

Review of Regional TV Production and Programming Guidance

ITV plc Response

Executive Summary

The Regional TV Production and Programming Guidance continues to play a significant role in ITV's production decision-making as we seek to meet our Out of London quota. However, this guidance is part of just one regulatory intervention among many economic, political, regulatory and social factors which determine the structure and development of the TV production sector in the UK's nations and regions.

ITV's large scale and broad presence in the creative sector in the UK's nations and regions put us in a different league from other commercial broadcasters and online competitors: we do not simply meet a production quota; we make a sizeable investment in people, communities and the creative industries all around the UK. This includes our own productions made at hubs in Greater Manchester and Leeds, our investments in production companies and capital infrastructure throughout the UK, our 17 different regions and nations news services, the 2,151 ITV group employees outside London (nearly half our total UK employees), and our support to help local businesses grow through our regional TV advertising business.

At the same time, we capitalise on the global leadership position of London in television and some of the best opportunities in our sector which it would not make viewer or economic sense for us to ignore. As economic forces lead to the concentration and consolidation of media resource in a smaller number of companies and locations worldwide, London's pre-eminent global role means there are opportunities on our doorstep which enable us to make and offer top tier content to viewers in the UK as well as compete in global content and distribution markets.

Ultimately, ITV is a commercial company owned by its shareholders and competing in the global market for TV content and distribution. We must deliver a globally attractive rate of return to shareholders who can choose to invest in other media and other companies worldwide. We have become far more efficient as we face increasing competition in the UK from rivals who are subject to few regulatory obligations. We therefore run our operations with maximum efficiency and minimum cost in locations which make the most sense. We therefore constantly invest, produce and employ in the UK outside London *and* we make the most of the concentration of global film and TV talent in London.

We are subject to regional regulatory requirements, unlike most of our commercial competitors whose role in tying TV production to London is currently unclear. Our regional investment and involvement is underpinned by both quotas and the requirements of the market, and differs from publicly owned or funded Public Service Broadcasters whose considerations in supporting production in the nations and regions are different from ours.

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From our position as a commercial PSB producing in, commissioning from and investing in TV production throughout the UK, we believe that the existing Out of London arrangements and guidance strike a fair balance between the global concentration of production activity and skills in London and the encouragement of a vibrant, sustainable TV production industry in the UK's nations and regions.

The regional production quota system for PSBs depends inherently on the definitions set in the criteria; the quotas and the criteria are inter-dependent. Changing the existing criteria could change materially the cost of the quotas to broadcasters as well as affecting the TV production ecosystem in ways which are difficult to predict. Ofcom has also been clear that, in ITV's case, the benefits and obligations of our PSB licence are in balance – in other words, there is no remaining opportunity to increase PSB obligations on ITV. This is a substantive concern: we know from experience just how hard and expensive it can be to increase our Out of London activity beyond the existing significant level.

New production criteria aimed at increasing regional representation and portrayal would also be likely to increase the obligations on PSBs. Such mechanical criteria would interfere with already complex commissioning and scheduling arrangements to such an extent that we would be concerned that the best programme ideas might not always appear on PSB channels. We are able to achieve a wide range of portrayal of the UK nations and regions within the existing criteria, with both programmes classified as made Out of London (including *Coronation Street* and *Emmerdale*) and numerous programmes filmed on location outside London but classified as made in London (numerous examples include *Broadchurch*, *Endeavour*, *Grantchester* etc). The recently recorded increase in viewer satisfaction with representation and portrayal does not suggest a change is necessary.

We therefore conclude that the existing regional production and programming criteria should be maintained as part of a stable and well-understood regulatory intervention which supports the industrial policy objective of a TV production sector active outside of London. We are proud to be both a commissioner of and investor in production companies making content across the UK. The existing arrangements will continue to ensure the sustainability of TV production companies in the UK's nations and regions.

Introduction

ITV plc welcomes the opportunity to respond to Ofcom's Call for Evidence on the Review of Regional TV Production and Programming Guidance.

