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**Sustaining the public value of
ITV News in a changing world**

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About the Author

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Disclaimer

This is an independent report prepared for ITV. The opinions offered herein are purely those of the author. They do not necessarily represent the views of ITV, nor the views of all Communications Chambers members.

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1. Executive Summary

This paper considers the unique and important role played by ITV in the UK news market; how ITV might sustain that role as the market develops; and some of the challenges that will need to be overcome in the context of the upcoming review of Public Service Broadcasting.

The changing news market

The news market has seen dramatic change, with the sharp decline in newspaper circulations and the rise in online consumption. This shift has put great pressure on the economics of newspaper journalism, with both circulation and advertising revenues threatened.

Challenging economics and the rise of social media have degraded the quality of much news, resulting in increased soft news and clickbait; cheap news (such as celebrity gossip); brief news; fake news; and news exhaustion. The newspapers have still struggled, however, to establish a viable mass market ad funded model for news content online, and indeed, there may be no such model.

However, to date TV news has been much more stable. It continues to be the platform with the highest news reach, both in aggregate and across almost all demographics. It is also highly rated, significantly outperforming other major platforms for perceived quality and trustworthiness. As Ofcom has noted, trustworthy PSB news is “particularly important at a time when there is a proliferation of online news of varying degrees of accuracy, including outright ‘fake news’.”¹ The importance of reliable news with mass reach has been starkly apparent during COVID.

The role of ITV News

ITV is a substantial national and regional news provider with a deep history. In 2019 it provided 417 hours of national news, over 200 hours of nations news and around 170 hours of English regional news, at a cost of approximately £120m. This output covers both day-to-day reporting and investigative journalism, delivered in a clear, engaging and non-sensationalist way. Nations and regions news is delivered in 18 different local editions. ITV News is also available online and across social media with high levels of consumption across YouTube, Facebook and Twitter. ITV’s investment sustains substantial entry level recruitment and training of the next generation of diverse journalists across the UK.

ITV news is available for free everywhere across the UK and is widely consumed. ITV is the second largest news provider in the UK based on consumption with a greater reach than all UK print newspapers (national and regional) combined. Its cross-

¹ Ofcom, [Public service broadcasting in the digital age](#), 8 March 2018

platform reach for all news and local news is 45% and 32% respectively (in each case, second only to the BBC). According to BARB, ITV's weekly reach for national and international news alone is 16m adults, almost 5 times the reach of Sky News.

ITV's TV news is also gaining on the BBC, the market leader. In 2015-19, ITV's early evening national bulletin saw 4% growth in audience, compared to a 12% decline for the BBC with viewing of the 6pm programme. ITV nations and regions news was up by 9% in absolute terms since 2015 compared to a 13% fall in the BBC's nations and regions news at 6.30pm

The demographics of ITV's audience are also distinct. Compared to the BBC, it is younger, more C2DE, and stronger in Northern Ireland and the North East. ITV News is also highly trusted. The Reuters Institute found it to be the most trusted of all the broadcast news services, and second only to the FT on a cross media basis.

Trust in ITV has been particularly important during the pandemic. The audience for News at Ten, for instance, grew by 20% with similar increases of other news programmes. Ofcom's survey found that 33% of the population were getting their information about Coronavirus from ITV, second only to the BBC.

Rationale for ITV's provision of news

Provision of both national and regional news is specified in the Channel 3 licences held by ITV, and this provides a guarantee of long term provision of quality and impartial news at a time when a number of other news services are under threat. News is seen by audiences as a critical part of PSB. ITV's news contract in turn plays a key role in underwriting ITN as an independent commercial news provider also providing news for Channel 4 and Channel 5.

National news bulletins generate advertising revenue for ITV (though Nations and regions news carries very little advertising). News also has reputational value. ITV does exceed its licence quotas for national news (though this is partly driven by the fact that news provision has high fixed costs so incremental bulletins are relatively cheap). Thus national news might appear in a purely commercial schedule, though this clearly wouldn't be guaranteed. However, regional news would likely not given its cost and limited revenue. ITV's online news is appreciably loss making, and serves as a beachhead for the future, rather than representing a sustainable service today. This reflects the broader difficulties the newspaper groups have experienced in creating a sustainable business model in advertising financed news online.

Looking ahead, the economics of TV news will come under increasing pressure, not least because broadcast viewing is falling as consumers shift online. Falling viewing both directly affects revenues from associated advertising and diminishes the value of the Channel 3 licence benefits, that compensate for and cross-subsidise the costs of news obligations. Clearly on top of that, advertising category bans such as the proposed ban on HFSS food and drink advertising before 9pm will harm the overall economics of the main ITV PSB service in the future, affecting the economics of news.

How to continue delivering public value

If ITV is to sustain public value through news, it will need to maintain broadcast news as well as grow online. ITV is exploring a number of possibilities for online, including simulcasts of nations and regions bulletins, live streaming of key news events in a sort of “virtual” news channel; increased integration of news into ITV Hub; new formats tailored for social media (and new distribution deals with social media companies); and co-operation with local newspaper groups. Such steps would help ITV to deliver quality, impartial news to distinct demographics online, just as it does on TV.

However, there are a number of significant challenges to these initiatives. As has been widely discussed, it is very difficult to fund online news via advertising, and consumer willingness-to-pay is limited (even if a subscription model was compatible with fully delivering public value which it is arguably not).

In the past news could be cross-subsidised from other areas of ITV’s business. However:

- The ‘PSB assets’ (spectrum and linear channel prominence) are of diminishing value
- Broadcasters are increasingly dependent on global online intermediaries for distribution with diminishing prominence and increasing demands for substantial shares of income in return for distribution.
- TV advertising is increasingly fragile (and will be further dented by the proposed ban on HFSS food and drink advertising before 9pm)
- Young audiences are consuming less linear broadcast TV
- Expectations of PSBs are, if anything, rising, as the very focussed (but limited) market based provision of global players becomes more apparent.

All that said, the commercial PSB ‘bargain’ is still a powerful tool. The Cairncross Review noted the importance of:

“sources of funding [for public interest news], removed from direct government control. It will need

institutional and financial structures that combine a guarantee of independence with adequate support.”

The PSB bargain is just such a structure, and should be valued and supported through the period of transition now upon us.

The challenge in this will be to find ways to enable commercial PSB providers such as ITV to continue to fund high quality, trusted, mass reach news programmes as part of broader broadcast and online offerings that achieve mass reach in the UK. This problem is particularly acute given the increasing reliance that national providers such as ITV will have on global online distribution platforms to reach increasing parts of the audience at scale.

There are important lessons to learn from the experience of the newspapers, particularly in terms of the visibility and prominence of their content and, above all, the revenue loss that they have experienced due to online distribution.

A revised policy approach is needed to safeguard the public value contribution of the PSBs, particularly in news, if as a society we believe that there is no obvious substitute for the public value they deliver.

2. Introduction

News has seen dramatic changes over the last decade. The business model of most newspapers is under threat. Print advertising (particularly classified) has collapsed, under the twin pressures of competition from online advertising and declining circulation.

With certain exceptions, newspapers have struggled to build replacement digital revenues. On the internet, they face fierce competition both for audience attention and for advertising spend.

As a result, public interest journalism is under threat. This challenge has been addressed by various reviews, most recently in the UK by the Cairncross Review. However, solutions remain elusive.

To date, TV news has been more resilient. Until recently, viewership (unlike print readership) has been relatively steady, and TV advertising has remained robust. As a consequence, there has been far less policy focus on the future of TV news compared to that on the future of newspapers.

