

Written evidence submitted by ITN

DCMS Committee inquiry into the impact of Covid-19 on DCMS sectors – June 2020

About ITN

ITN is one of the world's leading news and multimedia content companies. We create, package and distribute news, entertainment, factual, sports, commercials and corporate content on multiple platforms to customers around the globe.

We make the award-winning public service broadcast news programmes for ITV, Channel 4 and Channel 5, reaching around 10 million people every day and providing comprehensive and impartial news to the British public.

ITN Productions, ITN's independent production company, produces high quality creative content across four distinct business areas: television production, sports production, advertising and digital content.

The immediate impact of Covid-19 on the sector

Operational

The impact of Covid-19 on ITN has varied by business area. Whilst some productions have been suspended including sports events, advertising, industry news and some television programmes, we have been able to find ways for other productions to continue under lockdown.

Our news programmes for ITV, Channel 4 and Channel 5 as well as our current affairs programmes (including Jeremy Vine on Channel 5) form part of the broadcasters' public service requirements and at this unprecedented and challenging time, ITN has had a critical role in providing the public with accurate, up to date information. As such, staff working on public service journalism were helpfully classified as key workers.

As the country was put into lockdown, ITN played a vital role in getting across public health messages quickly, reliably and accurately. Whilst it was imperative that we allowed the messaging to be heard, we also analysed and interrogated the government strategy and position, asking difficult questions where necessary without compromising plurality across our services. We also set out from the start to uncover the areas or sectors hit hardest by the virus as well as the communities feeling forgotten, to make sure their voices are heard by those in authority making decisions; broadcasting the perspectives and experiences of everyone.

During this time, we have seen a surge in demand for news, resulting in record breaking performance. ITV News At Ten recorded an average share of 13.1% in April – its highest level since current records began in 2011 – while Channel 4 News grew its share 20% year-on-year for the period to the end of April, with 16-34 share up by almost 50%. Whilst viewership has now dropped from these levels, we are still seeing higher ratings than this time last year. 5 News has continued to appeal to audiences from a wide range of socio-economic backgrounds.

We have also seen a huge surge in online audiences, with 200m viewers to Channel 4 News on digital platforms in Q1. The Rundown, ITV News's digital news service targeted at young people, has been invited onto Snapchat Discover and has hit over 37m views from March to May. We expect

these behaviours to remain as young people in particular question information/disinformation appearing on purely social platforms. Moreover, these figures demonstrate the importance of public service news during times of national crisis to provide trusted, independent journalism above all for the public, but also for government and for democracy more widely.

This is all against the backdrop of having to change the way that we work. Our priority is the health and safety of our staff, freelancers and contributors. Our teams have pioneered new ways of working to keep the news on-air and crucially, to keep them safe. We swiftly implemented a number of measures from prior to the lockdown to mitigate the risks of Covid-19. These include:

- Moving to remote working where possible and introducing technical solutions to expand the range of roles that this applies to
- Providing guidelines for avoiding infection (social distancing, decontamination and disinfection of equipment, hand washing, ban on use of lapel microphones)
- Introducing signage, new layouts and one-way systems in our offices to enable social distancing
- Establishing a protocol for suspected cases in the workplace and on assignments
- Providing advice on appropriate use of personal protective equipment (PPE) and supply where needed
- Reducing travel as much as possible
- Supporting a range of transport options for those required to come into the office (including increasing parking capacity, covering some additional costs and encouraging participation in the cycle-to-work scheme)
- Changing shift patterns where possible to avoid commuting at peak times
- Restricting access to certain areas (access to Network Operations Centre, Studios and Galleries restricted to essential personal only, no building tours, no live audience at Jeremy Vine)
- Minimising in-person guest contributors, in favour of remote online interviews

In May, a group of leading companies in the UK broadcast sector (ITN, BBC, ITV, Channel 4, ViacomCBS/Channel 5, STV, COBA and Pact) joined forces to produce industry wide guidance for television production during Covid-19, in line with the Covid-19 Secure guidelines. We've been able to share our experiences and protocols to help draw these up for the wider industry.

Our documentary team have found ways to ensure safety and creatively maintain production on a number of programmes filmed in contributors' homes and on location. We continue to benefit from being able to use ITN's archive footage and have found ways to carry out certain parts of the production process remotely, such as post-production.

