

ITN submission (updated) to Ofcom's New News, Future News discussion

INTRODUCTION

ITN believes that high quality, independent news from different sources is essential to an informed democracy and is the stimulus for political and cultural debate. Ofcom has indicated there can be no guarantees of public service provision on commercial television in the UK after digital switchover (DSO) when public service broadcasters (PSBs) will find their advantages and audiences in decline, and advertising revenues come under even greater pressure than at present. This is a challenge as newsgathering for high quality, comprehensive bulletins, with reporting from around the UK, and abroad cannot be achieved without significant funding.

This paper focuses on what the provision of network news could look like beyond DSO and why action such as new regulatory or financial solutions and incentives (such as cheaper spectrum or multiplex access, changes to advertising minutage, more prominent positioning on the EPG) need to be envisaged now, ahead of DSO, to safeguard future commercial news provision in the UK.

- **Competition:** ITV News's continuing importance in providing competition with the BBC after DSO must not be under-estimated. It alone amongst the commercial PSBs can deliver mass news audiences of c.8 million a day to compete head-on with BBC1. If a differently-managed ITV after DSO decided to scale back or to no longer broadcast news, this would have a major impact on the delivery of effective competition to the BBC.
- **Plurality:** If ITV withdrew, and Channel 4 was, for financial or other reasons, unable to fulfil a role as the sole commercial provider of PSB news, the BBC could become the only provider of PSB news bulletins (with possibly Sky News, with perhaps no impartiality requirements, as the only alternative provider) in the UK. This would not deliver plurality. Without regulatory intervention or incentives, this could be a real possibility in broadcast and new media after DSO. ITN believes this scenario is not healthy for an informed, democratic society.
- **Impartiality:** This concept still has huge public value (as detailed later) and should therefore remain a requirement for PSB news services. ITN also believes it is misguided to suggest that impartiality requirements are the reason for disengagement in news; there are a number of factors that lead to disengagement that need consideration.
- **Regions:** Ofcom has demonstrated that the public places continuing value on ITV's regional news services. ITV's regional news infrastructure is also important to ITN's national news programmes. ITN believes that the regulatory requirements are a matter for Ofcom and ITV. However, it needs to be recognised that if material changes are made to existing regional news services, such changes may increase the costs of the national news operations which use ITV's regional news coverage and, in turn, increase the need of those operations for support.

- Resourcing: Quality investigative news, particularly international newsgathering, is expensive and both ITV and Channel 4 may need incentives (e.g. cheaper spectrum or multiplex access, changes to advertising minutage, more prominent positioning on the EPG) post DSO to continue investing in it.

PLURALITY OF BROADCAST NEWS

Can plurality of PSB services be maintained?

ITN agrees with Ofcom that, for the foreseeable future, its customers - ITV and Channel 4 - are committed to providing national and international news. Both have signed long contracts with ITN and invested in a digital infrastructure that will allow ITN to make innovative and highly efficient news services for them in some of the most advanced newsrooms in the UK. ITV and Channel 4 have made these commitments under the existing regulatory structure, despite the threats that both have identified to their future funding models.

In an analogue world, in return for the use of limited spectrum capacity, broadcasters accepted PSB obligations. If the advantages and obligations, granted through licences, disappear and broadcasters have to start paying for spectrum on the same basis as other users (as discussed in Ofcom's July 2006 "Issues Paper"), then Ofcom will have little regulatory hold on broadcasters.

Currently both ITV and Channel 4 are firmly committed to the importance of news as a central feature of their broadcast schedules. In regard to Channel 4 we naturally support Ofcom's suggestion that *'news should remain a central element of the Channel 4 public remit for the future'*¹. We are aware, though, that Channel 4 has warned that it may not be able to maintain news at current levels without publicly-funded financial support.

Regarding ITV, we agree with Ofcom's comments in paragraph 4.1 that there are good reasons for commercial PSB channels to continue to deliver national and international news post DSO, with or without regulatory obligation, (respectable viewing figures, anchor points for viewing, status and credibility, lower production costs)². However there is a risk that a future ITV management might seek to marginalise news in favour of cheaply produced, cash generative programming such as quiz shows. So we agree with Ofcom's assessment that post DSO, *'there may still be grounds for intervention in terms of quality and resources'*, and that new incentives may be needed to maintain high-quality services.