However, TV viewing, particularly amongst younger audiences, is starting to fall. TV news consumption is coming under pressure (though it remains the most important platform overall, and some providers, including ITV, are seeing growth); VOD providers such as Netflix are now serious competitors for premium video content, albeit without news; and, improvements in broadband combined with ubiquitous smartphones mean that video consumption habits are being transformed.

Thus broadcasters are now approaching many of the challenges that have so severely hurt the newspapers. Indeed, the situation online is potentially worse than the newspapers first faced, since then relationships with audiences then were generally direct. Today they are often intermediated by powerful platforms.

These challenges are crystalising just as COVID-19 has provided a powerful reminder of the importance to society of widely consumed, accurate and trusted news. Citizens have turned to PSBs to understand the crisis, and to be informed on what they need to do to respond and keep themselves and those around them safe.

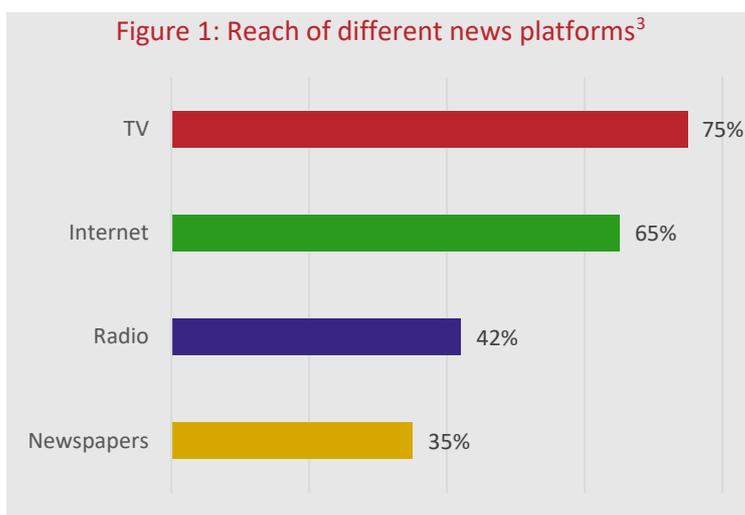
Thus PSB news (and PSB content more generally) is at a critical juncture. This paper looks at ITV News' current position in the news ecosystem; its prospects in the changing environment; and the mechanisms to ensure it continues to deliver public value in the years ahead.

3.A rapidly changing news market

3.1. Shifting platform preference

Continued resilience of TV

The key change in news consumption over the past decade has been the continuing decline of newspapers (previously the #2 platform in terms of reach, behind TV), and the rise of the internet. However, throughout this fundamental change in news consumption, TV news has been surprisingly resilient. While there has been some year to year volatility, it remains the #1 platform for news by an appreciable margin.²

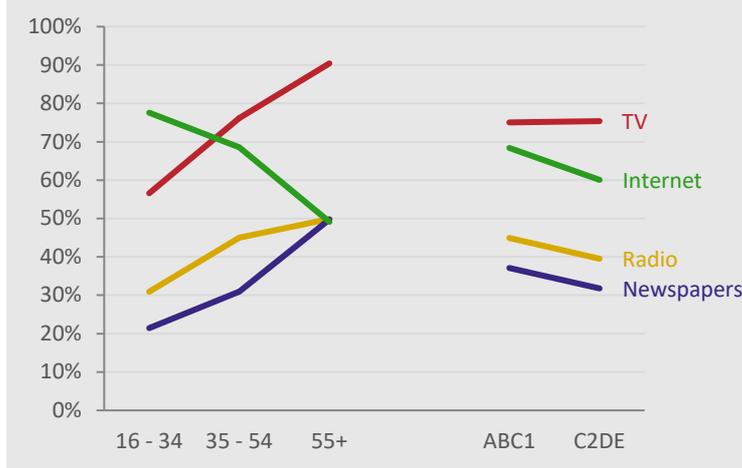


There are some important differences in news platform usage by demographic – unsurprisingly the young make heaviest use of the internet, for example. But for most demographics TV is the most important platform:

² Ofcom has changed its methodology for its news consumption survey, so figures are not directly comparable. However, in 2020 75% of respondents said they used TV for news, compared to 78% in 2013

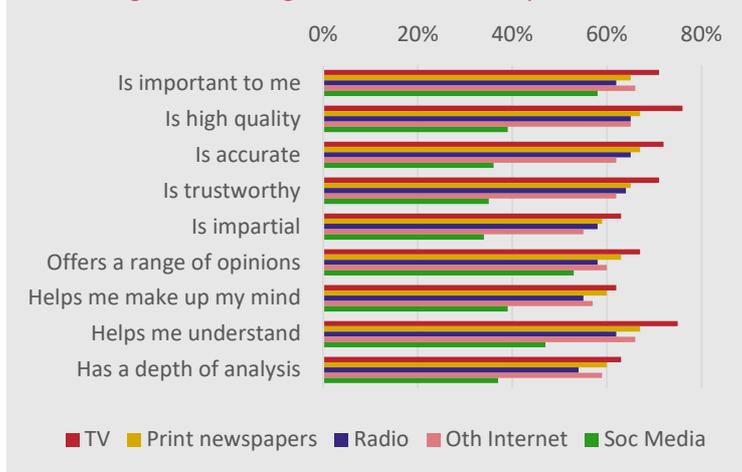
³ Ofcom, [News Consumption in the UK: 2020](#), 13 August 2020

Figure 2: Use of different news platforms by demographic⁴



TV is important not just because it is a widely used platform, but also because it is highly rated. On all quality attributes measured by Ofcom, TV scored highest amongst the major platforms (though magazines scored even higher). TV's advantage was particularly high for "is high quality" and "helps me understand what's going on in the world today":

Figure 3: Ratings of different news platforms⁵



These high ratings are in part due to the obligations on TV news to be impartial and accurate, and the more stringent regulations that apply during the course of elections and referenda. However, the high ratings are not just a matter of regulation. The radio broadcasters operate under the same regulations, but score lower on all the ratings above. The culture and levels of investment of the TV news providers clearly matters too.

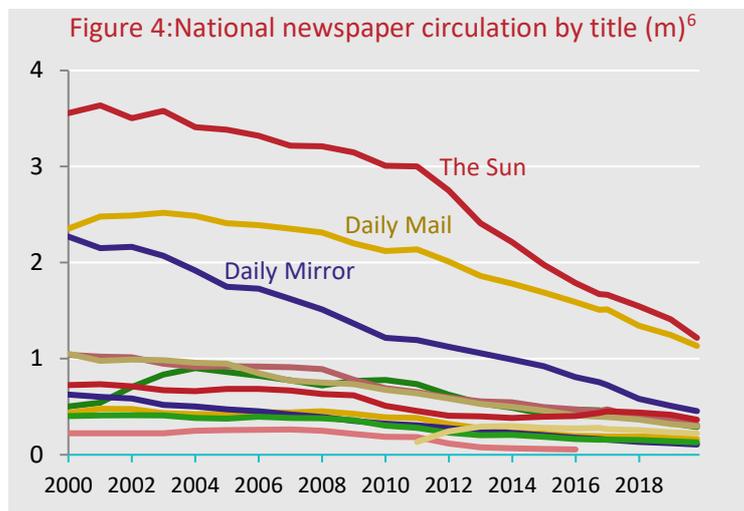
⁴ Ofcom, [News consumption in the UK: 2020 data tables](#), 13 August 2020

⁵ Ofcom, [News Consumption in the UK: 2020](#), 13 August 2020. Percentages are share of regular users giving a score of 7-10

To date (in contrast to newspapers) there has limited focus on the future commercial viability of TV news, because the TV business model has been seen as more secure.

