

**Submission to Ofcom's Consultation
on the Future of Public Service Media**

March 2021

1. Introduction

Journalism is at the heart of ITN's business. ITN is the second largest broadcast news provider in the UK reaching 9m people with its news services daily. This submission is firmly based on a unique and specific perspective that the quality of ITN's journalism provides key social and democratic benefits.

The success of the PSM ecology to date is revealed by various economic, creative and audience measures and is a result of enlightened intervention by Parliament. Any future system should seek to replicate this success: offering appropriate benefits to providers given their investment and commitment to PSM provision, while providing for audiences' needs, noting the premium they place on "trusted and accurate news".

The existing PSB framework is – as the name indicates – entirely based on broadcast delivery methods. While linear TV services and content, including TV news bulletins, have seen a major uplift in viewers during the pandemic, there is also a rapidly accelerating trend for consuming news online. There will, however, be a tipping point, and the current system will no longer reflect audience consumption patterns and expectations. When that happens, decades of investment in journalism and its corresponding benefits in informing and protecting our democracy must be safeguarded. It is not impossible to imagine a world where significant numbers of people can afford only a limited number of subscription services, none of which carry regulated, accurate news. The concept of a "news desert" is a worryingly real possibility.

"It's impossible to be in the US over the last couple of years, and to look at the array of cable TV news, and say this is a healthy state of affairs. People are on panels either agreeing with each other, in a kind of broad political consensus, or if it's choreographed in a different way, screaming at each other in perpetual enmity. It is polarising and facts gets completely discarded. This is an issue of our times, and it's going to be a pressing issue for Ofcom."

Robert Moore,
Correspondent, ITV News

Until that time, there is a need for a new intervention that encompasses both digital and broadcast provisions.

Given their trusted position and strong brand presence, and their success in public service provision to date, it seems clear to ITN that the existing public service broadcasters should continue to be at the heart of any future framework (if they so desire). However, it is vital that PSM providers receive both additional funding and new benefits to account for the costs of necessary digital provisions in addition to continued broadcast services.

New sources of funding must be in addition to those in the current PSB system and must be distributed to PSM providers. Potential sources of these funds are outlined in Q6 and range from small-scale contributions from subscription services to a digital tax. PSM providers must also receive fair value for the content they create when it is visible and consumed on third party platforms. This is a pressing issue given the trends in audience consumption patterns, the globalisation of competition for revenue, the power of gatekeeper platforms and the government's own advertising restrictions.

In addition to proper funding, PSM providers should also be given a set of incentives to fully recognise their commitments. ITN considers that inclusion and prominence should be guaranteed on all platforms, including VOD services and smart TVs and speakers, to enable PSM providers to retain reach, relevance and revenues.

As such we anticipate a regulatory framework that:

- ▶ Introduces appropriate obligations for online news provision
- ▶ Incentivises broadcasters to fulfil these remits by making available additional funding and ensuring fair value is received for content, and by offering new incentives including guaranteed prominence and inclusion on content platforms.

ITN believes these to be progressive policy mechanisms that would benefit UK audiences and our creative industries, as well as informing and protecting our democracy.

2. Executive Summary

ITN's views on Ofcom's seven questions can be summarised as:

1. Current linear news obligations should remain in place but be supplemented with an additional set of obligations relevant to digital delivery of news and with appropriate incentives. A purely service neutral approach would not be appropriate for news at this point as it would endanger the availability, relevance and key purpose of distinct services.
2. A new accountability framework should aim to create a minimum standard of accuracy across a wider range of organisations. ITN suggests a tiered approach might be adopted by the regulator, with a basic set of standards applied reactively to content providers in the lowest tier, such as social media platforms and aggregators, and a more stringent set of criteria applied proactively to PSM providers which would occupy the highest tier.
3. High-quality regulated news is the most important element of the current PSB system, according to audiences, and should be a necessary component sitting alongside other genres within PSM providers' 'offer'. This must be balanced with the 'offer' to PSM providers: an appropriate set of benefits recognising the costs of providing such a desirable service.
4. A set of collective terms dealing with prominence, fair value, data sharing and a must-carry obligation must be the foundations of PSM availability online. We would advocate prominence for news whereby steps for audiences to find news are minimised.



