department for
culture, media
and sport

Local TV

Summary of responses to the Local Media Action Plan

June 2011

improving
the quality
of life for all

Our aim is to improve the quality of life for all through cultural and sporting activities, support the pursuit of excellence, and champion the tourism, creative and leisure industries.

Local TV

Introduction

1. In January 2011, DCMS published a Local Media Action Plan[1] setting out options for the creation of a new network of local television services. This plan followed the Shott Review published in December 2010[2] which looked at the conditions necessary for commercially viable local TV to emerge in the UK.

2. The Local Media Action Plan invited expressions of interest from groups and organisations that had an interest in providing a network channel that would carry and support local services. In addition, DCMS invited comments and views on a range of other questions around provision of local TV.

3. In total, DCMS received 140 responses to the action plan. This was made up of 21 expressions of interest in operating some form of network channel (ranging from centralised models to not-for-profit models to locally owned models); 43 expressions of interest in providing a range of local services; 5 expressions of interest in providing nations-based (i.e. Scotland, Wales, Northern Ireland specific) services; and 71 responses offering comments on the local TV policy proposition more generally.

4. A summary of the responses are set out at Annex A. A list of those who responded is set out at Annex B.

Key considerations in determining the Local TV model

5. The Secretary of State's objectives for local TV are a key part of the Government's localism agenda. Our aim is to help create a market, that does not currently exist in any significant form, by putting in place the necessary incentives and measures that allows genuine local voices to emerge. These local voices will supported by a local regulatory framework. The DCMS business plan commits to licensing the first services in 2012 with 10 to 20 services licenced by 2015.

[1] http://www.culture.gov.uk/consultations/7720.aspx

[2] http://www.culture.gov.uk/publications/7655.aspx

6. In addition to the responses to the action plan, in determining the right model of local TV in the UK, DCMS has also been looking at a range of key factors:

   (a) Technical capacity and feasibility: this rests on utilising spectrum for broadcasting and utilising or building the necessary digital terrestrial television multiplexes. The spectrum options under consideration are reserving capacity on an existing public service broadcasting national multiplex or acquiring sufficient geographic interleaved spectrum to build a number of local multiplexes. There are a range of costs associated with spectrum acquisition, engineering and operation of multiplexes, that we need to take into account.

   (b) Affordability and localisation: the scope of engineering required, the costs including opportunity costs and localisation around DTT transmitters.

   (c) Commercial viability: DCMS is considering the balance between the funding secured through the licence fee settlement and the inherent operational costs with any framework model for local TV, together with the scope for commercial revenues to offset these costs and allow local TV to be sustainable in the longer term.

   (d) Legislative and regulatory requirements and the impact of these: any interventions in the market through new legislation (either primary or secondary) and any resultant regulatory matrix that will be put in place and the scale of the impact this may have on existing businesses or the market as a whole.

   (e) Timetable and implementation: DCMS has committed to first licences being awarded in 2012; therefore the framework will need to be deliverable within this timeframe.

<u>Next steps</u>

7. DCMS is now drawing together its analysis of the responses with the key factors to help shape the Local TV framework and identify what legislation is necessary to achieve this.

8. DCMS expects to publish a policy statement during July 2011 that will set out expected timescales and processes involved, including when organisations will be asked to take part in any formal awards process.

9. Any queries or comments in the meantime should be sent by email to: local.tv@culture.gsi.gov.uk

ANNEX A

SUMMARY OF RESPONSES TO THE LOCAL MEDIA ACTION PLAN

Summary of what we asked for

1. In order to understand better how the market would deliver a network of local television services for the UK, DCMS set out the technical and regulatory options available and asked for expressions of interest and indicative proposals for running a new network channel that would support local television services. Specifically, we asked expressions to include:

    - a vision statement (outlining the type of service they would offer);
    - an indicative business plan (which set out the preferred local TV model, timescales involved, technical understanding, financial assumptions and how the services would be commercially viable); and
    - an illustrative schedule (listing the type of content that would be provided by the network).

