies within co-regulatory systems of oversight and audit. This is the approach of the UK government and also of the European Union's Digital Services Act and associated codes of conduct.

This crisis of democratic media governance cannot be resolved by governments alone. Indeed, heavy handed top-down solutions are likely to make matters worse through over-regulation, real or perceived capture of the media, or the inability to resist the temptation to create a media system that is permanently biased in favour of one or another interest, for example, centre versus periphery, capital versus labour or innovation versus conservation. The solution to the crisis of democratic media requires a coordinated response by civil society, professional media voices and a range of other actors including tech companies and will require real leadership from people committed to robust democratic values. In order to be successful, media policy needs to be based on common objectives, principles and concepts, and it needs to have democracy and the open society at its core as explicit primary policy objectives.

20 Areas of Action

Responding to the challenges presented by the current juncture and doing so in a way that fosters an appropriate level of due trust in independent media will require action by multiple stakeholders. The following recommendations are directed not only at governments, but also at media companies, campaigns and civil society organisations.

1. Devise a new competition policy for the media sector. The most important task is to get the market structure right, and this will take time in an iterative process through market reviews, legislative change and individual cases. Competition law and policy is under review on multiple levels in the United Kingdom as the country leaves the EU. But the reviews do not go far enough in terms of considering all the options and widening both theories of harm and definitions of consumer and social welfare. Competition authorities should adopt new definitions of social welfare and harm based on public value and social externalities as well as narrow considerations of price.

The Competition and Markets Authority have explicitly kept ownership separation on the table in their approach to competition.^[1] If regulatory reforms are not successful – both in terms of introducing sustainable levels of market entry, switching, competition and also in terms of addressing significant welfare loss and social externalities – then structural reforms including ownership separation must be implemented. But ownership separation needs to be developed into a smart approach that reinforces ethical media, for example by separating advertising and editorial functions along the value chain. In addition, government must ‘join up’ competition with other forms of regulation more effectively by adopting a wider ‘theory of harm’ and the integration of competition with wider definitions of welfare than price alone.

The digital advertising duopoly needs to be regulated. The Digital Markets Unit and the Digital Regulation Cooperation Forum need to be given an effective statutory basis and powers as a matter of urgency. Regulatory reform should promote more effective competition but combine this with consumer protection particularly for vulnerable consumers. Some markets, telecommunications infrastructure for example, have delivered significant benefits to consumers through a dynamic market-based approach and the gradual dismantling of the market power and incumbency advantages of the former monopolist. Others, such as search and social services show signs of deeply entrenched market dominance that is not being reduced by the normal operation of the market. This has been clear for several years now. Whilst the government and regulators have commissioned a series of reviews, they have not taken the decision to radically update methodologies, thresholds or sanctions of competition regulators. They must do so, and if pro-competition regulation does not introduce real competition and switching, enabling progressive recapturing of value and control of user data by consumers, then structural solutions such as ownership separation should be used. The objectives of competition, the division of competencies among regulators and the full range of tools should be made clear in new legislation to provide legal clarity and sufficient powers to the Competition and Markets Authority, the Digital Markets Unit and the Digital Regulation Cooperation Forum.

[1] Competition and Markets Authority (2020) Online Platforms and Digital Advertising Market Study.
<https://www.gov.uk/cma-cases/online-platforms-and-digital-advertising-market-study#final-report>

The most difficult – and in the long term important – challenge with regard to competition policy is integrating it with the wide range of other policy levers. As we have seen in this report, many of the markets in digital media are highly concentrated, particularly search, digital advertising and infrastructure. In addition, adjacent markets in data and content exacerbate these dominance effects making market entry unlikely. At the same time, many of the policy challenges are ‘wicked’ policy choices in that the choices made in one field have impacts on those made in others. For example, if an intermediary is broken up or subject to new behavioural requirements, this may make specific media plurality rules superfluous. Whilst the European framework announced in 2020 (the Digital Services Act alongside the Digital Markets Act) does attempt to integrate competition with wider public policy, the UK has not yet achieved policy integration.