ITV has a substantial presence across the UK at a scale quite unlike any other commercial broadcaster or online competitor. It is important to be clear at the outset about the scale of the role that ITV plays in the regional TV and creative economy of the UK, alongside the other PSBs. Our investment and involvement in TV production in (and commissioning from) the UK regions and nations extends far beyond compliance with the regional production and programming quotas:

- In addition to the ITV Studios business which operates across the UK with hubs in Salford/Trafford and Leeds, ITV has made significant investments, and in many cases owns controlling shares, in a number of production companies ("labels") which operate in the UK's nations and regions with substantial operations outside of London. These ITV-owned labels operate with a high degree of autonomy, but ITV investment provides access to capital, back-office support and access to the global TV market through distribution. These businesses play a key role in supporting and strengthening the TV production sector and the creative economy in the UK's nations and regions.
- Across our offices in 43 UK towns and cities, we employ 2,151 people outside London. This is almost half our UK group employees. We offer a wide range of jobs and high-skilled contractor opportunities and an extensive range of training and development programmes with a major impact outside London.
- ITV provides 17 different high-quality, accurate and impartial nations and regions news services across the country which offer the only competition to BBC nations and regions news services. We spend over £70m each year on news and non-news programmes for the UK nations and regions, and employ over 650 people across the UK to make them.
- We run major operations for ITV companies and other customers from bases in Leeds and Greater Manchester. These include TV industry specialist services: Rights and Archives, Broadcast and Content Operations, Casting and Music, and equipment provider ProVision. Our Business Service Centre in MediaCityUK, Salford, houses a range of major finance, HR, legal and other services. In addition to this, ITV Sign Post, based in Gateshead, is one of the UK's main providers of on-screen sign language access as well as making deaf-led programming.
- We make a huge investment in the UK's creative economy, including major investment outside London. This is borne out by evidence. Our recent capital investments in the North of England total £86m over the last four years alone, and programmes such as *Coronation Street*, *Emmerdale*, along with many others, mean we are both a significant and a well-known TV producer and commissioner outside London.

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- ITV's regional advertising provides a unique platform for regional SMEs to grow their brands and businesses. Our offers allow them to reach potential customers only in their immediate area. Each year, ITV's regional sales teams work with over 1,000 brands across the UK, with around 300 of these each year either new to TV or returning after a gap of at least 3 years.

However, it is very important to also recognise the global economic forces that are tending to drive more and more concentration of media resource in fewer companies and locations globally. In particular, intensifying competition (driving a constant imperative to efficiency), global content commissions and global distribution opportunities online reduce the necessity for dispersed investment or numerous physical locations and infrastructure and increase the logic of scale and concentration.

In this context, it is clearly the case that London is a global centre for TV, film and entertainment talent both on and off screen. There are a limited number of such hubs globally and we are fortunate to have one in the UK since it creates opportunities in the TV and film industry for the whole country.

Ultimately, ITV is a commercial company which is owned by its shareholders and increasingly competes in the global market for TV content and for distributing that content to audiences. ITV has had to become far more efficient as we face increasing competition in the UK from rivals who face few regulatory obligations or restrictions, never mind obligations about where they make their programmes within the UK. Unlike publicly owned institutions, ITV has to deliver a globally attractive rate of return to shareholders who can choose to invest across media and other companies worldwide. Part of the way of doing this is to run our operations with maximum efficiency and minimum cost, locating operations where they make most sense.

Our approach has been to cluster operations out of London where it is commercially rational to do so, whilst at the same time making use of the global concentration of talent and expertise in London too, particularly for entertainment programming.

We believe that we have struck the most appropriate balance between in and out of London activities both for the UK as a whole and for our shareholders. We know from experience when we tried (and failed) to meet a higher out of London quota just how hard and expensive it can be to try to increase Out of London activity beyond the existing level.

