

A Review of the BBC Local News Partnership

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1. Foreword and introduction to the review

The health of the UK’s local democracy is important to all of us. It is there, in meeting rooms and council chambers up and down the country that decisions are made that affect our everyday lives. And so it is crucial that we keep a record. I understand the vital role that journalism plays in our modern democracy – shining a light on decisions, actions and consequences.

The UK’s local news industry has faced a number of well-publicised challenges over the years as audiences and advertising have moved online. The impact of this change has been felt across newsrooms - while the editorial ambitions of many local news providers will not have diminished, the simple truth is that the capacity to deliver has.

The Local News Partnership was created in 2017 specifically to help address the drop off in levels of local political coverage by providing valuable new training, the guarantee of political reporters and a base level of local political coverage, right across the UK. In doing so, it has also achieved something else of value – a new way of working between the BBC and the local news industry, and indeed between the many different players that make up the local news industry itself.

This is a good time to carry out a review of the Local News Partnership. The partnership has been running for nearly three years and there are some valuable lessons to be learned. And while the overall story is a positive one, we have highlighted some key areas for improvement in this report that we believe will make a difference as the BBC prepares for the next round of procurement in early 2021.

Throughout this review I have been struck both by the scale of ambition behind the Local News Partnership, and by how far it has come in its short existence. On a personal note, I am encouraged to see it rolling out further in Northern Ireland and look forward to seeing more local stories of public interest surface over time.

I have led this review at the request of the Director, Nations & Regions, and the work been carried out by a small team of us within the BBC – at arm’s length from the core LNP Team. Throughout this process we have drawn on expertise and insight from a wide range of stakeholders, including the BBC LNP Team, LDERS Suppliers, wider partnership, the Local Democracy Reporters as well selected external stakeholders.

It has been a challenging period for many in the industry and we would like to thank everyone for their time and support in pulling this report together.

Peter Johnston, Director Northern Ireland

2. Executive Summary

The Local News Partnership has successfully transitioned from being an innovative new programme of work within the BBC, to forming an important part of the BBC Nations & Regions offer. It has established a significant new partnership and way of working between the BBC and the local news industry – one that delivers real value to both, and to audiences around the UK. This real world impact is part of its editorial mission and there are countless examples of this in action – from highlighting the drastic reduction in bus journeys across the UK¹, to uncovering evidence that Gloucestershire police staff sold part-worn tyres from force vehicles for personal gain² and alarming failures in many criminal background checks – at both a local³ and national⁴ level. Beyond the content, the LNP has also led to changes in local government policy and council conduct, as demonstrated in Cambridge where a local councillor was found to be claiming £15,000 per year in allowances – despite living in Scotland.⁵

On the basis of the evidence gathered for this review, the LNP has been a great success, with every stakeholder we spoke to keen to see it grow and improve in future. There have been inevitable challenges with a programme of this nature and this level of complexity, but we should not forget that only three years ago there was no precedent for this type of programme anywhere in the world. This review takes place at an important moment in time – it is able to look back and measure the performance of the LNP over the first three years of its existence, and it is able to look forward to the next phase and the ambitions and challenges that lie ahead. This is doubly important when we consider the fact that similar programmes have since been launched around the world, such as the LDR in New Zealand and the Local Journalism Initiative in Canada.

In this report we highlight the areas where we believe the LNP could make improvements to best prepare it for this future. In the main these are about increasing the opportunities it provides – to smaller companies looking to take part directly, to journalists seeking to enter the scheme and to do their best work, and to the wide range of media companies of all sizes, platforms and business models, who make up the local news industry.

We have provided a summary of these recommendations to the BBC Board below. These recommendations are based solely on the evidence we have gathered during the course of this review. Much of this may already be familiar to the BBC LNP Team, who work closely with Suppliers, Partners and reporters on a regular basis, and have already made a number of positive improvements in the short time this programme has been running.

Ultimately it is for the BBC Board and BBC Nations & Regions to decide the extent and significance of any changes it will introduce as it prepares the Local News Partnership its next phase.

2.1 – Summary of recommendations

1. **Fair opportunities to all news organisations across the UK** – we recommend further action by the BBC LNP team to ensure that the opportunity to become a Local News Partnership Supplier is open and accessible to all news companies, regardless of size or medium. There have been concerns raised about how the LDRS Supplier contracts skew towards large, print, pan-UK suppliers (see #2 below) while the structure of the Shared Data Unit training programme also appears to make it more difficult for smaller companies to engage. *See p8 & p30*

¹ <https://www.bbc.co.uk/news/uk-england-47045872>

² <https://www.wiltsglosstandard.co.uk/news/17645941.police-staff-disciplined-for-selling-part-worn-tyres-for-personal-financial-gain/>

³ https://www.birminghammail.co.uk/news/midlands-news/fears-sex-offender-hired-transport-17616344?utm_source=twitter.com&utm_medium=social&utm_campaign=sharebar

⁴ <https://www.bbc.co.uk/news/uk-england-45914601>

⁵ <https://www.cambridge-news.co.uk/news/cambridge-news/donald-adey-cambridge-scotland-quits-16005184>

2. **Changes to the LDRS tender process** – we believe the procurement process should reasonably be modified to facilitate greater inclusivity, and that doing so would not compromise the success of the service. We explore this in detail within the market impact assessment, but some options include increasing the number of reporter contracts and regional lots, the relaxing or removing of some bidding criteria, and more hands-on assistance with the EU procurement process. *See p28*
3. **Expansion of the LDRS** – we are aware this is an active consideration already and, following this review, believe there is good justification for doing so if it remains sought after by all parties, although we recommend doing so in clear phases. Any expansion should first ensure there is an appropriate base level of coverage of local authorities within the existing editorial remit – for example through more LDRs and the improved distribution of contracts – before considering the provision of new specialist roles to cover layers of UK public services not yet covered, and as defined by public need – for example emergency services or court reporting. We recommend the BBC works closely with the NMA, as well as with the wider partnership and industry to understand the audience need, risks and implications of any expansion of the LDRS. We acknowledge that any expansion is dependent on new sources of external funding. Additionally, on the evidence considered in this review, and given the positive development of the programme, we see no reason to move the management and governance of the LNP away from the BBC. *See p17 & p30*
4. **Revisit and refresh the KPIs** – we do not believe the current set of content usage KPIs are wholly fit for purpose and recommend two actions for the BBC LNP Team. The first is to establish new KPIs and targets that are appropriately ambitious, reflective of all aspects of the LNP, and do the important job of driving the service forward. We have identified potential changes in two areas in particular around LDRS story uplift and SDU training impact. The second action is to establish better and more robust measurement capabilities and processes, working with the NMA and wider partnership to do so. Both steps are important for helping to ensure Licence Fee payer value and any new KPIs should be approved by the BBC N&R Board. *See p25*
5. **BBC engagement with the LDRS content and the reporters** – we recommend the BBC LNP Team and BBC Nations & Regions explores what changes it can introduce that will sustain, and even improve, levels of BBC engagement with the programme. This includes the use of LDRS and SDU content by BBC national and local teams. *See p18*
6. **Recruitment challenges** – it is no criticism of the LDRS that it runs at around 90% capacity – indeed this may even be sign of its success. However, in the context of any future expansion, we believe it is right to explore ways of increasing both the footprint and diversity of local democracy journalists. We ask that the BBC explores what further steps it could take to address the persistent challenge of recruiting and replacing skilled local democracy reporters across the UK. We acknowledge that any response to this challenge must ultimately be owned and delivered by Suppliers. *See p7 & p31*
7. **Clearer communication of rules and expectations** - we recommend the BBC LNP Team takes further steps to improve the awareness of the rules and expectations of both Suppliers and journalists and the communication channels across the BBC LNP Team, Suppliers and reporters. The tension between the LDRS scope and newsroom pressures remains a cause for concern among some reporters and external stakeholders; however we acknowledge the good balance being struck between rule-enforcement and Supplier autonomy, as well as the improvements in conduct by all Partners over time as the programme has matured. *See p22*
8. **Improvements to the News Hub** – we recommend the BBC LNP Team and BBC Nations & Regions identify any cost-effective ways to improve the product that will make it more accessible to Partners and help increase use. We acknowledge the need to ensure value for money for Licence

Fee payers and so, given its relatively low importance to Partners, only propose pursuing any improvements that are proportionate to the opportunity. *See p9*

9. **Support the delivery of more multi-media content** – we recommend that the LNP team explore ways to ensure the LDRS produces content that can reach all corners of the UK local news industry, including more broadcast TV and radio organisations. The LDRS has naturally aligned itself to the shape of its Supplier base and the local news industry more generally, producing mainly print and online copy-based journalism. This is to be expected, however we believe there may be more audio-visual opportunities, for reporters and Partners, than there are currently. *See p15*

3. Context behind the Local News Partnership

The challenges facing the UK local news industry have been well documented over the years – sometimes fairly, and other times with excessive foreboding. However, the fact remains that at the time of the launch of the Local News Partnership, regional news advertising revenues (print and online) had fallen by 35% over the five years from 2012 to 2017, while revenues from advertising and sales of printed newspapers in the UK dropped by 50% between 2007 and 2017.⁶ The Cairncross Review also estimated that the number of full-time frontline journalists in the UK had fallen from 23,000 in 2007 to 17,000 in 2017.

Inevitably, a by-product of any restructuring is that some coverage falls out of the picture. And for local news organisations rightly focused on their commercial operation, it follows that coverage which delivers less towards this objective – in terms of audiences and advertising – will go first. This has been the direction of travel for coverage of local government authorities for a number of years and the result has been tangible – far fewer journalists at council meetings and reduced levels of attention paid to thousands of decisions that have affected the lives of local communities. This reduction in the levels of local and regional government scrutiny has happened at the same time as the UK has become more politically devolved and socially fragmented. It is in this context that the Local News Partnership was created as a means to ensure that the decisions and actions local politicians and officers take on our behalf get covered.

Many voices in the industry recognised the need for an outside intervention to help fill the gaps that had appeared in the local democratic landscape. As far back as 2014, some news agencies were already arguing the case for ‘public service reporting’. At a BBC conference on the *Revival of Local Journalism*, the then Director of BBC News, James Harding, publicly called for closer working between the BBC and local press, and opened the door for ambitious ideas and initiatives that would require regulatory approval.⁷

It is against this backdrop that the Local News Partnership (LNP) was formally established in 2017 and the first Local Democracy Reporter started work in January 2018. It was the result of a period of negotiation and agreement between the BBC, the News Media Association (on behalf of the wider local news industry) and central Government. The stated aims were ambitious and clear and outlined in a joint letter between the Director of News, BBC and the CEO of the NMA in May 2016.⁸ Through a number of identified initiatives, the Local News Partnership would:

- a) Increase coverage of underreported issues in UK public services and institutions
- b) Improve the overall quality and breadth of UK local news
- c) Enhance the relevance of news services to local communities

⁶ Cairncross Review, February 2019

⁷ <https://www.bbc.co.uk/mediacentre/speeches/2014/james-harding-local-journalism-conference>

⁸ [http://www.newsmediauk.org/write/MediaUploads/PDF%20Docs/BBC and NMA Partnership Agreement LetterF INAL_11.5.16.pdf](http://www.newsmediauk.org/write/MediaUploads/PDF%20Docs/BBC%20and%20NMA%20Partnership%20Agreement%20LetterF%20INAL%2011.5.16.pdf)

This commitment was later enshrined in the latest BBC Charter, guaranteeing the BBC's involvement in funding and managing these key initiatives in an effort to support the long-term provision of local democracy reporting, and local journalism more broadly.

The Local News Partnership was an entirely new type of programme – bold in its ambition but focused in its objectives and without precedent anywhere in the world.

Limitations of the LNP

From the very beginning there were important limits to this partnership and boundaries to its intent. It was never designed to replace entire parts of the industry, nor was it intended to provide financial support directly to small or struggling news organisations. Instead, the Local News Partnership would simply provide a guarantee of coverage in a highly targeted area of need – covering local councils and other relevant democratic institutions – and, more broadly, would help to establish new data journalism skills and expertise. Beyond this, the local and regional news industry as a whole would continue to face the same economic and editorial pressures as before, and would continue to respond to these challenges however best they saw fit.

Understanding the true objectives of this partnership and its place within the much wider local news ecosystem is important because it has ultimately shaped how the LNP is structured, managed and assessed, which we will explore in detail in this report.

The possible implications of COVID-19 on the industry

The LNP is not a publisher, nor an audience-facing brand, and by its nature will need to flex up or down in size and scope depending on the needs of the industry. If the local news sector was to shift in any major way we would expect to see the LNP adapt with it – in both the number and distribution of reporters. To achieve its mission it relies on the wider news industry – to support the reporters, give them a voice to connect them with readers across the UK. It is too early to say how the Coronavirus pandemic will impact the UK local news industry but there will likely be changes to the shape of the market and the key players within it, as there will be in many other sectors. We are mindful of this uncertain future in this report and any recommendations should ultimately be considered against this backdrop.

It is a challenging time for many in the industry – at a time when revenues have come under even greater pressure, and the ability to operate is severely compromised, the audience need for reliable journalism has never been greater.

4. The structure and operation of the Local News Partnership

4.1 - Three parts of the Local News Partnership

There are three parts to the Local News Partnership that make up the intended total investment of up to £8m p.a. These three initiatives – the Local Democracy Reporter Service, the Shared Data Unit and the News Hub – were developed by the BBC and NMA, in consultation with the wider local news industry, and were intended to address key areas of need.

4.1.1 - Local Democracy Reporting Service (LDRS)

This is the largest initiative within the partnership. It aims to provide up to 150 Local Democracy Reporters (LDRs) to cover local authorities and public services across the UK. These journalists are funded by the BBC through the LNP, but are employed and managed by local news organisations – working in newsrooms alongside editors and other local news journalists. The companies who hold these contracts are Suppliers.

Despite being employed by these organisations their brief is separate and protected from the wider editorial output. They are focused solely on reporting stories of public interest to do with local government. In this way, the service is not designed to be a subsidy for the broader industry – rather it is targeted to provide a singular service that was either missing or becoming less and less prevalent.

Number of roles

Although funding is available to provide up to 150 reporters, in practice about 130-140 are employed at any one time – owing to natural churn and recruitment challenges in some parts of the country. In addition to this, three contracts remain unallocated across more remote areas in Scotland and Northern Ireland. The original ambition was to scale the service up to 200 roles and potentially beyond, depending on its success. Even with available funding to do so, the evidence suggests these recruitment and retention challenges are likely to persist unless changes are introduced – for example to LDR job descriptions and eligibility criteria. We explore this issue in more detail in section five (5.3).

Distribution of reporters

These roles are distributed across the UK according to the number and density of local authorities in a region and broadly mapped to the population size. Some have raised concerns that the allocation of contracts and reporters should be more closely aligned to coverage deficit or audience need. However, to do so would require a common view on the level of deficit across the country, including how to measure this. At the same time, for the LNP to take this view on behalf of the industry would amount to casting a qualitative judgement on the quality of the coverage being provided by the market today. It would also require a policy determination over the socially desirable distribution of this limited resource, which we are not in a position to make.

We understand that a guiding principle of the LNP has been to serve audiences by working with the local news industry that is already there and not to seek to rebalance, or in particular distort, the market in any way. Therefore the LNP has taken a rational and objective view over allocation and distribution. This is not to say that the current allocation is wholly fit for purpose – simply that there is a clear reasoning behind it. We explore this distribution in greater detail as part of the market impact assessment in the appendix.

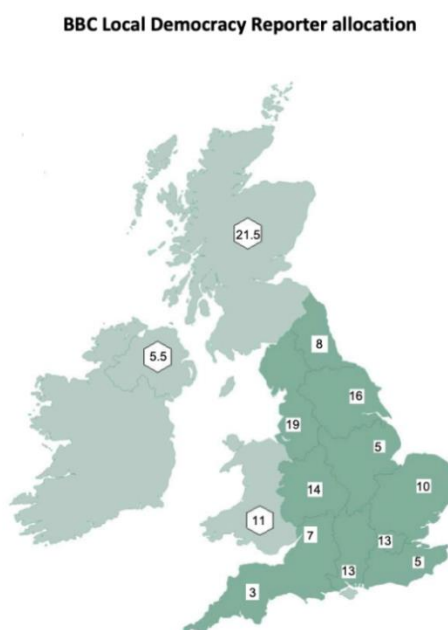


Fig. 1 – Allocation of Local Democracy Reporters by region according to the contracts awarded⁹

⁹ https://www.bbc.com/lnp/reporter_contract_distribution_v5.pdf

4.1.2 – Shared Data Unit

The Shared Data Unit (SDU) was set up to support the development of data journalism skills across the local news industry. This was in recognition of the growing importance of these skills in the face of more data being created and made available than ever before in all areas of public life, including local government. Drawing inspiration at the time from the Trinity Mirror (now Reach PLC) operation in Manchester, the idea was to create a unit that delivered two clear benefits:

- a) The creation of large-scale data investigations in the form of data packs that LNP Partners can access and use to create stories of local interest and relevance
- b) The delivery of a three-month, intensive training course for a small group of journalists that could provide them with the necessary skills and experience to bring back to their home newsrooms

The SDU first ran a pilot with three people in 2017/18 and since then the unit has worked with 27 journalists from news organisations across the UK. These ‘secondees’ join the Shared Data Unit for a period of three months, working out of the BBC offices in Birmingham. While there they follow a bespoke curriculum that combines in-house training with access to open-source tools and software. These journalists are given the time and space they need to work hands on with a range of data and to develop the skills and confidence they need to grow the data journalism capacity back in their newsrooms.

As with all parts of the Local News Partnership, the Shared Data Unit was created to address a clear gap in the market. Data Journalism is, for the most part, taught through formal courses at university – the cost and duration of which could be barriers to entry for some journalists either starting out or looking to expand their skills. In this way, the SDU is designed to complement this formal education – by providing local news providers with high quality training that reflects both the pace of change in the industry and the long-term ambition of many organisations to grow their own data journalism capabilities.

Perhaps the best indicator of success has been this impact felt back in partner newsrooms – a number of partners have either created a dedicated data journalism team or expanded their existing offer. This speaks to the sustaining impact of the SDU, which we explore further later on in section 4.4.

Despite the clear success of the SDU it has encountered a similar challenge to the LDRS in that smaller and hyper-local news organisations have found it more difficult to engage with the programme, mainly because of the level of time and commitment required. For some organisations, where one person might make up a third of the newsroom, it can be too difficult and expensive to engage fully with the three-month SDU training programme, despite wishing to. We understand that there have been a few instances of small companies securing a place only to pull out before the programme began.

This speaks to a wider theme about the challenges for small news organisations in engaging directly with the LNP, which we explore later in section 6 as well as in detail in the appendix. The SDU is aware of this problem and we welcome some of the steps they are already taking or considering to mitigate this in future – for example remote learning resources, regional hack days, and shorter training modules. We believe it is important that the benefits of the SDU are as widely available to the industry as they can be.

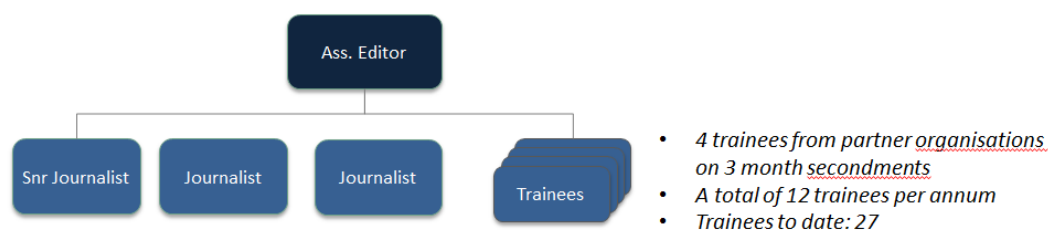


Fig. 2 – Shared Data Unit team structure

4.1.3 – News Hub

The third part to the Local News Partnership is an online portal that syndicates video news footage produced by each of the 11 BBC English Regions, BBC Scotland, BBC Wales and BBC Northern Ireland. Every day these regions upload the footage used in their breakfast, lunchtime and early-evening news bulletins. Online digital video packages are also shared. Partners are able to log into the News Hub, download the clips and use them in their online reporting. This content is subject to terms and conditions, including that it is BBC branded, available for online use only, and that it serves the primary purpose of News Hub - to enhance the quality and relevance of local journalism.

