

Channel 4

Context

Channel 4 welcomes the opportunity to provide views on the potential changes to local TV obligations for London Live.

Channel 4 is a publicly-owned, commercially-funded, not for profit, public service broadcaster, with a statutory remit to deliver high quality, innovative, experimental and distinctive content across a range of platforms.

The UK is fortunate to enjoy a particularly strong and varied public service broadcasting system – with a variety of different participants working to different remits and models. We take the fulfilment of our remit and the obligations set out by Ofcom in our licence very seriously. As one of the main PSBs we also take a close interest in the health of the whole public service broadcasting ecology. It is therefore an issue of concern that ESTV is again looking to roll back the obligations it committed to in its licence, the fifth time it has done so since its launch just 2 ½ years ago.

Obligations and privileges of PSB status

Channel 4 does not believe that PSB status should be given lightly. When ESTV was awarded the London Live licence, it was granted PSB status. As a PSB, ESTV agreed to fulfil specific licence obligations to provide a defined amount of local television, in return for certain privileges received by PSBs such as a prominent EPG slot and access to UHF spectrum. ESTV also receives further benefits above and beyond those received by other PSBs, such as relaxed rules on advertising minutage.

ESTV are again seeking to reduce their public service obligations while retaining these benefits. Channel 4 understands that flexibility to evolve over time is important in a fast-paced sector such as broadcasting – however we believe that Ofcom should be careful to avoid a situation whereby licence holders can fundamentally and rapidly change the nature of their offering whilst still being able to enjoy the benefits of being a Public Service Broadcaster. This is a particular concern when the service has a singular PSB purpose, such as the delivery of local television, which it is increasingly less focused on delivering.

Channel 4 believes that the changes proposed by ESTV amount to a fundamental change in the nature of the service provided and that as well as considering these changes in isolation Ofcom should consider the proposed changes with ESTV's original licence commitments in mind.

ESTV have requested;

- A reduction from 2.5 hours per day of local programming to 2 hours - the original commitment was for 10 hours by year 3 – this amounts to an **80% reduction** from the original licence commitment.
- A reduction from 1.5 hours per day of local programming in peak time to 1 hour - the original commitment was for 3.5 hours by year 3 –this amounts to a **71% reduction** from the original licence commitment.
- A reduction from 5.5 hours of news and current affairs programming per day to 3.5 hours of news and current affairs per *weekday*, with a reduction to just 1 hour on Saturday and 1 hour on Sunday. In total that amounts to a reduction from 38.5 hours a week to 19.5 hours a week - a **49% reduction**.
 - Whilst Channel 4 acknowledges ESTV raised the number of hours of news provision in 2014 from their original commitment of 4.5 hours per day to 5.5 hours per day this involved merging news with current affairs and was done to

justify reductions in other areas as London live sought to refocus their service on news provision. From the original licence commitment of 3.5 hours per day the changes ESTV have requested amount to a **38% reduction**.

- The removal of the repeats requirement in peak time (the original commitment was 1 hour by year 3)

Channel 4 believes that the nature of the London Live service has been altered via a regular series of incremental changes which when taken in isolation can be justified as not changing the nature of the service but when added up have fundamentally changed the service into a commercially focussed Channel with minimal local elements.

Channel 4 believes it is necessary for Ofcom to consider whether the reductions ESTV have requested would have been considered acceptable if previous reductions had not been accepted.

Significantly reducing public service obligations so soon after they were carefully considered and agreed to by all parties after prolonged discussion sets an unwelcome precedent – and Channel 4 believes that further reductions of these kind could devalue Public Service Broadcasting by casting it as a burden instead of a privilege that can be diluted and dismissed, quickly and drastically.

Increased Commercialisation

Channel 4 believes that the proposal that ESTV have made to reduce their obligations - in particular their proposal to reduce the hours of news programming by half - fundamentally alters the nature of the service ESTV are providing.

ESTV won the Local TV licence for London on the basis of an application which demonstrated a commitment to localism. The application stated that “London Live is committed to providing quality local TV for the long term” and that they would seek to deliver 8 hours of first run local programming per day in their first year - rising to 10 hours by year 3. ESTV committed to delivering 3 hours of this programming in peak time – rising to 3.5 hours in year 3. They also committed to delivering 33 IPTV streams to represent each of London’s 33 Boroughs to provide “hyper local” content. Since ESTV were granted their licence they have submitted applications to Ofcom to reduce their commitments 5 times. Channel 4 believes that ESTV’s proposals to reduce its local public service content represent a material shift in the nature of the service they provide. Given that the pressure driving ESTV’s proposed reduction in licence obligations is a commercial one, it is reasonable to expect that ESTV will seek to replace public service programming with more commercially focused content. This change would move London Live away from being a channel designed to deliver local television, subsidised by commercially focussed content, to a commercially focussed channel that delivers an increasingly small amount of local television.

We therefore believe the proposals would lead to a significantly changed service that would be less likely to provide the benefits to viewers that the local TV system was designed and set up to deliver.

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