2. Build capacity for long-term institution building. A first step is to ensure that appropriate and legitimate policy development institutions are in place and are capable of developing radical but legitimate and far-reaching media reforms without losing the trust of civil society, major parties and political interests and most importantly citizens that rely on the media. For ‘how’ media policy is created is important. It matters if a regulatory framework is designed on the basis of opaque lobbying and reciprocities between media companies and politicians. It matters if frameworks that shift the democratic playing field are determined by only one player, without fair consultation of the others. In other words governance decisions should be subject to higher procedural standards to the extent that they impact on media freedom and media pluralism.

Policymakers have historically been aware of this, and in many cases large changes in broadcasting and press regulation have been the focus of large, open policy commissions with cross party representation. Large-scale policy commissions are also necessary because many of the decisions to be taken are interconnected, ‘wicked’ policy problems because the solution to one problem (say competition) redefines the nature of another problem (media freedom or pluralism). They need to be taken on as a whole. We need to invest in capacity building for media governance. Funding can come from government, but it must also come from companies, regulators and industry. The crucial matter is that the policy process cannot be captured by one sector or interest or a faction. Institutions such as media councils, user groups and permanent citizen assemblies are required to build legitimacy for media governance and provide legitimacy independently of private capital and the state. Civil society organisations should stress bottom-up solutions, but seek to agree on frameworks and fundamentals, and be sufficiently resourced to engage with long term debates over media reform. In the short term, there should be a focus on developing common positions – for example on criteria for funding and supporting public interest journalism and news, including independent funding models that are compatible with media freedom and freedom of expression; setting up and supporting models of public engagement and involvement such as citizens’ assemblies.

In the medium to long term, we need to build institutional support for the process of media regulation itself – including engagement with ethics codes, fact checking, public interest adjudications and prominence awards – and to enhance support for civil society-led media accountability institutions. Policymakers internationally are waking up to these challenges. Governments should consider and publicly endorse the Council of Europe’s Media governance principles.[2] Media companies and civil society organisations should engage in those policy processes that meet such key standards of transparency, openness and due process.

[2] Council of Europe (2021): Recommendation on Principles for Media and Communication Governance. https://www.coe.int/en/web/freedom-expression/msi-ref/-/most_viewed_assets/JqAlMXiumoTd/content/public-consultations-on-the-cm-draft-recommendation-on-principles-for-media-and-communication-governance-8-july-10-august-2021-_193_INSTANCE_JqAlMXiumoTd_viewMode=view/

3. Support alternative media with roots in civil society. The UK government has made several attempts to support regional and local journalism. The BBC funds around 150 junior reporters working on local newsgathering. (See chapter 2). In addition to this support for journalism, Ofcom has licensed over 300 Community Radio stations since 2003, and over 30 commercial local TV stations since 2010, replacing local news consortia and incorporating various forms of spectrum subsidy. Most of these local broadcasters are barely if at all, sustainable. The 2019 Cairncross Review [3] suggested new tax breaks and approaches to funding for news and journalism, but there has been resistance to implementation of these policies.

The success of these policy initiatives has been limited, principally because they lack scale and ambition, and government should take a more decisive approach to ensuring that various forms of support are scaled up, with more adequate protections for independence.[4] The existence of structural and endemic forms of market failure has been acknowledged since 2006, but even if a narrow market failure justification was not clear, there would still be a rationale for a major new policy intervention to ensure the sustainability of local media, for example through distributed funding.

4. Ensure that Journalists and their professional organisations support ethical self-regulation that is protected from capture both by the state and by corporate interests. This will involve arms-length bodies, such as the recognition panel established following the Leveson Inquiry that can audit and review the effectiveness of self-regulation. The remit of the recognition panel can be extended to cover recognition of self-regulation of a wider range of services. Support can be offered to initiatives that attempt to modernise and democratise journalism as a profession and strengthen lines of accountability to users and wider society, rather than editors and owners. Alternative ownership models and professionally controlled media should be part of the mix.

