

Broadcast and On Demand Bulletin

Issue 512, 16 December 2024



Providing a service in accordance with 'Programming Commitments', That's TV Broadcasting Limited

Type of case	Broadcast Licence Conditions
Outcome	In Breach
Service	That's TV (various)
Date & time	1 April to 31 December 2022
Category	Programming Commitments
Summary	The Licensee failed to maintain the character of the Licensed Service for thirteen of their L-DTPS services by not maintaining a sufficient local presence as set out in the Programming Commitments. Breaches of Licence Condition 5(1).

Introduction

That's TV Broadcasting Limited ("That's TV" or "the Licensee") holds Local Digital Television Programme Service ("L-DTPS") licences for the provision of local television content within the areas of Aberdeen (L-DTPS100727), Ayr (L-DTPS100728), Basingstoke (L-DTPS100231), Carlisle (L-DTPS100725), Dundee (L-DTPS100724), Edinburgh (L-DTPS000014), Grimsby (L-DTPS000001), Guildford (L-DTPS100232), Oxford (L-DTPS000008), Salisbury (L-DTPS100229), Scarborough (L-DTPS100087), Southampton (L-DTPS000007), and York (L-DTPS100089) ("the Licences" or "the Licensed Services").¹

¹ The Licensee also holds licences for the following areas: Cambridge, Glasgow, Norwich, Reading and Swansea which are not the subject of this Decision. The Licensee is a wholly owned subsidiary of That's Media Limited ("That's TV Group"), a company that also holds a controlling stake in YourTV Preston Limited and YourTV

The Local Digital Television Programme Services Order 2012

(<u>https://www.legislation.gov.uk/uksi/2012/292/made</u>) ("the Order") was one of three orders which gave Ofcom the necessary powers and duties to license a new generation of local television services .² Under the terms of the Order, upon application for an L-DTPS licence, applicants were assessed on the extent to which their proposed service would:

- Meet the needs of the area or locality where it is received. This was further defined as: bringing social or economic benefits to the area or locality, or to different categories of persons living or working in that area or locality; or catering for the tastes, interests and needs of some or all of the different descriptions of persons living or working in the area or locality.
- Broaden the range of television programmes available for viewing by persons living or working in that area or locality.
- Increase the number and range of the programmes about that area or locality that are available for such viewing; or increase the number of programmes made in that area or locality that would be so available.

To secure that successful applicants' programming output met the statutory requirements set out in the Order and to ensure that the character of the licensed service was maintained for the duration of the licence, Ofcom inserted the following conditions into each L-DTPS licence awarded. They included a 'localness requirement' to ensure that a local service was sufficiently targeted at the particular needs of the location it sought to serve. The conditions are:

- 3(1): The Licensee shall provide the Licensed Service in the Licensed Area.
- 3(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.
- 5(1): For the duration of the Licence, the Licensee shall maintain the character of the Licensed Service in accordance with the programming commitments set out in the annex.

Manchester Limited, the licence holding companies for L-DTPS000019 (Preston) and L-DTPS000016 (Manchester) respectively. Ofcom has issued a separate, but related, Decision in respect of L-DTPS000019 (Preston).

² See also the Wireless Telegraphy Act 2006 (Directions to Ofcom) Order and the Code of Practice for Electronic Programme Guides (Addition of a Programme Service) Order.

Annex A to each Licence sets out the description of the Licensed Service (that is, the Programming Commitments). For each of the Licences, the Licensed Service is broadly described (among other things) as a general entertainment service that will reflect the interests and concerns of people living or working in the Licensed Area and having a strong emphasis on local news or a core local news service relevant to the Licensed Area. As explained further below, the Programming Commitments were amended on 1 April 2022 to contain a specific provision about maintaining "significant local newsgathering" where the main production base is co-located.