From the beginning, the NMA was keen to explore the feasibility of enabling partners to display advertising around this content. However, pending the outcome of the BBC Board's consultation on the BBC's future Distribution Policy, it remains the case that in-video advertising cannot be shown against this content in the UK. This has had a knock-on impact on the number of partners able to use the News Hub content. Some companies, like Newsquest and JPI Media, have been unable to turn off automatic pre- and post-roll advertising on their websites and so have been unable to fully engage. However, we understand that JPI Media have now resolved this issue, so we hope to see more engagement over time.

In the original agreement with the NMA it was also suggested that one way to support the future expansion of the LDRS from 150 to 200 reporters was from net revenues from partner advertising against News Hub content. This is no longer feasible and any future expansion will require new sources of external funding.

Some Suppliers we spoke to also cited the News Hub's poor user experience and product design as reasons why they don't get more value out of it. For example there is no clear tagging taxonomy or search function, while the titles given to clips tend to follow internal BBC naming conventions. We understand that the original design specification was that the News Hub should have little or no impact on existing BBC workflows, however the result of this is that it is more difficult for Partners to navigate.

The News Hub is the smallest initiative within the LNP in that it doesn't require a dedicated team to manage it. Upfront technical costs were kept low by essentially running off the same portal that was built for the LDRS. In addition, ongoing costs are small because the responsibility for labelling and uploading clips has been integrated into the existing workflows of the wider BBC regional teams. Although this does incur a minimal opportunity cost to the BBC (between 1-5 minutes to upload footage across 15 regions, four times a day), it is difficult to exactly quantify how much resource and budget it uses and is therefore captured in the overhead applied by BBC finance.

Despite its low use – relative to the original ambition – some media organisations do get regular use and value from it and, more broadly, it should be considered a positive step for the BBC to make more of its content available to the market. Low ongoing costs means it doesn't raise any questions about value for money, and we acknowledge that some Partners would miss it if it were taken away. Based on input from Suppliers, our view is that some additional investment in the product could make it more accessible and drive up use among third parties, but that there is a need to consider value for money. **We recommend that the BBC LNP Team and BBC Nations & Regions explore introducing cost-effective improvements to the News Hub that would make it more user-friendly.**

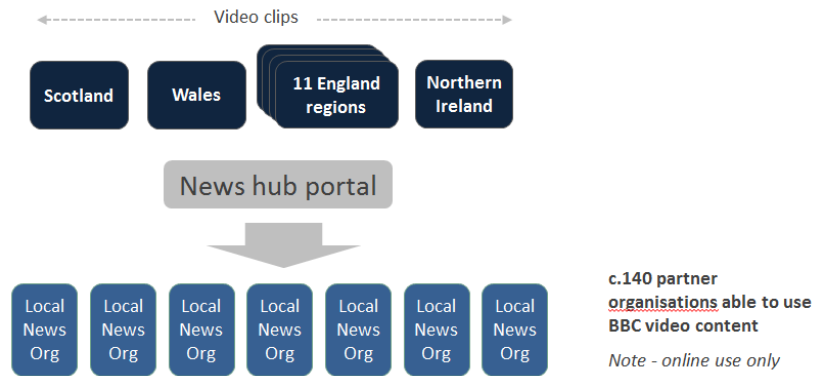


Fig. 3 – overview of the News Hub structure

4.2 – two tiers of LNP stakeholders

The LNP is a partnership in a very real sense – while the funding for the scheme comes from the BBC licence fee, it could not be delivered without the hands-on support and management of the Suppliers, nor would its impact be so widely felt without the engagement of a wide range of Partners. We have broken down two main levels of stakeholder in the LNP below.

4.2.1 – Suppliers

The Suppliers are the local news organisations who hold the contracts for the LDRs. While the reporters are funded by the BBC, they are each employed and managed by a Supplier, working closely with editors and other journalists in their relevant newsroom. These suppliers are also Partners, and able to access the same benefits from the LNP, however in addition to this they are expected to provide essential support and resource to the LDRs, including editorial direction and management, HR support and any technology overhead required. Suppliers play a key role in driving the LDRS and managing the production of content.

There are currently 10 Suppliers holding the contracts for 139 active LDRs. Most of these organisations own and operate a number of local news organisations across the UK, which is ultimately where the reporters are based and publish their content. Some of these newsrooms have been allocated multiple LDRs in a single contract, which is determined by the population of a particular region and the density of local government activity. For example, the Greater Manchester area includes six reporters in one contract, compared to the one reporter contracted in Derbyshire.

We have provided a breakdown of the 10 suppliers, the number of contracts they hold and the number of reporters they are entitled to employ below. Note that this represents the maximum capacity of the LDRS under the funding agreement and not the actual employment. In reality, owing to churn and recruitment challenges, only about 130-140 LDRs are in place at any one time. In other words, the scheme regularly runs at about 85-93% capacity. In the context of a new scheme and a challenging market, this is a high utilisation rate and should be viewed as a significant success.

As we understand it, there are also 3 contracts that have not been taken up by small local providers in Northern Ireland and Scotland, owing to a lack of capacity and editorial need.

Company name	Contracts	Reporters
Reach Plc	26	64.5
Newsquest	19	38.5
JPI Media Ltd	16	36.5
KM Media Group	1	2
Stonebow Media (The Lincolnshire Reporter)	1	2
Archant Community Media	1	2
Citizen News and Media (The Hackney Citizen)	1	1
London Evening Standard	1	1
Manx Radio	1	1
Shetland News	1	0.5
TOTAL	68	149

Fig. 4 – allocated contracts and reporters by operating company¹⁰

Allocation of contracts to larger companies over smaller companies

Many people we spoke to as part of this review have raised concerns about the fact that the majority of contracts (around 90%) were awarded to the three largest regional news publishers – Reach PLC, Newsquest and JPI Media. This allocation of reporters is largely the result of the set of criteria used to filter and assess candidate companies, and the scale of the overall procurement process. While the size of company and audience was not a direct consideration during procurement, it is certainly true that the scale and capacity of some organisations may have afforded them a greater advantage in the application process. We believe the LNP should introduce changes ahead of the next round of procurement and explore this in greater detail as part of the market impact assessment in section six and the appendix.

While concerns about more opportunities being given to larger companies are fair, they should also be considered against the broader mission of the LNP to address local audience needs and the gap in local government coverage. It is not the role of the LNP to favour, support or rebalance parts of the industry. Equally, although many smaller organisations did not win contracts, they do make up much of the wider partnership (see below) and therefore still benefit directly from the LNP.

4.2.2 – Partners

Whether or not a news organisation holds the contract for an LDR, they are eligible to qualify as a partner of the Local News Partnership, provided they meet the qualifying criteria. This gives the organisation access to many of the benefits of the LNP without the need to manage reporters - including all of the content created by the LDRs in their area, which is published online through a partner-wide portal. Like the 10 Suppliers, Partner companies are likely to include a number of smaller local news organisations, all of which get access to the LDRS portal and the stories published by the LDRs in real-time. Each organisation is only able to see the stories that are relevant to their particular region.

In addition to being able to access the LDRS story portal, Partners are able to access the SDU data packs and apply for training placements for their staff each year. They are also able to access the News Hub and use the video content published there, provided they do so within the terms and conditions.

The number of Partners has grown steadily from day one, going from c.80 at the beginning to 138 as of April 2020, making the content produced within the LNP available to c.950 news outlets across the UK. No Partner has ever chosen to leave the programme after being admitted and this growing footprint of local news providers is helping to ensure stories reach the relevant local audience – wherever they are.

¹⁰ https://www.bbc.com/lnp/reporter_contract_distribution_v5.pdf

As the *fig. 5* below shows, the majority of these Partner news outlets are in print and online, with around 100 and 50 in Radio and TV respectively.¹¹ This make up is broadly reflective of the shape of the UK local news industry.

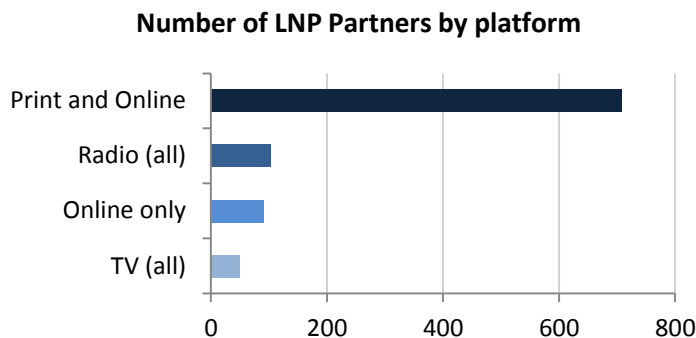


Fig. 5 – Breakdown of the LNP Partners according to platform. Note that many Radio and TV partners also have an online presence which is captured in the Radio and TV categories above. Print and Online Partners captured above are active across both platforms, as opposed to Online only

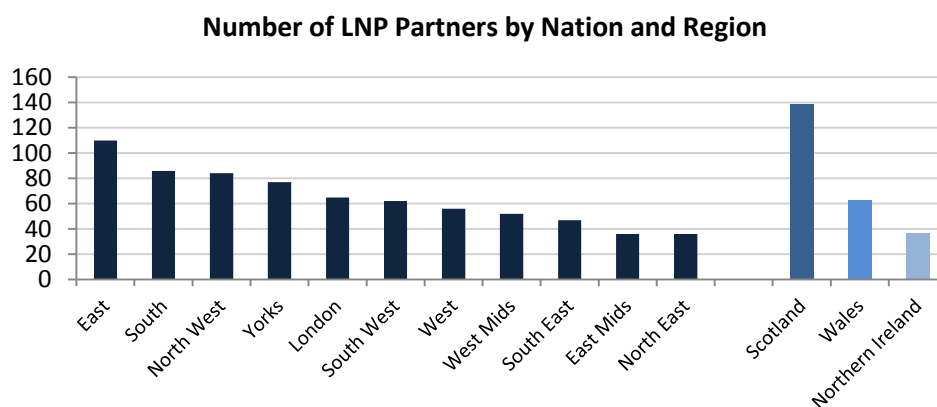


Fig. 6 – Breakdown of LNP Partners by English Region and UK Nation

4.3 – Structure and governance

The Local News Partnership is managed by a small team of five full-time staff within the BBC. This covers all aspects of the procurement, administration and management of the LDRS, the Shared Data Unit and the News Hub. In addition to this, three journalists are rotated in from BBC Nations & Regions to support the Shared Data Unit. The BBC LNP Team receives additional support as necessary from specialist functions within the BBC, including procurement, finance and legal. The BBC LNP Team reports into the Director, BBC England and ultimately up to the Director, Nations & Regions.

¹¹ Local News Partnerships Database, as at April 2020

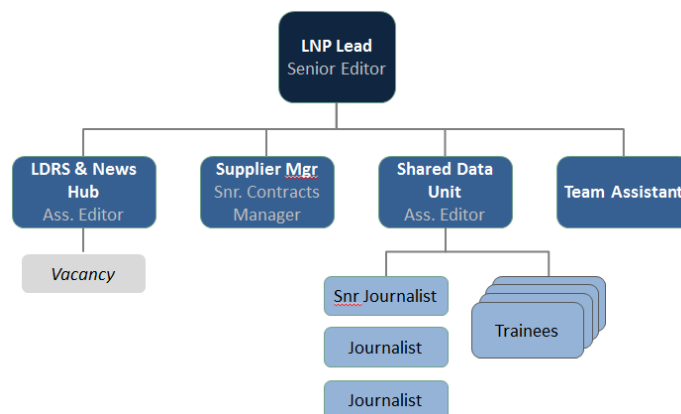


Fig. 7 – Local News Partnership team structure

Governance and quality assurance

There is an advisory panel made up of 10 senior representatives from relevant organisations across the local media landscape, including local TV, commercial radio, press agencies and local newspapers and online. The panel meets twice yearly and is advisory in nature only – voicing concerns felt in the industry and feeding into the scope and direction of the LNP.

The originating content created by the LDRs and journalists in the Shared Data Unit is subject to the standard level of editorial oversight and industry regulation that applies to both the BBC and the host news organisation. Indeed, this level of oversight is a key requirement in the procurement of Suppliers, who are expected to demonstrate a robust and proven complaints handling process as part of their operation.

4.4 – Financial overview

As set out in the agreement with the NMA and in the BBC Charter and Agreement from 2016, the BBC is committed to spending up to £8m across all the Local News Partnership initiatives. These costs cover all elements of running the programme, including the salaries and overheads for the reporters, management team costs, Shared Data Unit training and accommodation as well as any and all technology and infrastructure costs – both upfront and ongoing. In addition to these direct costs the BBC applies a standard corporate overhead. Actual spend for 2019/20 was £7.15m, including the allocated BBC overhead.

The LNP consistently spends less than the £8m total it is allocated by the BBC. The main reason for this underspend is the fact that LDRS only ever runs at about 90% capacity, or around 130 reporters. This is down to three key factors – the natural churn of reporters year-on-year, the difficulty in recruiting and replacing these roles in a challenging news market, and a small number of reporter contracts left unallocated as some hyper-local organisations have declined to take them up.

5. Assessing the performance of the LNP against core objectives

In this section we set out how well the LNP has performed against the clear objectives and KPIs set for it. In addition, we also explore how well the programme is performing in other areas that we believe are important considerations when determining the success of the LNP.

We will look at the following objectives in turn:

- Increasing coverage of underreported issues
- Creating content that is incremental within the industry

- Increasing the richness, breadth and quality of the UK’s local news provision
- To have a sustaining impact on the wider local news industry

5.1 – Increasing coverage of underreported issues

5.1.1 – LDRS

The LDRs based around the UK produce, on average, over 1,200¹² original stories each week. These stories are published on the LDRS portal to all the Partners, which results in the story being picked up and run in even more news outlets. In a sample week in September 2019, as part of a LNP usage survey of Partners, over 3,200 individual stories were produced across all print, online and broadcast platforms (excluding social media).

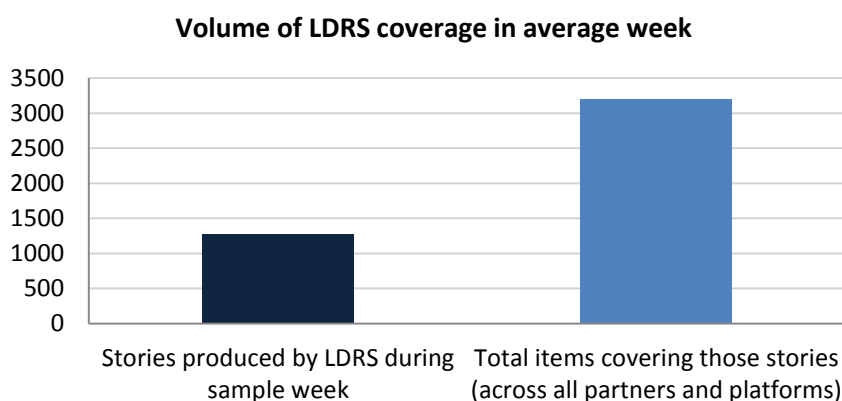


Fig. 8 – graph showing the volume of original stories written and published

In an average week, for every original story produced within the LDRS, 3 stories eventually get published. This uplift in coverage illustrates how multiple local news titles are able to benefit from the creation of LDRS content, without needing to hold a contract for a local democracy reporter. By accessing the content and telling the stories that matter to their own audience, the service is designed to promote the spread of quality stories between participating outlets. Ultimately this how the service aims to improve the level of coverage and understanding of local government more widely.

The total number of stories produced each week is even greater when we include the number of stories published on social media (reaching a total of 5,700 +), however for analysis purposes it is difficult to de-duplicate between on-platform and social content.

At the time of this survey there were c. 110 partners. Since then the number of Partners in the LNP has grown to 138 – therefore it is fair to assume that the total number of news stories being created as a result of the LDRS is even greater today. On average, around 56,000 original stories are created by LDRs every year. Since the LDRS began, there have been over 130,000 new stories published by the LDRs.

Distribution by platform – the content skews overwhelmingly towards written copy

The vast majority of news stories (93%) created as a result of LDRS content are written word across online websites and print newspapers, with only 7% going out as broadcast TV or radio packages. To a certain extent this is the product of both the shape of the news industry – which is largely copy-based – and the structure of the LDRS. The Supplier news organisations employing the reporters are, for the most part, focused on text-based articles, which therefore leads to most of the content being uploaded to the LDRS portal being text-based too.

¹² LNP Partner Usage Survey – September 2019 (Wave 2)

Proportion of Partner content produced by platform

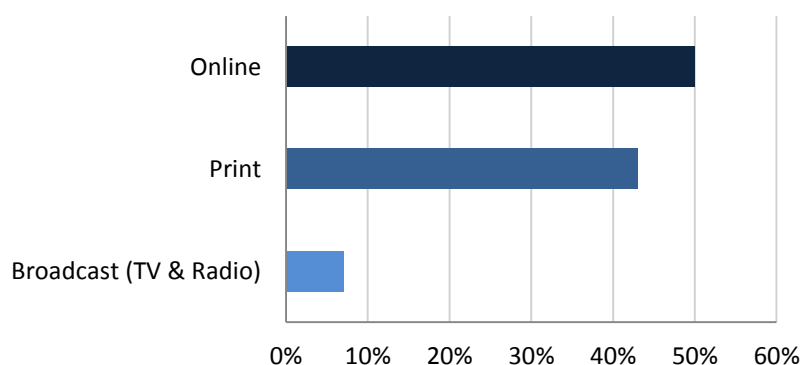


Fig. 9 – graph showing the percentage of all stories produced for online, print and broadcast

Although there are a number of local TV and radio partners in the LNP, and some content clearly does get used, it takes more time and effort to take the original copy and repurpose it into a new package for broadcast – particularly for TV. In a fast-moving news environment short on resource, this may not always be possible. Some stakeholders thought it was evident that the LDRS had been grown from local newspaper DNA without enough consideration being given to other parts of the local news sector. They also said that more original video and audio content being produced by the LDRs would be welcomed by many local TV or radio partners.

This limited scope to produce more multimedia and broadcast-ready content is also borne out from a survey of the reporters. When asked how much opportunity they had to use their broadcast training, less than 5% said regularly, 49% said they did occasionally and nearly 46% said they had never had the opportunity.¹³

We recommend that the BBC LNP Team, in partnership with Suppliers, explore more opportunities for LDRs to produce multimedia content that might benefit broadcast Partners – for example through new training or additional equipment. This might form part of the induction, or a further skills development programme. However, as we have stated, we recognise that to a degree, the volume and type of content produced can only ever reflect the demand of the industry as a whole.

Prominence of this content

We have also given consideration to how prominent and accessible this content is, in order to understand how many people are ultimately given the opportunity to consume it. As *fig. 10* below illustrates, out of the 3,204 pieces of content produced across print, online and broadcast, two-thirds were a major or lead item. We can assume that, generally, content in these categories – for example a homepage banner, or the top half of a radio bulletin, result in greater levels of awareness and engagement with audiences.

This prominence does differ slightly by platform, as shown in *fig. 11*. Online publishers are more likely to run the story as a lead item (26%) compared to broadcast channels (9%) and print titles (6%). However, despite the lower volume of video and audio stories we highlighted previously, broadcast content was still as likely to be a major or lead item as a minor item.

