



November 2011

IBT Response to the open letter about a report by Ofcom to the Secretary of State under s.229 of the Communications Act 2003

In response to the request for comments on the ability of Channel 3 and Channel 5 to deliver their public service obligations as set out under their current licences, the International Broadcasting Trust submits this response.

IBT believes that ITV, and to a lesser extent Channel 5, play an important role in providing plurality in the PSB landscape. They provide useful competition to the BBC to ensure that quality is maintained and that programme makers constantly seek to break new creative boundaries. We believe Channel 4 has a separate, equally important, role to play in providing an alternative viewpoint to the two mainstream channels.

We agree with Ofcom's statement in its Second PSB Review that Channel 5 and ITV provide an important contribution to mass audience content on television in the UK:

The commercially owned networks such as the ITV service and Five play an important role today in delivering popular, entertaining programmes. Their mass reach enables them to invest in original British programmes which are both popular and culturally relevant. That mass reach also gives these networks the ability to play an important role in delivering alternative provision of national and international news and in reaching audiences not necessarily addressed fully by the BBC or Channel 4.

For this reason we would like to see the current public service broadcasting commitments of ITV and Channel 5, as laid out in the Communications Act (2003), remain as intact as possible.

Understanding that this may not be viable economically, we propose that other means are found for funding this content, such as a review of retransmission fees and a reduced rate for DTT spectrum for ITV.

With reference to Channel 5, in its Second PSB Review Ofcom envisaged after 2014 the Channel 5 service would retain access to a single universally available DTT video stream at a market rate, together with due prominence on electronic programme guides. In return its regulatory obligations to broadcast national and international news, as it does now, and continue to invest in UK-originated programming would remain. Understanding that this is

the most likely scenario, IBT supports this position and we will limit our comments in this document to ITV.

1. Taking into account the existing public service obligations placed on Channel 3 & Channel 5 licensees and the current regulatory assets associated with those licences

a) please outline the level of public service obligations which you consider existing licensees will be able to provide in the next licence period on a commercially sustainable basis. Existing licensees should respond with particular reference to each licence that they currently hold.

It's is IBT's primary concern that news and current affairs in peak time should remain at their current levels and not be eroded either in terms of budget or air-time.

High quality news and current affairs are essential to ensure we are well informed about the world around us. All the main UK news broadcasters, including ITV, have a good track record of covering the major international news stories. There is recent evidence that the UK public is concerned about the world outside the UK but at the same time suspicious and wary of it. This potential insularity and resistance to engaging with the wider world is worrying. We cannot afford to be inward-looking as the world becomes increasingly globalised. We will end up isolating ourselves, both culturally and in terms of trade which will have an economic as well as social impact. ITV has an important role to play in engaging a mass audience with stories about the wider world in a popular, accessible way. It reaches audiences which are not necessarily reached by the BBC or Channel 4. For example, the ITV current affairs strand *Tonight* is watched mainly by viewers who do not watch any other television current affairs programme.

News:

We agree with Ofcom in its Second PSB Review when it says that domestic and international news is not guaranteed on ITV if it relinquishes its licences:

If ITV plc relinquished its licences, and if any subsequent licensee did not achieve comparable levels of reach and programme investment levels the impact on viewers might include... impact on high quality national and international news on the ITV service. While ITV plc would probably continue to provide national and international news short term on a wholly commercial service, ITV plc itself notes that it could provide no guarantees of news or other programming.

Following informal discussions with ITV and Channel 5 we understand that it is their intention to continue providing news in its current format – that is domestic and international news throughout the day including in peak time. We welcome their commitment but agree with Ofcom that this provision cannot be guaranteed unless their business models support it.

ITV itself is rightly proud of its news provision. In its most recent Network Programme Review ITV states that: *ITV News has further developed in 2009 to build on its established position as a high quality, trusted and authoritative news service that provided viewers with*

accessible and informative coverage of the year's major UK and international stories...ITV News at Ten gave the UK population a credible and distinctive alternative to the BBC's news.

We support ITV in its news provision which, considering the level of its budgets, covers a large number of international news stories. IBT would urge Ofcom to ensure that any agreement with ITV includes specific reference to 'international' news since this aspect of newsgathering is costly and at times of economic uncertainty it is the element of news most likely to be cut.

Ofcom (*New News and Future News*, 2007) and IBT have both carried out research into UK news provision and come to similar conclusions. IBT's research has shown that there is a narrowing of the news agenda to cover fewer countries and fewer stories.

The main UK news bulletins have a strong tendency to cover the same, relatively narrow, international agenda in terms of topics, countries and original stories. They also adopt a similar treatment and use of pictures to report the biggest international stories. In the two weeks of this study, 53% of all international coverage on the main UK news bulletins concerned just three countries (USA, Australia and Israel). World in Focus (2009) IBT.

It is important that we guard against this narrowing news agenda at a time when it is clear that global events have a direct impact on our lives in the UK. If we are to work effectively as citizens in this new interconnected world we need to be engaged with and informed about international events.

Current Affairs:

Ofcom's Second PSB Review states that ITV requested *to have all its regulatory responsibilities removed other than national, international and regional news. And to reduce their current affairs quota to 20 hours or less a year.*

IBT is opposed to any reduction in the number of hours of current affairs which ITV is committed to because this will undermine the provision of a service which *facilitates civic understanding and fair and well informed debate on news and current affairs, a comprehensive and authoritative coverage of news and current affairs in, and in the different parts of, the United Kingdom and from around the world. (Communications Act 624(4))*

Current affairs programming is essential because it provides information and evidence in more detail than is possible in the news. News agendas are dominated by breaking, often negative, stories and it is only through current affairs programming that these stories can be analysed and unpicked, often revealing complexity and nuance which is not possible in a 3 minute news story.

