Written evidence submitted by the Local TV Network

The Future of Public Service Broadcasting

1 Executive Summary

1.1 Over half of UK households are covered by a local TV service on digital terrestrial television (Freeview). Local TV **represents the nations and regions with its thirty-four services** in towns and cities serving over 16m homes across the UK. Each one delivers public service broadcasting (PSB) including local news and information content for its area.

1.2 The Local TV Network (LTVN), representing the companies which deliver the local TV services, believes the achievements of this sector are sometimes under-acknowledged when the eco-system of PSB is considered and reviewed. At a time when the BBC is suggesting it may reduce its regional output, local TV generates more local news and other local content on TV than does BBC TV - and there are more local TV services than BBC local radio stations.

1.3 Local TV makes a significant **impact** - economic, cultural and societal. Based in an array of locations across the country, the 34 services provide journalism work and training and deliver a voice for communities, often in areas under-served by ITV/BBC regional news. On-air, local TV reflects local culture - and successes in the voluntary sector, science and business. Moreover, each service reflects with pride the area it serves and contributes to local democracy and media plurality.

1.4 Delivering such public service content comes at a price. LTVN believes that provision should be made to support these channels in the delivery of local news and other public service content to enable them to continue to **represent the nations and regions of the UK**.

1.5 Provision is urgently required for the extension of the current term of local TV licences (L-DTPS) and the licence for the transmission service (local TV multiplex) which currently end in 2025 so the operating companies have the confidence to invest and plan ahead.

1.6 If local TV services are to continue to attract significant investment in public service content, they must have confidence they will remain readily **accessible on Freeview.** They must continue to enjoy the high position on the EPG and be guaranteed 'must offer' carriage and prominence on other major TV platforms including cable, Sky and major video-on-demand platforms.

2 Background

2.1 This submission is from the Local TV Network (LTVN) representing the companies licensed by Ofcom under the Local Digital Television Programme Service (L-DTPS) framework established in 2012.

2.2 Ofcom has now licensed 34 local TV services. The first service launched in Grimsby in November 2013. Each was licensed under the provisions of the Broadcasting Act 1996, as modified by the local Digital Television Programme Services Order 2012 ('The Order') to serve a distinct area.

2.3 Ofcom generally refers to local TV licences based on the largest town or city served although coverage is often targeted at the relevant urban area. The licences issued by Ofcom are: Brighton, Sheffield, Belfast, Bristol, Cardiff, Nottingham, Leeds, Newcastle, Liverpool, Birmingham, Middlesbrough, Kent, Oxford, Manchester, Cambridge, Preston, Swansea, Dundee, Ayr, Aberdeen, Mold, Reading, Basingstoke, York, Salisbury, Guildford, Scarborough, Carlisle, Grimsby, London, Norwich, Southampton, Glasgow and Edinburgh.

2.4 The areas served by local TV are editorially identifiable localities where communities typically have natural allegiances and interests. This contrasts with many areas adopted by the BBC and ITV, or indeed other non-broadcast organisations, which create much larger regions for operational convenience.

2.5 The underlying purpose of the local TV framework was to secure public policy objectives which may not otherwise be met by the market alone. Under the Order, local TV is designed to:

(a) facilitate civic understanding and fair and well-informed debate through coverage of local news and current affairs;

(b) reflect the lives and concerns of communities and cultural interests and traditions in that area or locality; and

(c) include content that informs, educates and entertains and is not otherwise available through a digital television programme service which is available across the United Kingdom

2.6 The services typically provide a mix of local news-led programming and features for each area, alongside (acquired or syndicated) general entertainment. This is consistent with the aim and intent of the licensing regime which was to secure local news and information as part of a general entertainment schedule. The most recent Ofcom statistics indicate the average volume of first-run local programming and hours of first-run news and current affairs programming (Ofcom report, Media Nations Annex 1: Local TV, 2019).

2.7 Local TV services are required to deliver content under the Programming Commitments which form part of their Ofcom licences. In several respects, the commitments are more specific than those set out in the Ofcom operating licences for other public service broadcasters or equivalent radio stations.

2.8 LTVN believes that when public service broadcasting has been under review, the needs and benefits of local TV have not always been adequately considered.

2.9 LTVN views the carriage of local news and information on mainstream free-to-air television platforms as a public good which should be actively supported by fitting regulation and appropriate public policy support.

3. Impact

3.1 Local TV delivers significant **value in cultural and societal impact**. Local TV services routinely embrace the arts in their areas alongside science, sport and business successes, covering local events, addressing local issues, holding decision-makers to account, promoting community action and trumpeting success stories. Many charities and community organisations rely heavily on local TV coverage. During the COVID 19 crisis, services have typically delivered news and other programming reflecting the impact in their communities.