Rapid decline of print newspapers

As we have noted, print newspapers have seen a substantial (and long-run) decline. Over just the last 8 years, the circulation of paid-for nationals has seen a 50% decline.



Local newspapers too have seen declines. Mediatique report a 34% drop in per-title circulation, 2007-17.⁷ Even this figure is flattered by the inclusion of *Metro* and *Evening Standard*, two freesheets whose circulation has been robust. The figure for the typical paid-for daily or weekly would be much worse.

In addition local newspapers have seen numerous closures, with the number of titles falling from 1303 to 982. Combined with the decline in per-title circulation, this has resulted in a 51% drop in total circulation.

Rise of the internet

The internet is now very widely used for news, with 65% reporting it is a platform they use. (However, there is some significant regional variation – in Scotland and Northern Ireland the figures are 58% and 53% respectively).⁸

Amongst the 65% using the internet, 45% use social media, and 41% are using news sites directly. Thus 24% are using social media *only*. Thus social media is a key source of news, albeit as an intermediary rather than underlying provider. Indeed, Facebook (with reach of 36% amongst cross-platform news users) only ranks behind BBC and ITV, and Google (23%) is of a similar scale to DMGT.

⁶ ABC

⁷ Mediatique (for DCMS), [Overview of recent dynamics in the UK press market](#), April 2018

⁸ Ofcom, [News Consumption in the UK: 2020](#), 13 August 2020

Turning to underlying providers, the players with the largest reach online are the traditional news providers – the top four are the BBC, Sky, the *Guardian* and the *Mail*. However, thereafter there is a mix of traditional and new players, with the Huffington Post, BuzzFeed and MSN all securing worthwhile audiences.⁹

Overall, internet news provision (as opposed to social media) remains highly competitive. While the BBC is a clear leader, there is a very long tail, including the online offers of TV companies, radio stations and newspapers as well as a large number of digital natives.

3.2. News economics

These shifts in platform preference, and the rise of social media, have had a dramatic impact on industry economics.

Decline of print revenues

For newspapers, continuing circulation falls directly impact circulation revenue and indirectly impact advertising revenue, since page rates eventually fall to reflect smaller audiences. (While the advent of the internet has somewhat accelerated circulation declines, they have been ongoing for many decades).

The rise of internet advertising also represents serious competition for newspapers' advertising customers. Classified advertising (particularly valuable for local papers) was first to come under threat, but display advertising has also been badly affected. Until recently, broadcast advertising has been more resilient to internet competition, but there is some evidence this is starting to change. TV viewing is starting to fall as audiences spend more time online, and advertising is following suit.

Search for internet revenues

Virtually all news organisations have reacted to these threats to their revenue by moving online. This is a natural response to the fact that audiences now spend so much time online, and for news the real-time nature of the internet is helpful.

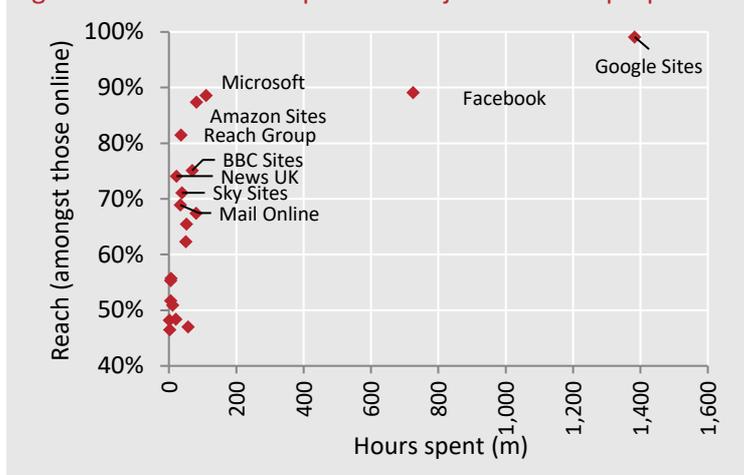
However, news organisations face a far more intense competitive environment online. A given print newspaper may be the only way to reach a consumer with print advertising on a particular day (since they are unlikely to read more than one title). However, online consumers may visit dozens of sites per day that carry advertising.

Further, in the online world, news providers are relatively small in terms of time spent (though they still have significant

⁹ Ofcom, [News Consumption in the UK: 2020](#), 13 August 2020

reach). In particular, they are dwarfed by the digital platforms.

Figure 5: Reach & time spent for major UK online properties¹⁰



For example, UK audiences spent 34m hours with the Mail Online in July 2020. They spent 1.4bn hours on Google sites.

The scale of the digital platforms gives them more leverage with advertisers; far greater ability to target niche audiences; and much lower unit costs (which are already low because they attract audiences using algorithms and user-generated content, rather than employee-generated content). In aggregate these factors make it very difficult for news providers to compete for advertising with the platforms.

In addition to reaching audiences via their own websites, news providers reach audiences via the social media platforms, in particular Facebook. While this does help retain a relationship with audiences, it has not been particularly lucrative. The competition for attention within Facebook is not less intense than that in the wider internet, and Facebook’s scale (and the relative unimportance to them of news content) means that they are able to set terms of trade that are unfavourable to news providers.

Newspapers have felt the effect of these trends most acutely, not least because the decline of print consumption has left them most exposed to the harsh economic environment of online news. However, TV may follow the same path, as video consumption continues to move online.

Thus far, there is little evidence that newspapers have been able to establish a viable ad-funded model for news content, and there may simply be no such model. Indeed, even before

¹⁰ UKOM, [UKOM Top 20](#) (accessed 28 September 2020). Figures are for July 2020

COVID Group M forecast newsbrand ad revenue (across print and online) to fall from £1,376m in 2019 to £906m in 2024.¹¹

Nor is the challenge limited to traditional providers. In 2019 both BuzzFeed and Huffington Post scaled back their news operations.

There are some titles (such as the *New York Times* and the *FT*) that have had success with subscription models. However, this opportunity is likely only available to a small number of providers – those providing unique, highly valued content to premium audiences.

In light of these trends, the Cairncross Review found that “It is still not possible to see with certainty the shape of a viable future for news publishing”.¹² Even if the subscription model works for some, this risks exacerbating information inequality, where those willing and able to pay for online news receive a diet of hard news and investigative journalism, while other citizens subsist on cheap, soft or sensationalist news that has the best chance of breaking even with advertising funding alone.

3.3. The nature of news

The above trends have not just affected the economics of news and who provides it – they have changed the nature of news, in multiple ways.

Soft news and clickbait

The fierce competition for attention online has pushed some news organisations to favour softer news (for example, celebrities) in their online offer, even as they have persisted with harder news in their online news. Also, as consumption has atomised (with audiences selecting individual stories rather than outlets), headlines have become marketing tools, giving rise to clickbait.

Cheaper news

Challenging economics have also favoured soft news, which is generally cheaper to produce. Other impacts of tight budgets include reduced investigative journalism, increased copying of material from other outlets, churnalism,¹³ blurring of the editorial/ advertising boundary, and so on. This has affected both newspapers and digital-native news providers.

Brief news

Shorter attention spans, platform limits (such as Twitter’s character limits) and the immediate availability of a million other attractions on a smartphone have pushed news outlets towards short and punchy content.

