



From the Chief Executive's Office

Julian Knight MP
Chair, Digital, Culture, Media and Sport Select Committee
House of Commons
London
SW1A 0AA

23 July 2020

Dear Julian,

Thank you for your letter of 15 July as follow up to our evidence session last week. We appreciated the opportunity to speak to you and members of your Committee about the hugely important issue of the future of public service broadcasting.

As requested, here is more information on both the Turn on the Subtitles Campaign and ITV's Gender and Ethnicity Pay Gap information.

Turn On The Subtitles

ITV remains fully committed to the principle of widening access to its programmes for people with a hearing impairment through subtitling and signing, and for visually-impaired people with audio description. Almost all programmes on ITV, ITV2, ITV3, ITV4 and CITV linear broadcast channels are subtitled and we provide more than double the amount of audio description programming required by Ofcom.

As we mentioned in the session, over 90% of content on CITV is subtitled. When viewing this content on demand via ITV Hub, on platforms which enable subtitle functionality, these may be switched on and off by the user at the click of a single button.

On the question of whether subtitles can be set to 'on' by default - this is not as straightforward as one simple change to the platform. Switching subtitles on and off is managed locally by users deliberately giving them the choice; ITV does not have this capability centrally and it would therefore require a redesign and development of the service. ITV Hub is currently available on 35 different platforms (e.g. connected TVs, streaming devices, web, mobile apps) of which 23 have subtitle capability. Making any change to the functionality of ITV Hub requires a separate technical build (and commercial negotiation) with each platform operator.

In addition, ITV distributes its content via a number of 'third party' platforms. In such cases it is the platforms, rather than ITV, which control how subtitle functionality is made available to viewers. Enabling subtitles by default would therefore predominantly be a matter for the platform rather than ITV. Should delivering such functionality require any further technical build by ITV then this would add an additional layer of negotiation.

Due to this complexity, ITV prioritises functionality based on what will deliver the most value to the most people against our viewer metrics - reach, frequency, viewing. There is always too much functionality to build in a world that is infinitely more complex than broadcast TV so we need to evaluate each function and prioritize accordingly. In relation to access services, providing improved access services to people with disabilities is, for us, a higher priority, given that users can already choose to turn on the subtitles themselves. Reinforcing this is the priority that Parliament has attached to rolling out access services across online TV content for people with disabilities where new and stretching obligations are soon to be brought into effect by Ofcom.

Despite these challenges, ITV would be happy to participate in any broadcaster/industry roundtable that TOTS might organise; an offer ITV has already made on both occasions to the campaign team when they made contact with ITV earlier this year. In January, the offer was made verbally by ITV's Director of Digital Products; and in April, ITV responded to an email from the campaign:

"[the ITV] team would be happy for you to facilitate conversations that we could join with other broadcasters and service providers who you know are implementing this on their VOD platforms ... this would be for us to better understand the extent to which the research is relevant to users in the UK, the extent to which parents and children would be in favour of such a change, the audience experience with subtitles defaulting to 'on', and also to hear experiences of implementing this so ITV can consider this additional information."

This offer remains open, though we do also share some concerns raised by others over the strength of research underpinning the campaign.

The TOTS campaign has been in touch again, following the Committee hearing, suggesting a bilateral call to discuss the issue. We have accepted this suggestion and are also in the process of speaking to the BBC about their current thinking on the issue and a possible trial. We are of course happy to provide the Committee with an update on these discussions and will write to the Committee when the House returns on 1 September.

Gender and Ethnicity Pay Gap

We also said we would share more information on ITV's gender and ethnicity pay gap. We provide more detail below and in the enclosed Gender and Ethnicity Pay Gap report which shows that our gender pay gap has reduced for the second year in a row and remains below the national average.

ITV is one of only five FTSE 100 companies with a female CEO and is fourth in the top 10 best performers in terms of female representation on the executive committee and in direct report roles (Hampton-Alexander Review – November 2019).

Companies aren't currently required to publish information about their ethnicity pay gap, but we include this in our report on a voluntary basis in the spirit of greater transparency.

We've also set new, measurable goals for the business focused on gender, ethnicity, disability and LGBT+ representation, and we've identified diversity and inclusion priorities to help us reach these goals. I recently also announced our Diversity Acceleration Plan to accelerate the change we want to see.