2. This process was designed to test whether the network channel model is the right one to pursue and to hear what potential bidders thought of this and what interventions were required of Government.

3. DCMS also asked for views and suggestions on the relationship between the local services and any affiliate company and how the devolved nations might be served.

Summary of responses

4. The expressions of interest and consultation responses produced a wide range of opinion about how local television could be delivered in the UK. The vast majority of responses were supportive of the principle of Local TV.

5. Around a third of the expressions of interest were for some form of a network channel. Proposals ranged from a centralised commercially run network centre, to not for profit networks, to a network channel owned by the local services outright.

6. Around two-thirds expressed an interest in providing local services and some argued against a strong dominant network centre.

7. In terms of who would appoint the local services, some respondents suggested it should be for DCMS or Ofcom to decide whilst others supported an approach which allowed the network channel to control and contract with any local affiliates.

8. It was noted that the economics for Local TV were challenging and whilst some expressions of interest agreed with the prospect of the network channel achieving national advertising revenues of £15m, as set out in Nicholas Shott’s assumptions, others believed this was too optimistic and that Local TV would rely more on local advertising revenues.

9. Many responses recognised the significant costs involved in trying to deliver local television via Digital Terrestrial Television (DTT) and the importance of achieving a high number on electronic programme guides across all platforms, especially if the model was a national affiliate one. Options which required high income and a network spine stated a need for the channel number 6 in order to make their business model work.

10. There was little consensus about whether the preferred DTT solution should be utilisation of capacity on a public service broadcasting (PSB) multiplex or utilising geographically interleaved (GI) spectrum for a number of new local multiplexes. Around half of the expressions of interest suggested that if it was possible, both options should be made available.

11. Many responses were also in favour of Local TV being made available on cable, satellite and Internet Protocol Television (IPTV).

Expressions of interest and suggested Local TV models

12. A variety of different models for local television were put forward in the expressions of interest DCMS received. The following gives a brief outline of some of the models proposed:

- A new commercial public service channel supporting 39 local TV stations across the UK. Broadcast on channel 6 across DTT, satellite, cable and online. This model would rely on national advertising revenues. The national network would be owned by a mix of local partners, strategic investors and financial investors; the local services could either be owned by the network or owned locally. Local community television would be supported by the network channel and carried on local GI multiplexes.

- A not for profit network with the primary objective of transferring value to the local affiliates. Based on an ‘opt in’ not an ‘opt out’ approach. This model would support between 20 to 80 local services and would establish forums in the nations to facilitate collaboration. The channel would deliberately avoid replicating the existing channel 3 regional network model. Local services would be awarded by Ofcom via a beauty parade.

- A national DTT network channel dedicated to localism carried on a PSB multiplex. There would not be any local opt-outs under this model as it would be a national service that would celebrate localism and provide a shop window to emerging local IPTV services.

- A Local TV network that owns and operates 15 local television channels. There would not be a ‘national’ channel under this model but 15 separate local channels that would provide local content 24/7 and share each other’s locally produced content. The channel would be available on channel 6 on DTT. The local services would be mainly funded through local advertising and the network would be funded through service fees from the local stations. The channel would be available on IPTV but not on satellite or cable.

- Using an existing satellite TV channel, this model would allow immediate commencement at a modest level, expanding to each locality as quickly as commercially possible. There would not be local opt outs, local services would operate as ‘micro channels’, producing local programmes which would be shown as part of a single national schedule.

- A not for profit network run as a social enterprise and linked to the Big Society agenda. Under this model it was proposed that Government or Ofcom would determine which Local TV operator should be granted a licence and network funding would be divided equally between all licensees. The network would not be in competition with other public service broadcasters and it would provide training and support to local operators.

- A network channel supporting up to 10 local TV stations. Local services would show up to 3 hours of local programming per day. The network might own 3 of the local services.