¹¹ Group M, [This year, next year: UK media forecasts](#), December 2019

¹² Frances Cairncross, [A sustainable future for journalism](#), 12th February 2019

¹³ Articles that are lightly edited versions of press releases

That said, there is undoubtedly still a market for longer form analysis and discussion, In print, the *Economist* has been very resilient and the *Spectator* has been growing. Online consumers have doubled their use of podcasts over the last five years, and of the 7.1m UK weekly users, half listen to news and current affairs podcasts.¹⁴

Fake news

Social media gives non-traditional outlets the ability to reach mass audiences. Some bad actors have taken advantage of this to fabricate attention-grabbing, shareable stories. In some cases this has been propaganda, in others it has been for commercial gain. Regardless, it injects fake news into audiences' social media, and potentially corrodes their trust in reliable sources (traditional or otherwise).

Media bypass

Prior to social media, politicians and other figures' relationship with the public was largely via the media. Today, they can reach the public directly. @MayorofLondon has 3.3m Twitter followers, and @10DowningStreet has 5.8m, for example.

Fact checking

Both fake news and media bypass have created a greater demand for fact-checking, to counter content that may be heavily biased, or outright false.

News exhaustion and dissatisfaction

Online news, and in particular its presence in people's social media feeds, means increased usage of news. Of UK news users, 47% report they are accessing news more than five years ago, compared to 13% saying less.¹⁵

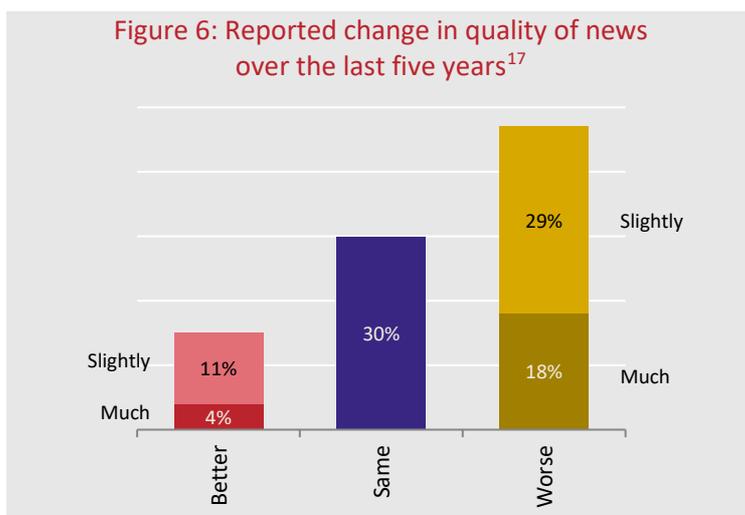
As a result, for some news can seem inescapable. This has perhaps been exacerbated by the intensity and duration of certain stories, such as Brexit and Trump. In the US, 66% of people report that they "Are worn out by the amount of news".¹⁶

¹⁴ Ofcom, [Audio on demand: the rise of podcasts](#), 30 September 2019

¹⁵ YouGov (for DCMS), [Newspaper Habits](#), 11 February 2019

¹⁶ Pew Research Center, [Americans' news fatigue isn't going away – about two-thirds still feel worn out](#), 26 February 2020

Audiences also perceive that the quality of news is falling:



Implications for PSB

PSB news is accurate, widely trusted, substantive and familiar. These attributes are underpinned by an effective regulator looking not just at standards but also judging quality, accuracy and audience opinion. The implication of the trends discussed above is that these attributes of PSB news are ever more valuable.

As Ofcom has noted, trustworthy PSB news is “particularly important at a time when there is a proliferation of online news of varying degrees of accuracy, including outright ‘fake news’.”¹⁸

The recent report on PSB from the House of Lords Select Committee on Communications and Digital reported that “many witnesses said that the provision of impartial and trusted news is crucial to public service broadcasting”.¹⁹ The Committee took the view that PSB:

“faces unprecedented competition from global giants ... [Th]e relevance of public service broadcasting is being challenged at a time when they are needed ever more to ensure the provision of trustworthy news and information and to guarantee a reliable supply of diverse, high quality programmes for UK audiences, available to all.”

¹⁷ YouGov (for DCMS), [Newspaper Habits](#), 11 February 2019

¹⁸ Ofcom, [Public service broadcasting in the digital age](#), 8 March 2018

¹⁹ House of Lords Select Committee on Communications and Digital, [Public service broadcasting: as vital as ever](#), 5 November 2019

4. A news service for everyone: the current role of ITV News

ITV is one of the most important providers of national, nations and regional news in the UK. It has a long and distinguished history and a strong culture underpinning its commitments to impartiality and accuracy. It also has the scale and the wherewithal to tell challenging stories and stand up to the powerful where necessary.

In this section we describe ITV News, setting out the offering, the investment, the audience and their attitudes, and the benefits.

4.1. ITV's news offering

National news

ITV offers multiple national news programmes – *Good Morning Britain*, lunch and early evening bulletins, the *News at Ten* and (once per week) the *Tonight* programme, covering current affairs.

In 2019 ITV provided 417 hours of national and international news, up from 399 hours in 2013, and compared to a quota of 365 hours. Of this 229 hours were in peak (vs a quota of 125 hours).²⁰

The ITV News editorial agenda and tone of voice are based on a belief that the service should not talk down to its audience, but rather should explain in a clear and engaging way. Nor should it sensationalise its content, and or put the interests of institutions ahead of those of ordinary people.

National news is anchored by familiar faces such as Tom Bradby, Julie Etchingham and Rageh Omaar. They are supported by specialist editors including Robert Peston, Rohit Kachroo and Emily Morgan.

Day-to-day reporting is coupled with investigative journalism. Generally each specialist will be working on one such story in parallel with coverage of the events of the day. Examples of such stories include an undercover investigation of food safety breaches at a chicken-processor (together with the *Guardian*), and Rohit Kachroo's trip to Syria to interview the ISIS 'Beatles'.

ITV's national news benefits from the company's regional presence, based both on the Nations and regions news teams, and ITN teams positioned across the country on ITV's behalf.

This helps ITV ensure a nationally representative approach. (Its viewing figures are particularly strong away from London).

²⁰ Ofcom, [PSB Annual Compliance Report 2019](#), 5 August 2019

ITV also ensures a 'balance of voices' on an ongoing basis, with each story assessed on that basis.

ITV's presence in the nations and regions also allows it to identify stories other organisations might miss, and to deploy journalists rapidly to stories around the country, allowing it to be first to have TV journalists on the scene for breaking news.

Nations and regions news

ITV's nations and regions news offer comprises:

- Short regional bulletins in *Good Morning Britain*
- A brief lunchtime news
- A half hour flagship programme at 6pm
- A 10 to 15-minute bulletin after *News at Ten*.
- On Saturdays and Sundays, an early evening bulletin

ITV's quota for nations and regions news is 173 hours per year²¹ in most English regions²², but is 208 hours for Northern Ireland and Wales. Hours actually broadcast were similar to these quotas.

The 6pm programme has been a staple of the evening schedule for decades. The programmes' warm familiar style of presentation and reporting, and a drive to 'celebrate the region' ensure strong audience relationships and consistently high viewing (indeed, over the last five years viewing of the 6pm programme has increased by 9%).²³

There are 18 different editions of the programme, one for each of the 18 nations, regions and subregions ITV serves. (This excludes STV regions).