¹³ LDR Survey, March 2020

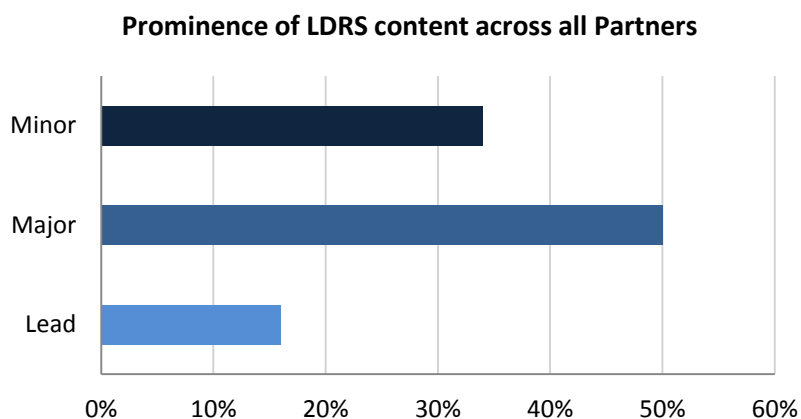


Fig. 10 – average prominence given to content generated by LDRS

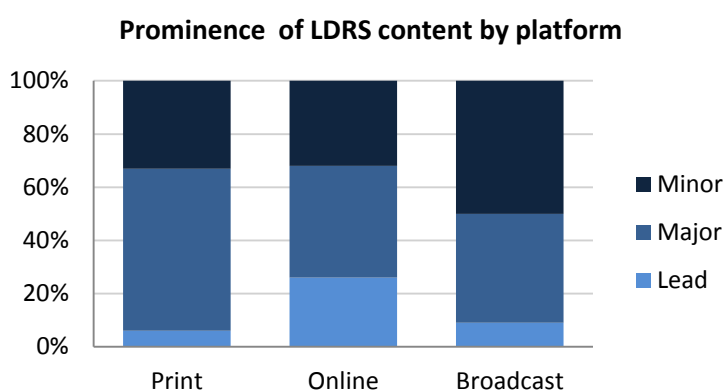


Fig. 11 – average prominence given to LDRS content by platform

Utility and loyalty over mass audience appeal

Although we do not have engagement statistics from news outlets, it is possible to infer from this level of prominence given to LDRS content that it is a relevant addition to the newsroom and the audience. During the Wave II LNP survey last year, Kantar estimated the online reach of LDRS content (excluding BBC) at 5.2 million in a sample week. For many Partners, however, it is accepted that this type of content is unlikely to be a major driver of audiences, given its narrow scope. This is evidenced by the direction of travel that led to the creation of this service – in the face of serious financial constraints, this coverage often drops down the editorial priority list, or off it altogether. However, speaking to Suppliers, it's evident that this content does serve a clear and useful purpose for audiences and in some cases encourages a small but loyal base of users who may not otherwise be there.

Expansion in scope in response to Coronavirus crisis

It should be noted that, at the time of writing this review, the scope of the LDRs has been expanded slightly in the face of the COVID-19 pandemic which is affecting every part of the UK. The reporters are able to cover COVID-19 and any other stories that support public value journalism

This expansion in scope has been greatly welcomed by Partners during a challenging period for the industry. Indeed, a number of the Suppliers we spoke to called for a permanent expansion of the LDRS scope to be considered moving forward, whether this is through broadening the scope of the existing reporters, or introducing new roles to cover adjacent areas. While this could be a welcome addition to the partnership, we believe there is a need to be careful in how any changes are introduced and managed to ensure that this isn't a case of 'scope creep', whereby more BBC-funded journalists might be used to fill in

more editorial gaps in struggling newsrooms. In short, any new categories of content covered must still be incremental in their nature and tightly scoped.

We understand that the BBC LNP Team is already exploring plans to expand the LDRS to include courts and emergency services. **Our recommendation is that any expansion should happen in two clear stages. First, the BBC should increase the existing LDRS footprint to ensure we're providing the maximum possible coverage of all relevant local authorities. Second, the LNP could then look to introduce any additional specialist roles to cover additional public services – as agreed with the partnership and clearly defined by public need.** The BBC LNP Team should work closely with the NMA, Suppliers and wider partnership to fully understand audience need and any potential risks and implications of editorial expansion. We acknowledge that any expansion is dependent on additional sources of external funding.

BBC engagement with the service

As set out in the original Board paper for the Local News Partnership, the BBC itself was expected to be a major Partner and beneficiary of the content – particularly in the nations and regions. An original KPI was agreed – the BBC would use at least 30% of LDRS content produced, across the UK. As at September 2019 (the time of the last survey of Partners), BBC Nations & Regions was exceeding this target and using 33% of all stories produced. We note there was a significant uplift between the two surveys in June and September, demonstrating the effort made within the BBC to improve engagement with the LDRS over time. We understand this to be the result of better communication with local teams, a deeper understanding of the service and the benefits it can provide and improved recording and data capture.

While this direction of travel is positive, the BBC should aim to sustain this level of engagement over the long-term – in both BBC Nations & Regions and BBC News. We welcome any steps taken by the BBC LNP Team and BBC Executives to ensure it is exploiting the full value of the partnership – for example using more local government data made available through the SDU, or integrating the LNP further into network BBC News processes and workflows.

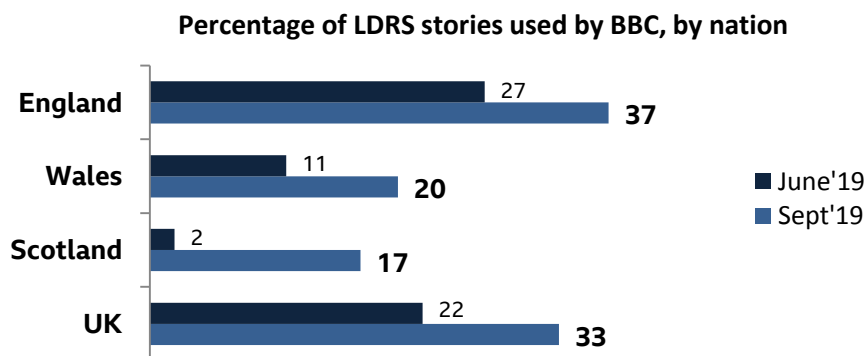


Fig. 12 – Percentage of LDRS stories used by BBC Nation. Note this excludes Northern Ireland where the service was still being set up at the time of the survey

BBC engagement with the Local Democracy Reporters

One theme that has emerged from the survey of Local Democracy Reporters was a lower-than-expected level of engagement by BBC local teams with the reporters themselves. This is particularly the case with BBC Local Radio. Some reporters stated that they completed their training prepared to carry out two-way interviews on local radio, but have had little opportunity to do so. This is likely to vary by region across the UK, with some BBC local teams making much greater use of the LDRS and the reporters in their area compared to others.

Q: Do you have any suggestions for how your role, or the LDRS more broadly, could be improved?

More interaction with the local BBC teams. We are all happy to verbally report on our stories and I really think they are missing a trick by not making good use of us.

A higher profile for the role and better integration with local BBC, particularly radio, who have not taken advantage yet of my ability to do 2-way interviews.

Fig. 13 – selected quotes on how the LDRs would improve the service

This may be down to a few things – confusion on the part of the LDRs about the level of direct engagement they should expect to have with the BBC, a lack of awareness by BBC teams of the service or editorial incentive to reach out to the reporters where there are already local BBC reporters in place.

While the editorial decisions will ultimately rest with the BBC local news editors, and it is important they maintain a quality bar for their services, **we recommend the BBC LNP Team, BBC Nations & Regions and BBC News explore ways to sustain and improve BBC engagement with the LNP more widely, where appropriate.** In our view, this point is related to the need to improve multimedia training and opportunities for LDRs – improving one may have a positive impact on the other.

5.1.2 – Shared Data Unit

Data-led public interest content

Although the Shared Data Unit is underpinned by its year-round delivery of a bespoke training curriculum – the presence of these secondees, and the journalists who oversee them, also guarantees significant volume of unique public interest journalism. This content is data-led and designed to be accessed, manipulated and personalised by Partners in order to produce regionally relevant stories all over the UK. For this work, the Shared Data Unit recently won an award for Editorial Innovation of the Year at The Drum Awards 2020.

So far the SDU has published 31 data-led investigations which have generated nearly 1,000 stories across all local news Partners.¹⁴ This content has also generated significant engagement on the BBC website, with a combined 10.7m page views to date. On average the unit aims to produce at least one major investigation each month. We understand that in 2019 the unit faced staffing and recruitment challenges that led to them being under-capacity for part of the year – which explains the slight dip in output.

¹⁴ LNP Impact Document, provided by the LNP Management Team (April 2020)

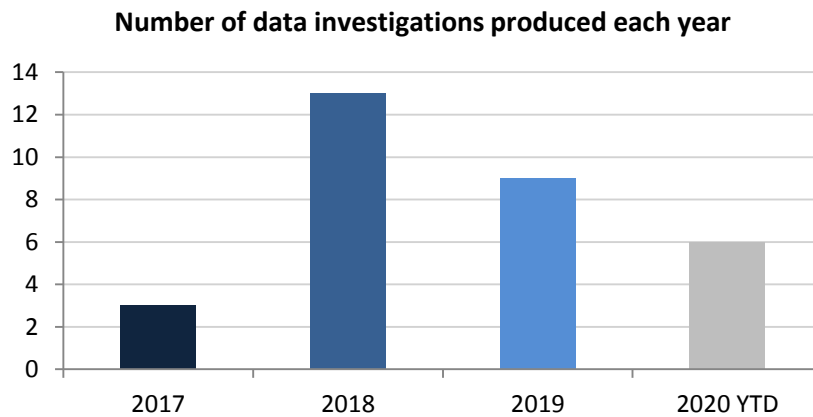


Fig. 14 – Number of data investigations produced by the SDU each year. Note that the SDU only ran for one training term during 2017¹⁵

The very nature of these stories – the fact that they are often hidden away in large datasets, difficult to find or even understand – means that they are, for the most part, incremental to content already being produced across the industry. Without the SDU and the work of the journalists within it, many of these stories would continue to go untold. We explore the incremental nature of the SDU in more detail in the accompanying appendix.

Prominence of SDU stories

Reporting by the SDU travels far, and the fact that these stories often have both a national and a local or regional perspective to them, makes them accessible to a range of titles and platforms.

According to the LNP team, SDU output has generated 18 reports in national newspapers and featured 24 times in bulletins on flagship BBC TV and radio programmes, including the 1pm national TV news, Today on BBC Radio 4, BBC Radio 5 Live, BBC Reporting Scotland and Wales Today. It has informed 28 other local BBC television programmes and 209 local BBC radio reports.

This wide-reaching impact can be seen with a recent SDU story exploring how organised criminal gangs are behind a rise in fly-tipping. As well as generating stories in more than 35 regional publications, the story was used by BBC Breakfast television, BBC News at One, BBC Radio 5 Live, and BBC Radio 2's Jeremy Vine.

Secondary impact of journalists returning to newsrooms

Above we have outlined the direct contribution that the Shared Data Unit makes to the industry through the content it produces throughout the year. However, there is also an important secondary impact of the programme – the follow-on content that is produced by secondees after they return to their news organisations. While we can't draw a definitive line between the SDU and the creation of all of this content, it's clear from past trainees and Suppliers that the SDU has played a vital role in helping them to expand their data journalism capacity and offer for audiences, leading to a number of new stories in the market.

In 2019, the newly established JPI Media data journalism unit produced 15 projects, some of which led to take up in over 100 titles. Likewise, Newsquest established their own data unit in June 2019 and has produced over 14 data-driven stories across a number of their titles.

¹⁵ <https://www.bbc.com/lnp/sdu/sdu-coverage>

This is a good example of how the LNP, and in this instance the SDU specifically, has had an indirect influence on the level and scope of coverage in the industry. We explore this idea of the sustaining impact of the LNP in section 4.4 below.

5.1.3 – News Hub

The News Hub – a repository of BBC news video footage from across the Nations & English Regions – has been integrated directly into existing BBC workflows. It takes existing content that has already been broadcast by the BBC, so there is no direct control over the volume or format of the content, or the editorial focus. In this way, as an initiative its aim is to ensure that the local news industry (and its readers and viewers) is able to extract more value from the licence fee, by making this content freely available.

Using February 2020 as a sample month, we reviewed the number of clips uploaded by the BBC in each week. On average, 1,818 clips were uploaded per week, across Scotland, Wales and the 11 English Regions.

According to the September (Wave II) Partner Survey, only three out of the approximately 50 partner respondents actually used content from the News Hub during the sample week. Reach Plc, Cornish Stuff and Llanelli Online CIC used its content in 18, 2 and 1 online story respectively. All 21 stories were lead or major online news items for the partners. We understand this to be broadly reflective of general use.

Anecdotally, we heard from the Suppliers we spoke to that the News Hub does not feature heavily in their workflows, relative to the SDU and the LDRS. All highlighted the poor product design and user experience as contributing factors to their low use. At the same time, they all recognised the positive intent behind the News Hub and the need for it to continue, and believed that improvements to the technology and design could make it a more useful resource.

In addition to these challenges, it's clear from speaking to the BBC LNP team that there is limited ability to accurately track which content is being used by Partners, beyond surveying them directly. This tracking capability hasn't been built into the existing News Hub portal – which makes regular and consistent analysis of the portal difficult.

It is our view that, while the News Hub is certainly useful to some Partners in some instances, it hasn't proved to be as useful and relevant to the industry as was originally believed. In part this may be because much of the content is regional or even national in nature, which is less relevant to remote or hyper-local news outlets. At the same time, the video format itself may not be as important a driver of audience engagement today as many analysts anticipated it would be four years ago.

As already stated, we believe that the News Hub is a positive step by the BBC in the wider context – one that seeks to make its local news operation more porous to industry partners, and that serves licence fee payers more broadly. We recognise that, by design, it needs to run efficiently and have a minimal impact on BBC workflows. Our view is that if the BBC can make any cost-effective improvements to the product that might make it more accessible and drive up use among Partners, then it should, and we recommend the BBC LNP Team and BBC Nations & Regions carry out a cost-benefit analysis to explore this in more detail.

5.2 - *To create incremental content*

Given the focused editorial scope of the Local Democracy Reporters (in the context of the wider newsroom), we should be able to infer that the vast majority of original content being created is incremental to what was there before. In other words, this coverage wouldn't exist if the service, and the dedicated roles, were not there to provide it. We cannot say this definitively, given that before the LDRS

many organisations still endeavoured to provide some coverage of local government activity, even if only at a minimal level. However one definite change has been the shift away from reactive reporting off the back of local government press releases, towards more proactive, primary reporting, from people ‘in the room’. We explore this question of incrementality in more detail as part of the competition review in Appendix 1.

All Suppliers we spoke to stressed that the dedicated LDR roles effectively guaranteed a presence at all relevant council meetings, where previously they may not have seen a journalist for many months, or even years. They agreed that the vast majority of content produced by the LDRs working in their newsrooms was incremental in nature – both in the stories covered, but also the depth of the reporting.

Similarly, all the reporters we surveyed believed there was a medium to high level of impact on the level of local government reporting in the host newsrooms where they worked. As *fig. 15* also shows, none of these reporters believed their presence had little or no impact, suggesting a noticeable uplift in reporting and coverage.¹⁶ Many reporters called out the effectiveness of the LDRS at holding local authorities to account and the benefit of having the dedicated time and focus to do so.¹⁷

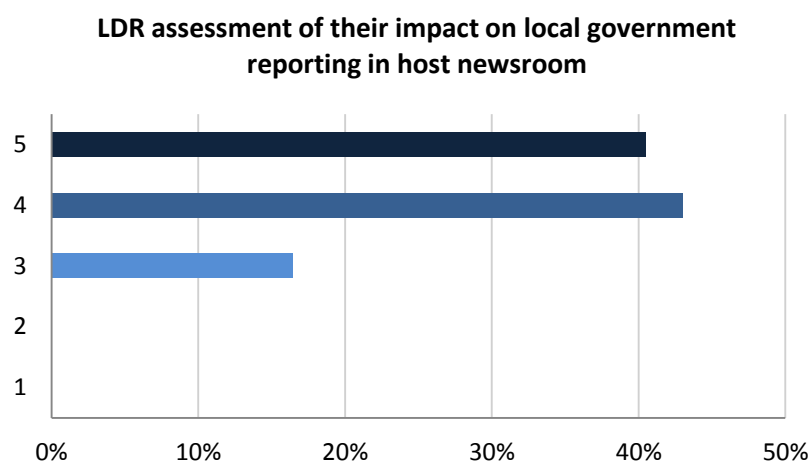


Fig. 15 – percentage breakdown of how the LDRs scored their level of impact in the host news organisation (5 being high impact, 1 being no impact)

I have no doubt the LDR service has improved democracy generally through encouraging public engagement and understanding of decision making and especially by holding authorities to account

... having worked in other newsrooms it is clear this role allows me to dedicate time to covering issues that I would not have had time to cover as a journalist with other demands placed upon me.

Fig. 16 – selected quotes from anonymous Local Democracy Reporter highlighting the unique nature of the LDRS within the newsroom

Newsrooms taking advantage of the LNP ‘subsidy’

¹⁶ LDR Survey, March 2020. Q4: Based on a score of 1-5 what level of impact do think your role as an LDR has had on local government reporting in your host news organisation? (One being ‘no impact’, five being ‘high impact’)

¹⁷ LDR Survey, March 2020. Anonymous feedback about impact of the scheme and any concerns

The extent to which the LDRS is additive to local newsrooms and not substitutional is important for understanding the impact of the programme on the local news market. We understand that there are strict rules and processes in place to prevent a Supplier reducing their existing headcount in order to replace paid staff with LDRs – for example by producing proof of backfill for any internal LDR hires. However it has continued to be a concern among some Partners in the scheme, other news industry bodies and even a number of LDRs, who raised it as a primary issue when given the opportunity as part of the recent survey we ran. We explore this area of concern in detail in the market impact assessment in the accompanying appendix.

We acknowledge the fact that any market intervention such as this runs the inherent risk of subsidising some private activity and leading to a reliance on the scheme. However we believe that sufficient measures have been put in place to minimise any subsidisation and that we should weigh the risk of reliance on LDRS against the alternative, where the contraction of the industry and reduction in political coverage would have continued without the LNP.

It is our understanding that there have been few instances of Suppliers manipulating the scheme and that this has diminished over time. This is in part down to tight monitoring and policing by the BBC LNP Team, but crucially also because of a growing understanding by all Suppliers of how the scheme works and a shared acceptance of the direct and indirect benefits it brings.

We believe the LDRS is striking the appropriate balance between the strict policing of its policies and the desire to avoid compromising the wider mission and outcomes of this scheme and the important partnership with Suppliers. Despite this, there may be different levels of awareness among stakeholders over the rules and management processes in place – including among the reporters. The LDR Survey results drew our attention to three channels which may benefit from improved processes and higher levels of communication:

- First, between the BBC LNP Team and Suppliers - Suppliers may benefit from greater clarity (possibly at induction) on their obligations as LDR employers, on top of the ongoing compliance monitoring by the BBC LNP Team.
- Second, between Suppliers and LDRs – understanding of the LDR's role, as it fits within the host organisation, could be improved. It may be worth the BBC LNP Team taking a more active role at the start of this relationship, particularly with new Suppliers, to avoid confusion down the line.
- Third, between the BBC LNP Team and the LDRs themselves – we see the appeal of the suggestion by the NUJ to create an independent whistle-blowing process that would allow LDRs to raise issues of concern with the BBC's LNP Team without fear of repercussion. Supplier autonomy is crucial and we appreciate that it is critical to the partnership that the BBC doesn't stray into becoming a de facto employer of the LDRs, however we think a balance is achievable here whereby a suitable complaints mechanism could enhance transparency further and allow LDRs to feel more supported in their roles.

We recommend the BBC LNP Team explores what further steps it can take to improve a) how it monitors compliance of the scheme, and b) the level of transparency and communication across these channels and between all levels of the partnership.