- A group of 4 to 8 local TV stations built around local news programming. The channel would operate as an all-day news station during the day with a nightly primetime schedule of popular movies and TV series. Based on a popular model in North America.

- Local TV in urban centres with populations of over 600,000. A consortium of affiliated local stations coming together as a cooperative to acquire programming and share backroom costs. Under this model there would be at least 5 local stations to begin with, but with opportunity for more as the model strengthens and develops.

- Separate networks in each of the devolved nations (that could either form part of a UK wide network or operate independently).

- Local TV on DTT and a new non-linear platform. Serving the top 11 transmitter sites with clearly defined geographical coverage matched to political boundaries. On satellite and cable if possible. Working with 120 local partners to produce 3 hours each of new material in HD by 2020.

- A Local TV network channel on DTT and IPTV. Using either a PSB or a GI multiplex. Offering a franchise template where the network channel offers central support to 10-20 local services. Local operators could be selected under either a DCMS/Ofcom licensing regime or provided by the network channel itself.

- A national channel showing 24/7 local content on a PSB multiplex. The network spine would include representatives of the local television companies.

- An existing commercial PSB to provide the national backbone channel and for that channel to underwrite advertising sales. Broadcasting on a GI multiplex with high EPG prominence.

- Local services coming together to form a network.

- Local services as standalone channels broadcasting on a local GI multiplex.
- Local services delivered through IPTV.

<u>Other views on the structure for Local TV</u>

13. The wide range of models set out in the expressions of interest was mirrored in the general consultation responses. While most respondents assumed a commercial model for local TV, there were a number that proposed a not for profit model, with the focus on the advancement of local TV as a concept. Several were in support of local TV services being run as social enterprises or co-operatives, answerable to and in the service of the community which they serve. Local consortia were also proposed, with, for example, Higher Education Institutions playing a leading role.

14. A number of respondents to the consultation favoured a bottom up approach, whereby local stations have control of their own schedules and content, and are licenced as autonomous entities. There was concern that an affiliate network channel/ local opt out model would create another commercial PSB in the same vein as existing channels without the focus on 'local' and that the commercial interests of the network channel would be prevalent over those of the local services it supported.

15. Some respondents envisaged a situation where a number of local services co-operated, collaborated or formed consortia to benefit from shared skills, expertise, resource, staff, (news) coverage or content.

16. It was suggested that the network role should be a minor one, focussing on negotiations with third parties such as national sales houses on behalf of local services. Some went on to say that a network should be controlled by local services and primarily exist to serve them.

17. Others felt a network should play a more central role and would be best placed to provide content which local services could opt out of as necessary/desired. Some respondents proposed that an existing provider act as the network channel, with obligations ranging from screening local specific programming within the existing regional framework, to increasing the number of regional/local opt outs currently produced.

18. There was also the view that a 'one size fits all' model would not be appropriate and that no one entity should be allowed to control all local services.

<u>Locations for Local TV</u>

19. There were differing views in the expressions of interest about the number of local services which could be made available, from as little as four to as many as 80. The majority suggested the number should be in the region of 10 to 20, which largely reflected the conclusions in the Shott report.

20. The locations proposed ranged from some of the largest cities to some of the most rural localities in the UK. In addition, a number of smaller cities, counties and regions were also suggested as were specific services in the devolved nations.

21. Likewise, in the general responses, there was a wide variety of opinion with regards to what constitutes 'local'. Views ranged from the hyperlocal, which could see hundreds of thousands of services covering very small areas, to those who asserted that only a handful of the very largest markets would be able to sustain a local TV service.

22. Many respondents urged that rural communities were not forgotten and that local TV should not be exclusively focussed on large cities and urban areas. Others noted that smaller communities may have a stronger sense of community than larger cities and therefore would provide an ideal environment for local TV both in terms of local content production and an engaged viewership.

23. It was suggested that local services should be based on population size rather than geographical boundaries. Conversely there was the view that local authority or constituency boundaries could form logical divisions.

