



ITN Response to Ofcom's PSB Review :
The Digital Opportunity, June 2008

Background:

ITN is the UK's leading, independent broadcast news and content provider. ITN's main customers are ITV plc and Channel 4. ITN produces high quality news programming for ITV, including national and local London news for ITV1, and news for itv.com. ITN produces high quality news programming for Channel 4, for one of Channel 4's digital channels, More 4, and it produces Channel 4 News online. ITN also supplies news to around 270 commercial radio stations through IRN (Independent Radio News).

ITN also produces Setanta Sports News, a 24 hour sports channel, and a range of sub-channels on internet platforms. Many of these reaching young, and youth, audiences via brands such as YouTube, Bebo and MySpace.

ITN's combined news broadcasts therefore reach a large, diverse proportion of the UK population, and ITN has won many international awards for its journalism.

The news services on ITV and Channel 4 provide competition to the UK's public service, licence fee-funded broadcaster, the BBC. ITN therefore continues to play a vital role as the BBC's news main competitor in terms of providing plurality of news provision for the British public.

ITN welcomes the opportunity to contribute to Ofcom's second PSB Review: the digital opportunity; and will comment only on areas where we have direct experience and expertise.

1) How well are the public service broadcasters delivering public purposes?

a) Do you agree with Ofcom's assessment that television continues to have an essential role to play in delivering the purposes of public service broadcasting?

Yes.

ITN believes that television will continue to play an essential role in delivering PSB, supported by delivery of news through other media, such as 'online'.

Television has a proven, long standing, and unique ability to influence viewers - this is recognised over the years in legislation such as the Broadcasting Act 1990 (which requires impartiality).

ITN also believes that television has an important role to play in meeting the PSB needs, and demands, of those who do not have access to other media channels for reasons of affordability, choice or technological competence.

In broadcast news when an event of particular magnitude or public interest occurs; e.g. the London bombings on 7/7/05, the public rely on linear television to give them up to the minute, impartial coverage: that is picture driven. We see no evidence that this will change in the short or medium term.

Comprehensive, high quality UK and international news and original, investigative journalism is expensive to produce. It also has the added opportunity cost of not running a more populist programme which could produce greater advertising revenue.

The business models of the UK's commercial broadcasters are already under strain as more channels emerge and advertising revenues are spread across many more outlets than in the past.

- Therefore, for ITN, a primary area of concern regarding the future of broadcast news relates to the cost and plurality of news services in the UK.

ITN is the main alternative, independent provider of news to the BBC in the UK and following UK digital switchover in 2012, both ITV and Channel 4 may need commercial incentives (e.g. cheaper spectrum or multiplex access, changes to advertising minutage, more prominent positioning on the EPG) to continue investing in broadcast news and to ensure that the UK has more than just the BBC providing broadcast news.

- Online news for some supplements, for others replaces broadcast news.

Online news has the ability to reach audiences such as 16-24 year olds or minorities that might otherwise not, according to Ofcom's own findings, choose to consume news regularly via television.

ITN continues to develop its online news offers with its customers, ITV and Channel 4. While there is already a proliferation of online news content available to consumers, not only does much of this content not comply with the PSB values of independence and impartiality, but the existing multitude of channels and web outlets that carry news are overwhelmingly text based and have not, to date, led to either greater pluralism in broadcast news or greater provision of high quality news.

Both ITV and Channel 4 have strong news brands that reach different audiences (and different audiences to the BBC's audiences) and through ITN's editorial expertise and heritage ITN can carry impartial news standards online. In an on demand world, where users "bookmark" or put their favourite services in a "play list", big brands become more, not less important.

ITN and its customers will continue to develop more online news content, to support their broadcast news offers. Most recently the Channel 4 News website has undergone redevelopment to make its content more accessible to online as opposed to television audiences. Channel 4 News's online content is now portable.

This means that users can email Channel 4 News's packages to each other, post links on their blogs or websites and, most significantly, embed those clips into their own blogs, websites and social networking sites. This enables Channel 4 News to bring its content to a younger audience who are less likely to watch broadcast

news. Users can take away the content and share it with their friends, and Channel 4 News is reaching an audience we might otherwise not reach.

- One major barrier to real plurality in online impartial news provision is the vast investment by the BBC in BBC online.

This has resulted in a distorted market which adversely impacts on ITN's online services; and we are aware is a major challenge to many of our customers in this area.

The BBC website - due to its branding, cross promotion and scale - is frequently the first port of call for those looking to access news online. Its depth and range, facilitated through the licence fee, cannot we believe be matched by commercial providers. The evidence shows that profile and content on other news websites, even those with established brands is much smaller as the resources available to fund new content are significantly less.