ITV's current affairs provision is very different from that of any of the other PSB's. It is aimed at an audience who often don't watch current affairs. It is designed to be popular, engaging and accessible. This is its primary value – that it can engage an audience not otherwise

interested in the wider world. It is complementary to the other PSB channels in this regard and therefore highly valuable.

Interestingly since the Second PSB Review ITV's current affairs output has risen. *Tonight* is the most watched current affairs programme on UK television with audiences frequently averaging over 3m compared with, for example, *Dispatches* on Channel 4 which would typically get half that audience. *Tonight* also appeals to a different demographic, with an audience which is female dominated, typically in their 30s, 40s and 50s. They do not usually watch current affairs programmes. There are currently 50 episodes a year.

Additionally, this Autumn, ITV launched a new investigative series, *Exposure*.

While the majority of programmes in both these series are domestic, they also cover international topics and IBT considers this contribution essential for the British public to be engaged in a well informed debate about what is going on in the world because with this output ITV reaches an audience which is very different from that of other broadcasters.

Original Production:

We note Ofcom's statement in the Second PSB Review that

Despite two decades of multi-channel broadcasting, investment in high quality UK content other than in sport is overwhelmingly by the current public service broadcasters. There remain several areas vital to the delivery of public purposes where purely commercial players are unlikely to invest significantly in content for television or other digital platforms, because the returns are too low and the commercial risk is too great.

And we also note that there has been a 19% drop in investment in original UK content on the main public service broadcasters since 2004 (1 Ofcom PSB Report 2010)

IBT supports any move to ensure that high quality UK content other than sport continues to be made because it can provide a perspective on the world around us which is specific to the UK and therefore more relevant to the British public.

b) please explain how the levels of public service obligations set out in (a) above would differ from current obligations.

As stated above, we argue that retaining the commitment to news and current affairs on ITV is essential. While the other elements of public service obligation in their current licence are desirable, we accept that it may not be possible for ITV to deliver all of these.

There have already been reductions in their commitment to the 'Tier 3' requirements in the Communications (Act 2003) and these are only likely to be further eroded in future.

If there were any way to encourage ITV to continue covering these subject areas, we would welcome this move because these programmes bring variety to the schedule and are informative.

Regional output – while we see the value in regional output to provide social cohesion and community spirit, we understand that in order to provide the other areas of PSC as outlined above this may not be financially viable. We agree the government needs to plan for an alternative model of news for the devolved nations and the English regions in the absence of this content being available on ITV because of economic pressures.

2. Please explain how you consider the level of obligations outlined in your response to question 1 would contribute to the fulfilment of the purposes of public service broadcasting set out in 264(4) of the Act.

It is IBT's view that News and Current Affairs can fulfil many of the public service objectives set out in the Communications Act.

These include:

(a) a wide range of subject-matters – news and current affairs by their nature provide varied subject matter.

(b) programmes which are likely to meet the needs and satisfy the interests of as many different audiences as practicable – news is one of the most popular genres .

There is an appetite for international content on television. 75% of respondents in the 2010 Ofcom PSB Review cite television as their main source of world news. While the internet is undoubtedly a valuable resource, only 9% of respondents cited it as their primary source of information for world news (*Perceptions of, and attitudes towards, television: 2010 Ofcom*).

(c) schedules which are properly balanced, so far as their nature and subject-matters are concerned, for meeting the needs and satisfying the interests of the available audiences.

As stated above, it is the programming specified in Tier 3 which we believe provides a balanced schedule. Without this programming, the schedule is likely to be less rich and there is likely to be less factual programming, but we accept that there are limits to the public service commitments ITV will be able to make, and therefore reiterate that news and current affairs should be the priority for ITV.

(d) programming which is of a high quality in terms of its content, production standards and editorial integrity.

While expenditure on original productions in 2011 was stable for the first time in four years (Ofcom PSB Annual Report 2011) it is IBT's view that the public service broadcasters need to be encouraged to continue to invest in order to maintain the quality of programming. At a time of economic austerity it would be tempting to cut corners, but as has been seen from recent events in the press, if corners are cut in news and current affairs there is more often than not a related decrease in quality.

3. Please explain what effect, if any, you consider other factors could have on the value of regulatory assets associated with Channel 3 and Channel 5 licences. Your response should take account of, but not be limited to:

The prominence which public service channels receive on electronic programme guides under current legislation;

IBT believes that prominence on the EPG is essential for ITV and Channel 5 to continue to hold their position in the marketplace and therefore should be considered a very valuable asset provided in return for public service broadcasting commitments.

Capacity reserved for public service channels on DTT multiplexes; and

Ofcom suggests in its Second PSB Review *It would also be possible to consider whether the price paid for Channel 3's capacity should be at market rate.*

We believe that in return for providing public service content ITV should have reserved capacity on DTT multiplexes not at market rate, but at a preferential rate.

d) any other intangible assets including brand benefits deriving from PSB status.

We believe that ITV does benefit from its status as a public service broadcaster and this role is at the heart of much of its programming.