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1 November 2021

Sent by email to daniel.cass@thatstv.com

Dear Mr Cass,

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 various pieces of correspondence you have sent to us, which requested Ofcom's consent to implement your proposal regarding the location of studios/main production bases for some of the local TV licences held by That's TV Broadcasting Limited ("That's TV"), pursuant to Licence Condition 3(2) of That's TV's licences.

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

Your proposal was set out in your letter of 7 May 2021, with further clarifications provided in your letters dated 8 July, 16 August, and 6 September 2021. Pursuant to Licence Condition 3(2), your proposal requests Ofcom's written consent for That's TV to reduce the number of studios/main production bases from seven to five, which would serve all 20 of the local TV licences ultimately held by That's TV. This would result in 15 of the 20 licences held by That's TV having a studio/main production base located outside of the Licensed Area. This is a further reduction in the amount of studios/main production bases that That's Media are required to maintain following the [decision by Ofcom to provide consent](#) to a similar proposal you submitted in 2019.

The following table (a version of which was provided in your proposal) provides specific details of the requested consent under this licence condition, highlighting which services would be served by which main production base/studio:

Region	Licensed Services	Location of Studio/Main production base
Scotland	Aberdeen - That's TV Scotland (North) Dundee – That's TV Scotland (East) Edinburgh – That's TV Scotland (Capital) Ayr – That's TV Scotland (West) Glasgow – That's TV Scotland (Central)	Glasgow
North of England	Carlisle – That's TV (Cumbria) Manchester – That's TV (Manchester) Preston – That's TV (Lancashire) Grimsby – That's TV (Humber) Scarborough – That's TV (North Yorkshire) York – That's TV (York)	Manchester
East of England	Cambridge – That's TV (West Anglia) Norwich – That's TV (Norfolk)	Norwich
South of England	Basingstoke – That's TV (Hampshire) Guildford – That's TV (Surrey) Oxford – That's TV (South Midlands) Reading – That's TV (Thames Valley) Salisbury – That's TV (Salisbury)	Reading

Region	Licensed Services	Location of Studio/Main production base
	Southampton – That’s TV (Solent)	
Wales	Swansea – That’s TV (Swansea Bay)	Swansea

You have explained that the proposal is a reflection of the current operation adopted by That’s TV which has evolved during - and as a result of - the coronavirus pandemic, and seeks to continue to deliver its local programming requirements from the five offices listed in the table above. Further, you have explained that lessons learned from remote working demonstrates that maintaining separate studios and offices across the UK comes at a considerable cost to the business, which could alternatively be expended on core journalism.

Your proposal envisages the five maintained news production offices will act to support journalists’ newsgathering roles, for example by providing regional facilities for editing content, reviewing work, and finalising scripts. You have suggested that this would result in greater quality control and consistency across all 20 licences held by That’s TV, and that you propose to utilise two central studio hubs located in That’s TV’s Manchester and Glasgow offices to record the news links for the local content broadcast in each Licensed Area, while providing your journalists with a greater degree of flexibility to be able to focus on and deliver local content which is important for your viewers. Your proposal also confirms that That’s TV intends to ensure that its journalists’ newsgathering duties, such as conducting interviews, frequently take place on-location in each area, as well as utilising remote video reporting where appropriate.

The proposal also confirms the changes with regards to which Licensed Services would be served by which studio/main production base, reflecting the request to remove the requirement to maintain a physical premise in both Edinburgh and York. The proposal also seeks to make clear that That’s TV can choose to co-locate its studios/main productions bases, with a number of Licensed Services having one studio/main production base for its journalists to operate from.

Instead of being required to maintain a physical premise in each Licensed Area, you propose 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, who will be supplied with equipment for working and contributing content remotely.

Further, That’s TV suggested to have the following regulatory commitment inserted into its Programming Commitments for all of the licences ultimately held by That’s TV, shortly before the revised operating model has been implemented:

“The service provider may co-locate its main production base with other specified local TV services within its group subject to obtaining Ofcom’s prior written consent and maintaining significant local newsgathering in the licence area.”

In light of our comments regarding the measurement of the effects of your proposal and of its enforceability, we note your commitment in your most recent letter to provide information, including fair assessments of newsgathering in licensed areas, required by Ofcom to ensure the quality and localness of That's TV's services.

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.

Similarly to when we considered the proposal submitted by That's TV in 2019, we have considered your request in light of this localness objective and that the requirement is intended to ensure locally-produced programming without constraining commercial viability. In our consideration, we noted our recognition at the time that there may be alternative business models for local TV which may meet the localness objective. Further, we have considered the impact that the coronavirus pandemic has had, both with regards to the need for That's TV to be flexible in its approach to ensure that local content is still produced, and changes in technology which means that the delivery of local content has not been unduly impacted by the completion of remote interviews.

Given your proposal would further reduce the requirement for That's TV to maintain a physical studio/main production base 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; and that there are more effective and efficient ways of delivering this content without the need for licensees to maintain a studio/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 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 policy 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 within 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 satisfy the requirements of the localness policy.

Should a licensee be able to satisfy Ofcom that a local presence would be maintained in each Licensed Area (for example, through its use of local journalists), Ofcom would be willing to consider providing 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. The licensee must submit a request to include a regulatory commitment into their Programming Commitments to reference how the localness policy objective would still be achieved without a physical premises; and,
2. Ofcom will seek additional information in the 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 That's 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/main production bases used by That's TV, the commitment for journalists and reporters to continue to collect, develop and record interviews both on location within the licensed area of each service and by utilising advances in technology to record interviews via online video conferencing, such as Zoom, means that the local presence for each service included in this request will continue to be maintained.

That's 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/production office is not located within a Licensed Area). As noted above, we are satisfied that That's TV have proposed a reasonable regulatory commitment in their Programming Commitments, and we note That's TV's commitment to providing additional information to Ofcom as required. Further, That's 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 does not consider that agreeing to this proposal will result in a difference in local content received by viewers. That's TV has confirmed that viewers of the services will not notice any difference in the content broadcast (other than the presence of more remote interviews, which 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 (see table above which sets out which studio/production office would be responsible for which Licensed Service).

In our decision to provide consent to That's TV's proposal in 2019, we also had regard to the fact that That's TV owns 20 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 may be better invested in the production of local content for viewers and that the proposal is designed to support the efficient operation of That's TV's local news services. 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 That's TV's proposal, effective from the date of this letter. Should there be any changes to this model in the future, That's TV must notify Ofcom and receive written consent before implementing the changes.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Tom Connolly', with a stylized, cursive script.

Tom Connolly