5. Ensure that media companies diversify and renew their revenue sources and seek to form global and regional alliances with similar providers that face threats to sustainability and autonomy. Many of the challenges faced by UK media are similar to those faced in other countries, and the UK media should do more to link and network with similar organisations around the world. Some of the most important journalism in recent years; from the Wikileaks diplomatic cables to the Panama Papers has involved cross border collaboration. Media need deeper international collaboration both to manage these new forms of journalism, and to handle the inevitable regulatory backlash. They also need to avoid various forms of instrumentalization of their services through hack and leak operations linked to misinformation and develop robust approaches to safety and independence of their journalists in this context. In the short term, this will involve development of common positions in relation to governance including non-cooperation with regulatory structures that do not meet standards of independent governance and sharing of resources in support of sustainable public interest journalism. Small, medium and community media often lack the resources to engage internationally, so there is a need for more investment in civil society and umbrella groups. In the long term, capacity building can lead to enhanced engagement with lobbying, advocacy and coalition building to redress the power balance with platforms and with governments.

[3] The Cairncross Review: a sustainable future for journalism, February 2019,

<https://www.gov.uk/government/publications/the-cairncross-review-a-sustainable-future-for-journalism>

[4] Schweizer et al (2014). MEDIA POLICY BRIEF 11. Public Funding of Private Media. Schweizer, C; Puppis, M; Künzler, M; Studer, S.

6. Require tech platforms to engage proactively with authentic civil society led attempts to articulate ethical standards. Rather than hiring armies of ruthless lobbyists working on short-term resistance to any policy innovations that might increase costs, companies should use their resources in a pro-social way. These lobbyists should be given more autonomy to engage with and advise a variety of civil society organisations and a genuine debate about the difficult questions. There will always be a suspicion that employees will ultimately serve the interests of their company, but there is such a thing as enlightened self-interest, and companies can create autonomous trusts and units with separate mission statements.

7. Encourage a plurality of ownership and governance models. A robust democracy requires plurality of funding, accountability and ownership models. This is necessary to ensure the autonomy of public deliberation from any form of public, state or private interest capture. Much more needs to be done on alternative models of ownership, corporate governance and accountability, including charitable, Trust and B-Corp ownership. Huge platform companies like Google and Facebook (both of which trace their origin to universities) or their successors and challengers might be more attractive to their users if they were legally restructured to serve the public interest rather than to secure shareholder profit. Public, charitable and trust ownership can be encouraged at all areas of the layer stack through grants and tax exemptions. Channel Four should be maintained in public ownership and the BBC's revenue should be protected subject to its ability fully to meet its remit to deliver high-quality, independent and diverse content and services to all UK audiences.

8. Support real independence of media regulators. These should use what policy discretion they have to invest in their long-term independence by fostering wider public support for public interest regulation. They should seek to protect and monitor their own independence and build accountability and legitimacy for their public interest decision-making through for example setting up enhanced consultation and involvement, citizens' assemblies, including permanent media user groups and clearly communicating the basis of their decision-making. Governments should ensure that their media regulators meet Council of Europe standards for independent media regulation and refrain from controlling regulators through legislation, funding or appointments.

9. Create citizen assemblies with real power, inside regulators. New forms of regulation will benefit from tools such as deliberative forums and citizens' assemblies because, like juries more generally, they provide a legitimate and independent form of decision-making. However, these assemblies and citizen juries work most effectively if they are granted decision-making power. Therefore a new internal assembly, to replace the OFCOM consumer panel and the consumer forum, could be given a role in making recommendations, regarding the definition of public interest and trusted journalism that may determine allocation of a range of regulatory benefits: not only access to spectrum through for example public interest broadcast licenses, but distribution, prominence, public interest defences, subsidies and tax breaks. This will improve trust and transparency in the process. Such an approach could be enhanced through international cooperation by inter-regulatory forums such as the European Regulators Group for Audiovisual Media Services (ERGA) and the European Platform of Regulatory Authorities (EPRA).

10. Governments and Parliaments should improve procedural standards in co-regulation of media and speech. This requires them to embrace a positive approach to media freedom and focus on the danger of mutual capture in media policy. They should also adopt formal and informal commitments to forbearance on interference with the day-to-day operation of the media, even when specific forms of interference may be compatible with international law on freedom of expression.

Policy objectives should focus on the following areas in particular: infrastructure investment; conditionality of public investment; plurality of ownership models; media taxation, universal service and access inequalities.

