

Written evidence submitted by Local TV Ltd

Evidence to the Department of Culture Media and Sport Committee Inquiry into the future of Public Service Broadcasting

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Levelling up UK media - the opportunity for local TV PSBs

Headlines

- **The local media sector is massively underserved by the mainstream national television PSBs in every content genre**
- **Levelling up the economy and society - a key priority - will be supported by a stronger remit for local TV**
- **Local TV licensees should be made the designated PSB prime suppliers for broadcast local news**
- **This will permit serious funding of local TV and give a voice to cities, communities and businesses across the UK**

Introduction

- **The local TV sector is the single most underdeveloped segment of UK media.**
- **It has great potential to bring to the screen a diverse range of content from every community, especially the great metropolitan centres outside London.**
- **There are thousands of cultural, sports and live events including the proceedings of democratic institutions, all neglected by national media, that could enrich viewing and promote communities.**

The history of the local TV sector has been difficult for reasons described in this paper but recent indications are that regional and metropolitan economies can support local TV companies - especially if the licensing remit is re-set. Growing audience numbers underscore

the thirst of communities to be represented by mainstream local TV while the historic PSB channels increasingly focus on the national mass market.

This evidence to the Select Committee review of Public Service Broadcasting is provided by Local TV Ltd that operates the Ofcom PSB licences in eight areas - Birmingham covering the wider West Midlands, Leeds and wider West Yorkshire, Bristol, Liverpool and the wider Merseyside region, Cardiff, North Wales, Tyne and Wear and Teesside.

These eight stations continued to provide a full service of local news and information six hours a day seven days a week during the Covid19 crisis.

Local TV Ltd took over the eight licences at the end of 2017 and changed the content and operating model to local news instead of a general content offering. Since November 2018 when daily audience data became available the Local TV network has more than doubled its audience.

The commercial model is targeted on local businesses, particularly leisure, as well as the education and public service sectors.

A similar model dedicated to local news and information is applied by other single local PSB licence operators - Brighton, Nottingham, Kent, Belfast and Sheffield. These operators are committed to maintaining a long term commitment to their communities and have also collaborated in contributing content to be broadcast across their combined network, notably during the Covid19 crisis.

Local TV has prepared this document independently of the other local TV licensees mentioned above but they are aware of the contents and some have contributed comments to this document.

Although there are points of difference Local TV with its eight licences and the other five licensees are seeking greater recognition and prominence in the PSB system. This is in order to elevate the importance of local content and broadcasting rather than to be simply opt-outs in a wider network leading to yet another indistinguishable general entertainment service.

Together these local TV operators are seeking significant reforms to level up local media to counter the UK's proliferation of national channels all providing much the same entertainment content.

Executive Summary

Local TV PSBs represent the UK media segment that has the greatest potential

There is a wealth of content - in culture, sport, live events and the coverage of public institutions that can be brought to the screen

This deficit in local media coverage is increasing as local newspapers decline and national channels and streaming services proliferate

The existing PSB national channels are merely general entertainment businesses contributing little genuine public service content

Local TV should replace national PSBs as the prime segment for support and development

Conditions to make Local TV flourish:

- **Re-define the local television remit to be the main provider of local TV content and adjust the remits of the national PSB channels accordingly**
- **Introduce a fair and accurate system of audience measurement for small channels to replace the 'in-house' flawed survey operated by national channels that deprives local TV of revenue**
- **Extend licence period for approved local TV operators and confirm the current EPG slot as permanent**
- **BBC to make available local archive content that is owned by the public but hidden from view**
- **In return for the above reforms Ofcom to set high standards of hours and quality for local content**

Local TV background and progress

At the beginning of the last decade the DCMS commissioned a report from financial advisor Lazard on the structure and viability of a potential local television sector. Lazard suggested that there should be a national network with local opt-outs. This was rejected by the Secretary of State Jeremy Hunt on the basis of a consultation that showed widespread enthusiasm for individual standalone stations. Ofcom awarded licenses on this basis. Essentially there was no specific format set for content apart from some provision of local news and, crucially, little or no thought was given to adjusting the remit of other PSBs in order to allow the new local service to fulfil a distinct role and achieve viability. Nor was there any attempt to level the playing field regarding audience measurement which was unsuitable for small channels and therefore deprived them of advertising revenue.

