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Principal, Broadcast Licensing
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17 January 2022

Sent by email to lesley.mackenzie@uklocal.tv

Dear Lesley,

L-DTPS Licences: Consent pursuant to Licence Condition 3(2) to certain changes in the location of main production bases and/or studios

I refer to your letters, dated 1 September 2021 and 12 November 2021, in which you requested Ofcom's consent to implement your proposal regarding the location of studios/main production bases for all the local TV licences held by Local TV Limited ("Local TV").

Licence Condition 3 in each licence states:

- (1) The Licensee shall provide the Licensed Service in the Licensed Area.
- (2) The Licensee shall ensure that the main production base of the Licensed Service and/or studio from which the Licensed Service is broadcast shall be located within the Licensed Area for the duration of the Licence unless prior written consent has been received from Ofcom to locate elsewhere.

I can confirm that Ofcom consents to the implementation of your proposal. In this letter I explain our decision to give consent under Licence Condition 3(2) to the locations specified in the table below.

The request

Pursuant to Licence Condition 3(2), your proposal requests Ofcom's written consent for Local TV to reduce the number of studios you are required to maintain from seven (noting that Ofcom has previously provided consent for your North Wales service to be provided from your studio in Liverpool) to four. This would result in no physical presence required by means of a studio/main production base for three of the services operated by Local TV:

- Birmingham;
- Teesside; and
- Bristol.

The remaining locations in which you will maintain a main office, and are therefore unaffected by this change, under the proposal are:

Ofcom
Riverside House
2a Southwark Bridge Road
London SE1 9HA

Switchboard: +44 (0)20 7981 3000
or +44 (0)300 123 3000

www.ofcom.org.uk

- Leeds;
- Cardiff;
- Sunderland; and
- Liverpool.

You have explained that the proposal reflects that the operating model for Local TV was adapted more recently due to the coronavirus pandemic, specifically with the objective of protecting the safety of its video journalists, which has resulted in Local TV making some investments in the technology it uses to ensure its staff are all mobile and use digital-based solutions to maintain the production of content. You have also confirmed that this change has resulted in a strengthening of your output as your journalists are able to be more reactive to local stories which need to be covered and allow them to edit and submit their content from the scene of a story. This then allows the journalists to cover more stories within a Licensed Area as they no longer need to travel to studios to submit their content.

As a result of this investment, you have confirmed that your journalists are able to film, edit and submit their stories from any location and thus the benefits of maintaining a studio in the Licensed Areas are negligible given that your journalists do not need an office space to complete these tasks. Further, you have confirmed that the quality and localness of the content produced by Local TV has substantially improved following this investment in mobile broadcast equipment and due to the flexibility this provides your journalists.

Instead of being required to maintain a physical premises in each Licensed Area, your proposal has confirmed that the localness policy to which Ofcom has regard with respect to the implementation of Licence Condition 3(2) can be maintained by the presence of local journalists in each area.

In addition, you have suggested to have the following regulatory commitment inserted into Local TV's Programming Commitments for the three Licensed Areas for which it seeks consent to remove the obligation to maintain a studio/main production base:

"Local TV will ensure it is filming, editing and submitting programming from within the Licensed Area. It will maintain a local presence, employing staff who live and work in the Licensed Area."

Regarding the measurement of the effects of the proposal and of its enforceability, we also note the commitment in your letter of 12 November 2021 to provide information, including fair assessments of news gathering in Licensed Areas, required by Ofcom to ensure the quality and localness of Local TV's services. To confirm, this would only be applicable for the Licensed Areas which are referenced in your proposal. Further, Local TV has also committed to providing responses to Ofcom annually with regards to how the local presence is maintained in each of its Licensed Areas.

Ofcom's assessment

In our 2012 Statement *Licensing Local Television*, we explained our proposal (on which we had consulted) to include a localness requirement in local television licences, in addition to the requirements of the statutory framework, as follows:

"5.3. ...in usual circumstances the studio from which the service will be broadcast, and/or the main production base of the service, should be located within the licensed area. Although the statutory framework requires that the L-DTPS service carries local content, we considered it necessary to have this production requirement in addition, in order to ensure that a local service is sufficiently targeted at the particular needs of the location it seeks to service.

5.4. We proposed that we would be open to representations making the case otherwise, and would enter in written agreements to exempt local services from this requirement, if a good case were made."

After noting the arguments received from respondents to our consultation, both for and against this aspect of our proposals, we confirmed the requirement in the following terms:

"5.8 We anticipate that applications for L-DTPS licences will put forward a range of models for how a local television service might be run. The localness requirement is intended to ensure locally-produced programming without constraining commercial viability, or limiting the range of business models, more than necessary. The emphasis of the s.244 Order and the Government's policy is on the output of each local service. We are content that this localness requirement is necessary, and not unduly constraining."

Licence Condition 3(2) implements this aspect of our policy for local TV, along with the specific Programming Commitments in each L-DTPS licence which requires the delivery of local content to its viewers.

We have considered your proposal in light of this localness objective, and our recognition at the time that there may be alternative business models for the local TV sector and that the requirement is intended to ensure locally-produced programming without constraining commercial viability. Further, we have considered the impact that the coronavirus pandemic has had, both with regards to the need for Local TV to be flexible in its approach to ensure that local content is still produced, and because the changes you have implemented in the technology used by your journalists means that the delivery of local content has not been unduly impacted in the last 18 months.

Given your proposal would reduce the requirement for Local TV to maintain a physical studio in some of its Licensed Areas, Ofcom has considered how the proposal would ensure that the localness policy implemented by Licence Condition 3(2), which has previously focused on the physical premises a licensee is required to maintain, can be achieved in different ways.