5.3 - To increase richness, breadth and quality of the UK's local news provision

One secondary objective of the LNP was to help improve the overall breadth and quality of UK local news - through the quality of the original stories and supporting data packs, and through the provision of a high standard of training for journalists. This is a hard objective to quantify, given the reporters and the content they produce operate within the context of an existing newsroom and established consumer product. However, given the strict recruitment criteria and quality bar both for reporters and Suppliers, as

well as the high level of utilisation of LNP content, we can logically conclude that the scheme is adding to the breadth of UK local news coverage. Similarly, the fact that some Suppliers have highlighted the small but loyal consumption that the LDRS content drives is good evidence of the increased richness and usefulness as a result.

On quality, we are able to draw directly from the survey run with Partners in September 2019. Asked to provide a score between 1 and 10 for the quality of content provided by each part of the LNP, we can see that the scores for the LDRS (7.3) and the SDU (6.7) are both positive, albeit with room for improvement – which is to be expected given the relative newness of this scheme its scope. Underneath the overall score for the LDRS there is some variation by platform, which is broadly in line with how much use each Partner is able to get from the content – TV (6.6) and Radio (6.7) scoring the service lower than Print and Online (both 7.4).

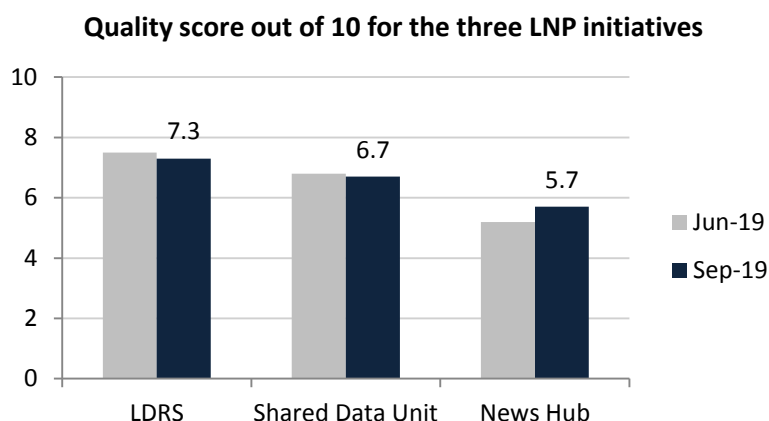


Fig. 17 – Overall Partner scores out of 10 for the LDRS, SDU and News Hub (Sep’19)

As we have already highlighted, usage of the News Hub by Partners is the lowest of the three LNP initiatives, therefore it is no surprise that the quality scores are much lower at 5.7, although it is positive to see a slight uplift between June and September 2019. Although we understand that the BBC LNP Team cannot change the content itself in the News Hub, it would be interesting to see what influence any changes made to the product and user experience – if there is room to do so – can have on these overall quality scores.

5.4 – sustaining impact of the LNP on the industry

It is important that an intervention of this nature, this scale, and at this time, has an enduring impact on the market – beyond the direct provision of reporters and stories. The challenging headwinds buffeting the local news industry are not going to cease, and in the wake of the current health and economic crisis, may even blow stronger in future. In this context, it’s important to look at where the impact of the LNP is being felt more widely, in order to understand whether it adds up to more than the sum of its parts, and what the local news industry would look like if it were to disappear tomorrow.

SDU alumni

One area where the LNP delivers a clear benefit beyond the content it produces is with the SDU. The training programme is designed not only to support the development of the journalists’ skills, but to send 12 of them back to their newsrooms every year equipped to pass on this knowledge. At the end of every three-month training round they hold a number of ‘train the trainer’ sessions, in order to give them the confidence to take these new skills back to their newsrooms. At the same time, we understand they keep an active and engaged alumni network going and provide ongoing support. Past secondees are also invited to conferences and hack days, which offer further training opportunities.

The results of this long-term view are already clear. Newsquest set up their own data journalism unit in June 2019 which is run by three SDU alumni. So far the unit has produced 14 stories across a number of titles and regions. Also in 2019 JPI Media launched its first dedicated data journalism team, with five out of its 11 founding members completing the SDU training. This sizeable data journalism team will produce original stories and improve data literacy across JPI Media's portfolio of titles. Even Reach PLC, whose original data journalism unit served as the template for the SDU, continue to bid for the maximum amount of training places for their journalists because they see the long-term value in developing better data skills across more of their journalists. While this demonstrates the direct value being delivered by the SDU training, one Supplier we spoke to highlighted the potential to broaden this impact even further, by encouraging and supporting SDU alumni to deliver their own training beyond their host newsroom – for example to other regional news organisations who may not be able to take part in the SDU.

LDR progression within the local news industry

The LDRS is not set up to be a graduate, or 'feeder' scheme. All journalists who qualify to be an LDR have to demonstrate at least two years' experience in a similar level of role. There have been some reporters towards the beginning of their careers, and others with over 25 years of journalism experience. A level of churn is to be expected in any sector, and particularly so with the challenging local news environment, where financial concerns and long-term predications crop up every day.

Recruitment of skilled journalists is a known challenge across the board. While some reporters will choose to remain part of the LDRS for the long-term, others will likely move on to other roles in the industry – bringing their skills and experience with them, as indeed many already have.

While this represents a clear challenge to the LDRS in the long-term, it should also be seen as a positive gain for the wider local news industry, including the BBC, which will hopefully be able to benefit from the unique skillset and experience of LNP journalists in future.

Local news industry collaboration

Another secondary, 'softer' benefit to come from the LNP is the idea of industry collaboration. The news industry is naturally competitive – it values scoops, secrets and contacts. Bodies like the NMA and NUJ represent a large number of media organisations and journalists and do an important job working on their behalf. The LNP, and in particular the LDRS content portal and the SDU data investigations, represents a large-scale collaboration across the local news industry.

Competition is an important driver of quality and innovation in any sector, but it is worth recognizing the culture of collaboration and collective effort that the LNP has helped to encourage, even if only around a small and defined scope such as local government reporting.

5.5 – Impact of the scheme on local government and communities

Although this review largely focuses on the impact of the LNP on the news industry, a huge number of stories produced as a result have had a very tangible real-world impact too – on local government, and the communities they serve.

When asked to score the level of impact they believe their role has had on holding local government to account, 85% of LDRs believed they had a significant impact. Many highlighted the receptiveness of local government officials to the service and how they appreciated an increased press presence and the scrutiny that brings. Even in some instances where there has been more hostility shown to the reporter and the LDRS, it is fair to assume this a natural by-product of a service of this nature. Some people will always resist scrutiny and duck accountability. Provided the coverage is accurate and fair, this is evidence of the positive impact the scheme is having.

This is backed up by the Suppliers we spoke to, who pointed to numerous examples where the simple fact of having a reporter present in the room during meetings had led to significant changes in official conduct and local government processes, as well as improvements in the relationship between local government, local press and audiences.

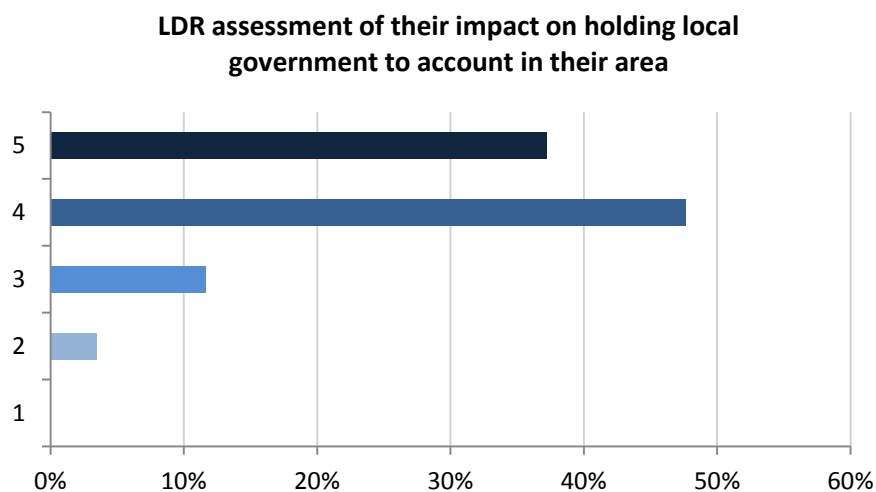


Fig. 18 – percentage of LDRs scoring the impact of their role on holding local government to account (5 being high impact, 1 being no impact)

Q: Based on your experiences, how has the LDRS been received by elected councillors or council officials?

Extremely well. I believe the council and councillors I cover welcome the fact that they are now subject to 'proper' scrutiny from the press every day.

It has been really well received for me by councillors, council officials and the residents and general public. When I explain the scheme and how it works everyone agrees what an amazing use of public money it is and how much it is needed.

The LDRS has been well received. Local councillors know their issues have another outlet to reach the public. While it works against them potentially at times, there are plenty of benefits too.

Fig. 19 – selected quotes from LDRs on the positive impact and reception of the LDRS on local government

Responding to this review, the Local Government Association, the national membership body for local authorities, highlighted the LDRS as being good for local democracy and praised the re-introduction of local reporting on council business. One area of concern that was also raised, however, was the belief that some LDRs are taking the notion of ‘holding councils to account’ very literally and only report on the ‘issues, problems and negative stories’ and not the full range of local interest stories.

5.5 – Review of KPIs

Below are the original KPIs and targets set for the LNP. Given the key objective of the LNP to increase coverage, these targets are focused on the use of the content by LNP Partners, rather than any qualitative metrics or audience scores. We note that they were developed in partnership with the NMA and therefore do not, strictly speaking, cover 100% of Partners.

Content	NMA Use	BBC Use
Local Democracy Reporting Service	90% of all unique content delivered	30% of the baseline delivery
Shared Data Unit	20% of members using each story pack	20% across broadcast outlets (or 3 TV regions and 8 radio stations)
News Hub	20% of members using at least one item of content per week	N/A

Fig. 20 – original KPIs and targets, as agreed by the BBC and NMA

The LNP has either met or exceeded all of these targets with the exception of the News Hub, which has consistently generated lower-than-expected levels of use among partners. However we do have some concerns both about the effectiveness of these KPIs, and the ability to accurately, and consistently, measure the LNP’s performance against them.

First, we understand the limitations in measuring how well the content actually performs (that audience data sits with individual news outlets) and therefore agree that *use* of the content by LNP partners is a good proxy for engagement and therefore an indicator of success. However we do see an issue with measuring the percentage of use by an NMA title. The vast majority of reporters producing the content are employed by, and producing content for, an NMA member title. This effectively guarantees the LDRS will meet this target simply by functioning. Therefore we suggest that instead of, or perhaps in addition to measuring this base level of published stories, the BBC LNP Team also track the *uplift* given to original stories – across Partners (i.e. out of 138) and news outlets (i.e. out of c.950). Our view is that this could take the form of a target ratio – for example the current rate of 3 stories per LDRS origination – and may allow them to track the wider impact of the LDRS content. Also, while it is right to track use among the NMA, as the BBC’s strategic partner, we suggest a KPI that captures all Partners, including non-NMA organisations.

Second, we believe it is important to also capture the wider impact the Shared Data Unit has outside the content it produces – through its bespoke training programme and the secondees returning to their home news organisations and local regions. For example, we suggest three possible ways to try and measure this impact:

- a) Through the continued data journalism activity of alumni back in their newsrooms
- b) SDU alumni delivering follow on training and making this available to other news organisations and a wider pool of journalists
- c) Breadth of bids for the 12 SDU training slots each year from across the partnership base

Third, the way the current KPIs are set makes them hard to measure, track and report on regularly over time, given the large numbers of partner titles and the small LNP team. While the BBC LNP Team can continue to run surveys across the partnership base, and manually search for content use across titles, these will always be irregular and high-effort exercises. Therefore it might be beneficial to explore ways to improve, and potentially even automate, the feedback loops that exist between participating news organisations and the LNP team.

We believe the targets for BBC engagement are appropriate, and are a useful mechanism to incentivise BBC Nations and local teams to take part. We simply propose that the BBC LNP Team monitors and reviews them to ensure they are set at the right level of ambition over time.

Ultimately, our view is that the KPIs for the LNP should be re-considered to better serve the operation. **We recommend the BBC a) establishes a new set of KPIs and targets that are ambitious, drive LNP**

engagement forward and track the wider impact it has in the industry, and b) introduces the necessary resource and measurement capabilities for improving the base level of performance analysis moving forward. Both actions should be agreed with the NMA and wider partnership and approved by the BBC Nations & Regions Board.

6. Assessing market impact and other concerns raised about the LNP

There have been a number of issues and concerns raised about the Local News Partnership. Many have persisted from the creation of the LNP and through its operation. Some were raised through the Cairncross Review in 2018, while others still have emerged during this course of this review.

In this section we address these issues directly, assess their validity, and break down any mitigations that are already in place, or could be put in place to address them.

6.1 - Assessing the market impact of the Local News Partnership – particularly on competition

We have included a summary of our key findings on the market impact of the LNP below, including our recommendations. We have provided more detail and supporting analysis in Appendix 1.

In this market impact review, we weigh up whether the public value associated with the Local News Partnership (LNP) justifies any adverse impact it may have on competition. For each of the three areas of the LNP we first examine its public value, followed by an assessment of its net competitive impact. Finally, we trade-off any public value-add against any net adverse impact on competition, and use this to form our conclusions.

Our assessment has been conducted relative to the scenario of a UK local news industry reducing in revenue, size and coverage. Driven by readership moving online and the accompanying reduction in print advertising revenues, numerous local news outlets were closing or consolidating, and editorial job losses were widespread. We expect this trajectory of contraction would have continued absent the LNP.

6.1.1 - Local Democracy Reporting Service (LDRS)

Through the LDRS, the BBC funds the employment of up to 150 new reporters for local news organisations, with a focus on local democratic events. Information gathered by the reporters is shared amongst the partners of the LNP for use in their publications.

Public value assessment

Evidence suggests the LDRS has successfully generated the public value that it was designed to deliver. Survey results show that each story generated by the LDRS results in the publication of three pieces of content across all platforms (excluding social media), the majority of which receives prominence and is considered by partners to be of a relatively high quality. We estimate around 390,000 pieces of content have been produced across the UK as a result of the initiative. In addition to the uplift in content, it created new local reporting positions in a climate of widespread journalist job losses.

Impact on competition

The LDRS has facilitated greater competition between local news organisations in the quantity and quality of local news provision. The availability of additional regional affairs information has allowed incumbent titles to produce more articles, and has potentially encouraged additional title launches. Moreover, we have seen instances where this competition has extended into neighbouring activities of national news provision and TV/film production.

On the other hand, concerns were raised over whether LDR employers had used their LDRs to substitute out the employment of their own privately-funded local reporters. This could create competitive harm to the extent that the BBC has crowded out private investment that would have taken place otherwise, or has reduced LDR employers' costs relative to non-LDR employers. We consider that these concerns have been sufficiently counteracted by the BBC's monitoring mechanisms and have been curtailed as far as is practically possible. While there may still be instances of headcount substitution and off-brief reporting taking place, we understand from the BBC's LNP Team that this has decreased over time and is now likely to be limited. We find the risk of the LDRS crowding out or lowering relative costs of LDR employers to be low.

Additionally, concerns were raised that LDR contracts had been primarily awarded to a combination of large organisations and print publishers. To the extent that winning an LDR contract could be seen as giving an organisation a significant competitive advantage, this could be capable of restricting competition if the winning organisations are already large, established market players. Such a significant competitive advantage may facilitate the maintenance or strengthening of their positions in the market, at the expense of smaller rivals. In reality, taking into account the open nature of the LDRS portal for Partners, we find the LDRS may accrue only a minor competitive advantage to contract winners.

However, this competitive advantage is indeed accrued to a combination of large organisations and print publishers through the current bidding process. Despite this, we have seen no evidence of a negative impact on smaller and non-print competitors as a result, nor harm to consumers. Nevertheless, to the extent that we are understating any competitive advantages for winners, or negative impact on non-winners, we believe the bidding process could reasonably be modified to facilitate greater inclusivity and we do not feel that the success of the scheme would be compromised in doing so. Some options include:

- Increasing the number of lots by disaggregating regional coverage further and decreasing the number of reporters awarded in any lot. This will make it easier for small organisations to support one or two additional members of staff, as compared to as many as six additional reporters currently awarded in one lot. Similarly smaller organisations or non-print organisations (e.g. local radio stations) who specialise in small localities will be able to evidence wider coverage of a smaller lot. We acknowledge that some balance will need to be reached here, as there is a trade-off to the BBC in terms of administrative costs in handling a larger number of contracts.
- Relaxing the requirement to be physically located in the contract area, and instead requiring evidence of prior coverage or the potential to cover news in the contract area. This should encourage a higher number of bids from broadcasters.
- Removing the nomination of a "proposed bidder partner" as part of the bidding process, given that this resulted in the awarding of additional reporters almost entirely to large organisations and print publishers.
- Ensure all organisations understand to submit only one bid per lot per partner, and encourage centralised coordination for partners with multiple titles.
- Offering more hands-on assistance or training with the EU procurement process, though we acknowledge this could increase costs for the BBC.
- Providing examples of high quality answers from the previous bidding round or the type of evidence which should be presented to increase the likelihood of success.
- While we have found it unlikely that bias is driving the results, it could still be helpful to enhance awareness of where bias could enter the decision making process. Decision makers could be made to take unconscious bias training, or additional adjudicators could be involved in the awarding decision.

Taken together, we find that the LDRS has had a net positive impact on competition in local news. The LDRS has stimulated competition in local news, without creating a material advantage for LDR employers or negatively impacting competitors. We do not find the LDRS to have given rise to consumer harm, and

do not expect the LDRS to cause harm consumers in the long run. Nevertheless, any potential negative impact on competition may be mitigated via our suggested amendments to the bidding process.

Comparison of public value against competitive impact

Our public value assessment found material positive benefits to local news provision across the UK. Our competitive impact assessment found a net positive impact on competition in local news. Therefore, even absent any changes to the bidding process, the public value and stimulation of competition that the scheme delivers is consistent with the Charter requirement “to avoid adverse impacts on competition which are not necessary for the effective fulfilment of the Mission and the promotion of the Public Purposes”.

6.1.2 - News Hub

Under the News Hub initiative, BBC video content obtained by the BBC news teams across the four nations is shared with the partnership for their own online use. Immediately after broadcast on the BBC, the footage is uploaded to the News Hub portal for the use by partners.

Public value assessment

Evidence suggests that the News Hub has not successfully generated the public value that it was designed to deliver. Take-up of the News Hub amongst partners is low, particularly in comparison to the quantity of content uploaded by the BBC to the portal. On average less than 0.02% of the clips uploaded to the News Hub are used by partners.

Nevertheless, factors mitigating against this include the fact that partners may overcome the hurdles thwarting use in future, the fact that absent the initiative, usage of this footage outside of the BBC would be zero, the possible social benefits derived from openness such as inter-organisational collaboration and transparency, and the fact that the BBC incurs very low actual costs and opportunity costs to maintain the initiative.

Impact on competition

This initiative appears to have stimulated little additional competition in the local news market, but there may be scope for greater competition to arise in future.

We did not receive evidence of any competition concerns relating to the News Hub. This was unsurprising given its low usage noted above. It is possible that in the event the hurdles precluding use are overcome going forward, this may have a detrimental impact on the demand for footage from other wholesale providers of news content such as the Press Association. We recommend to monitor this going forward.

Taken together, we find that the News Hub has had either a net neutral or limited positive impact on competition in local news. Evidence suggests that the News Hub has sustained low usage, which on the one hand offers limited promotion of competition, and on the other hand has precluded competitive harm from arising.