3.2 Several services are involved in student or university partnerships and provide a voice to key local organisations. Services also engender local pride and champion their cities. **Cultural and societal impact in their communities is their raison d'être.**

3.3 Many local TV services act as a structured training ground and offer career development for significant numbers of journalists and programme-makers. Frequently, local TV staff are on their first rung of the media ladder and the sector offers an invaluable early experience for tomorrow's recruits to journalism - and a springboard for Britain's creative industries. Media operations are often now centralised in a small number of major metropolitan cities. Local TV offers an appreciable number of opportunities for the public and community organisations to be heard in other areas, thus improving diversity of broadcast voices. A substantial number of former local TV journalists now work for major news networks.

4 Representation

4.1 Through its service delivery, local TV offers valuable **representation** of towns and cities across each of England, Wales, Scotland and Northern Ireland. The local content on all services is produced in areas other than London, save naturally for that on the London service itself. In times of radio consolidation and local newspaper closures, such broadcast voices are increasingly unavailable elsewhere.

4.2 Local TV newsrooms are independent of BBC, ITV, local press and local commercial radio and thus make a valuable contribution to media plurality in the nations and regions. Local TV provides newsrooms or regular TV reporting which would not otherwise exist in several areas of the UK.

4.3 The generation of local news and other tailored local content is, however, costly. Ofcom is aware that many licensees are facing serious financial pressures and funding shortfalls.

4.4 In the first three years of local TV licence terms, arrangements were in place for funding from the BBC - primarily protected funding through purchase by the BBC of local news items. This funding is now ceasing and local TV receives no ongoing direct public funding support, relying instead on a mix of advertising, other commercial and partner income, airtime-letting and teleshopping in non-core hours. Whilst progress has been made to sustainability by careful management and exploitation of appropriate synergies, half of licensees were loss-making in 2018 (Ofcom report, Media Nations Annex 1: Local TV, 2019).

4.5 In terms of ongoing BBC funding, the original ring-fenced sum of £15m was not fully spent, as ten (generally very small) locations were not ultimately licensed by Ofcom. LTVN believes that the remaining sum should be made available for the existing local TV services for the production and transmission of local quality public service content. LTVN believes in terms of **representation**, this sum would generate more incremental public benefit by investment in local TV content than being reallocated.

4.6 Local TV is a public good and merits an ongoing public policy arrangement which befits its contribution to **representation**.

4.7 Whilst services can apply for funding from various sources, the contestable funds for such monies are not well-suited to local TV, for example in requiring UK-wide network coverage, whereas the content in which local TV services invest is likely to be of particular local interest. There is no equivalent, in practice, to the Young Audiences Content Fund, the Community Radio Fund or the Audio Content Fund in the case of local TV.

4.8 Many LTVN members have made use of the Local Democracy Reporters scheme, funded by the BBC, although the value of its material on local TV is limited given that the scheme largely generates text-based content rather than video material. This discriminates against local broadcast media companies - including local TV - whose primary form of news gathering is audiovisual. Further, if local TV itself becomes unviable, then this content will not reach new audiences. If the outlets for the scheme's journalism are limited accordingly, then its purpose will be diminished. LTVN proposes that a proportion of the monies should be available for the funding of journalist posts dedicated to local TV, thus increasing media plurality.

5. Licence extension

5.1 Ofcom stated in *Public Service Broadcasting in the Digital Age* in March 2018: "Our analysis shows that the DTT platform will remain uncontested for free-to-air TV for at least the next ten years". LTVN agrees and believes that there will continue to be a strong demand for local TV that is easily accessible and 'free-to-view' on 'traditional' television sets. The Freeview audience is critical to the viability of local TV, without which the vast majority of existing business models would not be sustainable.

5.2 Online viewing, whether live or on-demand, will undoubtedly play an increasingly important role in the decades to come and local TV is considering investment accordingly to deliver this. Without security of Freeview tenure, however, there is a high likelihood that such investment will not be viable.

5.3 L-DTPS licences were granted in 2012 under the provisions of the Broadcasting Act 1996, as modified by the Order. All of these licences are currently due to end in 2025. The licences are co-terminus with that of the Local Multiplex Service Licence awarded to Comux UK Ltd (Comux) in 2013, which is responsible for providing the transmission infrastructure on which all local TV services are broadcast. Comux was established with circa £25m of grant funding and has subsequently received a further circa £11m of Government funding as part of the 700MHz spectrum clearance programme. Comux, which is co-owned by the existing local TV licensees, plays its own role in the Freeview ecosystem, carrying national and well as local channels and therefore providing an additional degree of competition in the market for Freeview multiplex capacity.