We run a number of initiatives that support our overall aim of reflecting the diversity of modern society both on-screen and off-screen, and creating an inclusive organisation where everyone can be the best they can be.

Gender Pay Gap

Due to the way ITV is structured, we do publish separate gender pay gap information for four different ITV companies, which can be found in the enclosed document. All of these figures are included in the overall gender pay gap figures.

ITV Overall

According to the ONS:

- The UK Median Gender Pay Gap is 17.3%
- The UK Mean Gender Pay Gap is 16.2%

ITV's Gender Pay Gap

- ITV's Median Gender Pay Gap was 9.7% in 2019, down from 11% in 2018 and 11.9% in 2017.
- ITV's Mean Gender Pay Gap was 13.2% in 2019, down from 14.9% in 2018 and 16.4% in 2017.

In terms of the background behind our figures, we have slightly more women than men working at ITV overall - 53.3% and 46.7% respectively. However, we have more men than women working in the most senior or highly paid positions in ITV and this is why our gender pay gap exists. The gender balance has improved though at all four quartile pay bands year on year and I'm pleased to say that the number of women in the upper quartile has increased from 42% in 2017 to 45.8% in 2019.

Our numbers are impacted by the fact that more women than men choose to work less than full-time hours and take extended family leave. This particularly impacts on our mean bonus gap as remuneration is calculated on a pro-rated basis.

We're absolutely committed to supporting flexibility and helping every employee balance their career with life outside of work. We know how important it is to foster a workplace culture that's inclusive and accessible to all and that is why we launched our Social Purpose strategy in 2019. One of our four priorities in our strategy is to foster creativity by embracing diversity behind the scenes in our working and onscreen in our programmes and services. Through this strategy, we are committed to ensuring that there are no barriers within ITV that prevent women being able to progress and fully achieve their personal career goals.

Ethnicity Pay Gap

ITV publishes its ethnicity pay gap on a voluntary basis and according to the most recent Tortoise Media Responsibility Index, ITV is one of only nine FTSE 100 companies to report on Ethnic diversity at senior management level and one of just three to report on the Ethnicity pay gap.

We are pleased to be making progress on our ethnicity pay gap figures, which have also reduced compared to the previous year. We don't disclose the Ethnicity Pay Gap figures at relevant employer level, so these figures relate to ITV as a whole in Britain.

- ITV's Median Ethnicity pay gap in 2019 was 5.8% - this was down from 7.8% in 2018.
- Our Mean Ethnicity Pay Gap was 6.5% in 2019, which was down from 9.6% in 2018.

The proportion of employees from BAME backgrounds is broadly consistent across all four quartile pay bands. In 2019, the number of BAME employees in the upper quartile increased to 12.3% from 10.6% in 2018. We do see a slightly higher proportion of BAME employees in the lower quartile. This is because we see greater diversity of participants in our entry level schemes and also in entry level roles, which we are actively aiming to open up to individuals who may not have previously considered ITV as a potential employer.

We know there is more we can do and I recently launched our Diversity Acceleration Plan to deliver measurable changes across all levels and parts of ITV to accelerate change in diversity and inclusion on screen and across ITV by creating more opportunities for those from Black, Asian, minority ethnic and other underrepresented groups. We want a culture where everyone feels comfortable being themselves and we will listen actively to the lived experiences of colleagues so that we continue to build a fully inclusive culture. Details of the Diversity Acceleration Plan are included in the annex of this letter.

I also wanted to confirm some dates and figures discussed in the Committee session.

During the Committee Session, there was a suggestion that we had missed our diversity target. As I said at the time, we did not. We are well on track to achieve the diversity targets we set out in our 2019 Social Purpose Strategy. In that strategy, we set ourselves a target of achieving 15% of our employees to be from Black, Asian and minority ethnic backgrounds at colleague and manager level, and 10% at board level by 2022. We also set a target of 15% on screen by 2022. We have so far reached 12.5% for all colleagues across ITV (based on disclosed data) and 22% of those seen on screen on ITV come from a BAME background. We have made progress but we know there is much more to be done, which is why I recently announced our Diversity Acceleration Plan, details of which can be found in the annex to this letter.