Against this backdrop, it is very important to emphasise that the current rules for Out of London production are well established, well understood and working effectively. The big risk of change is that it creates costs that are not sustainable for commercial players in particular given that investments have been made on the basis of the existing and long-standing rules. Such changes could have as great an impact as changing the quotas themselves. In this context it is important to note that Ofcom has concluded a number of times in the recent past that ITV, in particular, is already delivering all the value in PSB output that it would be reasonable to expect in return for our PSB licences. In other words, there is not more value in ITV's PSB licences that could underwrite the costs of any significant additional PSB obligations. (see Ofcom's 2012 report [Licensing of Channel 3 and Channel 5: A report to the Secretary of State under section 229 of the](#)

[Communications Act 2003](#), and subsequent public statements, most recently [in March 2018](#)).

Responses to Questions

Questions about the TV production sector landscape

- 1. Which factors have, since the guidance was introduced in 2004, had the biggest impact (positive or negative) on the TV production sector in the nations and regions and why? Are these different to the factors affecting London-based productions?**
- 2. What impact, if any, has the BBC's move to Salford had on the sector, and on regional production specifically?**
- 3. Do the opportunities for nations' and regions' producers vary by genre? If so in which genres is it easiest and hardest to get commissions?**
- 4. What are stakeholders' views on the impact anticipated future structural changes in the industry might have on the production sector in the nations and regions?**

As Ofcom's own analysis suggests, there have been significant changes affecting the TV production sector in the nations and regions, and more widely, since 2004. In 2004, a substantial minority of households still only had analogue TV, broadband had very limited data capacity and there was little in the way of online TV. The changes in the market since then have been profound. These changes have been narrated each year by Ofcom itself in its various Communications Market reports.

However, in the current context, we consider that the following have had significant impact, and Ofcom's own review and research is likely to provide the relevant evidence:

- **Increasing Global Competition:** Even though PSBs continue to play by far the most significant role in commissioning new programming, international entrants such as Netflix and Amazon, and multichannel broadcasters such as Sky, have increasingly commissioned high-budget UK content. This has created greater competitive pressure in the TV production market which is reflected in increased prices (production costs). This has affected the industry in both London and in the nations and regions, although international entrants and non-PSBs are not subject to regional production quotas; this allows them greater flexibility than PSBs in selecting opportunities across the whole UK.
- **Tax credits:** There has been rapid growth in the use of Corporation Tax reliefs for the creative sector (Film – introduced in 2006-07, Animation – introduced in 2013-14, High-end Television – introduced in 2013-14) as shown by [HMRC data](#). Claims for High-end Television (HETV) Tax Relief covered total expenditure of over £1.1bn by June 2016 following its introduction in 2013. These schemes have increased investment in production in the UK, which has in turn inflated production costs for TV and film.

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- Declining value of the PSB licence: The transition from analogue to digital TV in the UK significantly reduced the value of the commercial Channel 3 licences. Ofcom's work through successive PSB reviews has accepted that it is appropriate for ITV's PSB obligations to fall in parallel with the decline in value of the licences. The changes to licence obligations have included a reduction in ITV's out of London quota from 50% to 35%.

Recent political agreement on a new EU Audiovisual Media Services Directive may increase demand further for UK productions. This is because a minimum of 30% of the catalogue of Video-On Demand (VOD) services offered in the EU will in future have to consist of European Works (no minimum is set in the current Directive). UK works will count as European Works even after leaving the EU, and works in English have particular value because they can be shown more easily world-wide. This increased demand for UK productions represents a great opportunity for UK producers, regardless of their location within the UK.

Ultimately, however, competitive pressure in a globalising TV economy is not going to lessen and the imperative to make programming and spend money where it makes the greatest economic sense is unlikely to wane. In some cases this will be out of London and in other cases it may be within the M25. Ultimately, it may be that in future the publicly funded and/or owned PSBs will need to do more than other commercial PSBs such as ITV to bear the cost of spreading commissions and programme making across the UK. This is something that Channel 4 has already volunteered to increase doing over time.