Comparison of public value against competitive impact

We weigh up the public value-add against the competitive impact of the News Hub. Our public value assessment found some, albeit limited, positive benefits to online local news. Our competitive impact assessment found the News Hub has had either a net neutral or limited positive impact on competition in local news. Given its low cost to the BBC to maintain, we recommend for the News Hub to continue to operate given that some positive (albeit marginal) benefits are being extracted.

6.1.3 - Shared Data Unit (SDU)

The SDU publishes investigative data-driven story packs to be shared with the partnership, in addition to providing data journalism training to reporters seconded from the regional news industry.

Public value assessment

Evidence suggests that the SDU has successfully generated the public value that it was designed to deliver. On average, a single story pack resulted in the publication of 32 local news articles outside of the BBC network. Its contribution to local news quality appears to be relatively high. SDU-related stories received a combined 10.7 million page views on the BBC website alone to date. Moreover, the initiative has resulted in the training and upskilling of nearly 30 journalists in the local news industry since launch.

Impact on competition

The SDU has facilitated greater competition between local news organisations in the quantity and quality of data-driven local news provision. Additionally, the SDU may have facilitated new entry since at least one head of the newly launched data journalism units in the UK have attributed their role to their experience gained with the SDU.

We did not receive evidence of any competition concerns relating to the SDU, but have considered the competitive impact on both incumbent data journalism units and new entrants. The SDU does not appear to have harmed Reach's incumbent data unit and may have facilitated its expansion by training its journalists on secondment to the SDU. Moreover, the SDU appears to have facilitated new entry, though we cannot rule out that some additional entry may have been deterred by the SDU's launch.

It is also worth noting that smaller organisations have found it more difficult to send a member of staff on secondment to the SDU given the impact that a reduction in headcount has on their capacity (despite backfill funding being made available by the BBC). While no concerns have been raised in this regard, and we have seen no evidence of competitive harm as a result, we recommend to monitor this going forward. We understand the SDU Team are exploring ways to improve access to training for smaller and more remote organisations around the UK and welcome any steps taken.

Taken together, we find that the SDU has had a net positive impact on competition in local news. Evidence suggests that the SDU has stimulated competition in the local news industry without harming competing data journalism teams.

Comparison of public value against competitive impact

We weigh up the public value-add against the competitive impact of the SDU. Our public value assessment found a significant uplift in data-driven local news articles. Our competitive impact assessment found a net positive impact on competition in local news. We therefore recommend that the SDU continues to operate in its current form.

6.2 – Expansion and management of the LNP moving forward

It has also been suggested that the LDRS initiative should be expanded to broaden the scope of reporting to include other public institutions, such as local courts and emergency services, and should include further skills training. The Cairncross Review recommended an expansion of the scheme, through a contribution of funding by government and other funders. Given the positive benefits derived from the LDRS evidenced above, there is a solid justification for any plans for expansion. However, any expansion would have to be carefully implemented, and in light of the findings of this review, to ensure that the

opportunities provided by the LNP are available to organisations of all shapes and sizes across the UK. It is also imperative that both existing and new LDR posts remain incremental to the industry as far as possible – suggesting the need to carefully manage the editorial remit of the LDRs in an expanded service. A number of Suppliers highlighted the potential risk that could come from a broader editorial scope – namely a greater overlap with salaried general reporters and more confusion and difficulties in the newsroom. We also note that a clear distinction between the LDRs and other journalists is important – for staff integration and for keeping any impact on the market in check.

The Cairncross Review and some LDRs in the LDR Survey suggested management of the scheme should move away from the BBC, albeit for different reasons. The Cairncross Review's rationale was that the BBC is 'a competitor' and that the rules that constrain it as a public broadcaster can cause difficulties with local news organisations.¹⁸ The Cairncross Review did not elaborate on how these factors could be negatively impacting the scheme. However, evidence suggests that concerns raised by industry participants around the LDRS are currently addressed by the BBC LNP Team's checks and balances, or can be ameliorated through changes to the LDRS' tender process. We consider there should be clear evidence of irremediable problems created by a BBC-run initiative in order to warrant a change in management. We have not seen evidence of this during this review and, given the positive development of the programme over the past three years and direction of travel, see no reason to change the governance or management of the LNP.

Relatedly, some LDRs suggested that the scheme should be run by an independent body, and that LDRs should be removed from working for incumbent host news organisations. In many cases, this demand appears to stem less from concerns around BBC-management, and more from concerns around the prospect of host organisations evading the scheme's rules. As explained previously, we find that the BBC LNP Team already monitors for compliance effectively, such that it is not clear what incremental gains could be generated from greater 'independence'. Additionally, the LDRS would be a much more costly and complex endeavour to sustain without the host news organisations. Overall, the current structure of the scheme likely maximises value for licence payer money by increasing the level and quality of local news coverage on a UK-wide scale at a low cost, via efficiencies achieved through cooperation between the BBC and the rest of the partnership.

6.3 – Recruitment challenges

As we highlighted earlier in this report, the LDRS consistently runs slightly under full capacity, with, on average around 139 LDRs in post at any one time (out of 150). In the main this is down to the difficulty in recruiting experienced journalists, particularly in some parts of the UK. To an extent, the LDRS is experiencing the same challenges felt across the local news sector, where it is increasingly difficult to recruit skilled, talented people. Certainly the perception of industry painted by some commentators – as one of precariousness and decline – may not help this cause.

There is also the risk that this problem could become worse over time, if the overall journalism talent pool is unable to keep up with the demand from the LDRS, and doesn't replenish fast or widely enough. The level of churn – while inevitable in any sector with talented, ambitious people – is also a contributing factor to this challenge.

We understand that the BBC LNP Team have been exploring steps to address this with partner organisations, including the creation of a Junior Local Democracy Reporter role, which would allow some vacant posts to be filled by younger or less experienced journalists. This may go some way to increasing the pool of available journalists and the diversity of the talent-base, however it will need to be carefully managed to ensure no drop-off in overall quality. There may be other levers that could be pulled in this area, such as higher base salaries, clearer role progression and less candidate experience required,

¹⁸ Cairncross Review, page 85 and page 100.

although we recognise the need to benchmark both salary and experience carefully within the industry in order to avoid distorting the market or compromising the quality of the LDRS.

We believe this is an important concern to address, particularly so given the intention to expand the LDRS – to include more LDRs and additional reporters to focus on covering courts and emergency services. **We recommend the BBC and the NMA, in consultation with Suppliers, take the necessary further action to help address these recruitment challenges moving forward.**

6.4 – Competing objectives between the LDRS and host news organisations

It is clear from the survey of reporters that a number of them believe there is a tension between the public service mission and focus of the LDRS and the commercial and editorial objectives of their host newsrooms, for example being made to pursue online performance targets over public interest, and the selection and rejection of certain stories.

While there are clear rules and procedures for preventing this direct replacement of salaried journalists with LDRs, it's certainly true that some newsrooms will still look to play a bigger role in shaping the editorial output of the LDRs than others. In other cases, this editorial tension is just as likely to be down to a lack of communication and misunderstanding of the scheme and the strict remit of the role. As with many other elements of the LNP, over time it appears that issues such as this have either resolved, or reduced in number, as both the reporter and the employer become accustomed to the service and how it works. We are encouraged by this degree of normalisation over time.

We believe that a degree of tension is inevitable in a service of this nature – one that seeks to satisfy both the LNP mission and the Supplier's editorial needs. Ultimately the reporters are employed by the news organisation and produce content that has to meet their creative brief. These organisations have been selected on the basis of their evidence of high editorial standards, quality and coverage – and therefore we expect them to use this expertise to support the LDRs. A degree of balance is of course required on the part of the journalist and the editors and we believe that the rules around publishing and editorial remit in place are fit for purpose and designed to maintain this balance. We don't propose any specific intervention on behalf of the BBC LNP Team.

6.5 – Other concerns raised

There were a number of other issues raised which we have captured below. While these are valid, and should be flagged, we do not believe they warrant any specific action by the LNP team.

- Rules of engagement and performance management – some LDRs highlighted what they saw as fairly rigid rules and expectations, particularly around the volume of stories they are expected to produce as well as the timeliness of them. They believe this can get in the way of producing slower, more in-depth investigative journalism. We understand that the LNP team has already reviewed some of these rules with Partners and introduced slightly 'looser' expectations of LDRs, particularly around story turnaround times, which has been well received. It is important to note that these rules are actually contractual performance metrics for Suppliers in order to ensure productivity and licence fee payer value for money.
- A number of LDRs also raised concerns about the long-term viability of the scheme, given its attachment to the BBC Licence fee, and future of their role within it, given the cyclical re-procurement process. Ultimately this reflects positively on the LNP and we believe there is little that can be done to mitigate this within the existing structure of the service. However, we believe the BBC LNP Team should be aware of these concerns moving forward and reflect them in any relevant communications.
- Finally, the question of salary is also a common concern among the Local Democracy Reporters, many of whom believed the current level to be too low to justify it as a long-term

career, despite being highly satisfied with the role in every other sense. We understand that, beyond setting a base minimum salary for the LDRS (which is slightly higher inside the M25), the BBC defers to the autonomy of the Suppliers to determine whether that salary floor can be any higher, so as to keep it in line with their wider newsroom. We agree that detailed decisions on salary should ultimately be the preserve of the employers themselves.

7. Recommendations

1. **Fair opportunities to all news organisations across the UK** – we recommend further action by the BBC LNP team to ensure that the opportunity to become a Local News Partnership Supplier is open and accessible to all news companies, regardless of size or medium. There have been concerns raised about how the LDRS Supplier contracts skew towards large, print, pan-UK suppliers (see #2 below) while the structure of the Shared Data Unit training programme also appears to make it more difficult for smaller companies to engage.
2. **Changes to the LDRS tender process** – we believe the procurement process should reasonably be modified to facilitate greater inclusivity, and that doing so would not compromise the success of the service. We explore this in detail within the market impact assessment, but some options include increasing the number of reporter contracts and regional lots, the relaxing or removing of some bidding criteria, and more hands-on assistance with the EU procurement process.
3. **Expansion of the LDRS** – we are aware this is an active consideration already and, following this review, believe there is good justification for doing so if it remains sought after by all parties, although we recommend doing so in clear phases. Any expansion should first ensure there is an appropriate base level of coverage of local authorities within the existing editorial remit – for example through more LDRs and the improved distribution of contracts – before considering the provision of new specialist roles to cover layers of UK public services not yet covered, and as defined by public need – for example emergency services or court reporting. We recommend the BBC works closely with the NMA, as well as with the wider partnership and industry to understand the audience need, risks and implications of any expansion of the LDRS. We acknowledge that any expansion is dependent on new sources of external funding. Additionally, on the evidence considered in this review, and given the positive development of the programme, we see no reason to move the management and governance of the LNP away from the BBC.
4. **Revisit and refresh the KPIs** – we do not believe the current set of content usage KPIs are wholly fit for purpose and recommend two actions for the BBC LNP Team. The first is to establish new KPIs and targets that are appropriately ambitious, reflective of all aspects of the LNP, and do the important job of driving the service forward. We have identified potential changes in two areas in particular around LDRS story uplift and SDU training impact. The second action is to establish better and more robust measurement capabilities and processes, working with the NMA and wider partnership to do so. Both steps are important for helping to ensure Licence Fee payer value and any new KPIs should be approved by the BBC N&R Board.
5. **BBC engagement with the LDRS content and the reporters** – we recommend the BBC LNP Team and BBC Nations & Regions explores what changes it can introduce that will sustain, and even improve, levels of BBC engagement with the programme. This includes the use of LDRS and SDU content by BBC national and local teams.
6. **Recruitment challenges** – it is no criticism of the LDRS that it runs at around 90% capacity – indeed this may even be sign of its success. However, in the context of any future expansion, we believe it is right to explore ways of increasing both the footprint and diversity of local democracy journalists. We ask that the BBC explores what further steps it could take to address the persistent challenge of recruiting and replacing skilled local democracy reporters across the UK. We

acknowledge that any response to this challenge must ultimately be owned and delivered by Suppliers.

7. **Clearer communication of rules and expectations** - we recommend the BBC LNP Team takes further steps to improve the awareness of the rules and expectations of both Suppliers and journalists and the communication channels across the BBC LNP Team, Suppliers and reporters. The tension between the LDRS scope and newsroom pressures remains a cause for concern among some reporters and external stakeholders; however we acknowledge the good balance being struck between rule-enforcement and Supplier autonomy, as well as the improvements in conduct by all Partners over time as the programme has matured.
8. **Improvements to the News Hub** – we recommend the BBC LNP Team and BBC Nations & Regions identify any cost-effective ways to improve the product that will make it more accessible to Partners and help increase use. We acknowledge the need to ensure value for money for Licence Fee payers and so, given its relatively low importance to Partners, only propose pursuing any improvements that are proportionate to the opportunity.
9. **Support the delivery of more multi-media content** – we recommend that the LNP team explore ways to ensure the LDRS produces content that can reach all corners of the UK local news industry, including more broadcast TV and radio organisations. The LDRS has naturally aligned itself to the shape of its Supplier base and the local news industry more generally, producing mainly print and online copy-based journalism. This is to be expected, however we believe there may be more audio-visual opportunities, for reporters and Partners, than there are currently.

8. Conclusion

There is no doubt that the Local News Partnership has been a positive development and a welcome intervention in the UK local news industry. Every stakeholder we spoke to as part of this review, and who has spoken up about it over the years, recognises the impact it has had on the level and quality of local government coverage. At the same time this additional content has helped to strengthen the notion of public scrutiny of public services – building a stronger relationship between local news organisations and their audiences in the process. In this way, it is our conclusion that the LNP has achieved the objectives set out for it in the very beginning in the agreement between the BBC and NMA, and that it has transitioned from being an innovative new programme of work within the BBC, to a core part of the BBC Nations & Regions offer.

The nature of any review, as we pore over the details of the programme and how it works, is that a few simple truths get overlooked. In this case, we believe it speaks volumes that:

- Every Supplier we spoke to said, unequivocally, that they would re-tender next time round
- Every LDR we surveyed said they were satisfied or highly satisfied with their role

In this report we have highlighted the areas where we believe the LNP could make important improvements. In the main these are about increasing the opportunities it provides – to smaller companies looking to take part directly, to journalists seeking to enter the scheme and to do their best work, and to the wide range of media companies, big and small, print and broadcast, who make up the local news industry. We have also called out where the wider BBC can and should extract more value from the LNP than it currently does and we expect this to continue to improve over time.

We believe these recommendations are fair and proportionate and look forward to seeing how the BBC, the NMA and other news providers take this partnership forward. It is positive to see that, over time, nearly every engagement metric has increased, while the reports of problems and potential conflicts have decreased. We are greatly encouraged by this direction of travel.

Finally, it is worth remembering that there has never been a programme like this anywhere in the world. There was no precedent before it started and no handbook throughout. That it is where it is today is the result of hard work, open collaboration and a strong commitment to learning and improving on the go. This has required huge amount of effort across the BBC, the NMA and the wider local news industry to get right, which has only underlined the importance of the 'P' in LNP – partnership.

We understand that since then, several executives have reached out to the programme from countries around the world – looking to borrow the blueprint and bring it to their own local news industries. Similar schemes have since launched in New Zealand and Canada and are being explored in the Netherlands and Norway. This in itself is a unique form of validation for the LNP and a positive story for local news around the world. There is a handbook for this type of intervention now.

Local News Partnership Review

Appendix 1 - Market Impact Assessment

Executive summary

In our market impact review, we weigh up whether the public value associated with the Local News Partnership (LNP) justifies any adverse impact it may have on competition. For each of the three areas of the LNP, we first examine its public value, followed by an assessment of its net competitive impact. Finally, we trade-off any public value-add against any net adverse impact on competition, and use this to form our conclusions.

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On the other hand, concerns were raised over whether LDR employers had used their LDRs to substitute out the employment of their own privately-funded local reporters. This could create competitive harm to the extent that the BBC has crowded out private investment that would have taken place otherwise, or has reduced LDR employers' costs relative to non-LDR employers. We consider that these concerns have been sufficiently counteracted by the BBC's monitoring mechanisms and have been curtailed as far as is practically possible. While there may still be instances of headcount substitution and off-brief reporting taking place, we understand from the BBC's LNP Team that this has decreased over time and is now likely to be limited. We find the prospect of the LDRS crowding out or lowering relative costs of LDR employers to be low.

Additionally, concerns were raised that LDR contracts had been primarily awarded to a combination of large organisations and print publishers. To the extent that winning an LDR contract could be seen as giving an organisation a significant competitive advantage, this could be capable of restricting competition

if the winning organisations are already large, established market players. Such a significant competitive advantage may facilitate the maintenance or strengthening of their positions in the market, at the expense of smaller rivals. We find the LDRS may accrue only a minor competitive advantage to contract winners. However, this competitive advantage is indeed accrued to a combination of large organisations and print publishers through the current bidding process. We have seen no evidence of a negative impact on smaller and non-print competitors as a result, nor harm to consumers. Nevertheless, to the extent that we are understating any competitive advantages for winners or negative impact on non-winners, we think the bidding process could reasonably be modified to facilitate greater inclusivity and we do not think that the probability of success of the scheme would be compromised in doing so. Some options include:

- Increasing the number of lots by disaggregating regional coverage further and decreasing the number of reporters awarded in any lot. This will make it easier for small organisations to support one or two additional members of staff, as compared to as many as six additional reporters currently awarded in one lot. Similarly smaller organisations or non-print organisations (e.g. local radio stations) who specialise in small localities will be able to evidence wider coverage of a smaller lot. We acknowledge that some balance will need to be reached here, as there is a trade-off to the BBC in terms of administrative costs in handling a larger number of contracts.
- Relaxing the requirement to be physically located in the contract area, and instead requiring evidence of prior coverage or the potential to cover news in the contract area. This should encourage a higher number of bids from broadcasters.
- Removing the nomination of a “proposed bidder partner” as part of the bidding process, given that this resulted in the awarding of additional reporters almost entirely to large organisations and print publishers.
- Ensure all organisations understand to submit only one bid per lot per partner, and encourage centralised coordination for partners with multiple titles.
- Offering more hands-on assistance or training with the EU procurement process, though we acknowledge this could increase costs for the BBC.
- Providing examples of high quality answers from the previous bidding round or the type of evidence which should be presented to increase the likelihood of success.
- While we have found it unlikely that bias is driving the results, it could still be helpful to enhance awareness of where bias could enter the decision making process. Decision makers could be made to take unconscious bias training, or additional adjudicators could be involved in the awarding decision.

Taken together, we find that the LDRS has had a net positive impact on competition in local news. The LDRS has stimulated competition in local news, without creating a material advantage for LDR employers or negatively impacting competitors. We do not find the LDRS to have given rise to consumer harm, and do not expect the LDRS to cause harm consumers in the long run. Nevertheless, any potential negative impact on competition may be mitigated via our suggested amendments to the bidding process.

Comparison of public value against competitive impact

Our public value assessment found material positive benefits to local news provision across the UK. Our competitive impact assessment found a net positive impact on competition in local news. Therefore, even absent any changes to the bidding process, the public value and stimulation of competition that the scheme delivers is consistent with the Charter requirement “to avoid adverse impacts on competition which are not necessary for the effective fulfilment of the Mission and the promotion of the Public Purposes”.

News Hub

Under the News Hub initiative, BBC video content obtained by the BBC news teams of the four Nations of the UK is shared with the partnership for own online use. Immediately after broadcast on the BBC, the footage is uploaded to the News Hub portal for the use of partners.

Public value assessment

Evidence suggests that the News Hub has not successfully generated the public value that it was designed to deliver. Take-up of the News Hub amongst partners is low, particularly in comparison to the quantity of content uploaded by the BBC to the portal. On average less than 0.02% of the clips uploaded to the News Hub are used by partners.

Nevertheless, factors mitigating against this include the fact that partners may overcome the hurdles thwarting use in future, the fact that absent the scheme usage of this footage outside of the BBC would be zero, the possible social benefits derived from openness such as inter-organisational collaboration and transparency, and the fact that the BBC incurs very low actual costs and opportunity costs to maintain the initiative.