ITN's views on Ofcom's seven questions can be summarised as:

5. Broadcast news involves substantial fixed costs which are likely to grow during any transition period to digital. Funding for news and journalism must be increased in real terms, at least in the medium term while both linear and digital news provision is required, by finding methods to redirect funding back to news as the value chain continues to evolve.
6. There is already a great deal of collaboration between PSM providers in the UK. ITN itself is the best example in news, with three rival PSM providers collaborating but still remaining distinct from one another. There are also arrangements between ITN, BBC News and Sky News. Additional collaborative initiatives are welcomed in certain areas but must be pursued with caution. This type of collaboration is not a substitute for sufficient funding for news.
7. To ensure the virtues of the PSM system are preserved, including the provision of high quality, impartial news, a strict set of high standards and appropriate funding should be applied to all PSM providers. This may not be achievable if a significant number of additional PSM providers emerge.



3. Background and Context

3.1 Introduction to ITN

For 65 years, ITN has been a leading news provider: a journalistic institution, sitting at the heart of public-service broadcasting. It is the UK's biggest commercial news provider, delivering three distinct services - ITV News, Channel 4 News and 5 News. Each serve different audiences, have separate teams and identities, but all are underwritten by our promise of professionalism, trust and impartiality.

Three PSB news services under one roof, wholly editorially independent of any client or shareholder interest; driven only by the statutory news obligations of broadcasters and the needs of their individual audiences: this is what makes ITN unique globally.



Throughout its history, ITN has been a disruptor. It was established by ITV to provide the broadcaster with an entirely independent news service and to present an alternative to the more formal BBC of the time. It had the first female newsreader, the first TV graphics, the first black anchor to name just a few pioneering moments in its 65-year history. It is in ITN's DNA to adapt, grow and stimulate market developments through innovation and a challenger mentality.

Not only does ITN, with fewer than 400 journalists, punch well above its weight in the broadcasting landscape, but its importance to audiences is also evidenced in its leading performance in recent trust surveys¹ as well as TV ratings and online views. Reflecting on the value of news to audiences, ITV CEO Carolyn McCall recently described national and regional news as "the crown jewels" of the ITV schedule.

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[News Consumption in the UK: 2020](#) p72

Our daily programmes reach 9m viewers a day through linear broadcast alone. ITV News spans all demographics and like 5 News, attracts significant and loyal audiences outside of London, in the nations and regions. In 2020, ITV News attracted record audience figures across every one of its bulletins; Channel 4 News had the highest number of viewers for its hour-long programme in over a decade and also grew its share of 16-34s by a huge 52%.



Each of ITN's newsrooms are staffed by trained, expert journalists, producers, reporters and behind-the-scenes technical staff making daily broadcast bulletins, social media content, podcasts and digital video content for the broadcasters. Their journalism is wholly taken from the ethos of public-service broadcasting and Ofcom's regulation, placing a premium on accuracy, due impartiality and accountability, regardless of the platform.

This content runs across multiple platforms, including YouTube, Facebook and Snapchat, with ITV News' Instagram service, The Rundown, proving a successful means of reaching a younger and more diverse audience with tailored news output.



ITV News Correspondent Robert Moore reporting from the US Capitol attack

3.2 The changing market and growing significance of regulated news

Prior to the start of the pandemic in 2020, there were many discussions about how well broadcasters have handled concepts such as impartiality.

News consumption habits may be changing but the need for trusted, accurate and impartial news could not be greater, and it is against this backdrop that any shaping of public service media regulation and how it will impact the UK's news provision must be considered.