It should be said that although there has been and there remains disagreement about the model for local TV and disinterest - at times hostility - from the wider TV sector the idea of mainstream local television for cities outside London was politically visionary. Since the launch local daily newspapers have significantly declined, so reporting the democratic institutions is neglected, and the idea of levelling up the economy in the regions has achieved political consensus. Initially licensees had varying ideas regarding content but most had a notion of slimmed down conventional TV service with some general entertainment, talk shows, local interest documentaries and sport interviews, much of it studio based. None appear to have had a pure news publishing approach to local content. Gradually the daunting economics of TV persuaded

many individual stations to throw in the towel and consolidation took place on the basis that one network would emerge and this would lead to economic sustainability, as indeed Lazard had concluded in its report.

The current situation is that three large players and five individual smaller operators now make up the local TV sector - with 34 licences in operation:

- That's TV with 20 licences with approximately 30 percent of the homes in the sector
- Local TV (trading as Made TV Ltd) with eight licences and similarly around 30 percent of homes mainly in the large metropolitan centres of the North and the Midlands
- London Live with only one licence but also 30 percent of homes
- Belfast, Sheffield, Nottingham, Kent and Brighton as the five independents

London Live and That's TV have been of the opinion that only a network arrangement with minimal local content is the model that will bring long-term sustainability and this may or may not be their current view. In the past both have reached agreement with Ofcom to significantly reduce the number of minutes of local content. Neither That's TV or London Live have made progress in developing a local advertising TV market.

In contrast Local TV has maintained a high number of hours of local content and is specifically a news provider in the tradition of local publishing. Local TV also has a growing customer base of local advertisers and is leading the Local Business Support campaign to assist the economic recovery post Covid-19 in its communities. The five smaller individual licence operators are largely focused on providing a similar service. Anything less would be no better than the scant regional news service provided at much greater expense by ITV and BBC. Therein lies the challenge.

Re-setting the remit of PSBs to create strong local TV content:

The national broadcasters should be relieved of producing these inadequate regional segments. Instead the local TV licensees should be mandated to provide a comprehensive service which is essential to the economies and democracy especially in our major local centres outside London. The local TV licensees would need to live up to enhanced content and hours commitments to Ofcom. But in return for a clearer and exclusive remit that would bring greater audiences and therefore revenue the licensees could raise funding.

The rest of the TV sector has attempted to enforce the case against local television on grounds of viability:

At the launch of local television the BBC agreed to provide limited funds to licensees - just enough money to fail, it might be said. The agreement included that the BBC would take content from the local TV stations but this has generally proved to be beneath the BBC's dignity. The BBC has grasped any opportunity to frustrate the growth of local TV including using its own news programmes to denigrate local TV's efforts. It has refused to include video in its Local Democratic Reporting service; it has resisted attempts to make available its local news footage for local broadcasters despite allowing it to be used on newspaper websites and it has refused to release archive content to local broadcasters so this content forever remains concealed from public view. This behaviour by a state funded monopoly is against the public interest and it suppresses historic information that should be made available to viewers, generations of whom paid for it.

Like the BBC the commercial TV sector also has a history of monopolistic and anti-competitive behaviour. Consequently the national advertising market is hard to enter for small channels and

no proper local TV market has developed at least partly because there is no recognised audience data to facilitate it.

Eighteen months ago a new company began to publish audience numbers for small channels based on the Comux technology. Although these appear much more accurate than the BARB survey, which is based on a tiny number of homes, the new data analytics are yet to be recognised by the sector. Unfortunately the Government's own Communications Office continues to recognise BARB as 'gold standard.' This suits the advertising agencies who prefer the little effort of directing most expenditure to the large broadcasters. If local broadcasting, smaller channels and diverse video content are all to flourish the flawed system of audience measurement needs to be addressed by regulators.

Creating conditions to make local TV flourish:

First and foremost the Local PSBs should no longer be treated as second class citizens in the PSB ecosystem. The treatment of Local PSBs has been akin to previous neglect of regions and cities outside London. There is now a political consensus that this must be put right via the economic levelling up strategy.

Local TV has an essential part to play in this initiative. As with local newspapers in their hay day Local TV can act as cheerleader or champion for their communities. The city or region with its own TV station, viewed locally, can also be promoted across the world through online.

The remit for the Local TV licensees should therefore be redefined to differentiate what it does from the national PSBs which in turn should have their remits revised.

The next section puts this in context and makes a case for the demotion of national channels as PSBs and the promotion of the new segment of local TV PSBs.

TV Sector Overview - PSB system is a relic of the past

Most channels that fall under the Public Service Broadcasting description are primarily general entertainment channels.

The prime output of BBC 1, BBC 2, C4 and C5 is aimed at achieving significant audience ratings.

These PSB channels all have certain limited content obligations to Ofcom but the focus and most of the cost is in pursuit of national mass market viewership and regional - not local - coverage barely scratches the surface.