Impact on competition

This initiative appears to have stimulated little additional competition in the local news market, but there may be scope for greater competition to arise in future.

We did not receive evidence of any competition concerns relating to the News Hub. This was unsurprising given its low usage noted above. It is possible that in the event the hurdles precluding use are overcome going forward, this may have a detrimental impact on the demand for footage from other wholesale providers of news content such as the Press Association. We recommend to monitor this going forward.

Taken together, we find that the News Hub has had either a net neutral or limited positive impact on competition in local news. Evidence suggests that the News Hub has sustained low usage, which on the one hand offers limited promotion of competition, and on the other hand has precluded competitive harm from arising.

Comparison of public value against competitive impact

We weigh up the public value-add against the competitive impact of the News Hub. Our public value assessment found some, albeit limited, positive benefits to online local news. Our competitive impact assessment found the News Hub has had either a net neutral or limited positive impact on competition in local news. Given its low cost to the BBC to maintain, we recommend for the News Hub to continue to operate given that some positive (albeit marginal) benefits are being extracted.

Shared Data Unit (SDU)

The SDU publishes investigative data-driven story packs to be shared with the partnership, in addition to providing data journalism training to reporters seconded from the regional news industry.

Public value assessment

Evidence suggests that the SDU has successfully generated the public value that it was designed to deliver. On average, a single story pack resulted in the publication of 32 local news articles outside of the BBC network. Its contribution to local news quality appears to be relatively high. SDU-related stories received a combined 10.7 million page views on the BBC website alone to date. Moreover, the initiative has resulted in the training and upskilling of around 30 journalists in the local news industry since launch.

Impact on competition

The SDU has facilitated greater competition between local news organisations in the quantity and quality of data-driven local news provision. Additionally, the SDU may have facilitated new entry since at least one head of the newly launched data journalism units in the UK have attributed their role to their experience gained with the SDU.

We did not receive evidence of any competition concerns relating to the SDU, but have considered the competitive impact on both incumbent data journalism units and new entrants. The SDU does not appear to have harmed Reach's incumbent data unit and may have facilitated its expansion by training its journalists on secondment to the SDU. Moreover, the SDU appears to have facilitated new entry, though we cannot rule out that some additional entry may have been deterred by the SDU's launch.

It is also worth noting that smaller organisations have found it more difficult to send a member of staff on secondment to the SDU given the impact that a reduction in headcount has on their capacity (despite backfill funding being made available by the BBC). Whilst no concerns have been raised in this regard, and we have seen no evidence of competitive harm, we recommend to monitor this going forward.

Taken together, we find that the SDU has had a net positive impact on competition in local news. Evidence suggests that the SDU has stimulated competition in the local news industry without harming competing data journalism teams.

Comparison of public value against competitive impact

We weigh up the public value-add against the competitive impact of the SDU. Our public value assessment found a significant uplift in data-driven local news articles. Our competitive impact assessment found a net positive impact on competition in local news. We therefore recommend for the SDU to continue to operate in its current form.

Overview of market impact assessment

An important objective of our review is to assess the Local News Partnership's (LNP) impact on competition. According to the Royal Charter, "the BBC must have particular regard to the effects of its activities on competition in the United Kingdom" and "seek to avoid adverse impacts on competition which are not necessary for the effective fulfilment of the Mission and the promotion of the Public Purposes".¹ Similarly, in the context of Public Interest Tests, the Agreement states "the public value of the proposed change justifies any adverse impact on fair and effective competition". As such, our competition review weighs up whether the public value associated with the LNP justifies any adverse impact it may have on competition.

The LNP promotes the Public Purposes of providing impartial news and information (public purpose 1) and of representing and serving the UK's nations, regions and communities, and in doing so, supporting the creative economy across the UK (public purpose 2). To this end, we assess whether the LNP is adding value to the local news industry across the UK, as intended.

We also examine whether the LNP has had any beneficial and/or adverse impacts on the level of competition in local news. This may be through an effect on local news providers, or on competition elsewhere in the local news supply chain.

Finally, we weigh up whether the public value associated with the LNP justifies any finding of a net adverse impact on competition. We use this to form a recommendation as to whether the initiative

¹ Article 11 of the Charter

should continue in its current form, be modified to eliminate avoidable market distortions, or be discontinued in its entirety.

In the competitive review which follows, we first set out the scope of the evaluation and the market context at the time of launch. We then consider the impact of each of the three areas of the LNP (the Local Democracy Reporting Service, the News Hub and the Shared Data Unit), providing concluding remarks and recommendations for each in turn.

Scope of the evaluation

We adopt the assumption that the impact of the LNP will be felt on providers of local news in the UK. This includes news providers across all platforms, including print, radio, TV and online. We also take into consideration the impact on other players along the supply chain, such as wholesale news content providers.

We have not assessed the impact on any individual locality in the UK, as we consider that to do so would be disproportionate for current purposes. We have also not taken into account the impact on national news.

Market context at the time of launch

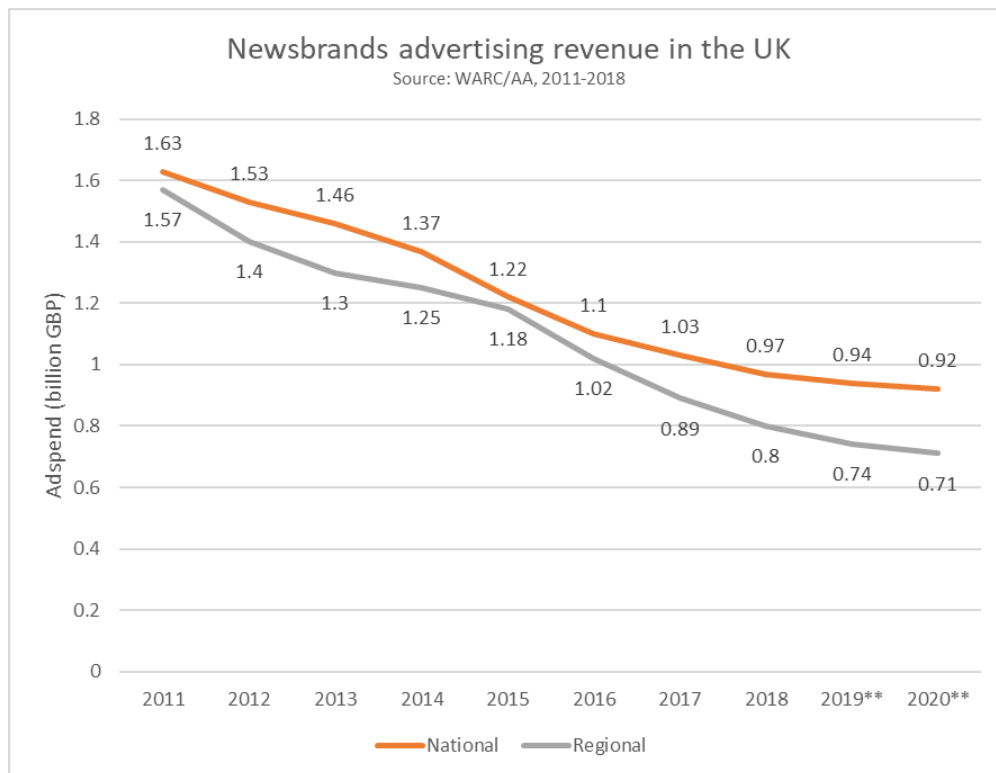
In order to measure the impact of the initiative, it is necessary to establish a counterfactual to use as a baseline for what was likely to happen to the local news market absent the creation of the LNP.² Ideally, the baseline would be obtained from data on the size and health of the local news market in 2017, combined with short-term forecasts for the market's evolution. This baseline could then be compared to the local news market today (post-launch of the LNP), and the difference could be attributed to the impact of the LNP.

Unfortunately, despite our best efforts, we have found no hard data that can be used to quantify this counterfactual. Instead, we have had to adopt a more qualitative approach to the counterfactual. We have reviewed public sources which comment on the state of local news in the UK in the run up to 2017, from which we can infer the likely trajectory of the industry absent the LNP.

The vast majority of the public sources we reviewed suggest that prior to the LNP launch the local news market was reducing in revenue, size and coverage, especially but not exclusively for print. Driven by readership moving online and the accompanying declining advertising revenues for print, numerous local news outlets were closing or consolidating, and editorial job losses were widespread across both the regional and national press. Evidence in support of this trajectory of contraction includes:

- In terms of revenue:
 - According to AA/WARC data, UK advertising expenditure on regional news (print and digital combined) declined by over 35% over 5 years, from £1.4 billion in 2012 to £890 million in 2017. This is shown in the chart below.

² "Counterfactual" is used in this context to refer to a hypothetical state of the world absent the given intervention. The impact of the intervention can be estimated by comparing counterfactual outcomes to those observed under the intervention.



- According to the Cairncross Review, revenues from advertising and sales of printed newspapers in the UK dropped by 50% between 2007 and 2017. Any increase in online advertising revenue was not close to offsetting the decline in print revenue for most publishers – with the revenue gap being largest for local news.³
- According to Enders Analysis, advertising revenue spend by small and medium enterprises on three of the UK's biggest regional publishers (Newsquest, Johnston Press and Trinity Mirror) fell by 70% between 2006 and 2016.⁴
- In terms of titles and circulation:
 - According to the Cairncross Review, circulation of local papers halved in the course of ten years (from 63.4m weekly in 2007 to 31.4m in 2017).⁵
 - Also according to the Cairncross Review, the number of local newspapers dropped by one quarter between 2007 and 2017 (from 1,303 to 982).⁶
 - According to a BBC UK News article published in 2018, more than 200 local papers had closed in the UK since 2005.
 - According to the UK Press Gazette, local weekly newspapers lost print circulation by an average of 11.2% year-on-year in the second half of 2016, and regional dailies fell by 12.5% on average in the same period.⁷
 - Also according to the UK Press Gazette, there was a net loss of 198 local newspapers between 2005 and 2017.⁸
- In terms of journalists:
 - According to the Cairncross Review, the number of full-time frontline journalists in the UK industry dropped from an estimated 23,000 to 17,000 between 2007 and 2017.⁹

³ Cairncross Review, page 39.

⁴ Enders Analysis, SME Marketing: a Local and Global Battleground, page 5.

⁵ Cairncross Review, page 24.

⁶ Cairncross Review, page 27.

⁷ <https://www.pressgazette.co.uk/abcs-uk-local-weekly-newspapers-lose-print-sales-by-average-of-11-2-per-cent/>

⁸ <https://www.pressgazette.co.uk/new-research-some-198-uk-local-newspapers-have-closed-since-2005/>

⁹ Cairncross Review, page 6.

- According to the UK Press Gazette, 418 local journalism jobs were lost in the UK between November 2015 and March 2017.¹⁰

Such market shrinkage was leading to concerns for a “democracy deficit” in UK towns, via reduced community engagement and increased distrust of public bodies.¹¹ The LNP was developed in this context to help address this deficit and counteract local news’ downward trend by investing in the provision and availability of local journalism.

Based on the available evidence, we consider it reasonable to assume that the contraction in the local news market would have continued in the counterfactual.

Local Democracy Reporting Service (LDRS)

Public Value Assessment

We consider how the LDRS supports the BBC’s Public Purposes to provide impartial news and information (public purpose 1) and to reflect, represent and serve the diverse communities of all the UK’s nations and regions (public purpose 4). The LDRS was designed to deliver public value to individuals, society and the local news industry through a combination of the following:

- Increasing the number and range of local news providers;
- Increasing the number of local news articles;
- Raising the quality and standards of local news articles; and
- Enhancing audience engagement with and demand for local news.

Through the LDRS, the BBC funds the employment of 150 new reporters for local news organisations, to focus on the reporting of local democratic events. Information gathered by the reporters is shared amongst the partners of the LNP.¹² Importantly, the additional reporters employed through the LDRS are additive. That is, a key condition for recruitment of a Local Democracy Reporter (LDR) is that the post cannot be used to replace a pre-existing reporter with this function at any organisation.

Therefore, in our assessment we assume that the vast majority of employment created and content produced by the LDRS is incremental to the local news industry and would not have arisen absent the initiative.¹³ This is justified by the fact that:

- a trial undertaken by the BBC in relation to the LDRS proposal found that 60% of respondents said the content produced did not duplicate anything they already produced.
- even if some content produced by the LDRS did duplicate content produced outside of the partnership, LDRS content was shared amongst the large partnership group and thereby can achieve higher reach. Moreover, the LDRS content may have been of a higher quality since the LDRs’ physical presence ensures independent scrutiny of council meetings, relative to content produced from press office releases.
- the widely reported cost-cutting undertaken by newspapers to cope with the downturn in their revenues was particularly affecting local reporting because it is neither cheap to send reporters

¹⁰ <https://www.pressgazette.co.uk/nui-report-local-press-is-lifeblood-of-democracy-but-418-journalism-jobs-lost-in-last-17-months-alone/>

¹¹ <https://www.bbc.co.uk/news/uk-43106436>

¹² Partners are able to use stories exactly as shared by LDRs, make minor changes for style or incorporate into new pieces of work.

¹³ We acknowledge that there will be some instances in which the employment and content may not be incremental. Some content covered by the LDRS may also be covered by other organisations and it is possible that some organisations may have opted to recruit their own local news reporters in future absent the LDRS.

to local council meetings, nor something that attracts massive readership scale.¹⁴ Hence we assume that most organisations would not have funded their own local democracy reporter and that LDRS content would not have been produced otherwise.

- The BBC's LNP Team estimates that only around 10% of daily local newspapers may have employed their own local government reporter absent the initiative. This is informed by feedback from councillors on their exposure to local press, and the industry trending away from reporting specialisms.
- We have been provided with industry testimony which supports this assumption. According to Jim Foulger of Bauer's Free Radio brand, *"we are small teams, embedded in local areas, who have to make tough choices about our news gathering priorities each day. We simply cannot staff council meetings to the extent we would like."* According to Helen Holland, a Bristol City councillor, *"Having local journalists who are 'allowed' the time to really follow up on things is a definite benefit...the days of the Local Government Correspondent are long gone."*
- This is supported by feedback from some of the LDRs in the 2020 LDR survey, such as, *"It has been more than 20 years since the council was last covered"* and *"there was some surprise in early months that a reporter was attending meetings that no reporter had visited for some years or, in some cases, ever."*
- The contraction of the local news market was likely to have continued in the counterfactual.

In order to assess the initiative's immediate and/or direct value added, we ideally sought to quantify the uplift to local news (e.g., in terms of volume, quality, reach and audience engagement) attributed to the LDRS content. However, as mentioned previously, no data was available to measure the market prior to launch, and moreover no data has measured these metrics over the course of LDRS' lifetime.

We have instead been able to review an LNP survey conducted in September 2019 (Wave II) which recorded the responses from around 50 partners and 350 partner titles about their use of the LDRS in a given week in 2019.¹⁵ Key results of the survey for our purposes are set out below:

- Volume
 - 1,281 stories were produced by the LDRS in the sample week. Almost 100% of these stories were used by at least one partner in the week.
 - A total of 3,204 separate pieces of content covering these stories were produced across all partners in print, broadcast and online.
 - An additional 2,539 pieces of content covering these stories were produced by partners for use on social media.
 - The BBC used one-third of the stories produced by the LDRS across its network.
- Prominence
 - The majority (two-thirds) of the content produced for print, broadcast and online was used as a major or lead item by partners.
- Quality
 - Partners gave a score of 7.3 out of 10 for the quality of the content produced by the LDRS.
- Reach and engagement
 - Partners rated the impact of LNP services (which are wider than the LDRS) on audience engagement at an average of 5.1 out of 10.
 - Kantar estimated the online reach of LDRS content (excluding BBC) at 5.2 million in a sample week.¹⁶ Including BBC, broadcast and print, the reach range was estimated at between 8 million and 10 million per week.¹⁷

¹⁴ Cairncross Review, page 6 and 81.

¹⁵ Given that some partners provided no or partial responses, the results are a lower bound for usage amongst all partners. The response rate for partners was 44% and for partner titles was 41%.

This suggests that the LDRS is making a widespread positive contribution to the provision of local news across the UK. Extrapolating from the sample week, each story generated by the LDRS results in the publication of three pieces of content across all platforms (excluding social media), the majority of which receives prominence and is considered by partners to be of a relatively high quality.¹⁸ Given that around 130,000 stories have been produced by the LDRS in total, this suggests that around 390,000 pieces of content have been produced across the UK as a result of the initiative. While audience reach appears to be significant, the level of audience engagement with LNP-related content is relatively low (though this may not be accurate for LDRS-specific content).

In addition to an uplift in content, it created new local reporting positions in a climate of widespread journalism job losses. According to the UK Press Gazette, 252 local newsroom staff lost their jobs in 2017. Offsetting this, around 207 new jobs were created, of which 150 were created by the LDRS.¹⁹

There are possible additional dynamic and/or indirect benefits from this initiative that we have been unable to measure:

- Partners may have opened new titles in parts of the UK as a result of the availability of additional regional information, stimulating competition in local news. For example, Reach Plc announced at the end of 2019 the launch of 7 new titles in various regions across the UK, though we do not know whether the existence of the LDRS has influenced this decision.²⁰
- There may have been benefits for national news in the event that some local content went on to receive national coverage.²¹ This is confirmed by the Cairncross Review, which explains that national news broadcasters frequently draw upon local newspapers as a source for news.²²
- There may have been benefits to TV and film production in the event that LDRS stories were used as the basis for creative content production. We have seen at least one example of this, provided by the executive producer of BBC Panorama, a British current affairs programme, who has explained that the LDRS is used as a resource for their forthcoming films to ensure their coverage captures the whole of the UK.

Taken together, the evidence suggests the LDRS has successfully generated the public value that it was designed to deliver.

Impact on competition

We have also sought to investigate the impact of the initiative on the level of competition in the local news market, in terms of the promotion and/or impediment of competition in local news.

Promotion of competition

As described above, the LDRS has facilitated greater competition between local news organisations in the quantity and quality of local news provision. The availability of additional regional affairs information has

¹⁶ Based on a search for “local democracy reporter” across regional news websites and newspapers in a sample week.

¹⁷ Based on the relative reach of all TV, radio and BBC News from Ofcom’s News Consumption 2019 report.

¹⁸ This extrapolation appears valid given that Wave I of the survey conducted in June 2019 yields broadly consistent results.

¹⁹ <https://www.pressgazette.co.uk/some-40-uk-local-newspapers-closed-in-2017-with-net-loss-of-45-jobs-new-research-shows/>. For completeness, we note that only 145 out of the originally intended 150 LDR posts were awarded.

²⁰ <https://www.holdthefrontpage.co.uk/2019/news/reach-to-launch-seven-new-titles-and-create-46-jobs-with-expansion-onto-rival-turf/>

²¹ For example, the financial troubles of Northamptonshire County Council became a national story in recent years. We understand that two LDRs have been instrumental in helping the BBC to investigate this.

²² Cairncross Review, page 18.

allowed incumbent titles to produce more articles, and has potentially encouraged additional title launches. Moreover, we have seen instances where this competition has extended into neighbouring activities of national news provision and TV/film production.

Impediment to competition: Incrementality of posts

Concerns were raised over whether LDR employers had used their LDRs to substitute out the employment of their own privately-funded local reporters (i.e. LDR positions were not strictly incremental).²³ This could create competitive harm to the extent that the BBC has crowded out private investment that would have taken place otherwise.²⁴ It could also create harm to the extent that it reduces LDR employers' costs relative to non-LDR employers.

As explained above, a condition for recruitment of an LDR is that the post cannot be used to replace a pre-existing reporter with this function. The BBC's LNP Team monitors this through the below checks and balances.