We continue to adapt as the situation evolves, in line with government, PHE and HSE guidelines.

Financial

A number of additional costs are required to enable operations to continue throughout this period, such as technology investment e.g. laptops, cameras and technical equipment for filming/reporting from home as well as remote control technology. Other ongoing costs include greater freelancer backfill (due to increased sickness levels), enhanced cleaning, cleaning materials, PPE (e.g. for performing higher risk filming) and transport.

Over and above these cost pressures, ITN has experienced some decline in its income due to Covid-19, with further budgeted income at risk as the year progresses. This is particularly true within ITN Productions, where sports production has been heavily hit by the cancellation of virtually all major sporting event for the foreseeable future, advertising production is facing a now deflated advertising market, and the industry news orderbook is challenged due to cancelled conferences and companies cutting discretionary spend. There is also uncertainty around some TV productions scheduled for the rest of the year, as it is unclear whether they will be able to proceed under current guidelines, and broadcasters are facing tighter budgets.

We have implemented a number of mitigations to partially offset these financial impacts, such as halting discretionary spend, freezing recruitment and reducing the pay of members of the ITN Board by 20% for the duration of the lockdown period. A small number of staff have been furloughed or moved to reduced hours in business areas that are facing the greatest challenges. We are also looking at how we can manage the impact on our cashflow this year.

This is a dynamic set of arrangements which will adapt according to ITN's performance over the course of the year. We have sought to secure savings whilst also ensuring that the measures are not to the detriment of the company being able to recover over the longer term.

Notwithstanding the above, ITN is better placed than many other production companies in the current market due to its income mix and technical resilience. This has allowed the company to continue providing its services throughout the pandemic period, and means that the company is still expected to return a profit for the year.

Support from DCMS, other government departments and arms-length bodies

Overall, ITN's experience of support available from DCMS and government has been positive. The classification of those working to deliver public service broadcast journalism as key workers has enabled us to ensure continuity of our news and current affairs programmes, which are critical for informing the public at this time. Initiatives such as the Coronavirus Job Retention Scheme and VAT deferral have helped mitigate some of the financial risks.

DCMS has been engaged, with pan industry discussion forums, frequent communication and requests for feedback on important topics such as what dispensation is required for key workers, how production should resume and the impact of easing of lockdown restrictions.

We have listed some areas where we feel further government support could have been (and still would be) helpful below.

- Special dispensation for journalists / crew on 14-day quarantine when arriving into the UK, to alleviate concerns around diminishing the quality and depth of reporting on the situation abroad and to avoid further costs in addition to those already being incurred during the Covid-19 crisis (technology, PPE etc).
- Greater communication on how the test, track and trace system works including how a Covid-19 Secure workplace would be affected if there is a positive case. It is critical that our offices remain open to ensure our programmes stay on-air.

- Collaboration on transport options for those required to come in to the office, for example avoiding reinstating the Congestion Charge and ULEZ whilst advising against use of public transport.
- Intervention on resolving the issues around securing production insurance that does not cover the pandemic, a barrier to resuming some productions.
- Greater support for freelancers who may not qualify for any of the government support schemes.

Long-term impact of Covid-19, and support needed

Operations

We expect that until a treatment or vaccine for Covid-19 is developed, we will continue to have measures in place such as social distancing, some element of remote working and reduced travel. We are also preparing ourselves for stop/start scenarios and secondary peaks or lockdowns, to ensure business continuity through potential disruption.

As a consequence of ongoing restrictions, certain types of production will take longer to resume. For example, we do not anticipate being able to restart productions requiring international travel or filming in close quarters for some time. We would encourage government to continue to engage with the sector on how these obstacles can be overcome and potential timelines.

We are in the process of considering what new ways of working that we have adopted over the course of the last few months should continue in the longer term, for example around production processes, remote working, flexibility, cross-skilling etc.

It has become clear that reliable technology infrastructure is more important than ever in terms of enabling such changes, and we expect the industry as whole to innovate in this area to find solutions that provide resilience in the face of the risks we are facing.

We are also considering the implications on how we most effectively use our property footprint, and potential advancements we can make in terms of minimising our environmental impact.

Editorial

At this time, it has become clear that public service broadcasting has an important role to play in terms of being a trusted source of accurate, up to date information for the public. Media plurality, particularly in the face of 'fake news' and the potential for foreign interference on social and other messaging media, is key.