I was also asked about leadership based out of London, which I estimated to be between one third and 40% of the UK workforce. At ITV, the percentage of managers outside of London, including the Senior Leadership team, is 37.5%.

I also wanted to clarify a figure related to the representation of disabled people at ITV. In 2018, 2% of the ITV workforce had a declared disability and we set ourselves a target of 8% both on and off screen to achieve by 2022. We have reached 4.6% on screen and have now achieved our target in our workforce (we are now at 8.8%) so we're about to agree a new target here. Much of the improvement can be attributed to an increase in reporting so we are clear that while we have made progress in this area, we know there is more to be done so will continue to accelerate our plans to improve our diversity and inclusion.

I also mentioned Coronation Street's reach to 16-34 year olds - I was not certain of the exact figure and wanted to share with you the confirmed figure, which is 1.6 million for weekly reach, which goes up to 1.7 million if viewing on ITV2 is included. For 2019 in total, the reach for 16-34 year olds was 7.1 million for the ITV Main Channel and 7.6 million if viewing on ITV2 is included.

I hope this information is of assistance to the Committee. In terms of your inquiry into the Future of Public Service Broadcasting, we are of course happy to assist with any further information, beyond what we have set out in our Submission, to help inform your thinking for a new Broadcasting Act fit for the 21st century and the ever-changing media landscape.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'C McCall', with a stylized flourish at the end.

Dame Carolyn McCall
Chief Executive, ITV plc

Annex - ITV's Diversity Acceleration Plan

On 9th July 2020, ITV announced its plans to accelerate change in diversity and inclusion on screen and across ITV by creating more opportunities for those from Black, Asian, minority ethnic and other underrepresented groups. Over the next 12 months ITV will increase investment in this area and this plan will deliver measurable change across all levels and parts of ITV.

The first move is to create a new role of Group Diversity and Inclusion Director, which will sit on ITV's Management Board and report to CEO Carolyn McCall. The new Director will head up a new Diversity and Inclusion team and will lead and coordinate all of ITV's diversity and inclusion activities as well as playing a full role in overseeing and driving ITV's financial and operational performance against the company's strategy. The role will be advertised internally with an appointment expected to be made in the next few weeks.

ITV's plan has come out of extensive engagement and discussion over the last few weeks with ITV's leadership team and Embrace, ITV's network for colleagues from a Black, Asian and minority ethnic background, together with its Inclusion and Diversity Council, which brings together the Chairs of all of ITV's staff networks. While the plan has a focus on supporting those from a Black, Asian and minority ethnic background, ITV remains committed to its other diversity targets and activities – particularly on doubling disability and improving social mobility.

There are five key areas of action, each of which has a detailed series of supporting activities and each of which is illustrated by lead commitments outlined below, which will be delivered over the next 12 months:

1. Increasing diversity on ITV's Management Board and senior leadership teams

- creating a new role of Group Diversity and Inclusion Director as well as creating a number of opportunities for new senior leaders in commissioning and production

2. Commissioning to ensure ITV better represents contemporary British life on screen within the next 12 months

- increasing the diversity of presenters of ITV's highest profile programmes as well as the lead actors in ITV dramas by backing and supporting the careers of talent from Black, Asian and minority ethnic backgrounds to land lead roles

3. Improving diversity and career progression in TV production

- ITV's 'Step Up 60' initiative will provide the chance for at least 60 people to step up and secure their first ITV senior editorial and production roles, including directing, writing or producing episodes of ITV's new and returning drama, factual and entertainment shows

4. Recruitment – taking positive action at entry level as well as middle and senior leadership

- up to 20 new opportunities in middle management and 40 new apprenticeships
- positive action campaign to support under represented candidates commitment to advertise all permanent roles and to advertise externally
- across a wide range of portals to ensure diverse pools of candidates
- use of a variety of candidate selection and assessment tools to reduce unconscious bias

5. Educating and developing ourselves so everyone understands racism and their role in creating an inclusive culture

- mandatory race and inclusion training for all staff and on-screen presenters and commentators
- inclusive leadership training for all managers
- Race Forward development programme which enables minority ethnic talent progression and inclusive culture change

ITV will report on progress on each of these commitments every year. ITV is also establishing a Cultural Advisory Council – a group of independent external advisers who will advise, challenge and counsel ITV on all of its inclusion and diversity activities.