We welcome Ofcom's research demonstrating the continued significance of ITV News, and its ability to reach audiences who might otherwise not watch news. Fig 3.2 demonstrates that after BBC 1, ITV News reaches more viewers than all other channels combined, and remains the most relevant competitor to the BBC's main news bulletins, offering vital choice to consumers. While Channel 4 is a strong contender to deliver pluralism with the BBC after switchover, on its own, this is unlikely to be enough. ITV News reaches around 8 million people every day and if

¹ Bullet point 6 of "Issues for Debate and Response: plurality in national and international news", page 69

² Page 69

this audience were lost there are no guarantees it would be recaptured elsewhere in such a universal and inclusive way as via broadcast news.

ITN also has some concerns about BSkyB and its potential impact on the plurality and impartiality of broadcast news in the UK. It is difficult to predict what BSkyB's future intentions for Sky News might be. Sky News currently provides impartial news. However, Sky News is known to be loss-making and in the past BSkyB has been known to put commercial interests before PSB interests, for instance by removing Sky News from the Freeview platform in the UK. In the USA, BSkyB's parent, News Corp, has developed partial news services such as Fox News. BSkyB would be free to develop the same format in the UK if the requirements of impartiality were to be relaxed, as Ofcom has ventured.

ITN believes that the aggregation of any of these developments could leave the plural provision of impartial TV news in the UK in a poor state. ITN is confident that high quality, impartial broadcast news that includes costly international news is currently not under threat and remains a "*must have*" in the schedules of broadcasters with strong brands (ITV and Channel 4). But in the longer-term, if and when the current PSB ecology has broken down there are grounds for concern.

If, as ITN and public opinion support, it is a key priority after DSO to ensure that PSB content, including high quality broadcast news, is still delivered by competing providers then Ofcom needs to ensure that public policy measures such as incentives for broadcasters or cheaper spectrum are put in place to guarantee future delivery of PSB news.

ITN does not see any need for public funding for delivery of news in new media.

Ofcom claims that '*the traditional interpretation of 'plurality' is beginning to be challenged*'. ITN sees no evidence of this in New News, Future News (NN, FN), but believes that if no action is taken now to develop a sustainable PSB system for the post DSO era there is a danger that we could lose entirely something that benefits democratic society as a whole.

What does plurality deliver in terms of public value?

ITN believes that more than one source of news is important for delivering choice to viewers and strengthening the democratic process. Television has a unique position in terms of its ability to influence viewers - this is recognised in legislation such as the Broadcasting Act 1990 (requiring impartiality).

Broadcast news has stood apart from print journalism because of the existing PSB system that requires impartiality, accuracy, quality and accountability. ITN believes that a media environment where the BBC was the only provider of PSB-level broadcast news, either regionally or nationally, would be unhealthy for democracy.

PSB-based news services on ITV reach c. 8 million people daily, and have helped make news a hallmark of Channel 4. Size and universality matter, as does reaching all audiences. Scale matters. Politicians and other contributors make time to appear on national or regional new programmes precisely because of their large audiences and the authority and trust associated with the programmes; it is unlikely that the same contributors would give the time to news on micro audience platforms. ITN believes that these attributes (size and universality) are worth

holding onto for future generations and that they are important in delivering PSB news values in digital media. If they are lost, there is a risk that audiences will ebb away and will not be recaptured by new media or local TV alternatives.

At the same time, ITN embraces the changing media landscape, including the growth of news services on the internet and an increasing number of digital TV channels offering news. All offer consumers more choice of news sources; however unlike network news these services are not always universal and seldom offer comprehensive newsgathering.

Ofcom is right in its NN, FN document to highlight the importance of news plurality in digital media. ITN continues to provide competition with the BBC by reaching out to new audiences through mobile and broadband. We are also developing new ways to connect with our audiences through the use of citizen correspondents. ITN's new web service for ITV.com, *Uploaded*, places citizen correspondents and viewer involvement at the heart of its editorial agenda, creating the UK's first nationwide network of citizen correspondents.

