



**National Assembly for Wales
Communities, Equality and Local Government
- Task and Finish Group on Media in Wales -**

Submission by ITV Wales

ITV Wales is pleased to contribute to the Welsh Assembly's inquiry into the future outlook for the media in Wales.

The current Channel 3 licences¹ expire on December 31, 2014. We set out below ITV plc's thinking in relation to its desire to remain a public service broadcaster beyond this date in a way that makes economic sense for ITV.

We hope this paper will help to inform the committee's considerations relating to the provision of media plurality in Wales.

Introduction

It is a critical time for broadcasting in Wales where many key questions – economic, cultural, technological and regulatory – are demanding an answer.

ITV plc understands that Wales has unique requirements when it comes to public service broadcasting (PSB) in the UK. There's recognition that Wales has its own distinctive dual language culture, identity and devolved political imperatives.

ITV has a proud record of making programmes in Wales. Even in today's tougher and more competitive climate we want to find a way to continue to support them on a sustainable, commercial basis.

Under the old analogue system of broadcasting, ITV's significant but otherwise uneconomic PSB contribution - including its extensive programming within Wales - was supported by access to analogue broadcasting spectrum worth many millions of pounds.

But in today's digital multi-channel world where the explosion of online, mobile and social media has dramatically changed the ways people are consuming news, information and entertainment, things are far less straightforward.

Simply expressed, the value to ITV of analogue spectrum fell dramatically whilst the costs to ITV of PSB obligations often did not. It is a graphic example of the way in which regulated markets, in this case digital television, can outpace the ability of legislators to keep up.

¹ The 11 regional English and Welsh licenses are currently held by ITV Broadcasting Limited (a wholly owned subsidiary of ITV plc). The national Channel 3 breakfast licence is currently held by ITV Breakfast Ltd (a wholly owned subsidiary of ITV plc). On 18 October ITV plc announced that it has entered into an agreement with Yattendon plc to acquire Channel Television subject to the approval of the Jersey Competition Regulatory Authority. The two Scottish licences are held by STV Central Ltd and STV North Ltd, both subsidiaries of STV Group plc ("STV"). The licence in Northern Ireland is held by UTV Ltd ("UTV").

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However, ITV wants to find a way to continue to provide a news service for Wales (and for the English Regions) in a way that makes economic sense for ITV.

Today, with a new senior management team in place at ITV plc and with our five-year Transformation Plan providing a clear vision for the future, we are eager to continue to serve audiences in Wales with high-quality, well-resourced independent and impartial news and current affairs that competes with the BBC.

This objective is part of our “One ITV News” strategy, in which we have invested considerably, to produce high quality news services on television, online and mobile.

We have a desire to continue to improve and enhance our news services, but at a level of cost that ITV can commit to over the long term.

ITV Wales

ITV Wales has made, and continues to make, a significant contribution to broadcasting in Wales. Amid the debate over the effects of the public sector cuts on Wales’ other public service broadcasters, this may have been overlooked.

We employ nearly 100 people - producers, correspondents, reporters, journalists, technical and support staff - many of whom operate from our digital, multi-skilled newsroom in our headquarters at Culverhouse Cross, Cardiff. Journalists also work out of ITV’s offices in the National Assembly for Wales, Colwyn Bay, Carmarthen, Caernarfon and Swansea University.

ITV Wales delivers four hours of news and 90-minutes of non-news programmes – most of them in peak or shoulder peak – every week on ITV1 Wales.

Wales Tonight, our flagship news programme, and our other news bulletins across the day reach a million viewers every week.

The current affairs strand *Wales This Week* and factual series such as *The Ferret* and *Fishlock’s Wales* are also important parts of the schedule, delivering distinctive ITV programming to significant audiences. We also provide comprehensive political coverage in *Sharp End* with political editor Adrian Masters. The annual *Welsh Politician of the Year Awards* are an established part of the calendar.