Devolved nations

24. There was a general consensus amongst respondents from Wales Scotland and Northern Ireland that the local TV 'solution' for the nations should be different to that of England, with each devolved nation having its own unique model, sensitive to their specific geographical and political dynamics.

25. For example, in Scotland, a number of respondents urged that given their existing dominance in the news, local TV should not just focus on Edinburgh and Glasgow, but look also to the currently underserved areas of the country such as the South, Highlands and Islands. We also heard from a number of proponents of the creation of a new Scottish Digital Network that could act as a sustaining service for Scottish local TV services, rather than a UK- wide channel.

26. Welsh respondents felt there was scope for services across particular localities in Wales in addition to Cardiff and that 'innovative solutions' should be found to help serve rural areas. It was suggested that both English and Welsh local content is made available to viewers using 'red button' technology.

27. Plurality of news provision in Northern Ireland was deemed to be of high importance given the political landscape.

28. Respondents across all devolved nations felt that existing national services in Scotland, Wales and Northern Ireland should be retained in addition to any new local services, which would not provide an adequate substitute.

Content and scheduling

29. We received a great many suggestions for the sort of content desirable and viable for broadcast on local TV. These ranged from genres such as news, current affairs, politics, sport, weather and local travel information, to documentaries, film, music, culture, health, history, business, jobs, education, the environment, food, gardening, animation, children's, religious programming and other niche content.

30. There was a general consensus that the mainstay of the local TV services should be news. One respondent proposed a scalable model for local opt-outs where the largest cities might have 2 hour opt-outs, with the next tranche of cities served for 90 minutes and the smallest conurbations served with 15 minute opts. This would ensure high quality content as smaller localities might not be able to generate the same amount of coverage as a larger conurbation.

31. Another suggested it would be too expensive to make news programmes and instead proposed to repeat relevant parts of the BBC's regional news programmes. To help reduce costs some respondents suggested local services should share content and be responsible, for example, for making one programme each month which could then be shown by other members of the network.

32. A small number of respondents saw user generated content as a way to make services relevant and engaging. Others were of the opinion that 'national quality' newsgathering and impartiality standards must be applied to local services in order for them to sit comfortably alongside existing channels. However, one respondent held the view that such high quality content is incongruous with a light tough regulatory framework as set out in the Local Media Action Plan.

33. Of those both in favour of and against a network channel to support local services, most did not want to see the creation of another national commercial channel with only a minimal local element. Some respondents said the network channel would need to offer something new and distinctive from existing public service channels.

34. Local perspectives on national and international news and events was generally thought feasible providing that content was related and of relevance to the community in question.

35. There was a consensus that local content should represent and be relevant to the viewers it reaches; catering for their 'tastes, interests and needs'. Some respondents also thought that content relevant to specific communities (e.g. older people) within any given area could be appropriate.

36. Most respondents estimated that the amount of (original) local content per day would be around 2 hours, with the rest of the schedule consisting of networked content. Most also agreed that this balance should ultimately be decided by the market although some felt that a minimum local service obligation for content should be included as part of the licencing process.

Government’s role in helping to facilitate Local TV

EPG Prominence

37. Many responses noted the importance of securing a high degree of prominence for Local TV on electronic programme guides (EPGs) to ensure visibility for local television services and to attract national advertising.

38. Indeed, many of the proposed business models for those expressing an interest in a centralised network were predicated on achieving channel number 6 on some or all EPGs (which also meant carriage on DTT, cable and satellite).

39. Some respondents believed that securing ‘page one’ prominence would require primary, rather than secondary, legislation.

Spectrum and access to other platforms

40. Many responses agreed the Government should facilitate access to spectrum for local television and some felt this should be provided for free or offered at a discounted rate for local services.

41. While most respondents had a fairly clear view on the content and business structures that could be put in place, many did not express views on the technical requirements of broadcasting and on whether Local TV should be made available on a PSB or GI mux.