Channel 4 News provides commercially-funded cross-platform content in competition with the BBC's multimedia news service. ITN's Channel 4 News operation comprises not only daily news programmes on Channel 4 and More 4, but also a daily email news bulletin by Jon Snow, *Snowmail*, and an expanding Channel 4 News website with news blogs. As with ITV News, Channel 4's PSB news values are reflected throughout its services, drawing on its brand heritage, journalistic expertise, presenters and infrastructure.

ITN's multimedia division, ITN On, has led the way in producing news and entertainment content for mobile and broadband platforms. Clients include Vodafone Live!, 3, Orange, MSN, YouTube, Bebo and the Telegraph Group.

The ongoing challenge for ITN, despite an entrepreneurial and innovative approach in the new media space, is operating head to head with a publicly-funded BBC which persists in launching cost-free and advertisement-free content into fragile emerging new media markets.

NEWS IN THE NATIONS AND REGIONS

Can news for the UK nations and regions be maintained outside the BBC?

ITV's regional news provides plurality of provision - an alternative to the BBC in the UK, as well as mass, size, universality, infrastructure and democratic value. Ofcom's findings in NN, FN demonstrate that viewers value the service and turn to it when they need to, for example in the floods across the UK in the summer of 2007.

"Around 45 per cent of all consumers say they get news about current events in their region/nation from television, second to newspapers. 46 per cent get local news from newspapers and 22 per cent from radio (both of these figures are higher than for UK national news)."

Ofcom's findings in NN, FN also indicate that people want to see more rather than less news on television about their nation/region or locality.

"Twenty nine per cent of people who access news for the nations/regions/localities say they want to see more such news on television, compared with only three per cent who say they want less. Consumers in the nations appear to value plurality in these services - even when it is pointed out that the wider network might be showing entertainment or drama instead."

And Ofcom acknowledges that *"Economic circumstances make it much less likely that commercial broadcasters would choose to carry news for the UK nations and regions at anything like its current level, in the absence of effective regulatory intervention"*³.

ITN agrees with this analysis. However, it needs to be recognised that if material changes are made to existing regional news services, such changes may increase the costs of the national news operations which use ITV's regional news coverage and, in turn, increase the need of those operations for support. For instance, without ITV's regional newsgathering infrastructure, ITN's ability to illustrate national issues from around the country with non-London voices would be severely impacted.

In "Issues for debate and response", Ofcom suggests a number of options, some of which may indeed provide incentives to ITV to continue its regional news services. ITN considers these issues below.

In the first instance any replacement of ITV's regional news service with purely local TV models would be unlikely to deliver the comprehensive reach of ITV's existing regional news service. Local news and on demand services are an important part of the pluralistic mix, but are unlikely to be a complete substitute for universal coverage which is the hallmark of PSB.

- 1) News for the Nations may be a greater priority than for the English regions because of the political, cultural and institutional differences in Scotland, Wales and Northern Ireland. If that is so, what should be the different approach?*

³ Paragraph 1.5, page 1

News services in the Nations should reflect the fact that matters such as health, education, law and order or sport are now often managed by the national executive or government. However, there is no reason for Nations news to be developed at the expense of English regions news. ITN is aware that there is demand for a Scottish version of the main national news programmes and believes this is something which requires further debate.

2) In some parts of England, might it be appropriate to allow ITV to develop macro-regional hubs and be allowed to merge regions or sub-regions?

This is a question best answered by ITV. From an ITN perspective the main issue of concern is the scale and reach of the newsgathering operation.

3) Could special dispensation be considered to allow extra advertising minutage to be scheduled around programmes for the nations and regions - providing the income was ring fenced for regional provision?

It would make sense for Ofcom to consider a mechanism such as increased advertising minutage in news programmes that was then ring-fenced for ongoing regional news provision. The question would then be whether the revenue from the increased minutage would be sufficient to fund all the regional news programming, while taking into the account the effect this change may have on other broadcasters.

4) Is there scope for incentives to be introduced in order to maintain programmes for the nations and regions, such as a discount on spectrum price in return for commitments?