The new Group Diversity and Inclusion Director will lead and coordinate all of these activities through a series of action plans which will be developed and delivered by teams across ITV. All parts of ITV will support this activity. Each division will publish its targets and results and all managers will have Diversity and Inclusion objectives as part of bonus criteria - the Management Board and Commissioning Editors have this already.

ITV will continue to engage with and listen to its networks and people across ITV to deliver and evolve its plans. ITV will also continue to work with others in the sector like BAFTA, CDN, Creative Access and Screen Skills to contribute to changing the industry and wider society and will engage with partners and others in its supply chain to encourage and share best practice.

ITV 2019 Gender and Ethnicity Pay Gap Report

Introduction

Legislation came into effect in April 2017, requiring all UK companies with 250 or more employees to publish gender pay gap information. A gender pay gap isn't the difference in pay between men and women doing the same or similar work – that's 'equal pay' and UK law prohibits less favourable treatment due to gender.

Instead, a gender pay gap shows the difference between the average pay of all women and the average pay of all men, irrespective of any differences in the work they do. As a result, it's affected by how the workforce is made up, including the numbers of men and women in different types of jobs and at different levels of seniority.

This report contains ITV's 2019 gender pay gap information, as required under The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017. We're also publishing our ethnicity pay gap information in this report for the second year, which is included on a voluntary basis.

Reporting requirements

Companies are required to report the following gender pay gap information:

- **Gender pay gap** – the difference between the median, and also the mean, hourly rate of pay for men and for women, based on the April 2019 pay period.
- **Gender bonus gap** – the difference between the median, and also the mean, value of bonus pay for men and for women over the 12 months to April 2019.
- **Bonus proportions** – the proportions of men and women who received bonus pay during the 12 months to April 2019.
- **Quartile pay bands** – if the total workforce was put in order of hourly rate of pay and then split into four groups of equal size, or quartiles, this is the proportions of men and women in each of the four groups.

Median and mean

The legislation requires average pay to be calculated in two different ways, using the **median** and also the **mean**:

Median – if all women were lined up in order of their pay, and so were all men, the median pay for men and the median pay for women would be the pay of the individual in the middle of each line. The median gender pay gap compares these two values. The median indicates the typical situation in the middle and is less affected by any outliers at the top or bottom.

Mean – to calculate the mean level of pay for women and for men, the pay of all women is added together and then divided by the number of women, and the pay of all men is added together and then divided by the number of men. The mean gender pay gap compares these two values. The mean is more affected by any particularly high or low values within a group.

Gender pay gap example

A workforce is made up of:

- Ten analysts (seven women and three men), who are all paid £30,000 a year.



- Six senior managers (two women and four men), who are all paid £75,000 a year.



Everyone who does the same job is paid equally, but:

- If you add together the pay for all nine women and divide by the number of women, the mean pay for all women is £40,000. If you add together the pay for all seven men and divide by the number of men, the mean pay for all men is £55,714. Comparing these two values results in a mean gender pay gap of 28.2%, which means the mean pay for women is 28.2% less than for men.
- If you were to line up all nine women in order of pay, the woman in the middle of the line would be paid £30,000. If you were to do the same for all seven men, the man in the middle of the line would be paid £75,000. Comparing these two values results in a median gender pay gap of 60%, which means the median pay for women is 60% less than for men.

The gender pay gap in this example is due to the different numbers of men and women doing each type of job.

ITV 2019 Gender Pay Gap

Our gender pay gap

According to the Office for National Statistics (ONS) the overall UK median gender pay gap is currently 17.3%. These are the gender pay gap figures for ITV overall¹, which have been calculated in line with the reporting regulations.

We're pleased that our gender pay gap figures have reduced for the second year in a row, and our median gender pay gap of 9.7% remains lower than the overall UK median pay gap of 17.3%.

The gender balance of our workforce remains strong, with slightly more women than men working at ITV overall (53.3% women versus 46.7% men). Our gender pay gap exists because of the make-up of our workforce, with more men than women working in the most senior or highly paid roles at ITV, and more women than men in lower paying roles. However, the gender balance of all four quartile pay bands has improved year-on-year, and the number of women in the upper quartile has increased from 42.0% in 2017 to 45.8% in 2019.