We have considered several factors in this regard, such as: the economic challenges faced by the local TV sector; ensuring that the regulatory model implemented by Ofcom is sustainable and flexible in light of changes to the way content can be produced; the importance of the content received by viewers and ensuring that changes to operating models do not impact the delivery of local content; that there are more effective and efficient ways of delivering this content without the need for licensees to maintain a studio or main production base.

It remains Ofcom's preference for a physical studio and/or main production base to be maintained in a Licensed Area if it remains practically possible to do so. However, should a licensee seek Ofcom's

consent to depart from this requirement, it is still required to write to Ofcom to seek this consent before any changes are made to its operating model. Any proposal must provide Ofcom with the following information to ensure that localness can still be achieved despite the loss of a studio/main production base in the Licensed Area:

1. The commitments a licensee can provide to demonstrate that any loss of studio and/or physical premises can be mitigated with a continued presence in each Licensed Area (normally achieved by the presence of local journalists operating from with the Licensed Area), which will not result in a reduction in the quality or localness of the content; and,
2. Detailed information on the operating model which would be implemented by a licensee to demonstrate how the tasks completed within each Licensed Area/the remaining studios/production offices would meet the localness requirements.

Should a licensee be able to satisfy Ofcom that a local presence would be maintained in each Licensed Area through its use of local journalists, Ofcom may be willing to provide its consent to allow a licensee to remove its studio/production base.

Any request for consent submitted by a local TV licensee to depart from the requirements of Licence Condition 3(2) must also reflect the measures the licensee would implement to ensure that Ofcom can seek assurances that a local presence is maintained in each Licensed Area. Ofcom considers that this can be achieved with the inclusion of the two following measures:

1. A licensee must submit a request to include a regulatory commitment into their Programming Commitments to reference the amendment to the localness policy objective; and,
2. Ofcom will seek additional information in a licensees' annual report with regards to the compliance of the additional commitment as set out in the Programming Commitments.

Ofcom considers that it is important for licensees to be able to demonstrate, either via the annual report submission or when Ofcom requests information at its request, that the amended operating model continues to meet the requirements of the localness policy objective. Should Ofcom consider that a licensee has not met the requirements, it holds the right to commence enforcement action against the licensee.

Ofcom's decision

Having carefully considered the proposal, Ofcom is satisfied that the proposal has provided Ofcom with the necessary information for ensuring the maintenance of the localness policy framework as explained above.

We consider that this proposal will allow Local TV to continue to deliver its commitments to its viewers, specifically with regard to maintaining a local presence in the area of each licensed serviced. This is particularly important to Ofcom; while the request will reduce the overall number of studios used by Local TV, the commitment for journalists to complete all production of its news content, including the collection, development and recording of interviews on location within the

Licensed Area of each service, means that the local presence for each service included in this request will continue to be maintained.

Local TV has provided Ofcom with detailed information with regards to the operating model of its Licensed Services and how the production of locally-produced news content would result in a local presence being maintained by the use of its journalists, where a studio is not located within a Licensed Area. You have confirmed that your local journalists will be recruited from and will reside within the Licensed Area of the local TV service they are collecting stories for. Further, Local TV has confirmed that its central support teams will be split evenly across the eight areas for which Local TV holds a licence, which has the impact of strengthening its local output, with more staff working in each Licensed Area.

Additionally, Local TV's commitment to ensure that it will have at least one local video journalist based within the Licensed Area (in many cases, the volume of staff working within a Licensed Area will be much higher than this) and the confirmation that the revised operation will result in Local TV's local video journalists spending more time in the heart of the communities they intend to serve is further demonstration that localness will continue to be maintained. We are satisfied with the proposed wording of your commitment, which will be inserted into the Programming Commitments shortly before the revised operating model has been implemented. We also note Local TV's commitment to providing additional information to Ofcom as required, and also to submit annual responses to Ofcom in relation to how the local presence is maintained in each Licensed Area.

Ofcom does not consider that agreeing to this proposal will result in a difference in local content received by viewers. In fact, Local TV has confirmed that since it amended its operating model, the quality and localness of its content has improved. You have confirmed that Local TV does not film, or edit the content, from studios; instead, local video journalists film their own presentation into the story they have filmed/collected, which is then delivered remotely to the company's Broadcast Hub for playout. This is consistent with the operating model adopted over the last 18 months during the coronavirus pandemic, with news items and interviews still recorded within the Licensed Area of each service included in this proposal. Local TV has confirmed that viewers of the services will therefore not notice any difference in the content broadcast due to each individual service having its own playout system, and Ofcom is satisfied with this explanation.

We also had regard to the fact that Local TV owns eight local TV services across the UK. Such an arrangement was not specifically anticipated at the time of the 2012 statement referenced in this letter, although it was recognised that the commercial viability of alternative business models should not be unduly restricted. In this regard, the proposal notes that the cost and resources required to maintain separate physical premises ensures that the business is more financially viable, with costs previously attributed to maintaining studios/main production bases invested in their local journalists rather than on a physical premises which is not being used. Ofcom has also therefore had regard to the sustainability of these services given the financial challenges that the sector continues to face.

Ofcom can therefore confirm that it provides consent for Local TV's proposal, effective from the date of this letter. Should there be any changes to this model in the future, Local TV must notify Ofcom and receive written consent before implementing the changes.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Tom Connolly".

Tom Connolly

Cc: Alison Twibell (alison.twibell@uklocal.tv)