Yes. It is sensible for Ofcom to consider incentives such as discounted pricing for spectrum in return for clear PSB commitments. Strong financial incentives to offset the cost to the broadcaster of less commercial PSB programming would be preferable to direct government funding. Tax incentives, for instance, are worth investigation.

5) If ITV is commercially unable to continue news for the nations and regions beyond 2014, is it realistic to consider awarding the existing regional licences - and attendant frequencies - to other organisations with more regionally based business models? Might the benefits of PSB status be conferred on other providers?

This is worth considering, but there would have to be clear criteria for PSB status and ITN would seek continued commitment to provision of regional news coverage for national news programming as opposed to, say, a local TV alternative. This is for reasons of size, scale and universality as previously discussed.

6) Might there be a role for devolved governments in funding news in the UK Nations (although television is not a devolved function.) What might be the drawbacks of such an approach?

We would not support this proposal. The backing of a government institution could give rise to the perception that coverage is in some way influenced. The BBC is also already a state-funded broadcaster.

7) Is there scope for any relaxation of rules on media ownership to enable economies of scale in news for the nations and regions?

ITN does not see the ownership of the broadcaster as an issue provided that the media owner has universal terrestrial reach and incentives to provide PSB programming.

8) Might there be a bigger role for local TV models - perhaps on broadband, and linked to local newspapers - in providing an alternative source of non-national news in some areas? Does this raise issues over quality, and over the ability to extend beyond metropolitan areas?

There is a role for local TV models on broadband in the plural mix of local news and on demand services. However these partial services may not be a substitute for universal coverage which is the hallmark of PSB.

The market is already delivering this type of content. The Manchester Evening News for example delivers audio and video news footage through www.manchestereveningnews.co.uk . This works for the Manchester Evening News as it serves one of the UK's largest urban conurbations and has the ability to attract advertising revenue to its site. Conversely, this model is unlikely to work for smaller communities without the ability to generate advertising revenue and where dispersal of population raises the cost of newsgathering.

DISENGAGEMENT

Can disengagement be addressed?

The issue of disengagement from news, as highlighted in NN, FN is extremely complex, not least because of conflicting data that exists (e.g. Pulse, NN, FN).

Ofcom suggests that a reason for disengagement could be that impartiality rules are now resulting in similar types of news being delivered by an expanding number of channels, and that this plurality is not the same as diversity of voice. Views that do not fit easily within a conventional approach can struggle to be heard, it is argued. A relaxation of impartiality rules for channels might encourage the emergence of new and alternative voices. This, in turn, might encourage greater engagement.

We agree there is room for a diversity of news channels, some with clear political or social allegiances. However there is also still a need for clearly-labelled, impartial, PSB news.

Resourcing is another factor that merits consideration. Seeking out new opinions, new voices and original stories consumes resources. It is cheaper to go to recognised political, pressure-group and industry contributors, and this can produce an uncomfortable homogeneity of coverage at times, with the BBC and Sky News as subject to these pressures as the commercial PSBs. Both ITV News and Channel 4 News have as key objectives the provision of original journalism, and both have dominated recent industry awards as a result of their success in achieving this. But neither can escape the reality that resources do have limits.

ITN believes that policy-makers should continue to encourage diversity and a range of voices within existing PSB news services. These have the merit of being inclusive, so that minority interests and voices are not just reported back to those minorities, but become part of the mainstream of public debate. In addition, policy-makers should consider what assistance might be given to allow PSB news to develop more effectively in new media, where there is a massive gap in resources between the BBC on the one hand, and ITN (ITV News and Channel 4 News) on the other.

We accept that there is evidence of *'disengagement from any mainstream news sources by some sections of the young and people from some ethnic minorities'* (1.54), and we have suggestions for tackling this (see below). But we query whether this change is as rapid as Ofcom's research suggests, or whether it was perhaps influenced by the timing of the original research in 2002, when the impact of 9/11 and the Afghanistan War had galvanised audiences for television news, possibly producing higher levels of perceived engagement in news than may have been found previously. NN, FN itself, points out in paragraph 5.45 that the methodologies differed between 2002 and 2006, and that this may have *'magnified the differences 'although not the trend'*. We have not seen other evidence of such a rapid change in attitudes to news, so we would urge caution in placing too strong a weight on these findings at this stage.