Licence variations

On 8 July 2019, Ofcom provided That's TV (and the other licensees in That's TV Group) with <u>consent</u> to amend the way in which the Licensee met the requirements of licence condition 3(2) (https://www.ofcom.org.uk/ data/assets/pdf file/0027/155583/Local-TV-studio-locations.pdf). This change resulted in the studio/main production base for a number of the Licensed Services being located outside of the Licensed Area; instead of an individual base for each Licensed Area, studios/main production bases would be aggregated. In the process of requesting consent from Ofcom in relation to this change, That's TV referred to creating "regions" across the UK. Each region would have one studio/main production base which would serve all Licensed Services within the region.

Subsequently, on 1 November 2021, Ofcom consented to a further proposal from That's TV and the other licensees in That's TV Group

(https://www.ofcom.org.uk/ data/assets/pdf_file/0026/227429/Studio-location-Ofcom-consentletter-1-November-2021-Thats-TV.pdf) to reduce the number of studios/main production bases across all of the licences held by subsidiaries of That's TV Group to a total of five studios which would serve all 20 of its local TV licences. The result of this was that 15 of the 20 licences held by subsidiaries of That's TV Group would no longer be required to have a studio/main production base located within the Licensed Area. As a condition of providing consent to remove the requirement to maintain a physical presence in the relevant Licensed Areas and to ensure a local presence is maintained, on 1 April 2022, Ofcom varied the relevant licences held by subsidiaries of That's TV Group and inserted the following regulatory commitment into the Programming Commitments of the relevant licences, in this case the L-DTPS licences held by That's TV listed at start of this Introduction:

"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".

When considering the proposal from That's TV to amend its localness requirement, Ofcom sought assurances that the changes would not dilute the content being created by journalists in the relevant Licensed Areas.³ We considered it important for That's TV to be able to demonstrate to Ofcom that the amended operating model would continue to meet the requirements of the localness policy objective to ensure that a physical local presence remained within each Licensed Area impacted by the proposal. In response to the initial proposals, we stated that a local presence would not be

³ In correspondence to That's TV in June 2021, Ofcom sought the following clarification: "We are keen to understand the commitments That's TV can make to ensure that any loss of studio and/or physical premises can be mitigated with a continued presence in each Licensed Area, which will not result in a reduction in the quality or localness of the content".

served by journalists working from home and collating local news items for feeding into other studios. We sought a commitment from the Licensee relating to the presence of local journalists in each Licensed Area which resulted in the above regulatory commitment.

Through the course of correspondence between That's TV Group on behalf of the Licensee and Ofcom prior to Ofcom consenting to the proposal⁴, That's TV Group committed to reporters and journalists continuing to collect, develop and record interviews to be broadcast on the Licensed Services both on location within the Licensed Areas and by utilising advances in technology to record interviews remotely. While Ofcom did not consider it appropriate to implement quotas to demonstrate That's TV Group's adherence to this commitment, the regulatory commitment inserted into the Licences demonstrated our expectation that a significant proportion of local newsgathering would be completed from within the Licensee Areas. Further, in the course of this correspondence, That's TV Group on behalf of the Licensee confirmed "That's TV is confident that all Licensed Areas will normally have on-location reporting each month. That's TV would introduce new internal company guidelines on story selection and on-location filming, ensuring that the latter continues to occur appropriately (and safely) in each Licensed Area".

On 16 August 2021, on behalf of the Licensee, That's TV Group confirmed:

"That's TV intends to continue to allocate staff to Licensed Areas who will have substantive responsibility for developing news stories and conducting and filming interviews. Local reporters will be expected to develop good local knowledge and contacts. It is likely that in some cases a reporter will also reside within a Licensed Area. Irrespective of whether or not this is the case That's TV will ensure that newsgathering duties, such as conducting interviews, frequently take place on the ground in each area. It is therefore proposed that a significant amount of newsgathering work would continue to take place within each Licensed Area... That's TV would also expect its news production offices within a region to continue to support this newsgathering role – for example by providing regional facilities for editing content, reviewing work and finalising scripts".