Questions about the criteria as a whole

22. Are the three criteria used to define a regional production for the purposes of the quotas the correct ones or are there other factors that should now be included instead/ as well?

23. How well do the criteria collectively contribute towards the sustainability of the production sector outside of the M25?

24. Are there any unintended consequences of the criteria or guidance more widely that undermine the sustainability of the sector beyond the M25?

25. Are the criteria too narrow? For example, are there cases of nations' and regions' productions that fail ultimately to qualify towards the regional production quota?

26. Is the criteria-based approach the best for regulation in this area, or are other models that might work better?

The existing regional production criteria are very well-established and are operating effectively. They are also well understood within ITV and the broader industry. We take significant time and effort to ensure we operate within them.

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The criteria are operationally effective and affect our decision-making: significant production decisions about location and investment are made based on them. They do affect ITV's production practices to the benefit of a sustainable production sector outside the M25. In particular, we set requirements on producers to ensure that particular programmes meet the regional production criteria and are classified as Out of London. This is necessary because of the significant amount of planning required to ensure that ITV meets its regional production targets.

We recognise that there are occasional examples of productions that appear to be classified counter-intuitively. Examples from the [2016 Made Outside London Register](#) include snooker from Sheffield appearing as a Scottish production and World Cup qualifying football matches played at Wembley appearing as a Southern England (Out of London) production. These productions are not evidence that something is "wrong" with the existing criteria; they demonstrate that PSBs are taking production decisions in ways which actually support regional productions, especially in cases where events inside the M25 become productions which use resources from elsewhere in the country, but also in cases where resources move between other regions. This is evidence of the system working effectively to build up production resources out of London that are capable of competing nationwide for work.

We note Ofcom's suggestion that the review might lead to substantive changes to the existing guidance but that this is likely to centre on "*how the existing quotas are delivered*" (paragraph 1.11). We cannot see how a substantive change to the guidance could leave the burden of the existing quotas intact and unaffected: the definitions used for the regional production criteria cannot be considered in isolation from the level of the regional production quotas for broadcasters who are already subject to them; these are two sides of the same coin. It is critical that any changes to the guidance do not have the effect of creating cost that could be as onerous for ITV as a change in the quotas themselves. This is particularly important given the way in which we inevitably have to structure operations and productions in practice to meet the guidance.

Given that Ofcom considers the benefits to ITV of being a PSB are broadly in balance with the costs, as mentioned above, it is logical that any policy objective to move more production activity out of London or into specific regions would be best pursued explicitly via quotas under the existing criteria, rather than covertly via the definitions. This would avoid the risk of unintended consequences in relation to a regime on which substantial investment decisions have been made. Such an approach would also make it easier to target any increased obligations, for instance so they applied only to additional publicly funded/owned players (who do not have to make a commercial return).

Questions about the production budget criterion

11. Is the production budget criterion set at the right level?

12. What challenges do producers face in meeting this criterion? Do these differ depending on the substantive base of the production?

13. Does this criterion currently create any unintended consequences?

14. We welcome any evidence/data of how production budgets for nations' and regions' productions work in practice.

The production budget criterion (minimum 70% of relevant budget) is set at an appropriate level. In scripted drama, it is already challenging to meet a 70% criteria for one-off programmes and short series. This is because much off-screen talent, particularly directors, remains concentrated within the M25. The director's fee is a substantial part of the relevant cost, and the director's contract often also requires post-production editing in a particular location which is convenient for the director – often because it allows a director to follow up on other potential projects at the same time. This is also usually within the M25. When all the dependent expenditure is calculated, it is often difficult to reach a 70% Out of London budget.

A key point here, however, is that the current approach in the regime is less about attempting to use regulation to try to recreate the scale and concentration of the TV industry in London elsewhere in the UK too but rather about seeking to harness London's competitive advantages to create benefit for the whole UK creative economy. This approach is pragmatic and economically realistic and it has helped to build a TV production industry outside of London. In our experience, the flexibility in the current guidelines has helped broadcasters and producers to work together to manage out of London production on a sustainable basis, something that Ofcom acknowledges in the Call for Evidence. This is an approach which continues to make a lot of sense despite massive changes in the industry since 2003.