We note too that Ofcom's research concentrated on the particular issues affecting the young and ethnic minority audiences using focus groups. One set of groups was aged 16-25, the other, of ethnic minority viewers, was aged 16-45. This produced findings such as those referred to in paragraph 1.58 *'both the young and ethnic minority audiences perceive bias and exaggeration in what they are being told'*. How do we know these are not characteristics of the whole audience? By focusing on these two sections of the population without a control group of all viewers, Ofcom's research may be highlighting as *'concerns'* issues that are now typical of the audience as a whole, and which therefore should not be seen as evidence of a disengagement process by particular sub-groups.

That said, we do not disagree with the evidence of a trend in disengagement, and we agree with Ofcom's assertion (p10) that broadcasters have strong commercial incentives to engage with these groups. We also agree (page 9) that these *'issues surrounding political disengagement go much wider than broadcasting'*. We suggest ideas for addressing this issue:

- 1) ITN would support a pilot project aimed at addressing issues of engagement in particular localities. This could involve a multi-disciplinary approach between broadcasters, politicians and educators to see whether it is possible to have an impact on viewers' involvement in the news and civic processes.
- 2) ITN has worked closely in the past with Channel 4 on a media literacy project ('Breaking the News') aimed at educating and informing teenagers about the construction of news programming and awakening interest in civic issues. We would support further initiatives of this kind.
- 3) ITN has invested in and works with Espresso, the leading digital curriculum service in the UK, providing bespoke weekly news bulletins for primary and secondary school children. These programmes introduce children to the news format and motivate them in their learning. ITN would be keen to explore similar opportunities that reach other demographics who are currently less

engaged with news. This is something ITN could pilot with Ofcom and other interest groups.

- 4) ITN would support a greater dialogue between broadcasters, politicians and educators to challenge disengagement from news and the political process. This could initially take the form of a forum under the auspices of Ofcom or a body such as the IPPR or the Electoral Commission. It would bring together expertise from the different areas, recognising that only a multi-disciplinary approach is likely to have an effect. This could include a variety of measures impacting on the school curriculum, voting procedures and civic involvement in local decision-making.

IMPARTIALITY

Is impartiality in television news as assured or as important as it was?

ITN is convinced that "*due impartiality*" requirements in news remain as important in today's and tomorrow's world of the internet and media fragmentation as they have ever been, and that the public continue to place considerable value on "*impartial*" news coverage.

NN, FN concludes that TV channels remain overwhelmingly the main source of news for most people⁴ and the value viewers place on television news is virtually unchanged. ITN believes that Ofcom is right to highlight that different forms of news are emerging and will continue to grow in the digital environment. According to Ofcom's research, the internet is used currently by most users as a supplementary source of news rather than a main source. While these circumstances may change over time, this does not eliminate the distinct role that PSB television news has of providing a collective experience as opposed to the individual viewing or reading experience that characterises news consumption on the internet.

Ofcom is right to point out that enforcing impartiality across the internet is impossible. Ofcom argues that there may be a case for deregulating the requirement for impartiality across news channels so as to offer greater diversity of opinion, something that the PSB news providers cannot do, bound as they are to provide a 'both-sides-of-the-argument' approach.

ITN does not disagree with this but suggests there should be a framework for continuation of clearly-labelled impartial news. Reaching all audiences in an inclusive, universal and impartial way is valuable. In an on demand world, big brands with their heritages and reputations for delivering high quality, investigative news (in themselves indicators of high standards) become more, not less important. The market, chiefly the internet, is already providing partial news that includes wide ranging opinions and ITN firmly believes that new platforms and services should be encouraged to develop, in order to deliver greater diversity and choice to consumers but without sacrificing the inclusive, universal experience that is PSB news.

⁴ Market analysis of the UK TV industry begins at p. 17. Consumption data referred to is published in full in Annex 2 to this report.