At the beginning of 2021, the world watched as Trump-supporting Americans entered the Capitol in a bid to challenge the results of the Presidential election. These actions were captured in a world exclusive for ITV News. Analysis and reporting in the aftermath of the events indicated that many of the people who took part in the attack had been influenced by misinformation about the election results and engaged with online conspiracy theories. It has been suggested that the decline in local journalism as well as a highly polarised, unregulated broadcast media in the USA contributed to a toxic environment where democracy was undermined. These recent events have led to an intense debate about the Fairness Doctrine, a law that compelled US broadcasters to provide balanced coverage. Its abolition under Reagan is viewed as the origin of today's divided and divisive US media landscape and there is a debate taking place as to whether it should return. ITV correspondent Robert Moore, the only TV journalist reporting from inside the Capitol building at the time, recently said:²

"It's impossible to be in the US over the last couple of years, and to look at the array of cable TV news, and say this is a healthy state of affairs. People are on panels either agreeing with each other, in a kind of broad political consensus, or if it's choreographed in a different way, screaming at each other in perpetual enmity. It is polarising and facts gets completely discarded. This is an issue of our times, and it's going to be a pressing issue for Ofcom."

² <https://www.broadcastnow.co.uk/broadcasters/frei-and-moore-toxic-us-tv-news-culture-could-creep-into-uk/5156895.article>

While the UK debates the quality of impartiality in our broadcast news, other countries are suffering from the lack of it. This is just one powerful example of how important high-quality journalism remains to democracy. The ability to access independent and impartial journalism underpins any functioning society.

This “issue of our times” has also been amplified by the spread of misinformation relating to coronavirus. Alongside the ‘infodemic’ declared by the WHO, the United Nations set up a whole commission³ on how to tackle misinformation – one of the actions was a decree to work closely with journalists to tackle this life and death situation.

Examples such as these are vital to understanding the importance of protecting high-quality journalism within the public service media system that evolves in the future. Regulatory changes should be undertaken with the objective of achieving financial sustainability for news which is expensive to produce and does not generate large profits - and elevating the status and prominence of high-quality news across all platforms.

However, as the revolutionary changes in the digital landscape continue and broadcast TV audiences decline, online news services cannot remain secondary to a broadcaster’s TV bulletins. They must have the financial and regulatory support to become – over time - the core means of accessing impartial, accurate news. Without a clear regulatory framework to ensure the provision and visibility of PSM news in a digital environment, misinformation and disinformation will continue to thrive while regulated, accurate, professionally-produced news will become harder and harder to find. This will exacerbate further as global players increase their control of distribution and access to content.

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<https://www.un.org/press/en/2020/sgsm20474.doc.htm>

4. ITN's response to Ofcom's seven questions

1. Do you agree that a new regulatory framework for PSM delivery should support a more flexible 'service neutral' delivery approach that is more outcomes focused?

For clarity, we respond to different elements of the question below:

Firstly, 'service neutral', which we are interpreting as whether it matters if delivery is via broadcast or digital delivery mechanisms.

ITN believes there is a need for specific requirements for both broadcast and digital delivery mechanisms.

In the medium-term, linear broadcast will remain a crucial platform for the delivery of PSM aims and, in particular, of news. Broadcast remains the only 'universal' platform and TV provides the only news 'of record' that is available to mass audiences. Broadcasters provide a range of options tailored for different audiences and available at various times of day. Linear television has proved its relevance during the pandemic, becoming an important means of delivery during a crisis, not only for nationwide emergency messaging but also for scheduled daily updates.

And it is not just older audiences that value linear broadcast news. Channel 4 CEO Alex Mahon recently spoke at the Enders conference highlighting the channel's strategy of working harder to find younger viewers by marketing to them on social media. She said that this had resulted in an increase of younger viewers turning to the long-form linear Channel 4 News programme.

There is no question that there is a shift away from linear services and there will come a time when existing levels of reach, quality, quantity and plurality of news can be offered via digital delivery. In the meantime, the industry finds itself in a transition period.