Of course, the reverse also applies – there is no bar from using people and resources from outside the M25 for productions which are classified as made in London, though we get no credit under the current arrangements for doing this.

Questions about the off-screen talent criterion

15. Is the off-screen talent criterion set at the right level?

16. How easy or difficult is it for programme makers to fulfil the current criterion?

17. Is there a representative spread of nations' and regions' talent at all levels available to hire? Are there certain roles where it is not possible to fill from within the nations and regions alone? If yes, which roles and what impact does this have on production budgets?

18. Do broadcasters give producers the flexibility to employ the staff they want regardless of location?

19. Which roles, if any, are most often prescribed by the broadcaster? Does this vary by genre?

20. Does this criterion currently create any perverse incentives?

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21. We welcome any evidence to suggest whether the distribution of off-screen talent and the range of skills available has changed since this level was set in 2004.

There is no doubt that there is a stronger pool of off-screen talent now than there was in the early 2000s. Where we make use of the off-screen talent criterion to determine whether a production is made Out Of London, we do find it more labour intensive to monitor than the other criteria, because it means we need to analyse, rather than just record, the relevant details of people working on a production where there is any question about whether it qualifies as out of London. This can be particularly challenging in the case of freelance staff engaged by third party producers.

Our producers do report that they make some hiring decisions based on the location of off-screen talent in order to ensure that a production can be classified as Made Out Of London, and in some cases they do have to choose less qualified candidates over better qualified candidates. We do not keep data about this because we have no particular business use for the information.

There does, however, continue to be a particular concentration of off-screen talent in the London area, something that has probably been reinforced by the massive demand from film and TV producers there after the introduction of tax credits. Although people may be willing to work on location Out of London, this does not help to meet the off-screen talent criterion. We understand from our own market intelligence that an “on location” model with London-based staff is often used by companies which do not have to meet regional production quotas. This operates as something of a counterbalance to efforts to encourage off-screen talent to move outside London.

Where off-screen talent is available outside London, our experience is that a major film or drama production by one player can engage the vast majority of off-screen talent available in a particular area, since they supplement the staff working on location from London. We have on some occasions rescheduled filming outside London because local off-screen talent was essential (for us to meet the off-screen talent criterion) but unavailable. The fact that we rescheduled rather than using available talent from within the M25 is a further indication of the effectiveness of the current criterion and the potential cost of the regime.

Questions about the role of London in the *regional production process*

27. In your experience, how big a role does London play in nations’ and regions’ productions and in what way?

28. What benefits/disbenefits do you consider ‘Lift and Shift’ production brings to the nations and regions? We would welcome case studies/examples of ‘Lift and Shift’ productions.

29. Does ‘Lift and Shift’ help or hinder the sustainability of production in the locality of a production and in the nations and regions more widely?

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30. Are there different parts of the production process which are more likely to happen in/out of London?

Despite the BBC's move to Salford in 2012, our experience is that experienced [X] staff are mostly concentrated in the London area. Very few [X] shows have been made outside of London for more than 10 years and this has led to a lack of off-screen talent outside London with [X] experience, including [X]. The BBC have been better able (financially) to blaze a trail here in recent years and so there is now a little more [X] resource in Manchester.

'Lift and Shift' is on balance helpful for regional production. It allows the creation of new centres of production which can then compete for further work. [X] is an example of a long-running production which has for many years been produced out of [X] and which has helped build the capacity and sustainability of the production company in [X]. On the back of that success, we have moved [X] in its entirety from London to [X]. [X]

We are currently in the process of moving [X] from London to [X] for its next season, driven by long term planning to ensure we can continue to meet the out of London quota. This move is very much still in progress [X]. However, for example, we have found that [X]

[X] Without the flexibility to do this under the current rules, it would not be possible to relocate the programme at all. This is a good example of how we are making very long term decisions and commitments, involving changes which touch the lives of many people, on the strength of the current Ofcom Out of London guidelines.