In the same correspondence, That's TV Group said that "The newsgathering process may also encompass securing footage (general views) at different locations, getting to know about what is happening in a licensed area, researching and planning news stories and talking to local contacts". Further, in a letter to Ofcom dated 6 September 2021, That's TV Group confirmed on behalf of the Licensee: "That's TV has said that it will ensure that newsgathering work (in the broadest sense) continues to take place in each Licensed Area regularly and there is no risk of That's TV staff simply abandoning any real physical presence".

Annual return 2022

Ofcom requires L-DTPS licensees to submit an annual return for each licensed service, which allows Ofcom to assess whether licensees met their Programming Commitments (including both programming quotas and localness requirements) over the previous calendar year, including to

⁴ Ofcom corresponded with That's TV Group in a series of letters from April 2021 through to September 2021 regarding That's TV Group's proposal to vary some of the licences held by companies in That's TV Group, <u>Ofcom's consent</u> was granted on 1 November 2021:

https://www.ofcom.org.uk/siteassets/resources/documents/manage-your-licence/tv/local-tv/studio-locationofcom-consent-letter-1-november-2021-thats-tv.pdf?v=327082.

assess compliance with Licence Condition 5(1). As part of the 2022 annual return, licensees, such as That's TV, who have previously been granted consent by Ofcom to amend the requirement for a studio to be within the Licensed Area were asked a range of questions to allow us to assess whether they were meeting the localness requirement. We requested an explanation from each licensee regarding how it had maintained a local presence in each Licensed Area, followed by more specific questions focused on the volumes of local content filmed/produced/edited from each Licensed Area and how this model supported the provision of high-quality broadcasts/whether any complaints were received by the licensee during the year in question.

That's TV Group's response in its annual returns for 2022 on behalf of the Licensee (received by Ofcom in July 2023), stated that on average for the Licensed Areas covered by the studios in Scotland and South of England, "each location has had reports around 3-4 times per month produced in the licensed area". In the Licensed Areas covered by the studio in the North of England, That's TV Group submitted, "On average each location has had reports around 2-3 times per month produced on the ground".

Ofcom had concerns that the annual return responses from That's TV Group on behalf of the Licensee raised potential issues as to whether the Licensee was complying with their obligation to maintain the character of the Licensed Service, and in particular whether they were undertaking significant local newsgathering in each Licensed Area. On 9 February 2024, Ofcom requested clarifications from the Licensee about its approach to local newsgathering within the Licensed Areas, how it utilises "Roving Reporters", its approach to maintaining a local presence and clarifications on how its operating model had changed since the 2021 proposal.⁵

Ofcom determined that the response of 12 March 2024 provided by That's TV Group on behalf of the Licensee, raised potential issues under Conditions 3(1) and 3(2) of the relevant L-DTPS licences. On 24 April 2024, Ofcom opened an investigation into how That's TV was complying with these Licence Conditions. On 12 August 2024, Ofcom expanded its investigation to include Licence Condition 5(1).

Ofcom requested comments from the Licensee on how it was complying with Licence Conditions 3(1), 3(2) and 5(1) of the Licences and whether the character of the Licensed Services was being maintained.

Response

On 13 May 2024 and 12 August 2024 respectively, That's TV Group, on behalf of the Licensee, confirmed that it did not have any representations further to those that had been provided on 12 March 2024 in response to Ofcom's initial clarification request of 9 February 2024.

The response of 12 March 2024 stated, "The company's intention was that the localness objectives would be fulfilled naturally and without significant difficulty. This did not occur". That's TV Group further stated that it regretted that "its localness objectives were not generally satisfied in 2022" and that "the company had grossly underestimated the challenge of returning to filming on location, as generally occurred pre-pandemic, once use of remote video from offices had become habitual to routinely source news interviews".

⁵ That's TV Group has explained that its "Roving Reporters" are tasked with collecting news footage on location from across a range of Licensed Areas.

That's TV Group stated that it does not record staff working locations, and as such was unable to provide information on the proportion of time spent on average per month (in hours) by staff undertaking local newsgathering in each of the Licensed Areas for which the Licensee no longer has a formal studio/main production base.