During this time, PSMs must be incentivised to:

1. Maintain existing levels of broadcast news – the same quality, quantity and plurality of services.
2. Develop digital news services of equal quality, with the long-term aim of rebalancing their importance in line with changes in audience needs.

This requires a set of platform-specific requirements as well as a set of thoughtful incentives to recompense for the increased cost of multi-platform provision.

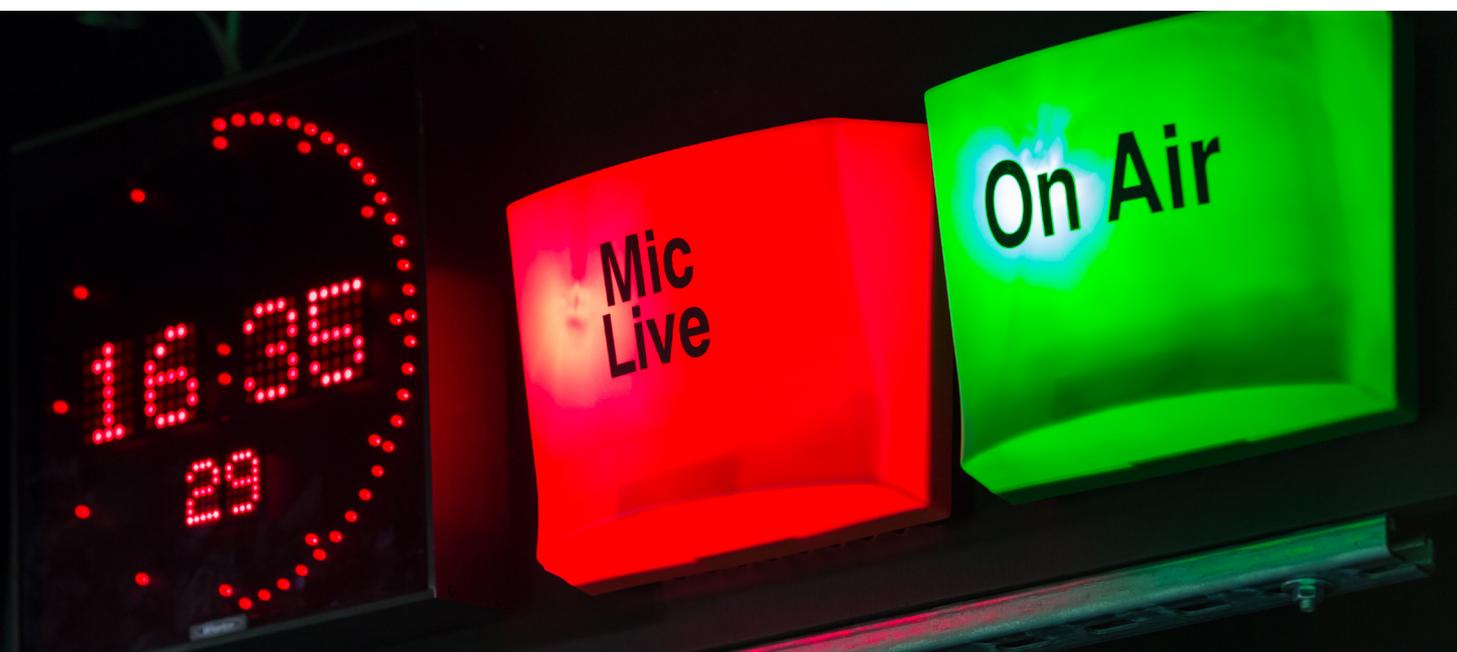
The second part of our response considers 'outcomes focused', which we are interpreting as a move away from quotas.

While this may be appropriate for some genres ITN does not believe that it would be appropriate for news: a genre of paramount importance but with commercial challenges.

Without specific quotas – which must address both TV and digital as discussed above – providers may be inclined to dilute their offer in line with commercial imperatives.