ITN envisages a world where regulated and unregulated news, partial and impartial news, TV and internet news, are accessed and exist side by side. Side-lining PSBs could have negative ramifications for the quality threshold of news in the UK.

Declines in trust and impartiality in television news

We note that the commercial PSB news that is least exposed to ratings pressure - on Channel 4 and More 4 - is best placed to give expression to a range of views. It is noteworthy that both these programmes have high proportions of younger and ethnic minority viewers.

We strongly believe that impartiality is a hallmark of PSB news. It is an essential requirement for any news service that receives public funding, directly or indirectly, and is the fundamental pillar supporting inclusive broadcast news agendas. We do not see that non-PSB news needs to be subject to the same constraints.

Because we value the perceived impartiality and trust of our news services so highly, we are naturally concerned about Ofcom's suggestion of a significant decline in perceived levels of trust and impartiality since 2002⁵. We would raise the same concerns about the methodology detailed above. We note that in the annex to NN, FN, in paragraph A1.144, Ofcom acknowledges that *'opinions about the delivery of impartiality are mixed, and vary according to the type of question asked.'*

The annex also includes the results of BBC Pulse data suggesting very high levels of trust and perceived impartiality amongst regular viewers of news programmes. This data is not shown in the main NN, FN report, and we have some anxiety that readers will therefore take as read only the research shown in Figures 5.5 and 5.6. It is unfortunate that the main report did not stress sufficiently the apparently conflicting and uncertain nature of some of this data.

Although we raise these questions, we accept the possibility that this research has revealed evidence of changing attitudes towards the reliability and fairness of television news, as expressed in the annex to the report A1.144. The difference in response between 2002 and 2006 points to a climate or attitude towards news provision which is arguably more sceptical about news sources and their ability to be impartial.

Having raised these important questions over trust and impartiality, we believe that Ofcom should be considering further research to establish whether there has been a fundamental shift in viewers' perceptions before any policy changes are proposed. We know that Channel 4 is planning its own research, and that the BBC continues to research in this area, but we believe the findings in NN, FN raise such fundamental questions about whether PSB news is delivering on its remit for fair, accurate and impartial coverage that it is important to pursue this in greater depth.

Conclusions

⁵ Figs 5.5 and 5.6

- It is possible that, without regulatory or financial incentives, the BBC could become the only provider of PSB news in the UK post DSO. ITN does not believe that having one impartial news provider is healthy for engagement, communicating different points of view and supporting democratic dialogue.
- High quality, accurate, impartial news from different sources will continue to be essential in the post switchover world of the internet and media fragmentation. We believe it should exist alongside unregulated and partial news services and that the values of PSB news should continue to provide the gold standard after DSO, alongside other sources of news on the web.
- ITN believes that side-lining the importance of the PSB contribution, with its investigative journalism and balanced reporting of news stories, would have negative ramifications for the quality threshold of news in all digital media in the UK for years to come. The commercial PSBs are best placed to deliver such civic objectives both in broadcast and in digital media, rather than small independent producers funded by the PSP, because of the heritage of their brands and ability to invest in quality journalism, and international, as well as national and local, newsgathering.
- In this response we have sought to emphasise that PSB news has enduring value to the public and will be instrumental in delivering competition and pluralism in the digital media, as well as the broadcast environment. But its future should not be taken for granted, and adequate resourcing in the commercial sector, as well as at the BBC, will be key, whether through regulation or financial incentives.
- ITN agrees with Ofcom that there is a potential longer-term threat to regional news. In addition to meeting important local information needs, it provides valuable material to national news programmes. ITN believes that ITV's regional news service retains a highly significant role in the ecology of UK broadcast news because of its continued large audiences. They are universal and inclusive services that might not be possible to replicate in an on demand digital environment. Alternative solutions should be considered that retain and build upon the existing valuable regional news infrastructure.
- Whilst Ofcom has raised some important issues about engagement, particularly by younger and minority viewers, which need to be investigated and addressed, ITN does not see a justification to challenge impartiality. We believe further research is needed, alongside a series of initiatives that contribute to the policy debate but also lead to concrete projects to develop interest and engagement by younger people and minority groups.