Only a tiny fraction of TV programming from these PSB broadcasters has anything to do with public service. BBC management attempts to perpetuate the myth of universality - 'something for everyone' but this belongs to the past era of limited spectrum.

Most importantly none of these PSB channels provides any significant public service content for local communities. The first thing the BBC did in the Covid19 national emergency was to cancel its morning regional TV bulletins.

A reassessment and redefinition of public service broadcasting is long overdue.

The criteria for allocation of resources and prominence for PSB channels should be set so they contribute content that the commercial market does not provide - or the PSB status should be removed. The indictment against these national PSBs is:

- The failure to cover the UK's rich arts and music segment covering thousands of cultural organisations and institutions across the country
- The deficit in reporting local elected institutions and work of public services
- The neglect of diverse and local sports depriving the viewer and user of choice and so perpetuates the dominance of only a few mainstream sports

In short, national PSBs currently make only a tiny gesture to maintain their status.

There is an opportunity to redefine the remit of all PSB channels, including the removal of PSB status, and open the market to more competition especially in the underserved local arena.

Only by making a decisive change will the full potential of UK talent be brought to the screen - reflected in all genres of activity: culture, sports, our democratic institutions and public services and other local creative organisations currently ignored by national PSBs.

To achieve such reform it is necessary to take on the TV establishment, including its associated cabals, that has suppressed competition from small channels.

In other words future political and regulatory policy should focus on creating diversity and choice rather than protecting the PSBs which together with the TV tax benefiting a single institution prevents competing services and threatens the existence of other providers, particularly in news.

Prime EPG positions for national channels would be open to all operators with regulators empowered to choose the most worthy in a transparent and competitive process.

If there is to be taxpayer funded television content then similarly it should be deployed fairly across all providers of public service content and not a single unaccountable institution.

The TV establishment is a cosy group of channels clinging to a privileged position that disadvantages small competitors. So the infrastructure supporting this establishment should be scrutinised.

In the EPG ranking debate the position of the shareholders of Freeview - the BBC, ITV and C4 - is prejudicial to other public service providers. The lobby power of these organisations, much of it paid for by the TV tax, smothers any dissenting voices.

The other factor distorting the market is BARB, the TV audience ratings agency.

Again there is a built-in advantage for its shareholders.

BARB is owned by the main channels: BBC, ITV, C4 and C5 and Sky.

One critic has said that BARB is akin to 'putting the estate agents in charge of house prices.'

BARB is not a modern digital business but rather a survey of 5,300 out of 27 million TV homes.

By its own admission it is inaccurate for smaller channels. It simply cannot measure local TV station audiences. Even its measurement for a grouping of local TV channels has proved hopelessly flawed. The result is that the combined audience of smaller channels is swept up in the ratings benefiting the large channels - that is, BARB's owners. Advertisers are short changed by the BARB system and it prevents a market developing in local TV advertising sales.

There is little doubt that the amount of taxpayer money spent on Government communications was directed disproportionately to the main TV channels because the Cabinet Office relies on BARB as 'the gold standard' which demonstrably it is not.

The industry needs to be compelled to introduce a fair and accurate measurement system using modern analytics and for it to operate independent of both media owners and advertising agencies.

Conclusion and recommendations

There is an urgent need to redress the dominance of national general entertainment TV channels in favour of local television and local screen content. The bleating of the national PSBs that they face stiff competition from streaming services should be ignored as they have ample funds to compete and are sustained by monopoly positions not to mention the TV tax that supports one inefficient institution. These national PSBs are well capable of sustaining themselves in the entertainment sector while local PSBs have a genuine public service opportunity:

- An abundance of local content across all genres is available but ignored by the current TV establishment
- The economic levelling up in the cities and regions - and society in general - needs a local TV champion
- National channels including the BBC should at best surrender their regional role, which is not local, but at the very least share content with local TV stations
- Historic local content owned by the BBC and therefore by generations of licence fee payers should be released to local TV PSBs otherwise it will never see the light of day
- Ofcom should oversee a fair and accurate system of audience measurement removing control from the national TV channels cabal
- In return for these reforms Ofcom should set a standard for number of hours and quality of local TV content
- The infrastructure for local TV distribution is in place but Ofcom should ensure it fulfils its original purpose of assisting the local channels to flourish

The levelling up of media in favour of the great cities outside London is a necessary adjunct to the levelling up of the UK economy. The consequent expansion of on-screen diversity will promote local talent across all content genres. In particular the news agenda will no longer be set from a single geographical centre.