The key considerations for news will not only be ensuring that audiences are able to continue easily discovering news, but also that they have access to numerous types of news whether that's the shape of the delivery (long-form and short-form), the availability of different services with different characteristics and crucially that the current standards and quality of the UK's broadcast news services are maintained.

An outcomes focussed approach risks a dilution and contraction of quality news provision. ITN believes that metrics on both broadcast and digital news delivery will be of paramount importance.



2. Do you agree with our proposals for a clear accountability framework?

ITN supports robust regulation which leads to rigorous, accurate and impartial news. As numerous reports have demonstrated regulated broadcast news is one of the most trusted sources of information.

Any future accountability framework should look to maintain and build on the existing levels of trust of current news providers.

Historically, public service broadcasters have been regulated to a higher standard than any other form of media. ITN's services are now operating in a space where information of varying quality is widely distributed on social media platforms. The importance of maintaining standards of news in this environment cannot be overstated.

The current gulf between organisations such as broadcasters and ITN, who voluntarily follow the same rules of impartiality and accuracy online as they do in broadcasting, and those who are unregulated, namely online providers, could be addressed in a new accountability framework.

There is an opportunity to ensure a wider group of content providers, whether they are distributors or producers, are upheld to higher standards than currently exist.

As well as generally improving standards, any new accountability system also provides an opportunity to formally recognise that current PSM providers are providing a higher standard of news content than other providers.

By formally recognising this, there would be opportunity for Ofcom to create a tiered-system whereby there are various standards of accuracy for all content providers (producers and distributors) from the very basic for content providers in the lowest tier right through to a more stringent set of criteria for PSM providers, in exchange for which they are given benefits that other content providers are excluded from.

For this system to work, Ofcom could adopt a reactive role for providers under the lowest tier, but it would have to take a proactive role with the power to enforce for providers in the highest, PSM provider tier.

3. What do you think should be included in the PSM 'offer'?

Initially, ITN has interpreted 'offer' to mean what should be provided by organisations deemed to be PSM providers.

News sits at the heart of the PSM offer. Time and again news and the value it brings to organisations who invest in it and wider society are used as the primary example of the benefits of the current system. Our view is that PSM providers must include news provision at the same standard at which it is currently delivered.

The new PSM offer should also continue to include a mix of content and genres to ensure that providers continue to reach audiences, remain relevant and enjoy financial stability.

In the linear system news is surrounded by other types of content and placed in primetime slots, making it easily accessible to audiences. Equivalent measures would need to be put in place in an environment where schedules are irrelevant to ensure that news remains accessible.

ITN also recognises the unique role of PSM in providing content created by UK producers, made for UK audiences and offering perspectives on UK life. These have unique appeal and are increasingly important in a globalised media landscape.

An alternative interpretation of the question could be: what incentives should be afforded to providers as part of the PSM 'offer'. We strongly believe that the 'offer' should:

- ▶ Ensure fair value is received by producers of PSM content when it appears on broadcast and digital platforms including smart TVs, smart speakers, social media platforms and content aggregators.
- ▶ Offer prominence to PSM and in particular PSM news content on broadcast and digital platforms.
- ▶ Include PSM services and in particular PSM news services on a 'must carry' basis on all broadcast and digital media platforms.
- ▶ Provide additional funds to support PSM provision across both broadcast and digital delivery.

We expand on the above in the following section.



ITV News Presenter Julie Etchingam
and Science Editor Tom Clarke

4. What options do you think we should consider on the terms of PSM availability?

The terms of PSM availability must be based on the collective conditions that:

- a) mainstream platforms with significant distribution power must carry at least a core of PSM content, with news prioritised to reflect the premium audiences place on it.
- b) PSM providers should be given prominence in the widest sense possible. Examples include positioning of tile apps on the first page of connected TVs; PSM provider news being the first option when users access content through voice devices and preferential search/algorithmic recommendations; as well as recommending further PSM content from the same provider once an item or programme has finished.
- c) A minimum obligation to share relevant data which would allow PSM providers to build an understanding of, and meaningful and interactive relationships with, their audiences.
- d) These measures would need to be supported with fair value payments made to PSM producers from online distribution platforms.