ITV Wales also provided bespoke coverage of the 2011 *Rugby World Cup*, reflecting ITV’s approach in televising a major global sporting event for audiences across the UK and, in Wales, tailoring coverage to the needs of audiences here. This combination was highly popular with viewers in Wales with record audiences throughout the tournament.²

Significantly, these programmes all appear on ITV1 - one of the two major mass audience channels in the UK, home to *Downton Abbey*, the *X Factor* and *Coronation Street* – providing impact and reach for ITV Wales output.

² Coverage of the semi-final match between Wales and France on 15 October delivered a resounding 88% peak share audience on ITV1 Wales – 918,000 viewers.

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ITV Wales is also the producer of high quality Welsh language programmes for S4C such as the current affairs series *Y Byd Ar Bedwar* and *Hacio*. We are eager to broaden our programme offer to S4C, underlining ITV's commercial and creative ambitions in Wales.

Channel 3 Licences

The future make-up of the UK's valued PSB system and how this will impact on Wales in 2014 when the current Channel 3 licence expires is a key issue.

In its recent statutory advice to the Culture Secretary on the Channel 3 licences³, Ofcom put forward three options for consideration: renewal; extension; or re-tendering.

Ofcom said that regulatory certainty may help to provide the stability that would enable broadcasters to take creative risks and make the investment to support PSB delivery. ITV is in full agreement with that.

We also note Ofcom's analysis that "in the medium term licence renewal is the approach most likely to ensure the continuing delivery of the key public service objectives of supporting investment in original programming and news provision".

ITV is an important contributor to the UK creative economy and the country's largest commercial investor in UK television content. We're making long-term investments in content and technology to help transform the company to meet the challenges of the highly competitive and fast-changing world of digital media.

We're also a significant exporter of UK programmes to broadcasters around the world and we plan to increase international sales and presence.

In order to enable us to sustain these investments – and to continue to provide effective competition to the BBC and BSkyB - we're asking Ofcom and the UK Government to provide longer-term certainty for commercial public service broadcasters through sustainable licences that reflect the market we are in today.

The starting point is self-help. We are now a year in to our Transformation Plan. Our vision is for a lean ITV that can create world class content, provided across multiple platforms - both free and pay – and sold around the world.

News Plurality

Part of this vision is the continuing importance of news in the nations and regions of the UK. Another crucial part of ITV's contribution to the UK as a whole is its role in ensuring plurality in the provision of high quality, impartial and widely accessible news.

ITV is the second largest news provider in the UK, investing over £100m a year in national, international and regional news and uniquely placed to provide choice for consumers and competition for the BBC and Sky.

³ [advice requested by the Secretary of State for Culture, Olympics, Media and Sport](#)

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The Government's plan for the development of Local TV stations is an interesting new development in the UK broadcasting ecology. However, for the foreseeable future there will clearly still be a public policy case for:

- high quality, commercially-provided, impartial nations and regions news;
- offering well resourced professional journalism;
- reaching large audiences;
- providing an alternative voice to the BBC; and
- covering all of the UK - including services for Wales, Scotland and Northern Ireland.

Channel 3 nations and regions news services continue to serve large audiences across the UK and compete head-to-head with the BBC. In 2010 the 6 pm regional and nations news programmes on ITV1 secured an average of nearly 3.3 million viewers – an average 18% share of the audience at that time.

Ofcom's figures show that over 80% of people believe that it is important for there to be more than one provider of regional/nations news, and that figure rises to 90% in the devolved nations.

We know that guaranteed plurality in high quality news services is highly valued by viewers and will continue to be an important part of the UK democratic process for the foreseeable future.

Next steps

Over the coming months ITV will be continuing discussions with the UK Government and Ofcom regarding the Channel 3 licence proposals as we look beyond 2014.

ITV believes that decisions relating to the commercial PSB licences should be a key priority for the UK Government to ensure that the guaranteed free provision of key existing regional and national TV news services for viewers in all parts of the UK continues.

In Wales, this would mean the continuation of a highly valued television service that has been part of the lives of audiences for the past 50 years.

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