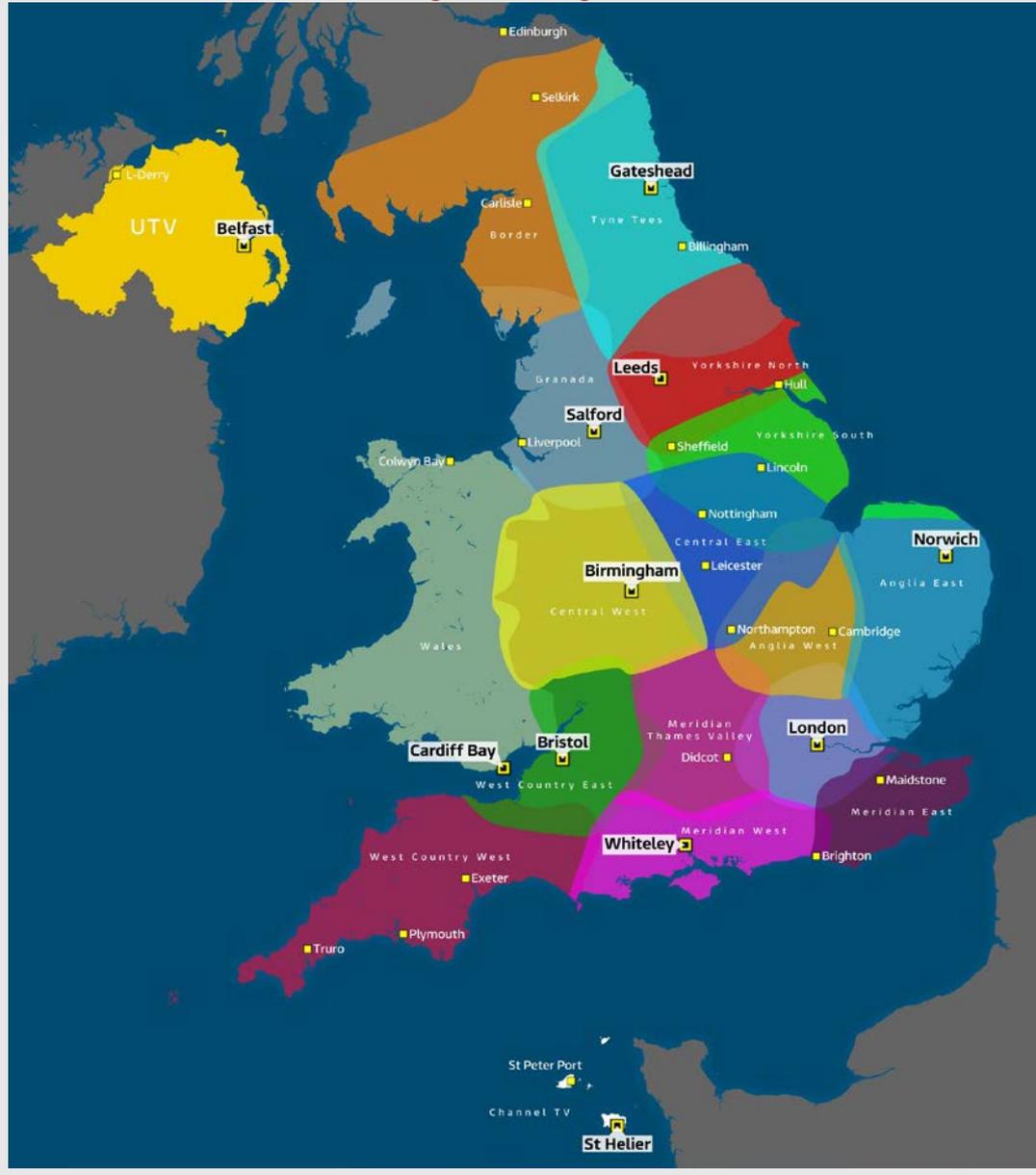
ITV uses local diversity panels to solicit feedback from diverse audiences, to help ensure that its on-air portrayal of society reflects the audience

²¹ Most or all of this must be purely local content. In some regions a portion may be from another part of the region or relevant shared content

²² In some regions some content can be shared between regions

²³ BARB. Volume of viewing

Figure 7:ITV regions



Online news

ITV also provides news online, primarily via its website at ITV.com/news/ (with an average of over 1m page views per day across the first three quarters of 2020). Stories use text, pictures, video and live video as appropriate. Items from TV news bulletins are used for some stories, but not all.

The main news page offers national and international news, but each nation and region also has its own page for local stories. While some news organisations have a very different news agenda online (for instance, making heavy use of celebrity news to attract audiences), ITV's online news agenda is highly consistent across platforms.

ITV's national news bulletins are also available on ITV Hub (either live or for playback), with the latest bulletin usually appearing in the top 'recently on ITV' section.

Stories from the bulletins are posted to YouTube, where ITV News has 612,000 subscribers, and where some stories achieve millions of views. Viewing of ITV News via YouTube totalled 270m minutes in 2019

ITV also offers a range of podcasts, such as *Coronavirus: What you need to know*; *Will Trump Win?*; *Calling Peston*, a weekly politics podcast; and *From the North*, an occasional podcast on North of England issues.

On social media ITV has (in aggregate) 5.6m followers on Facebook and 4.5m on Twitter:

Figure 8: ITV followers on social media (September 2020)²⁴

	Facebook	Twitter
ITV National	2.3m	2.3m
Good Morning Britain	0.8m	0.8m
Nations and regions (total)	2.5m	1.4m
	5.6m	4.5m

Facebook and Twitter are also important platforms for video consumption, with 293m and 170m minutes respectively of ITV News video consumed on each.

Instagram is the main venue for ITV's *The Rundown*, a news service aimed at 14-17 year olds. Bulletins released at 3.45pm to coincide with the end of the school day, and are formatted for smartphones. *The Rundown* aims to cover stories so as to appeal to this audience, without trivialising them. *The Rundown* currently has 320,000 followers on Instagram, and receives 11m views per month (across all platforms). It is has recently also been made available on Snapchat.

Availability

ITV's TV news is available for free across all UK TV platforms, like the PSB channel of which it is part. On Freeview, ITV achieves 98.5% coverage of the UK, and therefore ITV News has wider geographic availability than those channels carried on commercial DTT capacity. In other words, ITV News is a free and universally accessible TV news service.

Accuracy and Impartiality

Under the Broadcasting Code, ITV is required to "ensure that news, in whatever form, is reported with due accuracy and presented with due impartiality". (Online and print providers face no such obligation, though ITV's own online output carries over these attributes).

²⁴ STV's followers on each platform are in addition

Further, ITV's commitment to accuracy and impartiality for both national and regional news is underpinned by corporate culture, practices and training developed over decades, both within ITV and ITN (ITV's supplier of network and London news). For example, ITN ensures that as far as practical a mixture of people are involved in editorial decisions, so that they are informed by a variety of perspectives.

4.2. ITV's investment in news

National news

ITV spends tens of millions of pounds²⁵ on national news with ITN (excluding spend on special events such as elections). This supports 239 dedicated staff, including teams in offices across the UK and 10 staff in international bureaux (Washington DC, the Middle East, China and South Africa).

Team members are primarily developed in-house, with many beginning as apprentices or ITV trainees. Multiskilling is important, and training helps ensure staff can adapt to the changing news environment.

In addition to craft skills, employees receive legal, compliance and cultural training (for instance to alert them to unconscious bias). This helps ensure that ITV News meets regulatory and internal standards, and resonates across its audience.

Nations and regions news

ITV produces its nations and regions news in house, spending many tens of millions of pounds (substantially more than is spent on national and international news) in locations across the country. It employs a team of approximately 700 people, including over 330 journalists.