11. Democratise intellectual property. A healthy media system requires intellectual property enforcement to ensure journalists get paid and to prevent fake news. But an overzealous IP system can inhibit the free sharing and flow of news and ideas. This is why IP rules contain a series of exemptions and public interest considerations and why judges and policymakers must balance these objectives against interests in freedom of expression. In many cases recent adjustments have attempted to ensure the increased flow of revenue to news providers – for example to prevent internet intermediaries selling advertising or gathering data by copying news content. These need to be reviewed to guard against abuse of dominant gatekeeping control by platforms and effective ‘special pleading’ by news media seeking privileges. The IP deal needs to be opened up to civil society oversight rather than simply reinforcing incumbency.

12. Review taxation policy. This requires global agreements to stop profit shifting and close loopholes through for example new international initiatives such as the OECD’s recent agreement on a global corporate tax rate. There is a danger that, post Brexit, the UK will be involved in a race to the bottom in an effort to attract investment. Tax reform should focus on profits rather than value created. Taxation policy also needs to be reviewed in order to create the incentives necessary to facilitate the emergence of a pro-truth, pro-democracy digital public sphere, for example by ensuring that all providers of public interest news benefit from tax exemptions. This may entail updating charity law to include all forms of public interest media and ensure that tax privileges are fairly awarded.

13. Subsidise independent media. Governments, on collaboration with industry and civil society should establish an independent funding commission to review subsidies to local and national public interest media via arms-length bodies such as NESTA, and indirect forms of subsidy such as local news partnership. Levies to support independent journalism, on the model proposed by the Media Reform Coalition should also be implemented. Thus, a 2% levy should be imposed on the UK revenues of companies with more than a 50% share of online search or social networking markets. The money should be redirected to an independent public fund for redirection towards independent media that meet standards of ethical self-regulation. The level of the BBC license fee should be protected by an annual increase in line with inflation, whilst supporting civil society led innovation in the role and function of public sector broadcasting.[5]

[5] See for example, Media Reform Coalition, ‘Manifesto for a People’s Media’, November 2021, <https://www.mediareform.org.uk/get-involved/manifesto-for-a-peoples-media>

14. Enforce duties of care and online safety whilst protecting freedom of expression. The proposed Online Safety Bill must be revised to support the full independence of Ofcom and of new self-regulatory institutions. Ofcom must be given more powers to consult and an effective structure for public involvement. The Online Safety Bill also creates an uneven system of speech regulation by distinguishing between the liability of hosts and the liability of publishers and applying different standards and sanctions. As such it creates a framework that is unsustainable in the long term. There is still an urgent need to deal with online harms and externalities of various kinds and this will require regulators and institutions to monitor and enforce public interest ethics codes independently of platforms and publishers. Acknowledging the ongoing problem of balancing the lack of liability for online harms that platforms enjoy (effectively a subsidy to the app layer in the digital environment) with the need for both accountability and liberty for publishers, it will be necessary to support the Online Harms Bill in a first phase, and then deal with its application more evenly across publishers and hosts in a second phase. The legislation should establish a duty of care that applies to harmful algorithms, not just harmful content. Ofcom and self-regulatory codes should be entirely independent and protected from interference by ministers.

15. Ensure algorithmic accountability and transparency. Apps, platforms and intermediaries already perform a crucial media function by selecting and curating the feed of news and information each citizen consumes. Some of these intermediaries will see this role increase as they make adjudications on what is harmful, or on the other hand what is public interest content. As such, they need to be made more transparent, at various levels including their aims, criteria for evaluating content, and distribution and targeting functions. Information about algorithms must be available to end users and an obligation to audit of the quality of this information should be required.

16. Integrate media, security, defence and information warfare policy whilst avoiding censorship. Whilst the effect of information operations and fake news campaigns is impossible to measure, and often exaggerated, it is by now clear that disinformation campaigns of various types are a feature of and a challenge to states based on democratic legitimacy. In this context it is likely that major future challenges, such as a referendum that challenges geopolitical sovereignty, or a future ecological disaster such as a pandemic, could see vulnerabilities of open democratic media systems exploited by malign actors. In this context, suggestions of a more censorious defensive posture must be resisted, and the virtues of pluralistic, open media systems in generating legitimacy and trusted truths renewed. This will require much better public awareness of and involvement in systems of media and speech regulation.