Collectively these terms would recognise: the importance of a functioning, stable public service system, the declining value of existing privileges and the cost of providing PSM content.

Specifically in regards to news ITN would propose that there must be a basic degree of availability of news within a PSM provider's service. As broadcasters' online services proliferate, it is crucial that audiences can find trusted news as easily as switching on News at Ten. This could include options such as auto-playing news when users enter a platform, as is the case with NBC Universal's entertainment streaming service Peacock. While PSMs should have the flexibility to find the appropriate model, we would advocate that news should be easily discoverable.

Quite simply, as evidenced in the strength of audience support for regulated news in the research, news has to be part of the core offering for PSM regardless of the platform.

5. What are the options for future funding of PSM and are there lessons we can learn from other countries' approaches?

The current models of funding PSM have created an internationally unique environment for the creation and distribution of PSM content in the UK. The environment has allowed the UK production sector, which ITN is a part of, to flourish, with our production expertise and creative excellence one of our best international exports and forms of soft power. The quality of broadcast news has played a significant role in promoting the UK's ability to deliver outstanding content to audiences.

ITN supports the current mix of funding which has enabled significant long-term, sustainable investment in PSM including genres, such as news, that have high costs associated with it. In this transition period, where there will be an expectation to deliver both in the linear environment and digitally, that cost is likely to increase.

In order to achieve the same levels of recognition for PSM there is a strong argument that total current funding levels, especially for news, should be increased.

The role of quality news is growing in importance and as the goal of universal access is unlikely to change, but becomes more challenging, regulatory interventions to safeguard the funding of news must be considered.

Consideration must be given to the appropriate mix of public and commercial funding, and the ability to monetise different genres online. For example, it is difficult to monetise balanced news content online, unlike clickbait which attracts a volume of views and hence advertisers.

As consumption patterns have changed and new players have emerged, funding models have changed fundamentally: ad spend has shifted from TV to digital, consumer spend on subscriptions has increased, and funds are being captured by international players. The result is a loss of funding to the providers of PSM.

It is vital to find mechanisms that allow some of that value to be redirected to PSMs and in turn to news and this must be an important consideration in any new regulatory framework.

Speaking on Radio 4's Media Show, Competition and Markets Authority chief executive Andrea Coscelli stated:

"The business model for high quality journalism has been struggling for a number of years and it has worsened and a number of people argue that the bargaining power of platforms is extremely strong and creating distortions."

Options ITN believes worthy of further exploration:

- ▶ Small-scale contributions from subscription services could be used to guarantee funding for PSM content including news.
- ▶ Installing mechanisms to enable commercial PSMs to better commercialise content. As Ofcom has highlighted in its own report there are examples to draw on: the German "must be found rule"; Canada's move to allow regulators to impose obligations on online platforms to ensure domestic content can be found and Australia's new standards giving publishers more control over how their content is displayed on platforms and on data sharing.
- ▶ An enhanced advertising premium could be explored, whereby PSBs (and other quality news providers) receive preferential rates for their advertising inventory (at the expense of the platform).
- ▶ Payments for content, for example via contracts to provide news for dedicated sections (e.g. Facebook News, Apple News+)
- ▶ Creating fair trading between platforms and publishers. This includes new funding from mandatory contributions from platforms that benefit from carrying public service content as previously recommended by ITN to the Future of Journalism inquiry run by the House of Lords communications and digital committee. While there is some evidence that platforms are starting to negotiate with news providers with Facebook News launching in the UK and with the platform renewing an existing deal with Channel 4 News, they must be codified and less ad hoc to ensure sustainability of the system.