[X] One particular issue we have come up against is the fact that London is such a well established hub for [X] that there is plenty of work available and an attractive range of things people can work on. Freelancers particularly can be constantly in work and in demand on a wide variety of shows in London. By contrast, [X]

In some cases, we are limited to producing [X] programmes in London and the South East for other practical reasons. These include:

- Venues: [X]
- On-screen talent availability: [X]

Further information on representation and portrayal

31. We would be interested in receiving evidence or case studies from stakeholders which could develop our understanding of the contribution that regional productions currently make to representation and portrayal of the nations and regions in order to gain a sense of the scale of this consequential benefit.

Ofcom has found that 63% of PSB viewers agreed with the statement "*it [PSB programming] portrays my region/nation fairly to the rest of the UK*". This level of agreement had increased by 7 percentage points since 2015. (PSB Annual Research

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Report 2017, p.3). This evidence does not support a claim that there is a problem with representation or portrayal.

Ofcom sets out a clear view in its Call for Evidence that the regional production requirements are principally industrial policy interventions to support and strengthen the TV production sector and creative industries, and that Ofcom does not consider on-screen editorial output to be core to the intention behind the regional production intervention (paragraphs 3.1 and 3.2). We agree; the quota has always been about industrial policy, not portrayal, though this clearly can be a happy by-product of a programme made outside of London.

Making changes to the criteria to include portrayal would change fundamentally the character of the regional production criteria in a way which would likely increase without justification the obligations on PSBs. More specifically, it would make it significantly harder for ITV to manage its commissioning and scheduling by over-laying an additional requirement that could actually be hard to meet in ways that may not always result in the best viewer experience. So, for instance, mechanical obligations to represent particular areas of the UK in defined proportions would be such a significant interference in our freedom to commission the best ideas wherever they come from that we would have real concerns that the best ideas might not always appear on PSB channels, in favour of meeting a representation target. The likely winners would be Sky, Netflix and Amazon.

Clearly, if portrayal obligations were introduced as an alternative requirement to the current regime, it would change (and reduce) the nature and amount of the support which the regional production criteria currently provide to the creative sector in the nations and regions.

We agree with Ofcom that portrayal may well be delivered by regional productions. The longevity and popularity of *Coronation Street* and *Emmerdale* demonstrates the extent to which portrayal is achieved within the existing regional production criteria. Equally, from the 2016 Made Outside London register, drama such as *Vera* (set in the North East) or *Cold Feet* (North West) also portray and represent strongly the nations and regions. However, other productions which provide strong and recognisable portrayal of the nations and regions do not meet the regional production criteria and count as Made in London, for example *Broadchurch* (set and filmed on the Jurassic Coast), *Endeavour* (Oxford) and *Grantchester* (Cambridge).

Questions about the process for allocating productions

32. Does the process by which productions are allocated to a nation or macro-region work well in practice, or are there any other approaches you think we should consider instead? E.g. allocating proportions of one title to the different areas in which it was made.

33. Where a production has met the three criteria in different nations/ macro-regions the allocation defaults to the substantive base. Is this the right approach or does it deliver unintended consequences?

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34. Is there anything else we need to take into consideration here? E.g. are the current nations and macro-regions the right areas to use for allocations?

The process for allocating productions to regions is already sufficiently complex, and it is not clear that further complexity would add value. In the case of large productions involving a significant budget and workforce, the monitoring arrangements add to the work of the production team. Ofcom should require significant additional benefit to be demonstrated before changing the existing arrangements.

Given that the key distinction in the production quota for ITV relates to productions made Out Of London compared to programmes made inside the M25, the reporting arrangements already provide a greater level of detail than is required for Ofcom to assess whether the numeric out of London requirement is met.

Questions about *regional programming*

35. Are the on-screen criteria used to judge regionality appropriate, or are there other factors that should now be included instead/as well?