5.4 In ensuring that the public service contribution made by local TV continues, it is essential that provision is made promptly for the continued licensing of L-DTPS licensees and a simultaneous arrangement for the continuation of the Local Multiplex Service.

5.5 Local TV was a new concept for the UK in 2012 and the existing licensees have invested significantly in developing a sustainable model in an ever more competitive media environment. Without appropriate assurances regarding security of tenure it will not be practical for them to continue to invest in high quality programming delivery and the development of new video-on-demand content platforms.

5.9 LTVN believes that it is highly unlikely any new licensing process will lead to viable new services launching. Therefore, to ensure that this tier of local media and news provision continues, it is appropriate to allow licensees to qualify for a renewal for a further term on undertaking to deliver on their extant Programming Commitments. Additional terms may be considered such as requiring licensees to provide news content on Freeview Play, the internet-connected TV platform. A similar provision was given to those commercial radio operators, under section 104A of the Broadcasting Act 1990, as amended, which committed to investment in digital radio carriage and we believe this to be a parallel.

5.10 In terms of content regulation, the Broadcasting Code is sensibly drafted and implemented in the most part, although it should always be reviewed in light of both changing tastes and circumstances.

5.11 In general and licensing regulation, Ofcom has been pragmatic in the case of local radio and a consistent focused approach is essential to the ongoing regulation of local TV.

6. EPG prominence

6.1 A fundamental concern to local TV is continued prominence on the Freeview electronic programme guide (EPG). The use of Channel 7 or 8 across the UK is critical to the vast majority of local TV business plans. In 2011, the DCMS Paper 'A new framework for local TV in the UK' recognised that local TV warranted prominence through a sufficiently high channel number on Freeview, generally expected to be on the first page of the list displayed on the viewer's screen.

6.2 The *Statement on changes to the EPG Code* published by Ofcom in July 2019, however, dispensed with the previous commitment made by Ofcom to assess any proposed change of EPG position for local TV to determine whether it is appropriate and instead simply authorised a demotion of local TV to the 24th slot on Freeview. Digital UK Ltd, which controls the DTT EPG, is owned and run by operators who compete with local TV. This change, therefore, allows them to shunt local TV to the fourth page of channel listings, should they wish. Such a move would place many local TV services at risk of failure. LTVN has made clear that it believes Ofcom failed to assess the impact to local TV and its investors of such a policy change. LTVN is adamant that local TV services must not be subject to the risk of any demotion from their existing allocated slots without a full and proper assessment of the resultant impact.

6.3 Local TV delivers local news programming, in return for benefits such as prominence, which is necessary to substantially fund this content. If the benefits diminish by virtue of an erosion of **accessibility,** then the future of local TV's contribution to public service broadcasting is jeopardised.

6.4 If local TV is to continue to attract investment in public service content delivery, it needs to have confidence it will remain readily **accessible** on Freeview with a high position on the EPG. Licensees should be awarded 'must offer' status with guaranteed carriage (upon request) on Virgin cable and Sky and 'front page' prominence (alongside other PSBs) on all current and future major VOD platforms carrying the main PSBs.

7. Looking ahead

7.1 The media world will be ever more competitive and the shift away from indigenous UK media will continue. Local media is particularly under threat, with the challenges of local press, commercial radio networking and a BBC trying to stretch the licence fee ever further. Local news services for any media are costly to run.

7.2 Despite early challenges local TV services have managed to optimise their business models, with the bulk of the structural investment now made and many exploiting synergies and efficiencies available to their operators. With some further modest public support combined with the efforts of the committed teams in their regions, local TV has an opportunity to thrive for the next generation.

7.3 Public service broadcasting is difficult to define. It might be argued, however, that in a digital age, responsible, well-regulated content from locally-focused, trusted providers is ever more important. PSB is not necessarily driven by national audience size but by value and distinctiveness - and LTVN believes local TV services deliver just that.

7.4 The most significant challenge ahead will be the cost of PSB and appropriate funding and regulatory models in a multi-channel world. LTVN asserts that local TV has a key role to play in delivering public service content cost-efficiently on major platforms and in a manner which supports community development and secures a diversity of voices on air.

7.5 LTVN believes that it is important that all categories of licence holding PSB status, including local TV, are properly considered in the debate about the future of PSB and that local TV is incorporated in all major future PSB collaborations and policy initiatives.

Local Television Network Limited (LTVN)
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About LTVN

The Local TV Network ('LTVN') is the representative body for the companies providing Local Digital Television Programme Services under Ofcom licences. All are broadcast on Freeview (Channel 7 or 8) and some on Virgin (Channel 159) and Sky. Many also make news content available on social media.