We're committed to supporting flexibility and helping all of our employees balance their career with life outside of work. At ITV, many more women than men choose to work less than full-time hours, and take extended family leave, which also has an impact on our numbers, particularly our mean bonus gap.

We launched our new social purpose strategy during 2019, which focuses on using the power of ITV to shape culture for good. One of our four social purpose priorities is to foster creativity by embracing diversity on-screen in our programmes and services, and behind-the-scenes in our workforce. There's more information on page 4 of this report.

	Median			Mean		
	2019	2018	2017	2019	2018	2017
Gender pay gap	9.7%	11.0%	11.9%	13.2%	14.9%	16.4%
Gender bonus gap	0.0%	0.0%	0.0%	38.5%	41.2%	49.4%

Bonus proportions

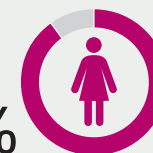
Men receiving bonus pay

92.5%



Women receiving bonus pay

90.2%



Quartile pay bands

Upper

Women 45.8%
Men 54.2%



Upper middle

Women 50.7%
Men 49.3%



Lower middle

Women 56.6%
Men 43.4%



Lower

Women 60.1%
Men 39.9%



Median gender pay gap by quartile pay band

3.0%

0.3%

1.7%

0.0%

¹ Overall ITV figures are based on all permanent and fixed-term ITV employees based in England, Scotland and Wales, who are subject to standard ITV contractual terms and conditions. In line with the regulations, we've excluded those people who aren't employed on a permanent or fixed-term contract of employment and for whom it's not reasonably practicable to obtain the data required for the calculations.

ITV 2019 Ethnicity Pay Gap

Our ethnicity pay gap

We're pleased that our ethnicity pay gap figures have also reduced compared to the previous year.

Companies aren't currently required to publish information about their ethnicity pay gap, and we include this in our report on a voluntary basis.

These are the ethnicity pay gap figures for ITV overall², which have been calculated in line with the regulations that apply for gender pay gap reporting. Our figures show the difference between the average pay of all white employees and the average pay of all employees from Black, Asian, and Minority Ethnic (BAME) backgrounds.

The proportion of employees from BAME backgrounds is broadly consistent across all four quartile pay bands, and the number of BAME employees in the upper quartile has increased from 10.6% in 2018 to 12.3% in 2019. There's a slightly higher proportion in the lower quartile, reflecting the greater diversity of participants in our entry level schemes and also in entry level roles, as we actively aim to open up these opportunities to individuals who may not have previously considered ITV as a potential employer.

	Median		Mean	
	2019	2018	2019	2018
Ethnicity pay gap	5.8%	7.8%	6.5%	9.6%
Ethnicity bonus gap	0.0%	0.0%	23.0%	26.3%

Bonus proportions

BAME employees receiving bonus pay

85.3%



White employees receiving bonus pay

91.9%



Quartile pay bands

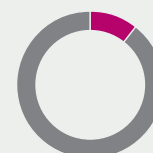
Upper

● BAME **12.3%**
● White **87.7%**



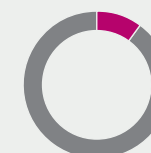
Upper middle

● BAME **10.7%**
● White **89.3%**



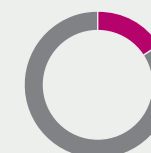
Lower middle

● BAME **10.2%**
● White **89.8%**



Lower

● BAME **15.9%**
● White **84.1%**



Median ethnicity pay gap by quartile pay band

0.4%

-1.9%

0.7%

2.1%

² Overall ITV figures are based on all permanent and fixed-term ITV employees based in England, Scotland and Wales, who are subject to standard ITV contractual terms and conditions and who have voluntarily told us their ethnicity.

ITV's Social Purpose

Our social purpose is about using ITV's creativity and scale to inspire positive change in the world, and nurture a responsible and inclusive working environment.

One of our four priorities is to foster creativity by embracing diversity. ITV is for everyone, no matter their background, race, disability, sexuality, gender identity or expression. We want ITV to represent all aspects of modern society, both on-screen and across our workforce.