17. Redefine the policy objective of media pluralism. Media pluralism is a corollary of media freedom all over Europe and North America, so important that it is written into the rules governing media mergers, and the fundamental rights treaty of the EU. Ensuring that one media company cannot control public opinion is an essential protection for democracy, but in the new environment these rules must be rewritten. Market-wide measures remain important, but targeted narrowcasting raises the spectre of citizens being controlled even when the wider media market is open. Media pluralism must be defined also at the level of ‘exposure diversity’ – to ensure that every citizen accesses a plurality of news and information, and therefore their agency as rational citizens is protected.

18. Open up content moderation and media prominence, in particular for powerful gatekeeper platforms. In the past, the censorship function of governments, and the editorial power of publishers was binary: information could be published or not. Increasingly, censorship and media power is a continuum.

Between the extremes of censorship on the one hand and the glare of publicity on the other is an opaque range of downgrading and surfacing decisions, which are often automated and increasingly segment and discriminate audiences. This new censorship and moderation power needs, in general to be opened up to public scrutiny and restraint, but not in a way that threatens all players. One way that public interest media can be supported is through due prominence: not only EPGs but platforms and other interfaces should be regulated to ensure that any promises they make to their consumers to prioritise public interest content are delivered, and public criteria for determining what is public interest content, and how it is amplified, should be available.[6]

19. Enhance and protect the independence of Ofcom. At the centre of the regulatory system is the need for a well-respected and well-resourced statutory regulator with multiple roles: not only developing codes of conduct but hearing complaints, allocating important resources and monitoring competition and consumer behaviour through research, as well as advising government in a policy role. The role of Ofcom has expanded a great deal in the two decades of its existence, taking on postal services, the BBC and online safety in addition to its competition, telecoms, content and consumer protection roles. As such the regulator's independence from government and general trustworthiness is absolutely critical to the operation and legitimacy of the system as a whole. If the regulator is perceived to be exercising censorship control over broadcasters or social media content or standards or operating in favour of one or other party or social interest group, this would be fatal to trust in the system as a whole. It is concerning then that senior posts at Ofcom have been subject to subtle interference and politicisation and viewed as a legitimate target for party patronage. Both parties of government have approved the appointment of senior party and ideological figures to senior posts, and the resulting public controversy has undermined trust in the regulator. This must stop and legislation should reduce the role of government ministers in appointments which should be made according to technical merit criteria, according to strict public appointment standards that exclude party figures and parliamentarians. Nominees should be approved by a parliamentary committee in public hearings.

20. Invest in research, data and institutions to conduct periodic independent reviews of media policy. Due to the accelerated pace of technological and market change, with the rise of data driven targeting and AI in news and journalism, the shift to streaming and a coming wave of VR powered immersive social media experiences, it will be necessary to keep many established rules and institutions of media governance under review, and systems of complex co-regulation and law will have to adapt. Such a condition of change entails multiple dangers: of state capture and of private interest capture, and of a collapse in the legitimacy of speech regulation. In this context, it will be necessary to invest in the institutional capacity of democratic media governance in the long term. This means for example endowing regulators with improved data gathering and algorithmic oversight powers; ensuring enhanced transparency of media ownership; conducting regular media plurality reviews (as promised but not as yet delivered by Ofcom) and imposing remedies and undertakings in a timely way. In the twentieth century, the problem of legitimating governance arrangements was provided through paternalist commissions that represented many of the sources of power and legitimacy in society. The model of such Royal Commissions is no longer the appropriate vehicle for generating legitimate media governance in a United Kingdom that is a less deferent, more educated and diverse society. In the place of these top-down policy commissions will be more complex projects involving shifting coalitions of multi-stakeholder civil society groups, supported by independent research, genuinely independent regulation and a well-informed public.

[6] See the Council of Europe Guidance Note on the Prioritization of Public Interest Content. (2021).



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