Spend has reduced over time as ITV has implemented multi-skilling and other efficiencies, but this has not reduced quality, as evidenced by steadily increasing viewing share despite a highly competitive environment. People with the full set of skills required by ITV are rare in the open market, so ITV continues to invest heavily in training to support its multi-skilling approach. This includes editorial traineeships, apprenticeships and internships (which help support diverse recruitment).

ITV also runs the Breaking into News programme, to identify talented individuals from diverse backgrounds, who can win opportunities for a six week work placement with mentoring in a regional news room. In many cases winners have subsequently moved to contracts or traineeships with ITV.

Diversity is further supported by a partnership with Creative Access to provide training contracts for BAME journalists and

²⁵ The precise number is commercially confidential

technicians. Again, this has been a pathway to traineeships or permanent roles.

ITV also offers mid-career attachments and senior level mentoring. Partially as a result, as of 2019 the majority of both Heads of News and technical Operations Managers are female.

ITV has an organisational template for how it produces news across the 12 nations and regions. However, based on long experience this is adapted to match local requirements. For instance, areas with poorer road networks may need more remotely based staff, and Nations news services require additional political reporters.

ITV's investment in people is supported by a substantial investment in equipment. ITV believes it operates the second largest fleet of drones in the UK (after the North Sea oil rigs). It has also acquired 120 'LiveU's, paperback-sized 4G enabled devices that allow a reporter to quickly go live with video without the need for a satellite truck.

In addition to their work on their own bulletins, ITV's Nations and regions reporters regularly support ITN and the national bulletins for regionally based stories. In many cases they may be the source for a story that becomes national, or provide angles on a story that would be unobtainable without local knowledge and relationships (see Figure 9).

Online news

National and international news content for distribution on itv.com/news and elsewhere is created by ITN for ITV. Nations and regions content is created by ITV itself.

A team of 32 (21 in national newsrooms and 11 in Nations and regions) are focused on creating new content, repurposing existing stories for online distribution, and managing ITV's presence on various platforms.

Figure 9: Examples of ITV regional reporters work on national stories

COVID coverage (2020)

Regional reporters have been involved in many aspects of ITV's network coverage of COVID, including reports on the impact of local lockdowns and a range of more personal stories including interviews with the parents of the first children to contract COVID in the womb.

Children of Grenfell (2020)

Based on relationships built with the local community since the 2017 fire, ITV News London's Rags Martell was able to secure interviews (carried on News at Ten) with five children affected by trauma as a result of the fire.

Essex Lorry deaths (2019)

Four separate ITV Nations and regions worked to provide camera and reporter coverage at the scene, at the police station, the home of the driver and the area the lorry was moved to

Salisbury poisonings (2018)

Two regions and ITV Network deployed teams of editors, correspondents and producers, together with three dishes, 6 LiveU, and 8 cameras. Going live from up to eight locations, this team broke a number of aspects of the story, and secured key exclusive interviews

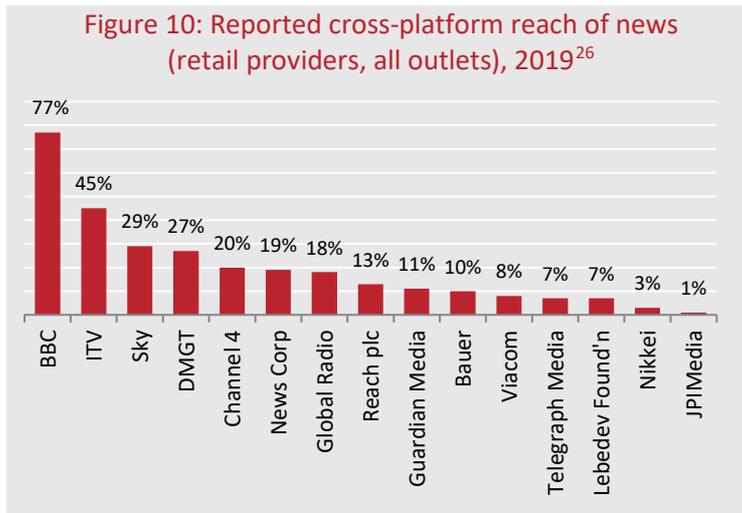
Hillsborough (1989 -)

Granada Reports has covered the Hillsborough story for over 30 years. Granada's, Andy Bonner was the only broadcast journalist to attend all the Inquest hearings over 2½ years. Strong relationships with the families and others involved have enabled him to provide unique reporting, for both regional and national bulletins

Historically online news has been an area of moderate investment for ITV but this is already changing, as exemplified by the launch of *The Rundown*.

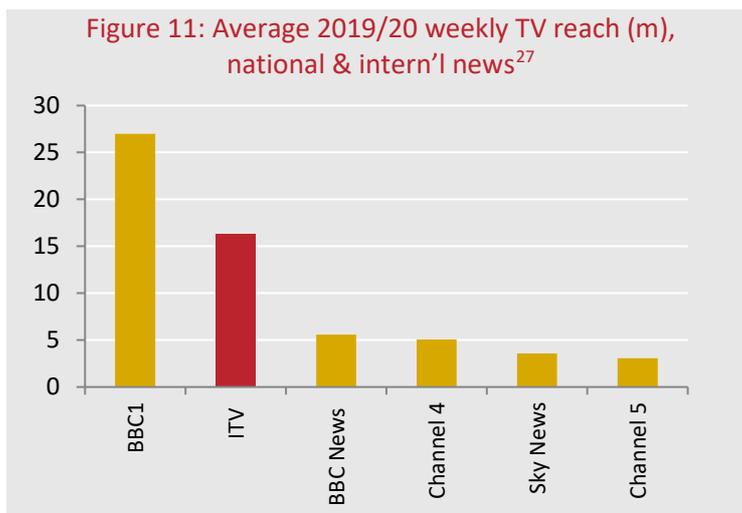
4.3. Consumption of ITV News

The availability and consumption of reliable news is essential to society, and ITV is the second largest news provider in the UK (based on consumption). Of news consumers, 45% report using an ITV News outlet (be that for national/international or local news), compared to 77% for the BBC and 29% for Sky.



Consumption of national and international news

A similar picture emerges if we look specifically at TV reach for national and international news. According to BARB, while ITV lags the BBC, it is far ahead of other providers – its reach of 16m adults is almost 5 times that of Sky, for example.

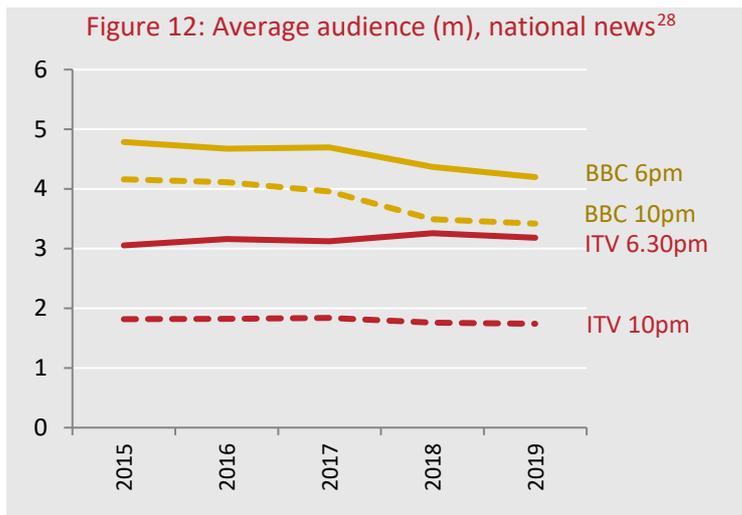


²⁶ Ofcom, [News Consumption in the UK: 2020](#), 13 August 2020. Providers used for news nowadays. Excludes intermediaries