Further dominance by the BBC in these areas, at the expense of commercial operators, is unhealthy in a democracy where plurality of media voices should be encouraged.

In contrast to the current online environment, ownership of national (and local) newspapers has been regulated by the OFT and in statute as the dangers of a dominant media player has been recognised. The risk of a dominant voice providing news is no less in a digital age than an analogue one. Regulators should therefore monitor BBC's activities, in particular its new media activities.

b) Do you agree that UK-originated output is fundamental to the delivery of public service broadcasting purposes?

In terms of news provision - yes.

News delivers all four of the main PSB drivers - increasing understanding of the world through news and analysis, stimulating knowledge and learning, reflecting UK cultural identity and making us aware of different cultures and alternative viewpoints.

In our view there is no reason why the parent company of a UK news organisation broadcasting to a UK audience necessarily has to be UK-based.

However it is key that the day-to-day operational element of a news organisation has to be located in the domain it covers otherwise the journalists would be unable to experience and deliver stories with appropriate empathy and proportionality to the viewers circumstances.

For example, during May UK news coverage was dominated by two foreign stories - the cyclone in Burma and an earthquake in China. Both stories evolved from the immediate physical initial impact part of the story into social and political stories with a bearing on UK life. In the case of the cyclone in Burma, getting aid through from around the world became a key facet of the story, also involving the British Prime Minister. The UK contributed to that aid effort so that aspect of the story was of interest to a UK audience. UK-based news editors assessed different aspects of the story to present it to a UK audience - bearing in mind the UK's political and social context. It is difficult to see how a non-UK based news organisation could

deliver stories in the same way without a full understanding of the UK's cultural life and expectations or indeed how ITN staff based in the UK could deliver that story in context to say a French audience.

2) The changing market environment

a) Do you agree with Ofcom's conclusions about the way that other digital channels and interactive media contribute to towards the public purposes?

The terminology '*digital channels and interactive media*' covers an enormous range of products and services from a diverse array of contributors in the arts, local government, devolved government etc.

While it is fair to say that '*digital channels and interactive media*' do contribute towards the public purposes, because of the diversity and individuality of the organisations, it is also fair to say that these contributions can be potentially limited in terms of collective experience, universality and reach.

With the exception of the BBC, which offers a full range of online and digital television services that are intended to meet the public purposes, the fact that the PSBs, with criteria and quotas to deliver the public purposes, suggests that the bulk of public purposes are still being delivered by the few.

In addition, not all digital channels and/or interactive media offer the same quality of content to meet the public purposes. In terms of news provision, there is difference between partial and impartial news. Whilst the core information provided from third party suppliers, like ITN, to say a newspapers web-site will be impartial - the nature of the business is that it likely that editorialising around that information is likely to result in a more partial final product.

Without an aggressively impartial input of news however - the output from the final website risks being excessively spun away from objectivity towards bias. Hence the added importance for a truly impartial, objective, news provider to exist such as ITN.

3) Prospects for the future delivery of public service content

a) Do you agree with Ofcom's assessment of the implications of different economic scenarios for the UK TV market for the future prospects for delivery of the public purposes?

This question would be best addressed by the broadcasters themselves.

b) Do you agree with Ofcom' analysis of the costs and benefits of PSB status?

This is predicated on agreement about the definition of PSB and its content requirements; as detailed elsewhere ITN has concerns in this area.

4) Meeting audience needs in a digital age

a) Do you agree with Ofcom's vision for public service content?

The Ofcom paper has, in our view, a very generic perception of 'public service content' which views broadcast content as part of a bundle of content produced by 'a wide range of commercial, voluntary sector and publicly funded organisations'. (1.27).

We believe it is important to make a distinction between the value and purpose of the content we produce as broadcasters, and that which originates from public services.

Critically, ITN news content is independent and impartial and not commissioned to further the organisational interests of anyone.

News has a significant role to play in a free democratic society. Content commissioned by public service bodies whether government departments, charities or arts bodies is usually designed to fulfil a particular objective of that organisation - to advertise or publicise particular services, to demonstrate the value of that organisation, to raise money and sometimes to propagandise.

Both types of content will aid a national debate, say, but only news can give balance and perspective to the political and public issues of the day - a key role for a public service broadcaster. The two key advantages of the current model of PSB are big audiences and well-resourced, impartial, inclusive journalism.

These enable us to fulfil a number of roles:

Communicating political information to large numbers of people - television remains the main source of news for nearly 90 per cent of the electorate, according to the Electoral Commission's report on the last general election.