We've set new, measurable goals for the business focused on gender, ethnicity and disability representation, and we've identified diversity and inclusion priorities to help us reach these goals. Our progress will be overseen by our new Inclusion Council, chaired by Carolyn McCall, and including the Board sponsors and representatives from all of our ITV Networks, along with other key stakeholders.

Find out more about our social purpose at itvplc.com/socialpurpose

Our social purpose – shaping culture for good



Better Health

Feel Good Mind and Body:

Inspiring change in how we look after our mental and physical health.

Our Goal:

Encourage 10 million people to take action to improve their mental or physical health by 2023.



Diversity & Inclusion

Fostering creativity by embracing diversity and encouraging inclusion.

Our Goal:

Improve gender, BAME and disability representation on and off screen by 2022.



Environment

Creating programmes with the biggest impact on the audience and the smallest impact on the planet.

Our Goal:

Reduce our carbon emissions and waste, and source responsibly.



Giving Back

Giving back to our local and international communities through causes we care about.

Our Goal:

Raise over £6 million a year for Soccer Aid, increase staff volunteering and lend our support to causes.

Statutory Disclosures

Due to the way ITV is structured, we're required to publish separate gender pay gap information for four different ITV companies, all of which have already been included in the overall gender pay gap figures above³.

These statutory figures represent smaller subsets of our overall employee figures and as a result, they are much more sensitive to any changes in the data. As we think about and manage ITV as one organisation, we believe our gender pay gap figures for ITV overall show a much more accurate picture of the business as a whole.

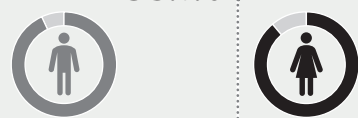
ITV Studios Limited

	Median	Mean
Gender pay gap	5.4%	5.1%
Gender bonus gap	0.0%	40.5%

Bonus proportions

Men receiving bonus pay 93.1%

Women receiving bonus pay 89.0%



Quartile pay bands

	Women	Men
Upper	54.4%	45.6%
Upper middle	47.1%	52.9%
Lower middle	56.1%	43.9%
Lower	57.9%	42.1%

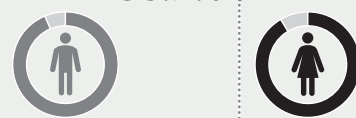
ITV Broadcasting Limited

	Median	Mean
Gender pay gap	10.1%	16.4%
Gender bonus gap	0.0%	54.0%

Bonus proportions

Men receiving bonus pay 93.7%

Women receiving bonus pay 91.6%



Quartile pay bands

	Women	Men
Upper	44.1%	55.9%
Upper middle	47.1%	52.9%
Lower middle	56.5%	43.5%
Lower	60.8%	39.2%

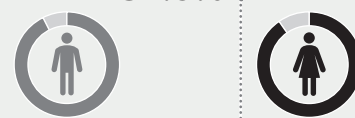
ITV Services Limited

	Median	Mean
Gender pay gap	18.8%	20.5%
Gender bonus gap	0.0%	34.6%

Bonus proportions

Men receiving bonus pay 92.6%

Women receiving bonus pay 90.4%



Quartile pay bands

	Women	Men
Upper	38.9%	61.1%
Upper middle	50.2%	49.8%
Lower middle	58.3%	41.7%
Lower	58.8%	41.2%

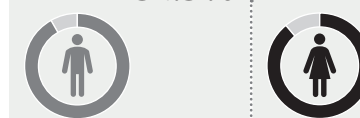
ITV Breakfast Limited

	Median	Mean
Gender pay gap	2.5%	0.4%
Gender bonus gap	0.0%	9.6%

Bonus proportions

Men receiving bonus pay 91.9%

Women receiving bonus pay 89.1%



Quartile pay bands

	Women	Men
Upper	54.5%	45.5%
Upper middle	64.3%	35.7%
Lower middle	66.1%	33.9%
Lower	62.5%	37.5%

³ In line with the regulations, we've excluded those people who aren't employed on a permanent or fixed-term contract of employment and for whom it's not reasonably practicable to obtain the data required for the calculations.

Declaration

We confirm that ITV's gender pay gap report is accurate and meets the requirements of The Equality Act 2010 (Gender Pay Gap Information) Regulations 2017.

Carolyn McCall
CEO

David Osborn
Group HR Director