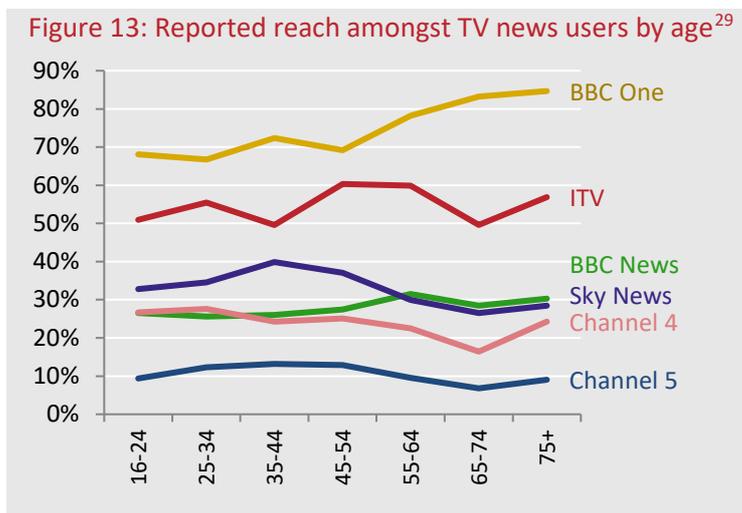
²⁷ BARB. Adults 16+

While all these channels have seen declining reach (as TV viewing in general declines), ITV has seen the smallest proportionate fall.

Looking at volume of viewing, both in early evening and at 10pm, ITV is seeing strong long-run relative performance, with average audience growth of 4% and -4% 2015-19, compared to -12% and -18% respectively for the BBC. (All news providers have since seen substantial uplift in consumption due to COVID):



Turning to particular audience segments, Ofcom’s news consumption survey shows that (amongst TV news users) ITV has high reach across all age groups:



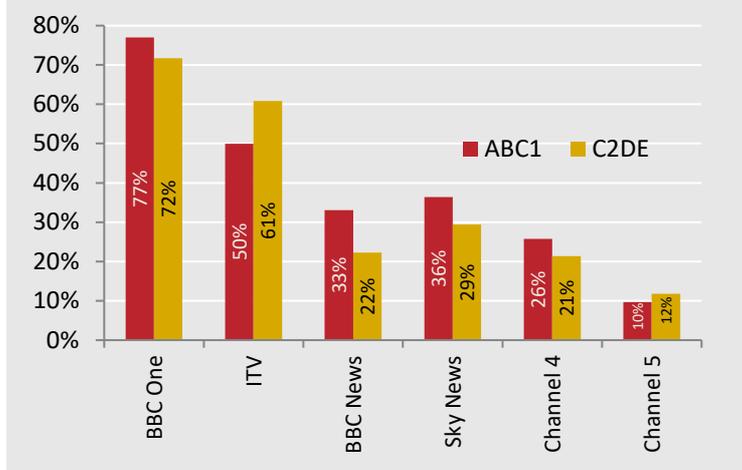
Indeed, the gap between ITV and BBC One is narrowest for younger audiences.

²⁸ BARB

²⁹ Ofcom, [News consumption in the UK: 2020 data tables](#), 13 August 2020

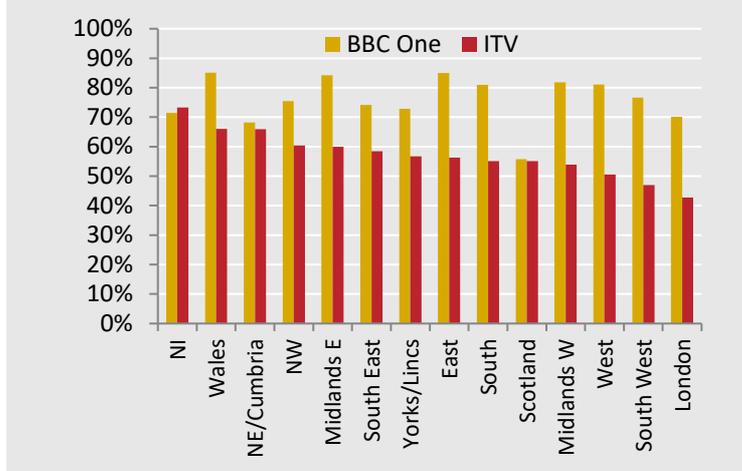
Unlike most TV news providers, ITV has a higher reach amongst C2DEs than amongst ABC1s. (Channel Five is the only other such channel).

Figure 14: Reported reach amongst TV news users by SEG³⁰



ITV News also has a distinct geographic distribution. While in London it has appreciably lower reach than BBC One, in Northern Ireland and the North East, it matches BBC One in reported use:

Figure 15: Reported reach amongst TV news users by region³¹



ITV's relative strength away from the South East may in part stem from audience perception (right or wrong) that the BBC is London-centric. A recent survey found that 52% agreed that 'The BBC has a London bias', and only 11% disagreed.³²

Regardless, ITV is unique in that it has grown up from the regions (given its history as a set of separate Channel 3 licensees). All other broadcasters have grown from London.

³⁰ Ibid

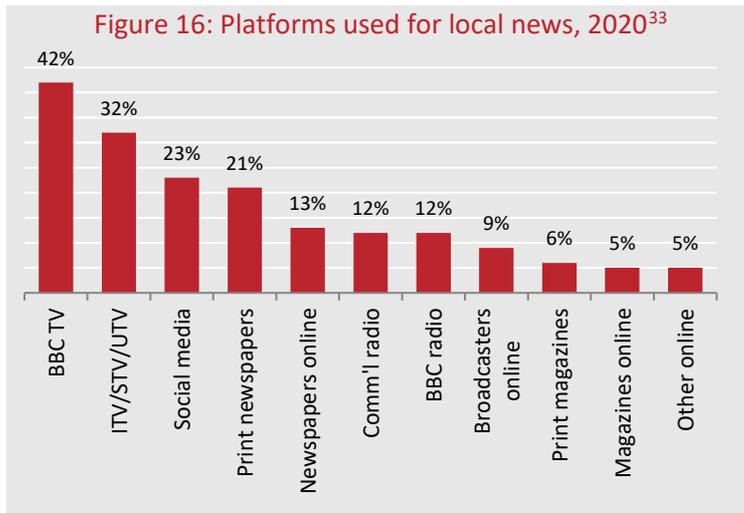
³¹ Ibid. Regions are BBC regions. Scottish and NI reach are for STV and UTV respectively

³² Public First (for Sunday Telegraph), [Poll on TV Licence Fee](#), 29 December 2019

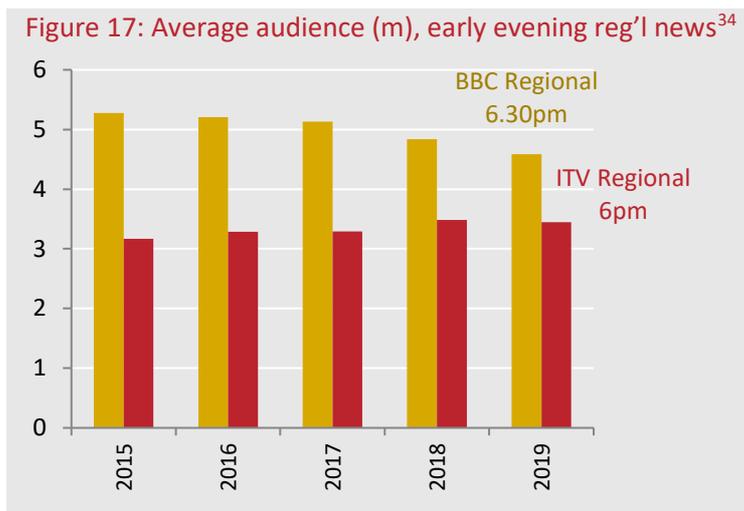
In summary, ITV is a strong #2 to the BBC (and well ahead of Sky in third) for news consumption both on a cross platform basis, and within TV news. There are also certain demographics where it is particularly strong, notably amongst C2DEs and in the North of England and the Nations.