Providing an impartial and trusted source for political information

Representing different points of view, from political parties and diverse social groups

Communicating these to a universal audience and building shared understanding and tolerance

Engaging the public in the political process and encouraging participation

Finding things out that inform electoral choice - such as the Attorney-General's legal advice on the Iraq War which Channel 4 News obtained just before polling day in 2005

Holding those in power to account

Allowing citizens to see, hear and interact with their political leaders

Creating a forum for debate.

Clearly, many of these functions can and will be filled by newer digital media. The internet has an unprecedented power to allow the creation of social networks,

communities of like-minded individuals who can talk to each other about their common interests.

Public services are already taking advantage of this to generate public service content aimed at niche audiences, and ITN has recognised the value this can bring by entering into the consortium that will run Teachers TV. But these networks lack the inclusive and unifying power of broadcasting, and run the risk of exacerbating fragmentation by creating sectional news and information to be read by particular minority groups to the ignorance of their fellow citizens.

If you take this argument back to the four purposes of public service broadcasting, you can see that niche services could fulfil all four criteria, increasing understanding, stimulating knowledge, reflecting identity, and creating cultural awareness, but there would still be something missing.

It's particularly important too to understand and appreciate the value of the public service broadcast brands in drawing into the democratic process social groups that might otherwise shun or avoid political information.

ITN News has a particularly valuable role in this regard, delivering impartial and independent news to audiences that can sometimes be reluctant to engage in a civic space.

b) How important is plurality and competition for quality in delivering the purposes of public service broadcasting, and in what areas?

ITN believes that more than one source of news is important for delivering choice to viewers and strengthening the democratic process. 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. ITN agrees with Ofcom's conclusion that plurality also acts as competitive spur and the effect that this competition has in news programming is to ensure the highest quality standards of journalism.

By contrast to broadcast news there is huge plurality of news online. However, the majority of new media news content available does not comply with the same PSB standards that broadcast news does, particularly in terms of independence and impartiality (the basis of ITN's output). The existing multitudes of channels and web outlets that carry news are overwhelmingly text based and have not, to date, led to either greater pluralism in broadcast news or greater provision of high quality news.

c) In maximising reach and impact of public service content in the future, what roles can different platforms and services play?

The ever changing media landscape is driven on the basis that individuals have more power than ever before to self select their content of choice. That power has come through both software, and hardware innovation.

As a result predicting the role, and impact, of a particular platform on PSB is virtually impossible.

This is why the legislative framework must set out the opportunity for independents to grow and flourish rather than assume that the major players can, or would, provide PSB by default, in particular achieving this simply offering different output on varying platforms.

d) Do you agree that the existing model for public service broadcasting will not be sufficient to meet changing needs in future?

ITN believes that in the short-to-medium term individuals will continue to consume their media product through a variety of established channels. However, taking the massive spike in growth, then sometimes decline, of community online sites; the existing model for PSB might struggle to cope with the issues surrounding an offshore, online, community based portal for example were that to become the dominant window of access. In that event ITN would reiterate the point in the previous question: that there must be an environment where robust, legitimate, independent news content can exist, and grow, to provide true plurality and PSB.

5) Future models for funding and providing public service content

What are your views of the high-level options for funding public service broadcasting in the future?

We would refer Ofcom back to our concerns about the definition of 'public service broadcasting' in this context.

b) Are the proposed tests of effectiveness for future models for public service broadcasting the right ones?

We would refer Ofcom back to our concerns about the definition of 'public service broadcasting' in this context.

c) Of the four possible models for long term delivery of public service content, which, if any, do you consider the most appropriate and why? Are there any alternative models, or combination of models that could be more appropriate and why?

We would refer Ofcom back to our concerns about the definition of 'public service content' in this context.

6) Options for the commercial PSBs

a) What do you think is the appropriate public service role for Channel 4 in the short, medium and long term? What do you think of Channel 4's proposed vision?

From our discussions with Channel 4 we are very supportive of their current position on the provision of PSB content, in particular the production of high quality, in-depth, news and current affairs output.

b) Which of the options set out for the commercial PSBs do you favour?

Our principle concern remains the provision of plurality of news provision, with a level playing field for all, allowing our customers, and consumers, quality and choice.

7) Scenarios for the UK nations, regions and localities?

a) To what extent do you agree Ofcom's assessment of the likely future long term issues as they apply to the nations, regions and localities of the UK?

ITN is already involved in regional news and is in a strong position to provide an expansion of true, independent, local news if that is what commercial operators in the broadcast market seek. The success of our output in this area can be seen in the, award winning, London Tonight programme produced for ITV1.