That's TV Group also explained that "Management did not want to implement the 'localness' objectives in a heavy-handed manner in 2022 rather than allow different methods to evolve. However, the plan for a significant 'hybrid' reporting model involving on-location and remote video by journalists was, in hindsight, not ultimately deemed conducive to the best local newsgathering, or practically able to satisfy the company's aims".

That's TV Group provided the following table showing the number of local news stories filmed on location apportioned by Licensed Area⁶:

Local news stories filmed on location in the Licensed Area	2022 Year
Aberdeen	1
Ayr	2
Basingstoke	13
Carlisle	2
Dundee	1
Edinburgh	4
Grimsby	3
Guildford	25
Oxford	8
Salisbury	14
Scarborough	0
Southampton	21
York	2

In its annual return for the calendar year 2022, That's TV Group on behalf of the Licensee, set out an average number of reports each location receives per month produced within the Licensed Area. It explained that for the Licensed Services covered by the South of England production base (Salisbury, Basingstoke, Southampton, Oxford and Guildford), "on average each location tends to have reports around 3 to 4 times per month". That's TV Group also explained that for Licensed Services in the

⁶ This table only includes the licences subject to this investigation and does not set out the figures for the other six local TV licences which are held by other companies in That's TV Group.

North of England (Preston, Carlisle, York, Scarborough and Grimsby), "On average each location has had reports around 2-3 times per month produced on the ground, rather than using remote video". Regarding its Licensed Services in Scotland, That's TV Group stated, "on average each location has had reports around 3-4 times per month produced in the licensed area". That's TV Group did, however, address in its response that it had worked to increase the total number of local news stories produced within each respective Licensed Area from 2023 onwards.

That's TV Group further argued that "researching a local story, raising questions, securing rights of reply and conducting and editing interviews represents significant local newsgathering in the true sense".

That's TV Group acknowledged that while it maintains a membership to a UK-wide office network, "there has been little or no use made of them for newsgathering purposes".

That's TV Group set out that it "had never planned to create a rod for its back, or for its journalists, through the localness objectives" and that it "eventually reached the conclusion that the optimal solution would be to appoint roving reporters as a new dedicated role to secure a physical presence in licensed areas. However, this conclusion was only reached over time, with the first roving reporter appointed as a trial in the South in September 2022".

That's TV Group also alluded to the impact of staff turnover on its ability to meet its 'localness requirements' across 2022 and stated that it expects the current "number of roving reporters (6) to be maintained". Furthermore, That's TV Group set out its position that it should adopt a "fully-commercial network business model which pools revenues" in order to deliver on its local news requirements.

That's TV Group further explained "anticipated methods of securing a regular local presence did not materialise for most of 2022 with the exception of Cambridge, where a journalist regularly worked in the area on all aspects of local newsgathering including conducting interviews (still normally using remote video)".

On 29 November 2024, That's TV Group stated that it welcomes "regulatory clarity" regarding its localness requirements.

Decision

Through the course of this investigation, Ofcom asked the Licensee to confirm which aspects of newsgathering were completed in each Licensed Area. The Licensee did not provide Ofcom with any clear evidence of how this was achieved and so it is not clear to Ofcom how it fulfilled this aspect of the Programming Commitments. However, we make a number of observations based on the information the Licensee has provided. We first set out our concerns which apply across all the Licensed Services, then we set out more specific concerns in relation to individual licences, grouped by production base.

In considering whether the Licensee maintained "significant local newsgathering" in each Licensed Area and therefore maintained the character of the Licensed Services, we attach particular importance to the commitments made by That's TV Group during the 2021 correspondence, as set out above, including in relation to on-location filming. Such commitments are of relevance in determining the correct intent behind the significant local newsgathering' included in 2021. We have also taken account of the broader aspects of newsgathering work. We have considered the number

of local news stories produced, the contribution of "TV journalists" and the role of "Roving Reporters".

The figures with regard to local news stories produced within each respective Licensed Area, which That's TV Group supplied on behalf of the Licensee in the annual returns for the calendar year 2022, appear to contradict the figures it provided to Ofcom on behalf of the Licensee in response to a subsequent request for information.⁷ We are using the numbers provided on 12 March 2024 in our overview of each Licensed Area herein.

