



# Communities and Culture Committee

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## Phase 2 of Ofcom's Review of Public Service Broadcasting - Evidence for Committee Inquiry - ITV plc

### 1. Introduction

1.1 Since ITV appeared before the National Assembly for Wales in 2008, there have been significant changes in broadcasting and ITV welcomes the opportunity to submit evidence to the Communities and Culture Committee.

1.2 Following the recommendations of Phase 2 of Ofcom's Public Service Broadcasting (PSB) Review, which was published on 21<sup>st</sup> January 2009, ITV regional news has been restructured, seventeen flagship news programmes have been reduced to nine with a substantial number of sub-regional opt-outs. Wales retains a stand-alone National news service and in 2009, ITV Wales will produce 4 hours of national news a week, including the flagship news programme Wales Tonight and its bulletins throughout the day and at weekends. ITV Wales also produces 1½ hours of non-news programming, which is mostly current affairs and a weekly arts programme. There is no guarantee that the present situation will carry on beyond 2010, which Ofcom reiterated in their PSB Review.

1.3 ITV wishes to continue broadcasting regional news but it has to be commercially viable.

1.4 This year, ITV is facing one of the most severe economic challenges in its history. In the first three months of 2009, advertising has declined by 20% and ITV has recently announced 600 redundancies. This is in addition to the 430 redundancies that were made last year due to the re-structure of the national and regional news services.

### 2. News in the Nations and Regions

2.1 ITV agrees with plurality of voice in news coverage and has supplied this for over 50 years in Wales with a regular National news service.

2.2 The Ofcom PSB Review and Lord Carter's Digital Britain Report outline various options for the sustainability of regional news in the future.

2.3 ITV is currently looking at all the options available and discussing with all possible partners and interested parties.

2.4 One of the options would be a partnership with the BBC to help deliver cost savings for regional news on ITV1. On the 12th of March, ITV and BBC signed a Memorandum of Understanding and will continue to discuss possible ways they can work together, aimed at securing a long-term future for regional news. Both ITV and BBC have stressed that a final agreement would need to maintain the editorial plurality of the news services and ensure the journalistic integrity of both broadcasters is preserved. In Wales, news teams could be co-located at a single broadcast site in Cardiff by 2015, although gallery and studio facilities would remain separate.

Such a partnership would offer valuable but modest cost savings to ITV's regional news: the partnership proposed by the BBC would generate a maximum of 7.1 million of annual savings to ITV by 2016, with savings starting from a very low level (around 1 million to 2 million per year) in 2011 and 2012. The partnership would also raise serious editorial concerns around the scheduling of ITV's regional news bulletins.

We have, therefore, reached the conclusion that the benefits of a BBC partnership would not be sufficient in itself to provide a viable, guaranteed future for news in the Nations and English regions. A new mechanism is, therefore, needed to reflect the market reality that ITV cannot guarantee a regional news service for the longer term.

2.5 Ofcom have suggested a contestably-funded model. This could mean that ITV would provide slots for news within its schedule, while the news programmes would be provided by a third party, which would be chosen by a contestably-funded process. We have noted with interest Ofcom's proposal for a new contestable funding arrangement for regional news from 2011, and we believe that Government should take rapid steps to implement it. Indeed, given the economics of ITV's Channel 3 licences, we believe that Government should consider implementation even more rapidly than Ofcom suggests - from as soon as possible in 2010.

2.6 There is also an option suggested by S4C. Under this option S4C might appoint a news provider for an English language news service for whichever channel is the agreed carrier, probably ITV. ITV has had some discussions with S4C regarding their proposal, outlining their interest to address the issue of sustainability and plurality in the context of PSB in Wales. ITV and S4C have worked together for a number of years on successful programmes and projects and welcomes S4C's interest.

2.7 ITV is currently working with a number of different parties for a potential framework. However, while there are a number of options

in which contestability might apply, ITV believe the continuing use of ITV's current journalistic and news gathering resources and skills are likely to contribute to any successful model. The success of regional news on ITV1 has been underpinned by its quality, sustained over many years. In commissioning any news service under contestability, ITV would want guarantees on quality in a number of areas. ITV see the deployment of ITV's current resources, possibly engaged by or supplied by a third party, as perhaps the clearest way of providing this guarantee.