- ▶ Quality news providers should be kite-marked with platforms to pay a premium for this content.
- ▶ Adopting a similar law to that passed by the Australian government whereby platforms such as Facebook and Google are forced to pay for news and content on their sites. ITN supports this model of commercial negotiations taking place between platforms and content providers which includes a regulatory backstop.
- ▶ Allocating funds to PSM providers from the Digital Services Tax on digital platforms, which is expected to generate an increased revenue to the exchequer of £500M pa. by 2025. The cost of the PSM news services represent a fraction of that figure.



6. What do you think about the opportunities for collaboration we have referred to? Are there other opportunities or barriers we haven't identified?

ITN notes that there are already many examples of collaboration, for example of back office services and content sharing, between public service broadcasters. It is itself an example of how successful collaboration can be.

There are many opportunities for further collaboration amongst PSMs including sharing training and career development pathways to recruit and retain the best talent in the industry. This people-focussed approach could also lead to greater collaboration on diversity and inclusion. However, collaboration could never substitute PSM funding which also needs to be supported by prominence, inclusion and fair value.

ITN welcomes any developments that would lead to true cross-platform data being shared alongside the existing data sharing arrangements that are in place.

However, ITN also advises that collaboration initiatives are considered with caution to avoid detrimental outcomes and/or unintended consequences.



Oscar-nominated feature documentary *For Sama* was developed from a series of reports on Channel 4 News

7. What are your views on the opportunities for new providers of PSM?

ITN believes the existing public service media model with the current providers functions extremely well and should be incentivised and protected for the future. However, any new PSM providers would be welcomed as greater competition drives quality and standards of content. There are already organisations providing content to UK audiences that partly fit into the PSM remit. Arguably, they are influenced and informed by the current system. Netflix vice-president of original series Anne Mensah told the DCMS committee last year⁴:

“Creatively I think you can’t extract one part of the creative industries in the UK from another. As much as we work with talent that have flown through the [public service broadcasters], we also work with talent that flows through theatre and that is why us being based here, so that we are a proper thoughtful part of the industry, is so important.”

There is no reason why, as the current system moves to become more digitally-aligned, that this type of activity would not continue. A healthy mix of formally accredited PSM providers and companies that provide public service content can only serve to strengthen the UK’s position as an international content powerhouse.

To qualify as a PSM, basic parameters would need to be put in place encompassing the suite of PSM obligations, including the requirement to provide news to the same quality and quantity as is currently offered and UK originated content in key PSM genres.

There may need to be additional measures to protect the values and aims of PSM if large scale, well-financed, non-UK organisations were to seek PSM status.

Consideration must also be given to how funding levels are maintained if a significant number of additional PSM providers emerge.

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<https://committees.parliament.uk/oralevidence/854/pdf/p6>

5. Conclusion

As the transition to digital accelerates yet further, ITN warns of a 'news desert' where audiences subscribe to a limited number of streaming services, none of which carry regulated, impartial, accurate news. Therefore, ITN advocates policy mechanisms that support the continuation of a public service regime which safeguards news, our democracy and the wider UK creative industries; alongside tighter regulation for platforms to ensure fair payment for the use of news content on their sites. This would help secure the sustainability of high-quality journalism.

- ▶ ITN recognises the need for an updated framework: one that encompasses both digital and broadcast provisions
- ▶ ITN suggests that the existing public service broadcasters – the institutions and their channels – are at the heart of any future public service media regime.
- ▶ ITN considers it vital that the new framework guarantees both additional funding and a set of incentives to support providers of this expanded set of services.
- ▶ ITN calls for PSM publishers and producers to have access to additional sources of funding and to receive fair value for the content they create.
- ▶ ITN also calls for PSM providers to receive benefits including prominence and inclusion on all content platforms to support their public service remit.
- ▶ ITN recommends PSMs guarantee at least a basic level of news prominence in a non-linear environment.
- ▶ ITN supports further exploration of regulatory models highlighted by Ofcom, including in Germany, Canada and Australia, which are designed to ensure fair trading between platforms and news providers and to ensure domestic content can be easily found by audiences. ITN also calls for greater transparency and sharing of data in order to better understand its audiences or to commercialise its content.

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