Six of the licences, for Aberdeen, Ayr, Carlisle, Dundee, Scarborough and York received two or fewer local news stories filmed within the Licensed Area across 2022. It is notable that the Licensed Area of Scarborough did not receive any local news stories filmed there during 2022. In assessing the information provided by the Licensee, we are not satisfied that any of the 13 Licences listed above met their Programming Commitment with regard to significant local news stories, Ofcom does not deem the filming of an average of two or fewer stories in a Licensed Area per month sufficient to fulfil the Licensee's regulatory commitment. On average, this means the Licensee filmed a report in these areas, in the best case, every other week, which does not constitute significant local newsgathering, as That's TV Group recognised in its response. We are, therefore, not satisfied that the Licensee provided a "meaningful physical presence" in any of these 13 Licensed Areas detailed in the Introduction during 2022 (following the variation of the Licences), a key principle of the Licensee's local newsgathering commitment.

In the case of the 13 Licences detailed in the Introduction, Ofcom acknowledges that That's TV Group has outlined the total number of local news stories filmed within each Licensed Area, and that there has been an increase in 2023 in the total number of local news stories produced within each respective Licensed Area. However, for 2022, That's TV Group, on behalf of the Licensee, has accepted that it did not have a regular local newsgathering presence for much of the year. We also acknowledge That's TV Group created the role of "TV Journalist", to which it had alluded to in its 2021 licence variation proposal to Ofcom. That's TV Group stated that it considers the act of "researching a local story, raising questions, securing rights of reply and conducting and editing interviews" (the role of the TV journalist) to constitute significant local newsgathering. While this may in some respects contribute to local newsgathering, it would not satisfy the requirement by itself, particularly when these activities are being completed by journalists working remotely from outside of the Licensed Area. As we had clearly stated in 2021, a local presence would not be served by journalists working from home and collating local news items for feeding into other studios.

Ofcom acknowledges That's TV Group created the role of "Roving Reporter" having recognised a need to improve its local newsgathering approach.⁸ However, in reaching our Decision we took into account that the first "Roving Reporter" was not appointed until September 2022, which was on a trial basis and only for licences served by the Reading production base i.e. the Licensed Areas

⁷ In its annual returns submitted to Ofcom on 16 July 2023, That's TV Group confirmed on behalf of the Licensee the number of reports completed per month produced on the ground, rather than using remote video". In That's TV Group's 12 March 2024 response to Ofcom's formal request for information during the assessment of the 2022 annual returns, it set out the number of local news stories filmed on location in each Licensed Area during the year 2022, which differed from those submitted on 16 July 2023.

⁸ In contrast to its "TV Journalists", That's TV has explained that its "Roving Reporters" are tasked with collecting news footage on location from across a range of Licensed Areas in, for example, the South of England, to supplement the bulletins gathered and broadcast by its "TV Journalists".

covering Basingstoke, Guildford, Oxford, Salisbury, Southampton and Reading. Therefore, the implementation of "Roving Reporters" did not change our view of the Licensee's overall compliance over the relevant time period.

We acknowledge that staff turnover impacted the Licensee's ability to ensure that a local presence is maintained within each Licensed Area for the licences which no longer have a studio/main production base. However, it is the responsibility of That's TV to ensure it is meeting its Programming Commitments and has contingency plans in place to manage fluctuations in staffing levels.

Manchester production base

The Manchester production base covered five Licences, namely for the Licensed Areas of Carlisle, Grimsby, Scarborough, York and Manchester.⁹ Ofcom is not satisfied that That's TV took sufficient steps to ensure that significant local newsgathering was delivered in these Licensed Areas in 2022. That's TV Group set out, on behalf of the Licensee, that it had appointed two "Roving Reporters" to cover the Licensed Areas served by the Manchester production base. However, these "Roving Reporters" did not assume their roles until 2023 and 2024 respectively, and as such, there were no dedicated staff in each Licensed Area to ensure that a local presence was maintained.