42. Where respondents expressed a preference for GI, most if not all were in favour of a beauty contest rather than an auction.

43. One respondent suggested that a new 7th GI mux could be created in Scotland to provide local TV, while another urged that alternatives to GI spectrum should be sought due to concerns that using it for local TV may interfere with its other uses such as within the Programme Making and Special Events (PMSE) sector.

44. Many thought Local TV should be available on satellite and cable in addition to DTT, with some respondents proposing that the Government should introduce ‘must carry’ obligations on these platforms.

45. Some suggested the Government should introduce a ‘must pay’ provision which would require cable and satellite operators to pay to carry Local TV services.

46. A number of responses felt that, given Government’s current broadband policy, IPTV provided a viable solution for the distribution of local TV in the short term. Equally many were of the opinion that IPTV was a long term solution and that universality of high speed broadband take up would allow local TV to benefit from an enhanced level of functionality and granularity that DTT could not provide. However some caveated this by saying that further investment is required to bring the UK’s telecommunications networks up to the necessary standard.

47. We also heard from proponents of hyperlocal websites and local internet communities who made the point that the internet already offers a variety of highly localised, video and text services of a relevance and granularity that is not currently possible or likely to be viable on television.

Commercial viability and revenue models

48. Commercial viability was a theme that was raised frequently and it was noted the economics for Local TV were challenging.

49. Whilst some agreed with the possibility of the network channel achieving national advertising revenues of £15m, others questioned the assumptions underpinning this figure. Some believed Local TV would be able to rely more on local advertising revenues than had been envisaged by Nicholas Shott.

50. The point was also made that the new network channel would need to be strong enough to deal with the potentially destabilising effects of local failures. Similarly, others noted the effect that should an affiliate network operator run into financial difficulty, this would have serious implications for the local services.

51. Options for the funding of the network channel included local services paying a service management fee or levies being imposed on the advertising revenues of local services and national advertising with representation from an established national sales house.

52. Funding for local services was thought possible from the sale of advertising capacity to local businesses, to national chains with local 'inserts' with geographically targeted promotions and from the production of promotional material for local business. Levies on existing non-PSB commercial broadcasters were suggested as a possible revenue stream, as was funding (seed and on-going) from local and national Government.

53. Product placement, sponsorship and the sale of local content to regional and national channels were also thought to be viable sources of income for local services.

54. Some respondents did however raise concerns that a network channel selling national advertising could potentially undermine the ability of local services to achieve national advertising revenues or that any split of proceeds may be unfair. More generally, one respondent remarked that a network channel would be inherently underfunded and therefore not of sufficient standard to stand alongside existing television channels in the UK noted for their quality.

55. Other suggested revenue streams included:

- the network sharing advertising revenues with local services;
- online advertising;
- competitions and income derived from calls and text messages;
- using additional GI streams to generate revenue (i.e.: leasing spare mux capacity); and,
- teleshopping.

The BBC's contribution towards Local TV

56. On the issue of the funding for local TV agreed as part of the BBC licence fee settlement, many respondents assumed the BBC's contribution would meet the full costs involved in reengineering a PSB multiplex or creating a network of local GI multiplexes.

57. Some respondents felt that the annual funding should not be in kind, as to do so could potentially reduce the ability of local services to work with other commercial broadcasters and could reduce plurality.

58. In relation to acquiring content, some proposed that the BBC's contribution should be made available to the local operators rather than the network channel and others suggested it should be set up as a content fund which local services could then bid for.

59. Some thought the BBC's contribution should be used to fund 'co-productions' in partnership with local services or that the BBC should have a role in training the local service providers and providing access to facilities.

60. One respondent said that the BBC could play a helpful role in training local service providers in regulatory compliance and impartiality. Another suggested the BBC should establish news media hubs which would benefit all local media and local news service providers could 'top up' this core service by pursuing their own stories and tailoring BBC-originated content to suit their own editorial interests.