First, the Team observes the LDR recruitment process and encourages employers to hire externally for the LDR role. If the hire is external, the Team feels more confident that the hire is incremental. If the hire is internal, the Team does not release funding until the employer sends proof of an additional hire to fill the resulting vacancy in the form of a scanned employment contract. However, the Team does not thereafter continuously monitor each employer's headcount. This seems reasonable, since the industry-wide reduction in local news makes it extremely difficult to police whether retrenchments are as a result of the LDRS contract or a necessary cost-cutting exercise for organisations in financial difficulty.

Second, the system is reasonably transparent, such that breaches of this rule are typically brought to the Team's attention. After launch the Team handled a number of complaints in this regard, but as organisations have grown to understand the rules, we understand from the BBC's LNP Team that the number of complaints have diminished.

Third, the position's narrow editorial focus on local democracy means it is inherently not a substitute for the "generalist" reporters which most local news organisations rely on. The requirement to remain in brief is also monitored by the Team. The system is made transparent by story bylines which attribute the LDRs on all stories to which they've contributed.²⁵ While mistakes were made following launch, and some instances of opportunistic off-brief reporting remain, we understand from the BBC's LNP Team that the instances of non-compliance has materially decreased over time.²⁶ Additionally, it is worth noting that organisations are allowed to pay their LDR extra to work on off-brief content outside of usual business hours.

²³ For example, taken from the 2020 LDR survey responses, *"I think LDRs have also been used to justify redundancies in other reporting roles because they can rely on a certain amount of content"*; *"Perhaps the media companies are using us to fill roles they would have otherwise funded"*; *"some papers might use the LDR to fill a role that should already have been filled by another reporter"*; and *"I've witnessed... news organisations taking the view that their non-LDR reporters don't need to bother with local government where they might otherwise have done so."* It is worth noting that the majority of those LDRs expressing concerns raised this as a possibility, rather than having encountered this first hand. The National Union of Journalists expressed similar concerns of non-incrementality.

²⁴ "Crowded out" in this context refers to increased government spending in the sector disincentivising investment by the private sector.

²⁵ While LDRs could contribute to stories without attribution in bylines, this is generally considered bad industry practice and would likely be brought to the attention of the BBC.

²⁶ For example, taken from the 2020 LDR survey responses, *"I think the scheme has been abused by some newsrooms who are stretching the remit to its limits – ie using reporters for non-LDR tasks"*; *"recently I have felt that we are seen as the only reporters who can go out meaning we are tasked with doing voxpops on anything be it a breaking news story like a stabbing or what people think about Brexit"*; and *"Our sub editor was let go due to the coronavirus crisis and now we are being asked to do his job for our stories"*.

Fourth, the Team does have the remit to terminate contracts in the event that an organisation does not heed warnings made by the Team for such breaches of contract. To date no contracts have been terminated, particularly since practices relating to only one LDR may be in breach but termination would apply to all of the other LDRs employed under the contract.²⁷

Our view. It is important to bear in mind that the purpose of the LDRS is to address the widely-recognised market failure in local news, via the provision of public funding to support a minimum level of coverage of local democracy news. Any such market intervention runs the inherent risk of subsidising some private activity. In weighing this risk, the key considerations should be a) whether sufficient measures have been put in place to minimise any subsidisation and b) whether the companies who may be benefiting from any residual subsidisation are in this position for good reason.

Regarding the former, we consider that concerns around non-incrementality have been sufficiently counteracted by the BBC LNP Team's monitoring mechanisms and have been curtailed as far as is practically possible. While there may still be instances of headcount substitution and off-brief reporting taking place, we understand that this has decreased over time and is now likely to be limited. We find the prospect of the LDRS crowding out or lowering relative costs of LDR employers to be low.

Regarding the latter, we examine the bidding process and its beneficiaries in detail below. We make a number recommendations to ensure a more equitable distribution of contract awards to include a wider set of equally fit industry participants.

Impediment to competition: Distribution of contracts

Concerns were raised that LDR contracts had been primarily awarded to large regional publishers, to the exclusion of smaller publishers.²⁸ Similarly, concerns were raised that insufficient consideration was given to non-print mediums.²⁹

To the extent that winning an LDR contract accrues to an organisation a significant competitive advantage, this could be capable of restricting competition if the winning organisations are already large, established market players. This is because such a significant competitive advantage may facilitate the maintenance or strengthening of their positions in the market, at the expense of smaller rivals. Should smaller rivals be forced to respond by decreasing their investment or exiting the market this may ultimately lead to harm for consumers through less choice between local news providers. We therefore assess: (i) is there scope for the LDRS to create a significant competitive advantage, (ii) is this advantage accrued by large, established organisations as alleged and if so, what is the mechanism driving this, (iii) have smaller or less traditional players been visibly negatively affected as a result, and (iv) are the adverse impacts to competition necessary to ensure the success of the LDRS or can reasonable steps be taken to alleviate or eliminate these.

Exploring the competitive advantage. We consider the manner in which winning an LDR contract could advantage an organisation, bearing in mind that all LDRS content is shared with the partners for use:

- To the extent that an employer is able to direct the LDR to cover specific content within the LDR's editorial brief, the employer may produce content that is of higher relevance to their own title at the expense of non-LDR employers. While the BBC's LNP Team audits the level of coverage in each contract area to protect against the underreporting of certain regions, it also appreciates that

²⁷ This is one reason why the BBC considers a larger number of smaller lots at the next tender may be beneficial.

²⁸ For example, taken from the 2020 LDR survey responses, "*it is concerning how all of the posts went to big companies rather than smaller companies or independents. An editor at a different paper I write for, part of a small company, said the BBC made it very difficult for smaller companies to apply to host LDR roles*".

²⁹ The National Union of Journalists has said the lack of support for "*not for profit, hyper local, co-operative and other models*" was a "*huge missed opportunity in the original tender process*".

employers will report on those stories of greatest appeal to their audiences. We consider that this could possibly bring about advantages for LDR employers, as was widely mentioned in the 2020 LDR survey responses. We explore the magnitude of this advantage further below;³⁰

- To the extent that the LDR is able to delay uploading an article to the shared hub until post-publication by their employer, this could advantage LDR employers by enabling them to break relevant news first, at the expense of non-LDR employers. We understand that this is a red line for the BBC's LNP Team, which monitors article timestamps strictly for such rule breaches, and that this has largely been curbed over time. LDR employers may also attempt to strategically delay sharing LDRS content until weekly outlets have already gone to print. We understand that the BBC's LNP Team enforces a deadline of the next working day for article uploading to prevent this. Since only two LDRs explicitly raised this strategic delay in the 2020 LDR survey responses, we consider that this could possibly bring about minor advantages for LDR employers;³¹
- To the extent that the LDR can positively contribute to its employing organisation outside of business hours, this could reduce the employer's costs relative to non-LDR employers. For example, the LDR may learn about off-brief story ideas whilst in the field and pass these onto their colleagues, may contribute to knowledge sharing, or may improve the working environment for all staff, at no additional cost to their employer. We consider this could possibly bring about minor advantages for LDR employers, since we have seen only one mention of this in the 2020 LDR survey responses;³²
- To the extent that an organisation is able to substitute out their own privately-funded reporter for an LDR or use the LDR to cover additional off-brief editorial content, this could reduce the employer's costs relative to non-LDR employers. As described above, we consider these practices have been curtailed as far as practically possible and to a large extent, such that there is a low prospect of this creating an advantage;
- To the extent that being physically present in council meetings allows the LDR to produce higher quality articles for its own employer relative to non-LDR employers who gain access to the content second-hand, the LDR employers may have an advantage in terms of quality. However, since partners are able to use LDRS stories word-for-word in their own publications, we consider there is a low prospect of this creating an advantage; and
- To the extent that the LDR is able to both attend council meetings and write up the resulting stories for their employer while non-LDR employers must rely on the same staff headcount to report on the additional LDRS content, the LDR may increase the employer's capacity relative to

³⁰ For example, taken from the 2020 LDR survey responses, *"Editors ask us to hit targets for page views, and choose which stories to write based on how many page views they will get. And obviously there is a financial incentive there for them"; "Being told to only write stories that you and the news editor think will get a minimum of 2,000 hits on social media, meaning ignoring certain council-related issues as they are deemed 'not interesting enough' to score hits on social media"; "Others are working to page view pressures & implicit targets and story areas which will achieve this which may not best serve other media organisations"; and "Hosts preferring stories that will generate hits over the most important stories that need to be told"*. The National Union of Journalists expressed similar concerns.

³¹ The relevant 2020 LDR survey responses were, *"Organisations seek to gain advantages out of having an LDR/LDRs based in their newsrooms. This includes holding stories back, leading to rival weeklies missing a story (and potential splash) from their print editions."* and *"I believe it to be unfair that partners are being left with late and sometimes outdated stories."*

³² The relevant 2020 LDR survey response was, *"I have supplied information for other reporters' stories relating to local authority issues. And I have tipped off the newsroom about issues they might want to follow up, or events and extra meetings they might need to be aware of"*. Some mention of local councillors sharing additional stories with LDRs were also made, though it is not known to us whether these would have been reported on by the LDR or passed on to colleagues. For example, *"councillors and officials often happy to talk and share stories"; "others are more than willing to help, even giving me stories"; and "The councillors are generally supportive and many often now come directly to me with stories"*.

non-LDR employers. However LDRs must travel to and attend meetings which can take up much of their time.³³ Moreover, non-LDR employers are able to use LDRS stories word-for-word in their publications, which should take up little of their time. Therefore, we consider there is a low prospect of this creating an advantage.

Taken together, we conclude that there are a number of advantages accrued to the organisations employing an in-house LDR. We find that the size of these advantages is likely to be small, aside from where the employer may use the LDR to produce content that is of higher relevance to their own title. Reading further into the LDR 2020 survey responses which raised this issue, much of their concern appears to relate to the underreporting of important public interest stories rather than to the accrual of a competitive advantage. However, such editorial issues are not relevant for the purposes of our competition assessment.

Instead, we are focussed on whether the activity of directing LDR stories to the benefit of one's own title makes it harder for rivals to compete. As will be described further below, LDR contracts are allocated to organisations on the basis of their evidence of high editorial standards, quality and coverage. We therefore would expect these organisations have the expertise to direct their LDRs to stories which affect the most number of readers or retain reader attention, which would be to benefit of all partners. Hence, the competitive advantage this accrues to LDR employers is likely to be limited to the cases where content is not transferrable across organisations, which should be the exception rather than the rule. Additionally, feedback from at least two LDR employers for this review included the fact that the LDR content typically makes up only a small portion of their titles/websites and is not the top performing content, despite its importance to audiences. This too suggests having direction over the content should offer limited advantages for attracting readership and revenue.

Since we have found some competitive advantage to exist, albeit relatively minor, we continue to assess to whom this advantage is accrued through the bidding process.

Results of the bidding process. The results in terms of partner size are presented in the table below.³⁴ Half of the bids submitted were from large-sized organisations. One-third of the bids were submitted by medium-sized organisations, and only a fifth of the bids were placed by small organisations.

However, 85% of bids were awarded to large-sized organisations, with medium and small organisations winning only 7% and 8% of all bids respectively.

Proposed bidder partners are other organisations within the partnership to whom successful bidders proposed to sub-contract reporters following the contract award. Further taking into account the size of the proposed bidder partners of the award winners (by counting each proposed bidder partner as an additional awarded bid) skews the awards to large-sized organisations even further (86%).³⁵ A few small organisations won additional bids as the proposed bidder partner.

³³ The 2020 LDR survey responses confirm this, for example, "*Council meetings often run for more than three hours. Often there is more than one meeting in a day. Getting to and from meetings can often take two hours.*"

³⁴ In categorising the size of each partner, three determinants of size were considered: whether it had outlets in multiple UK regions, whether it had more than 100 individual outlets and whether it had over 500 employees (detailed on LinkedIn.com). An organisation was classified as large if all three determinants were affirmative, medium if one or two determinants were affirmative, and small if no determinants were affirmative. Only London Evening Standard posed an exception to this, which was upgraded from small to medium based on industry knowledge of the size, revenue and audience of its operation.

³⁵ Proposed partners were submitted at the time of bidding, and we have not been able to account for those cases in which sub-contracting did not take place subsequent to the award.

Distribution of bids by partner size			
	Bids submitted	Bids awarded	Bids awarded including proposed bidder partners
Small	18%	8%	10%
Medium	32%	7%	5%
Large	50%	85%	86%

Notes: Columns may not sum to 100% due to rounding. Where multiple bids were submitted by a single partner in a single lot, only one bid per partner is counted to ensure that bids awarded can sensibly be compared to bids submitted (i.e. a partner can practically win 100% of their bids submitted). The direct award made to a single partner in the lot with no bidders is counted as one bid received and one bid awarded.

Drilling down into the 85% of bids that were awarded to large organisations, the winners comprised only three large firms: Reach Plc, Newsquest and JPI Media. Reach Plc won 82% (9 lots), Newsquest won 75% (18 lots) and JPI Media won 100% (9 lots) of the lots they applied for, respectively. In addition, each was awarded three, 9 and 9 additional reporters, respectively, as the proposed bidder partner of other winners.

The discrepancy between the number of bids submitted and the number of bids awarded is particularly noticeable for the medium-sized organisations. In particular, Tindle and Wireless entered 29 and 16 bids respectively, none of which were successful.³⁶

The results in terms of platform are presented in the table below.³⁷ Almost two-thirds of the bids submitted were from print organisations. The alternative platforms of online and broadcast submitted far fewer bids in comparison, each ranging from between 9% and 15% of the bids submitted.

Print organisations received 90% of the bids awarded. Online organisations were awarded 8% of the bids, while broadcast organisations received a negligible proportion of the awards.

Taking into account the proposed bidder partners of the award winners (by counting each proposed bidder partner as an additional awarded bid) skews the awards to print organisations even further (92%). This is presented in the table below.

Distribution of bids by predominant platform			
	Bids submitted	Bids awarded	Bids awarded including proposed bidder partners
Print	64%	90%	92%
Radio	11%	2%	1%
TV	9%	0%	0%
Online only	15%	8%	7%

Notes: Columns may not sum to 100% due to rounding. Where multiple bids were submitted by a single partner in a single lot, only one bid per partner is counted to ensure that bids awarded can sensibly be compared to bids submitted (i.e. a partner can practically win 100% of their bids submitted). The direct award made to a single partner in the lot with no bidders is counted as one bid received and one bid awarded.

Taken together, we find that a combination of large organisations and print publishers were the primary benefactors of the LDRS bidding process.

Mechanism driving the results. The results above show that small and non-print organisations drop out of the LDR award process in two stages: first, at the bidding stage and second, at the award stage. The BBC's LNP Team has explained why size and platform may be influential at each of these two stages.

³⁶ We note that both organisations submitted multiple bids per lot, and therefore could not have practically won 100% of the bids they submitted. Both organisations submitted bids for 12 lots, such that the highest number of bids that each could practically have won is 12.

³⁷ To simplify the analysis, organisations active both online and in each of print/radio/TV were categorised as print/radio/TV only. Therefore this analysis underrepresents the online activity of some partners, since online presented here reflects organisations that are active online only.

The criteria for becoming a partner in the LNP were straightforward and fair. Organisations needed to demonstrate a high level of coverage of all aspects of public interest journalism, meet sufficiently high journalistic standards and have the ability to handle complaints.³⁸ Neither the organisation's size nor platform influenced their eligibility for partnership, and the BBC's LNP Team considers that almost all organisations wishing to join the partnership are likely now members of the scheme.

In order to submit a bid for an LDR contract, two elements may have created hurdles for applicants. First, organisations must have been located within the contract area for which they wished to bid.³⁹ This would naturally have advantaged print organisations, given the relatively few broadcasters per contract area. Second, given the total value of contracts, the regulated EU Open Procedure procurement process applied (OJEU), which may have been unfamiliar and complex. While this would likely have been a daunting task for almost all organisations, the bureaucracy may have been off-putting for smaller organisations with lower capacity in particular.⁴⁰ Taken together, these factors may explain the relatively higher number of bids submitted by large organisations and print publishers.

In order to win a bid, an organisation needed to have the capacity to receive public funding and manage the LDRs with a degree of assurance (e.g. fair employment practices, editorial oversight and performance management). Following this, each organisation was scored on the strength of the evidence they provided on the quality of their editorial content, connection with the region, and coverage of public interest content. Bidders were ranked on the basis of the volume and relevance of the evidence they provided.

Print media does more journalism than any other platform, particularly public interest stories. This is because newspapers have to be filled and therefore have to publish a high volume of stories, with readers navigating directly to the stories they are interested in.⁴¹ In contrast, broadcasters can only cover a smaller number of stories in their schedules and therefore have to be very selective in their programming and search for the news with the widest possible impact. Therefore, print outlets had the widest evidence base of public interest journalism on which to draw and made for the highest scorers.⁴²

On the same basis, large organisations would have had a natural advantage. Larger organisations cover a higher volume of stories, and had a wider evidence base of public interest stories to draw from. Additionally, larger firms would have more established HR, training and management practices with which to support new staff.

Nevertheless, the relationship between size and the ability to win is not perfect. It is encouraging that a number of smaller organisations managed to win contracts. One possible explanation here is that smaller organisations – with low overheads and staff headcount – typically specialise in one small editorial area and focus solely on content production. While their evidence pool may be relatively small, they can produce strong evidence about a specific contract area. Moreover, their low headcount allows for an individual member of staff to have detailed knowledge of the business, which is helpful to put their best evidence forward. This agility means that as long as small organisations are able to complete the tendering process, they stand a reasonable chance of winning.

³⁸ <http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/reports/pdf/bbc-news-news-media-association-partnership-criteria.pdf>

³⁹ <http://downloads.bbc.co.uk/aboutthebbc/insidethebbc/reports/pdf/bbc-news-news-media-association-partnership-criteria.pdf>

⁴⁰ The BBC did provide assistance for organisations over the telephone if requested.

⁴¹ Online media also publish a high volume of stories for this reason. However, the most productive news websites are associated with print titles and would be classified as "print" organisations in our simplified analysis. "Online only" organisations are less established, have fewer journalists, and fewer stories.

⁴² It is worth noting that at no stage was audience size taken into account in evaluating bids. If it had done, broadcasters would have been the predominant winners.

Taken together, this may explain the peculiar result that medium-sized organisations performed worst in the award process – both in terms of absolute number of bids won and relative to the number of bids submitted. The medium-sized organisations may be neither sufficiently large to have the advantage of a high volume of evidence, or sufficiently small to have the agility to curate their best evidence from a smaller evidence pool. Additionally, the medium-size organisations appear to have suffered from a lack of coordination, since multiple titles from the same organisations tended to bid against each other in the same lot. These organisations could have benefited from centralised coordination over which lots to bid in or prioritise, what relevant supporting evidence to provide in each lot and the appropriate information to provide to demonstrate their meeting the prerequisite criteria.⁴³

It is worth noting that the award decision for each lot was made independently by BBC senior editorial leaders in the respective region.⁴⁴ Therefore, different individuals in different areas came to the same conclusions, ultimately awarding contracts in general to a combination of large players and print players, and not to medium players across the lots. This would suggest that the results of the award allocation were not a result of bias, and more likely a result of the evaluation criteria conferring an advantage to more sizeable players.⁴⁵

Impact on smaller and non-print players. Many local news organisations are struggling to survive in the current harsh local news landscape. It may therefore be difficult, even for the organisations themselves, to isolate precisely which factors are contributing to their increasing number of title closures and job losses previously mentioned.

That said, we have seen no evidence that the LDRS has had a negative impact on non-winning organisations' readership or revenues. Conversely, the LDRS has created additional, free content for all partners to publish in their own titles. We have not seen any organisations state publicly or in survey responses that they have invested less or exited the market as a result of the LDRS. We have also not seen any suggestion of this arising in future as a result of the LDRS. This is consistent with the only relatively minor advantages we found for the LDR contract winners. We therefore do not find that the LDRS to have given rise to consumer harm, and do not expect the incremental impact of the LDRS to harm consumers in the long run.