36. Are the three criteria used to determine whether a regional programme was made in the area for which the service is provided appropriate, or are there other factors that should now be included instead/as well?

37. Are there any other aspects of the regional programming section of the guidance which require more detailed review?

The holders of the Channel 3 licences (ITV, STV and UTV) spent £81m on new UK programming for the nations and regions in 2016, which was the highest level of investment since 2012. (Ofcom PSB Annual Research Report 2017, p.25)

The existing criteria for defining regional programming are not ideal but are adequate for the purpose for which they are required. Additional or different requirements would increase the cost of regional programming at a time when Ofcom has already recognised that there is no additional value within the PSB licences to accommodate increased costs. Given that nations and regions news markets are already showing significant signs of commercial strain, it would be a mistake to make moves now to make nations and regions TV news more expensive and less viable for ITV.

ITV continues to provide 17 high quality, accurate and impartial news services across the nations and regions, providing the only competition to BBC TV news in the nations and regions. Ultimately, the key measure of our ability to do this effectively with a real focus on the particular nation or region is whether journalists report from within and on matters relating directly to the region, rather than the production location as defined by the criteria. Ofcom already accepts this in relation to ITV Border, where the regional news programme is actually produced in Gateshead based on reports from journalists in Cumbria, the Scottish Borders and Edinburgh.

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It is also the case that Ofcom accepted (via clear licence amendments in 2014) the freedom of ITV regional licensees to share some content between nations and regions in limited quantities, in the viewer interest.

Questions about reporting and compliance

38. What is useful about the current 'Made outside London programme titles register' and why?

39. Are there ways in which the Register could be improved? If yes, how?

40. Is there additional information which could be included in the Register to aid transparency?

41. Are there any other ways in which we could improve the transparency of our reporting?

42. Are there other issues stemming from the guidance that are not addressed in this Call for Evidence? If yes, please set out what they are.

ITV provides information for the 'Made outside London programme titles register' but has no particular use for the information included in the publication.

If there is a need for greater transparency about the programmes included in the register, we believe this should be based on information which we already supply to Ofcom, and the reporting requirements should not be increased. Ultimately, significant additional reporting or auditing requirements are likely to place material additional burdens on Out Of London producers and actually disadvantage them versus their competitors in London who would not be subject to accountability requirements from broadcasters in the same way. It would be a mistake to do anything to make Out Of London productions either more difficult or more expensive, as a result of additional audit or other costs.

For reasons of commercial confidentiality, Ofcom should definitely not publish information about the cost of productions in the register.

Conclusion

ITV's contribution and commitment across the UK nations and regions is substantial and stretches way beyond our licence requirements in a world where the globalisation of TV is driving more and more concentration in the interests of achieving scale and efficiency. The regional production and programming criteria are part of a wider and more complex array of regulatory conditions, history and business practices which together underpin ITV's unique regional approach to commercial broadcasting.

The current regime strikes a balance between the global concentration of production activity and skills in London, and the maintenance of a sustainable TV production industry in the UK's nations and regions. This is built in large part upon the existing quota and regional production criteria, which are inter-dependent and impose

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requirements only on the UK's PSBs as part of a PSB compact. Ofcom's assessment has hitherto been that the benefits to ITV of being a PSB are broadly in balance with the costs of delivering our public service obligations. It is important to point out, however, that there are currently no requirements in relation to out of London production on ITV's non-PSB commercial competitors—whether broadcasters or OTT players—who have large budgets. Their role in anchoring the UK production industry to London is not entirely clear, but perhaps Ofcom's own research may make it clearer.

In these circumstances, a reform of the regional production and programming criteria as they apply to ITV appears more likely to upset the existing balance of investment in the nations and regions, than lead to significant further establishment of the TV production industry outside London. We are proud to be both a commissioner of and investor in production companies making content across the UK and believe that the existing arrangements will continue to ensure the sustainability of TV production companies in the UK's nations and regions.

ITV Policy and Regulatory Affairs
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