During 2022, two stories were filmed in each of Carlisle and York, three stories were filmed in Grimsby, and no stories were filmed in Scarborough. Ofcom is therefore not satisfied that any of the Licensed Areas covered by the Manchester production base featured significant local newsgathering or for the calendar year 2022.

Glasgow production base

The Glasgow production base covered five Licences, namely for the Licensed Areas of Aberdeen, Ayr, Dundee, Edinburgh and Glasgow.¹⁰ Ofcom is also not satisfied that That's TV took sufficient steps to ensure that significant local newsgathering was delivered in these Licensed Areas for the calendar year 2022. During 2022, one story was filmed in Aberdeen, two stories in Ayr, one story in Dundee and four stories were filmed in Edinburgh. Ofcom is therefore not satisfied that any of the Licences covered by the Glasgow production base featured significant local newsgathering for the calendar year 2022.

Reading production base

The Reading production base covered six Licences, namely for the Licensed Areas of Basingstoke, Guildford, Oxford, Salisbury, Southampton and Reading.¹¹ Ofcom is also not satisfied that That's TV took sufficient steps to ensure that significant local newsgathering was delivered in these Licensed Areas for the calendar year 2022.

⁹ The Manchester Licence was not subject to this investigation due to the provision of a studio/main production base located within the Licensed Area.

¹⁰ The Glasgow Licence was not subject to this investigation due to the provision of a studio/main production base located within the Licensed Area.

¹¹ The Reading Licence was not subject to this investigation due to the provision of a studio/main production base located within the Licensed Area.

During 2022, 13 stories were filmed in Basingstoke, 25 stories were filmed in Guildford, eight stories were filmed in Oxford, 14 stories in Salisbury and 21 stories were filmed in Southampton. While the Licensee appointed a "Roving Reporter" to cover the Licences served by the Reading production base, this position was not created until September 2022, and as such, there were no dedicated staff in each Licensed Area to ensure that a local presence was maintained from April to September 2022.

While the Licences served by the Reading production base featured on average more local news stories filmed within the Licensed Area across 2022 than the Licences served by the Glasgow or Manchester production bases, for the reasons set out above, Ofcom is not satisfied that any of the Licences covered by the Reading production base received significant local newsgathering for the relevant time period.

Conclusion

Ofcom's consent to vary the Licences to amend That's TV's localness requirement was conditional on That's TV's commitment to maintain a significant local newsgathering presence in each of the respective Licensed Areas. For the reasons set out above, we consider that That's TV failed to maintain "significant local newsgathering" in each of the relevant Licensed Areas from when the Licences were varied in April 2022 and therefore failed to uphold its Programming Commitment to maintain a local presence during the relevant time period.

Our Decision is that That's TV did not maintain the character of the Licensed Service in each relevant Licensed Area and was in breach of Licence Condition 5(1) for the L-DTPS licences covering the Licensed Areas of Aberdeen (L-DTPS100727), Ayr (L-DTPS100728), Basingstoke (L-DTPS100231), Carlisle (L-DTPS100725), Dundee (L-DTPS100724), Edinburgh (L-DTPS000014), Grimsby (L-DTPS000001), Guildford (L-DTPS100232), Oxford (L-DTPS000008), Salisbury (L-DTPS100229), Scarborough (L-DTPS100087), Southampton (L-DTPS000007) and York (L-DTPS100089).

We acknowledge That's TV Group's representations, made on behalf of the Licensee, that the changes it has made to its approach are intended to ensure compliance with the Programming Commitment to maintain a significant local newsgathering presence, and therefore compliance with Licence Condition 5(1), in 2023 and going forwards. However, That's TV only began to take steps to reform its approach to localness from September 2022 (and which did not apply to all its Licensed Services) despite the Licences being varied in April 2022. This therefore does not change our Decision. Nevertheless, Ofcom will continue to assess That's TV's compliance through the annual return process and expects That's TV to keep its practices under review to ensure compliance.

Breaches of Licence Condition 5(1)