The Covid-19 pandemic is also an infodemic. It triggered a wave of disinformation and consumer hoaxes posing major risks to the health of our citizens, to our economy and to our democracy. Crucially, it can undermine the response of the public authorities – thereby weakening health measures.

What is more, disinformation in times of Covid-19 can kill. We have, for example, seen disinformation saying that drinking bleach can cure the coronavirus or that washing hands does not

help and have seen a rise in Covid-19 related racist and xenophobic content. Disinformation has also resulted in vandalism of 5G infrastructure.

Disinformation is likely to continue, with vaccination believed to be the next battleground. A study showed that the willingness in Germany to take up vaccination decreased by almost 20 percentage points in less than 2 months.¹

The growth in audiences (as mentioned previously) demonstrates the demand for trusted, highly regulated news services from the British public.

In the long term, we would like to see continued support and enhancement to the PSB regime, particularly in support of high-quality news provision.

Commercial

We have begun to ascertain some of the potential long-term commercial impacts of Covid-19 on the sector by looking at initial trends that have emerged.

In recent years there has been a decline in broadcast TV viewing, but this has stalled if not reversed as more people are at home and looking to broadcast for entertainment and news updates. Viewing of non-broadcast TV has also increased. It is not clear how these trends will evolve as Covid-19 restrictions ease into the long term.

This increased viewing is not translating into financial benefit for broadcasters as advertisers have dramatically pulled spending and the pricing for advertising slots has plummeted. This may accelerate the overarching structural shift in advertising away from TV towards online. As such, the broadcasters are under pressure and programme budgets have been affected. It should also be noted that ad revenues generated online do not cover the cost of making the programmes.

As broadcasters are the main funder of the UK production industry, we expect this to have a knock-on effect across the sector, resulting in less content produced in Britain, for the British public. The extent to which this will prevail in the long term will depend on broadcasters' ability to innovate their business models and reduce reliance on live TV advertising.

These structural changes in TV advertising may also impact funding for news, as well as TV programmes. Downward pressure on PSB news budgets will result in declining depth and breadth of editorial, and may begin to undermine the goals of the PSB regime. This could impact ITN in the longer term as our news contracts are renewed.

We would encourage government to implement measures to support the PSB ecosystem, by reiterating its purpose, reaffirming the importance of news and strengthening its business model to ensure long-term sustainability. We support the PSB broadcasters' calls for legislation to update the 2003 Communications Act to ensure prominence – that PSB content is easily accessible/findable across all platforms and devices. We also support calls for the platforms to sign up to a code of conduct; to ensure when they are acting as publishers, that is recognised; and to have flexibility in negotiations on commercial terms. Ultimately, we back calls for a level playing field when it comes to regulation and legal requirements, both in terms of advertising and editorial.

¹ European Commission: Tackling Covid-19 disinformation

We anticipate some parts of our production business, particularly those linked to events, to experience a slower recovery than others. The postponement of sports events and the need to reschedule in a condensed period suggests that it could take a couple of years before sports production returns to a regular pattern. Similarly, our industry news production division is having to adapt, pivoting away from in person events to providing services for virtual events (for example livestreaming).

People

We continue to be conscious of the impact on our staff of the Covid-19 crisis – whether related to reporting on difficult stories, uncertainty about the future or the mental health challenges of working both remotely and in the office at this time. We continue to do all we can to support staff as these issues may prevail in the longer term.

We would encourage the government to provide ongoing clarity and guidance on workplace health and safety and travel so that we can better plan for the repopulation of the office and give confidence to our staff.

As mentioned previously, we are exploring what new ways of working that we have adopted over the course of the last few months should continue in the longer term. In addition to the benefits of additional flexibility and remote working where possible, we anticipate that we will be able to work more effectively with those based outside of London and the South East, for example by expanding the pool that we can recruit from and growing our Leeds office (opened earlier this year).

There are concerns across the industry about delivering on diversity targets post Covid-19 given recruitment freezes and reduced budgets for training, learning and development as businesses face increased financial pressures. One solution could be to support industry bodies and production companies' recommendations to relax the rules around the Apprenticeship Levy, allowing unspent funds to be used to part-fund apprentices' wages, fund on-the-job training, support accommodation costs etc.