Our view. We find the LDRS does not accrue a material competitive advantage to contract winners. Any competitive advantage which does exist, is accrued to a combination of large organisations and print publishers through the current bidding process. We have seen no evidence of a negative impact on smaller and non-print competitors as a result, nor competitive harm to consumers.

Nevertheless, to the extent that we are understating any competitive advantages for winners or negative impact on non-winners, we think that reasonable steps can be taken to ameliorate this by creating a more equitable distribution of awards across organisations.

While the BBC's criteria do not favour organisations of larger size *per se*, being of larger size does confer an advantage in the bidding process. This is similarly the case for print organisations. This is because large organisations and print publishers have the largest evidence base from which to draw in support of their bids. The BBC's LNP Team and other Suppliers have also explained that awarding these types of organisations may give rise to efficiency benefits since these are the organisations with the existing

⁴³ BBC has provided individualised feedback to the organisations that were unsuccessful in their bids. We understand that there was nothing in the bidding requirements that would have obstructed such centralised coordination.

⁴⁴ A centralised mechanism overseen by BBC head of procurement made sure that the allocation of scores were consistent across the regions.

⁴⁵ BBC opted for awards to be made independently in each region as local knowledge was necessary for effectively evaluating bids and it was expected that this would introduce less bias into the award process since the BBC central staff running the LNP would have pre-existing relationships with partners to maintain.

systems and processes to support new employees and to create wide reaching content to increase the probability of success of the scheme.

While we have some sympathy for this, we think the bidding process could reasonably be modified to facilitate greater inclusivity and we do not think that the probability of success of the scheme would be compromised in doing so. Indeed, we believe that concerns about the impact changes to the bidding process could have on the quality and efficiency of the programme would be mitigated through existing processes and quality assurance embedded in the current scheme. Some options for modifications to the bidding process include:

- Increasing the number of lots by disaggregating regional coverage further and decreasing the number of reporters awarded in any lot. This will make it easier for small organisations to support one or two additional members of staff, as compared to as many as six additional reporters currently awarded in one lot.⁴⁶ Similarly smaller organisations or non-print organisations (e.g. local radio stations) who specialise in small localities will be able to evidence wider coverage of a smaller lot. This is supported by the fact that small organisations won on average 1.5 reporters per lot, as compared to large organisations which won on average 1.9 reporters per lot. Similarly, non-print organisations won on average 1.3 reporters per lot, as compared to print organisations which won on average 1.9 reporters per lot.
- Relaxing the requirement to be physically located in the contract area, and instead requiring evidence of prior coverage or the potential to cover news in the contract area. This should encourage a higher number of bids from broadcasters.
- Removing the nomination of a “proposed bidder partner” as part of the bidding process, given that this resulted in the awarding of additional reporters almost entirely to large organisations and print publishers.
- Ensure all organisations understand to submit only one bid per lot per partner, and encourage central coordination for partners with multiple titles.
- Offering more hands-on assistance or training with the EU procurement process, though we acknowledge this could increase costs for the BBC.
- Providing examples of high quality answers from the previous bidding round or the type of evidence which should be presented to increase the likelihood of success.
- While we have found it unlikely that bias is driving the results, it could still be helpful to enhance awareness of where bias could enter the decision making process. Decision makers could be made to take unconscious bias training, or additional adjudicators could be involved in the awarding decision.

Conclusion on the competitive impact of the LDRS

Taken together, we find that the LDRS has had a net positive impact on competition in local news. Evidence suggests that the LDRS has stimulated competition in local news, without creating a material advantage for LDR employers or negatively impacting competitors. We do not find the LDRS to have given rise to consumer harm, and do not expect the incremental impact of the LDRS to harm consumers in the long run. Nevertheless, we have suggested some potential improvements to the bidding process to achieve a more equitable distribution of awards which would further reduce the likelihood of any negative impact on competition.

Comparison of public value against competitive impact

⁴⁶ We acknowledge that some balance will need to be reached here, as there is a trade-off to the BBC in terms of administrative costs in handling a larger number of contracts.

Finally, we weigh up the public value-add against the competitive impact of the LDRS. Our public value assessment found material positive benefits to local news provision across the UK. Our competitive impact assessment found a net positive impact on competition in local news. Therefore, even absent any changes to the bidding process, the public value and stimulation of competition that the scheme delivers is consistent with the Charter requirement “to avoid adverse impacts on competition which are not necessary for the effective fulfilment of the Mission and the promotion of the Public Purposes”.

News Hub

Public Value Assessment

We consider how the News Hub supports the BBC’s Public Purposes to provide impartial news and information (public purpose 1) and to reflect, represent and serve the diverse communities of all the UK’s nations and regions (public purpose 4). The News Hub was designed to deliver public value to individuals, society and the local news industry through a combination of the following:

- Extending the reach of BBC local content to new audiences;
- Enhancing the online offering of local news providers;
- Raising the quality of online local news and increase audience trust; and
- Enhancing the range and choice in local news on social/search platforms.

Before launch of the News Hub, BBC video content was placed in an archive exclusively for BBC access. Under the News Hub initiative, BBC video content obtained by the BBC news teams of the four Nations of the UK is shared with the partnership for own online use. Immediately after going to broadcast on the BBC, the footage is uploaded to the News Hub web portal for the use of partners. Use of the BBC content is subject to the requirement that partners not carry pre- or post-roll advertising on their websites on content obtained from the News Hub.

Given that this footage would not have been accessible by partners absent the initiative, in our assessment we assume that much of the online content produced which leverages the News Hub footage is incremental to the local news industry.⁴⁷ This is because, while some of these stories may have been published absent the initiative, this would likely have been without the accompanying footage. We consider that without the accompanying News Hub footage, many audiences would not have seen or engaged with these stories. This is justified by the fact that:

- While it is true that some footage could possibly have been sourced from other UK wholesale news providers such as the Press Association, we assume less footage would have been used given that this would require payment while the News Hub footage is free. Moreover, since audiences purportedly trust less in online news than TV, the BBC-branded video content from the News Hub may have been of unique appeal to partners wishing to raise audience trust in their online articles.⁴⁸
- The addition of the News Hub footage has the purpose of enhancing the online offerings of local news media websites, increasing audience reach and engagement.⁴⁹ Moreover, the addition of video makes the content more discoverable on social media.⁵⁰

⁴⁷ We acknowledge that there will be some instances in which the content produced may not be incremental. Some footage provided by the News Hub may be provided by other wholesale news providers and it is possible that some wholesale news providers may have provided this content in future absent the News Hub.

⁴⁸ <http://www.digitalnewsreport.org/publications/2017/bias-bullshit-and-lies-audience-perspectives-on-low-trust-in-the-media/>

⁴⁹

http://www.newsmediauk.org/write/MediaUploads/PDF%20Docs/BBC_and_NMA_Partnership_Agreement_LetterFI_NAL_11.5.16.pdf

As was the case for the LDRS, the necessary data to quantify the initiative's immediate and/or direct value added was not available. However, two data points were available to draw insights into the usage of News Hub footage:

- We have reviewed data on the number of clips uploaded by the BBC to the News Hub in each week of February 2020. On average, 1,818 clips were uploaded per week. The lowest number of uploads in a given week was 1,757 clips and the highest was 1,888 uploads.
- We have reviewed the results of the LNP partner survey (Wave II) which recorded responses about partners' use of the News Hub in a given week in 2019.⁵¹ Results showed that only three out of the approximately 50 partner respondents used content from the News Hub in the sample week. Reach Plc, Cornish Stuff and Llanelli Online CIC used its content in 18, 2 and 1 online stories respectively. All 21 stories were lead or major online news items for the partners.
- As part of the same survey, partners gave a score of 5.7 out of 10 for the quality of the content provided by the News Hub.

These results suggest that the News Hub is making a very limited contribution to the provision of local news across the UK. Take-up of the News Hub amongst partners is low, particularly in comparison to the quantity of content uploaded by the BBC to the portal. Extrapolating from the data points provided, on average less than 0.02% of the clips uploaded to the News Hub are used by partners.⁵²

The reasons for the low usage, range from a lack of technical capability of partners, the News Hub offering a poor user experience, a lack of awareness of the News Hub's functionality and the inability to disable automatic pre-roll advertising disqualifying most partners from use. An additional explanation given by the BBC's LNP Team is that the expected trend toward higher usage of video content online has not materialised in the industry more generally.

There may be additional dynamic and/or indirect benefits from this initiative that we have been unable to measure. Following the logic that "open is better than closed", opening up BBC content to a wider group of organisations may yield higher social benefits, such as greater transparency and the development of a more collaborative culture relative to a scenario in which the content is held exclusively by the BBC.⁵³

Overall, the evidence suggest that the News Hub has not successfully generated the public value that it was designed to deliver. Nevertheless, factors mitigating against this include the fact that partners may overcome the hurdles thwarting use in future, the fact that absent the scheme usage of this footage outside of the BBC would be zero, the possible social benefits derived from openness mentioned above, and the fact that the BBC incurs very low actual costs and opportunity costs to maintain the initiative.⁵⁴

Impact on competition

We have also sought to investigate the impact of the initiative on the level of competition in the local news market.

⁵⁰ <https://business.twitter.com/en/blog/5-data-driven-tips-for-scroll-stopping-video.html>

⁵¹ Given that some partners provided no or partial responses, the results are a lower bound for usage amongst all partners.

⁵² While no data is available to check whether such extrapolation would be valid, we understand from the BBC that the survey results for the News Hub and weekly upload volumes are in line with their expectation.

⁵³ <https://medium.com/enrique-dans/open-is-better-than-closed-cc413113c658>

⁵⁴ The actual costs to run the News Hub are low because it runs off the same portal that was built for the LDRS. The main incremental cost that can be attributed to the News Hub is for storage at £320 per month. The opportunity cost of the News Hub to the BBC is designed to be low by maximising the automation involved in the uploading process. The BBC estimates that to run the News Hub involves between 1 and 5 minutes of an assistant editor-level journalist's time to upload footage, four times per day, in 15 different regions.

Promotion of competition

As described above, this initiative appears to have stimulated little additional competition in the local news market, but there may be scope for greater competition to arise in future.

Impediment to competition

We did not receive evidence of any competition concerns relating to the News Hub. This was unsurprising given its low usage noted above. It is possible that in the event the hurdles precluding use are overcome going forward, this may have a detrimental impact on the demand for footage from other wholesale providers of news content such as the Press Association. We recommend to monitor this going forward.⁵⁵

Conclusion on the competitive impact of the News Hub

Taken together, we find that the News Hub has had either a net neutral or limited positive impact on competition in local news. Evidence suggests that the News Hub has sustained low usage, which on the one hand offers limited promotion of competition, and on the other hand has precluded competitive harm from arising.

Comparison of public value against competitive impact

Finally, we weigh up the public value-add against the competitive impact of the News Hub. Our public value assessment found some, albeit limited, positive benefits to online local news. Our competitive impact assessment found the News Hub has had either a net neutral or limited positive impact on competition in local news. Given its low cost to the BBC to maintain, we recommend for the News Hub to continue to operate given that some positive (albeit marginal) benefits are being extracted. Moreover, if the News Hub's functionality or user experience can be improved within the current budget constraints, we recommend for the BBC's LNP Team to do so in order to encourage higher uptake.

Shared Data Unit (SDU)

Public Value Assessment

We consider how the SDU supports the BBC's Public Purposes to provide impartial news and information (public purpose 1) and to reflect, represent and serve the diverse communities of all the UK's nations and regions (public purpose 4). The SDU was designed to deliver public value to individuals, society and the local news industry through a combination of the following:

- Providing impartial information to help audience engagement on aspects of government, local authorities and public and private sector organisations;
- Increasing the range and depth of analysis available to audiences;
- Facilitating local news providers to campaign on local issues and improve conditions for local residents;
- Providing a new method of presenting local news to the market via data analysis;
- Increasing the plurality in local news; and
- Enhancing the quality of local journalism across the sector through greater expertise and knowledge transfer within organisations.

⁵⁵ We note that while the Press Association do have their own video portal, we understand that this is not a key component of their business. We therefore expect that the News Hub would have a limited impact on their ability to compete even in the event of higher usage.

The SDU publishes investigative data-driven story packs to be shared with the partnership, in addition to providing data journalism training to reporters seconded from the regional news industry. In our assessment we assume that the vast majority of training provided and content produced by the SDU is incremental to the local news industry and would not have arisen absent the initiative.⁵⁶ This is justified by the fact that:

- At the time of launch, only one dedicated data journalism unit existed in the UK, created by Reach Plc in 2013.⁵⁷ We are not aware of any other unit launched prior to the SDU, nor any future launch plans in the industry.
- In feedback provided for this review, another data journalism unit confirmed that stories produced by the BBC very rarely overlap with what they do.
- The UK is one of the global open data leaders in the world and the volume and quality of data availability is growing.⁵⁸ As such the probability of overlap in datasets and analysis between data journalism units is low. As explained by David Ottewell of the Reach data unit, *“there’s never going to be a shortage of local data and there’s never going to be too many people finding stories from local data”*.⁵⁹
- Even if some content produced by the SDU did duplicate content produced by a particular organisation’s own data journalism unit, SDU content is shared amongst a large partnership group and is thereby able to achieve higher audience reach.
- If anything, we are likely to be understating the impact of the SDU through an assessment of its output alone, given that many of the SDU’s secondees have proceeded to launch their own data journalism units. It could be argued that the work produced by these units should be attributed to the SDU and considered incremental as well.

As was the case for the LDRS, the necessary data to quantify the initiative’s immediate and/or direct value added was not available. We were however able to gather data on the number of online articles produced from the SDU story packs published to date, and were provided with data on the number of outlets utilising SDU story pack content. Bearing in mind that a count of the online articles produced offers only a lower-bound to the number of stories generated from the SDU, key statistics include:⁶⁰

- The SDU published 31 story packs between November 2017 and March 2020;
- Over this time period, at least 863 articles were produced by partners (excluding BBC) and non-partners based on SDU story pack content. The minimum number of articles produced from an SDU story pack was 3, the maximum was 68, and the average was 32;
- Each SDU story pack was utilised across the BBC network, by 11 BBC services on average (including TV, radio and online).
- The BBC has recorded 1000 instances of SDU story packs being used by local news outlets across the UK as of April 2020.

⁵⁶ We acknowledge that there will be some instances in which the training and content may not be incremental. Some training and content provided by the SDU may be provided by other active data journalism units and it is possible that other organisations may have provided similar training and content in future absent the SDU.

⁵⁷ <https://www.journalism.co.uk/news/how-the-bbc-shared-data-unit-is-inspiring-data-units-across-the-uk/s2/a747677/>

⁵⁸ <https://opendatabarometer.org/leadersedition/report/>

⁵⁹ <https://www.pressgazette.co.uk/trinity-mirror-data-unit-boss-says-it-should-be-the-more-the-merrier-as-huge-amount-of-local-data-still-not-interrogated-properly-by-journalists/>

⁶⁰ This is a lower bound because relevant articles were found through a simple Google search for keywords associated with the story. Relevant articles not containing these keywords or not displayed in search results with prominence would be missed, as well as any reporting that was not published online. Additionally, data was gathered for only 27 of the 31 story packs since the required information was not provided for some of the packs.

These results suggest that the SDU has made a significant, positive contribution to the provision of data-driven local news. On average, a single story pack resulted in the publication of 32 additional local news articles outside of the BBC network. It's contribution to local news quality appears to be relatively high given the cutting-edge technical skills required by SDU journalists and given that the quality of the SDU content received a rating of 6.7 out of 10 in the LNP partner survey (Wave II). Reach and audience engagement of the initiative could not be tracked since many articles were featured on non-BBC websites. The BBC's LNP Team estimates a combined 10.7 million page views on the BBC website alone for SDU-related stories to date.

In addition to the increase in content produced by the initiative, the training component of the initiative resulted in the upskilling of 27 journalists in the local news industry to date. This too would contribute positively to an improvement in local news quality.

There may be additional dynamic and/or indirect benefits from the initiative that we have been unable to measure, although we do believe there is benefit in doing so, potentially as an additional KPI:

- Secondees may go on to provide internal training to their own organisations, enhancing the quantity and quality of data-driven local news articles further. This is intended by the SDU's "Train the Trainer" course which provides secondees with the confidence to share their skills. We understand that secondees from Newsquest and JPI, for example, have carried out training days for their colleagues following their secondments.
- The initiative may have facilitated partners to launch their own data journalism units. For example, JPI Media and Newsquest launched their own data journalism units in 2019, each led by SDU secondees.⁶¹ Claire Wilde, founder of JPI Media's data journalism unit has stated that she would "genuinely not have landed" her new job if it was not for the time spent with the SDU.⁶²
- Third, there may have been benefits for national news in the event that some local content went on to receive national coverage.⁶³ We understand from the BBC's LNP Team that SDU content has been used for 18 reports in national newspapers and 24 times on flagship BBC TV and radio programmes.

Taken together, the evidence suggests the SDU has successfully generated the public value that is was designed to deliver.

Impact on competition

We have also sought to investigate the impact of the initiative on the level of competition in the local news market.

Promotion of competition

As described above, the SDU has facilitated greater competition between local news organisations in the quantity and quality of data-driven local news provision.

⁶¹ <https://www.journalism.co.uk/news/how-the-bbc-shared-data-unit-is-inspiring-data-units-across-the-uk/s2/a747677/>

⁶² <https://www.holdthefrontpage.co.uk/2018/news/crime-correspondent-promoted-to-new-group-wide-investigations-role/>

⁶³ See for example <https://www.bbc.co.uk/news/uk-49085346>, which featured on BBC UK News online and received just under 1.4 million views according to internal BBC data.

Additionally, new data units have been launched, including the JPI Data Unit and the Newsquest Data Unit. The SDU may have facilitated this new entry since at least one head of these units has attributed their role to their experience gained with the SDU.⁶⁴

Impediment to competition

We did not receive evidence of any competition concerns relating to the SDU. We note that any competitive impact of the initiative would most likely be felt by competing data journalism units to the SDU, including both incumbents and deterred new entrants.

With respect to incumbents, as mentioned previously, the Reach data unit was the only dedicated data journalism unit in the UK at the time of launch. In 2018, the head of this data unit said “*the more the merrier*” in reference to the emergence of other data teams, adding that it was “*brilliant*” to see more work in this area by the likes of the SDU.⁶⁵ Therefore the SDU does not appear to have harmed this incumbent. In fact, the SDU may have facilitated rival expansion, since Reach/Trinity Mirror sent its own journalists on secondment to the SDU and has access to the SDU story packs.

With respect to new entrants, as mentioned above, the SDU appears to have facilitated new entry, though we cannot rule out that some additional entry may have been deterred by the SDU’s launch.

It is also worth noting that smaller organisations have found it more difficult to send a member of staff on secondment to the SDU given the impact that a reduction in headcount has on their capacity (despite backfill funding being made available by the BBC). Whilst no concerns have been raised in this regard, and we have seen no evidence of competitive harm, we recommend to monitor this going forward.

Conclusion on the competitive impact of the SDU

Taken together, we find that the SDU has had a net positive impact on competition in local news. Evidence suggests that the SDU has stimulated competition in the local news industry without harming competing data journalism teams.

Comparison of public value against competitive impact

Finally, we weigh up the public value-add against the competitive impact of the SDU. Our public value assessment found a significant uplift in data-driven local news articles. Our competitive impact assessment found the SDU has had a net positive impact on competition in local news. We therefore recommend for the SDU to continue to operate in its current form.

⁶⁴ <https://www.journalism.co.uk/news/how-the-bbc-shared-data-unit-is-inspiring-data-units-across-the-uk/s2/a747677/>

⁶⁵ <https://www.pressgazette.co.uk/trinity-mirror-data-unit-boss-says-it-should-be-the-more-the-merrier-as-huge-amount-of-local-data-still-not-interrogated-properly-by-journalists/>