61. Some responses noted a general concern about direct or indirect state subsidy of local services, with some respondents stating it was unfair on existing media providers.

Other issues

62. Other points made by those who responded included:

- A recognition that plans for local television were taking place in the context of the Government's Communications Review and that businesses would therefore need regulatory certainty;
- Government was asked to consider carefully the impact on existing local media of any interventions to ensure they do not lead to unfair competition;
- Implications for ITV regional news - some responses suggested ITV should be returned to a more localised network and others said local TV should be in addition to, not a replacement for ITV regional news. Otherwise it would lead to a potential loss of plurality; and,
- National Lottery funding could be used to support community based media training.

ANNEX B

LIST OF THOSE WHO RESPONDED TO THE LOCAL MEDIA ACTION PLAN (EXPRESSIONS OF INTEREST AND CONSULTATION RESPONSES)

Addiply
Advodcacy
Alan Sutcliffe
Alder Grange Community and Technology School
Andrew Gold
Anne Lester
Anton Edwards
AP Hainsworth
Ape Media
Austin Mitchell MP
BARB
Batley & Birstall Civic Society
Bay TV Liverpool
BECTU
Bill Torrance
Birmingham City Council
Breadcrumb Media
Bristol Anchor News Group
Bristol City Council
British Entertainment Industry Radio Group
Bucks TV
Cambridgeshire Community TV
Carnegie UK Trust
CEJA
Channel 4
Channel 5
Channel 6
Channel 7
Channel Fife TV
Channel Zero
Chris Orr Productions
Citv TV Broadcasting Ltd
City Broadcasting
Cloudbass Ltd
Community Media Association
Community Television Network
Country Channel TV
Crawley Happy Times
Creative Scotland
Cube Networks
David Lee
David Swan
Derby Theatre
Diablotin Television

Digital Nottingham
Directemark
Element TV
Emma Hart
Evening Standard
Fanfocus.tv
Fell Systems Limited
Foundation for Art & Creative Technology (FACT)
Frank Whittaker
Fred Watson
Frontline Culture
George Cocker
Gizza Job Ltd
Glass Bullet Productions Ltd
GU1.tv
Guardian Media Group
Howard and Mags Orson (Godalming)
Inclusive Digital
Information TV Ltd
Institute of Local Television
iScreen TV
ITN
JFK Associates
Katy Ferguson
Keith Martin
Latest Local TV
Lee Pryor
Lesroy Hanley
Local Network Television
Local Television Network
Local TV Nottingham
Local6
London Family TV
Marion Cook
Matthew Delargy
Maurice Payne
Media Trust
MG Alba
Mojo Life Arts
National Media Museum
National Student Television Association
Neighbour Net
Newspaper Society
Nigel Holmes
Northern Visions TV
NuStar
Ofcom Advisory Committee for England
Ofcom Advisory Committee for Northern Ireland
Ofcom Advisory Committee for Scotland
Ofcom Advisory Committee for Wales

OmniVision
Peter Edwards
Planet Thanet
Portsmouth Live TV
RadioCentre
Rahim St John
Ravensbourne
Red Squirrel TV Ltd
Ribble TV
S4C
Saddleworth News
Sarah See
Science City York
Scottish Government
Scottish Local TV Federation
Scottish Youth Parliament
Seth Kazim
Six Television Limited
Skillset
South of Scotland Alliance
SouthMan TV
Stephen Ryder
Steve Harris
Stuart Burrell
Stuart Hall
STV
SWTV
TCTV
Ted Flanagan
Ten Alps
Thistle Channel Ltd
Tinopolis
Tony Ballard, Harbottle & Lewis LLP
TripleSee
TV:UK
United for Local Television
University of Lincoln
UR TV
UTV
View Group
Voice of the Viewer and Listener
Worldwide Media Ltd
Your TV

Further information on Local TV policy is available on the DCMS website at:
http://www.culture.gov.uk/what_we_do/broadcasting/7235.aspx