ITN would have the scale, experience and infrastructure to provide the basis of an independent, universal, inclusive, national and regional news service - which nobody else does.

On the matter of scale - there is also a fundamental issue of 'economies of scale' to be considered in news production.

The ability of ITN to provide high-quality news services to both ITV and Channel 4 in the most efficient and productive way significantly depends upon the scale of our operation.

This allows us to invest in new production equipment - such as the new digital editing, production and transmission system we've just installed - that ensure we maintain our position as the most productive, efficient and innovative broadcast news provider in the UK and that gives our PSB viewers the best value possible.

These economies of scale also benefit our big PSB customers - ITV and Channel 4 - allowing them to produce a higher-quality service for the contract price. Were that scale to be seriously diminished, this would be harder to achieve, and that would have an impact on viewers - who could see less ambitious and comprehensive news services - and on customers, who may need to pay more for some aspects of our service.

For example, a nationwide network of satellite trucks, such as that operated by ITN, can work more cost-effectively if it's supplying *two* national networks - ITV and Channel 4. Were either customer to significantly reduce their commitment to news or move to a new supplier, the costs for the other for the same level of service would inevitably rise.

However it is also important to note that a high quality national PSB news service will always require a degree of support, infrastructure, and goodwill from regional news operations - which is given on both a commercial and pragmatic basis.

The BBC Trust report that audience research shows that 82% of the UK population is interested in news about other parts of the UK and 62% think it important to understand the different politics and policies within each nation. This sends a very clear message that regional news is a 'must have' for PSB.

This opportunity will only grow as Ofcom itself considers the opportunities created for local broadcasting by the digital switchover.

b) Which model do you think will be most appropriate in each of the nations and in the English regions in the long term, and why?

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.

This is a question best answered by ITV.

We do not believe there is any organisation better placed to build independent regional news gathering, and programme production, than ITN.

The success of our output in this area can be seen in the, award winning, London Tonight programme produced for ITV1.

ITN is, as a result, very keen to discuss with others how such new models can be developed both now, and in the future, for both digital and analogue services.

c) What are your views on short/medium term issues referred to, including the out-of-London network production quotas?

This is a question for the broadcasters.

d) What are your initial views on the preliminary options set out relating to ITV plc's regional news proposal?

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 from its New News, Future News analysis 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.

ITN agrees with this analysis but also understands ITV's desire to manage and reduce its regional news production cost basis. However, it needs to be recognised that if material changes are made to ITV's 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.

ITV has proposed that in some parts of England it might be appropriate to develop macro-regional hubs and merge regions or sub-regions. ITN is less concerned with where ITV may want its regional hubs but would be concerned about maintaining the scale and reach of the newsgathering operation.

In addition, 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.

8) Prospects for children's programming

a) Do you agree with our assessment of the possible short term options available relating to children's programming; are there any other options available?

N/A

9) Timetable for implementing a new model

a) Do you agree that new legislation will need to be in place by 2011 in order to ensure continued delivery of the public purposes in the medium and long term?

Yes. Both ITV and Channel 4 have demonstrated their commitment to PSB news however as we know, Channel 4 has identified a funding gap that if not addressed, may lead to the erosion of the ability to fund Channel 4 News. At present Channel 4 is the only broadcaster that broadcasts an hour of news and analysis in peak. Channel 4 News and More 4 News, according to Ofcom's own analysis, reach audiences that are younger and more ethnically diverse than its competitors. These factors are hugely important to the democratic landscape of the UK and therefore we support measures that would be of assistance to Channel 4.

Regarding ITV, while we agree with Ofcom's conclusions in *New News, Future News* 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)¹, a future ITV management might seek to marginalise news in favour of entertainment programming. 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.

It is not enough for the UK to have high quality, comprehensive, impartial news only delivered by the BBC. Indeed regulators need to examine closely how the BBC's increasingly commercial activities, particularly in new media, actively damage its commercial competitor's activities.

The BBC has defined its PSB remit to be available to anybody in the UK, at any time, anywhere. The result of this interpretation of public service broadcasting is that, despite detailed definitions of what the BBC should deliver in terms of public purposes, it has very wide scope in terms of the services it provides in digital as well as traditional linear broadcasting markets, and this means that it has a tendency to trample on the commercial competition.

Commercial operators in the UK recognise the BBC's desire to provide new services that are relevant in the digital age, but the BBC does not need to be first to market, as in being so, the BBC can distort or destroy the market opportunities for commercial operators who by their very nature have to deliver a commercial return.

ENDS