Consumption of nations and regions news

ITV is also a key source of nations and regions news, again only behind the BBC. Indeed, ITV and STV reach 32% of people with local news, more than all newspapers combined (25% across print and online).



As with national news, ITV's nations and regions news is also showing strong performance over time. Viewing of the 6pm regional bulletin is up 9% in absolute terms since 2015, compared to a 13% fall for the BBC regional news at 6.30pm.

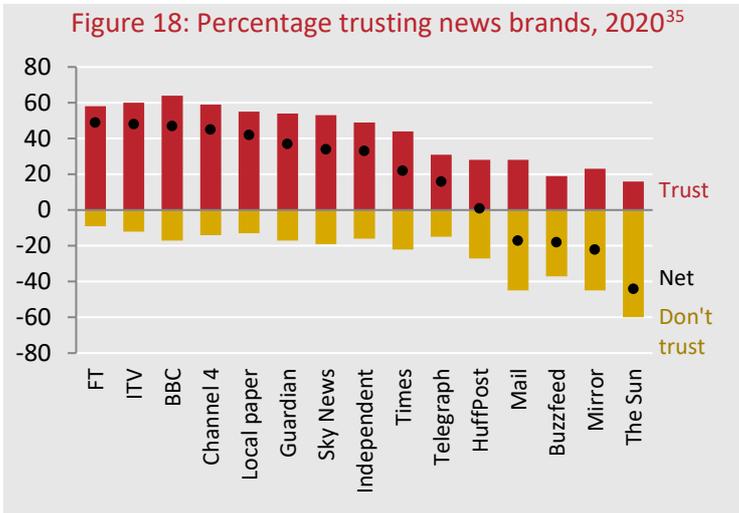


³³ Ofcom, [News Consumption in the UK: 2020](#), 13 August 2020

³⁴ BARB

4.4. Trust in ITV News

ITV News is not just consumed at scale, it is trusted, amplifying its value and influence. According to Reuters Institute research, its net trust position (proportion trusting less those distrusting) is the highest of all the broadcasters and lags only the FT across media:



4.5. ITV News during COVID-19

As Ofcom has noted, the Covid-19 crisis “served to highlight the value of public service broadcasters as trusted sources of news and information”.³⁶ In addition to being trusted, ITV News is free, universally available, live and has mass reach – all vital to its contribution during the crisis. Together with the other PSBs, ITV News has been part of the UK’s critical infrastructure (a fact recognised by the designation of its reporters as key workers).

ITV News has seen a surge in consumption. In weeks 12-32 of 2020 (after lockdown), the 1800 regional bulletin, the 1830 national bulletin and News at Ten saw increases of viewing of 16%, 18% and 20% respectively. With more people at home during the day, the lunchtime bulletin performed even better, up 47%. Good Morning Britain saw six of its ten largest audiences ever.

Special national broadcasts also attracted big audiences to ITV. Boris Johnson's national address was watched by 5.8m people on ITV, whilst the Queen's special broadcast had 5.3m.

At the peak of the crisis, ITV News’ weekly reach rose to 39% of the TV population (and 60% of those over 55).³⁷ Internet

³⁵ Reuters Institute, [Digital News Report 2020](#), 16 June 2020

³⁶ Ofcom, [Media Nations 2020](#), 5 August 2020

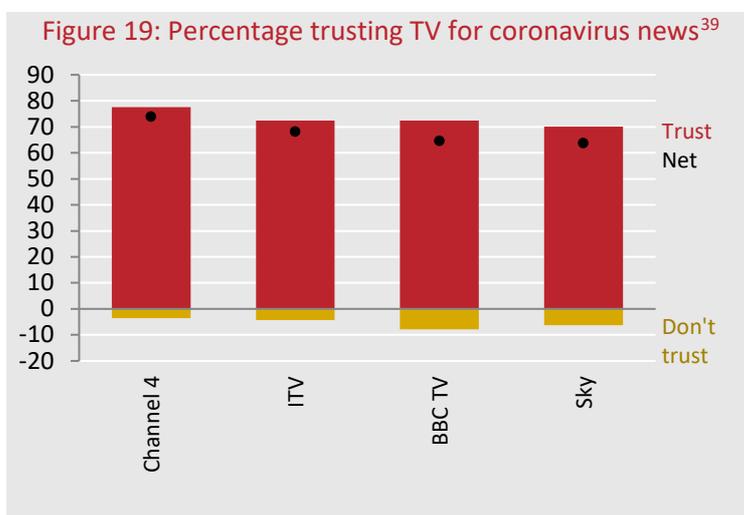
³⁷ BARB

consumption was also substantial, with many ITV regions seeing a doubling or tripling of their online audience.

Ofcom's survey found that 33% of the population were getting information about Coronavirus from ITV, second only to the BBC. Of the population 7% reported that they had changed their behaviour as a result of information from ITV, or over a fifth of those consuming ITV, demonstrating a tangible social impact.³⁸

A YouGov survey for ITV found that 90% of ITV News viewers agreed they had been made aware of the necessary facts and right information during lockdown, and 87% said that ITV News had struck the right tone and feel.

Of the TV broadcasters covered by Ofcom's Covid-19 tracking survey, ITV ranked second only to Channel 4 for trusted coronavirus news:



4.6. Indirect benefits of ITV News

Competition and complement to the BBC

As Ofcom has noted, the public service benefits of ITV News also include the provision of “competition for the BBC in relation to universally accessible UK television news; and plurality in Nations and regions news coverage”.⁴⁰

Regarding national and international news, ITV is by some margin the most important competitor to the BBC. Measured by viewing hours, it is bigger than all the other non-BBC providers combined. In terms of weekly reach, it is seen by

³⁸ Ofcom, [Covid-19 news and information: consumption and attitudes – interactive data](#) [accessed 21 August 2020]. Average of Weeks 2-4 of the survey

³⁹ Ofcom, [Covid-19 news and information: consumption and attitudes – interactive data](#) [accessed 28 September 2020]. Average of results for survey to date (weeks 1-14, 20 and 25). Channel 5 only covered for weeks 1-5, so omitted from results.

⁴⁰ Ofcom, [Licensing of Channel 3 and Channel 5](#), 23 May 2012

more than three times the number of viewers of its nearest non-BBC rival (Channel 4). Thus while there is a range of TV providers of national news (including the other commercial PSBs and Sky), ITV has a unique role in providing an alternative to the BBC.

This alternative brings several benefits. First, it provides choice for citizens, and in particular addresses the needs of distinct demographics (as discussed above). Second, it provides competitive stimulus, ensuring that the BBC provides its best possible news offer

Third, ITV News provides both validation and scrutiny for the BBC's impartiality (and vice versa). This is a more novel issue. Recently the BBC's impartiality has been questioned. In an increasingly polarised political environment, both left- and right-of-centre critics have accused the BBC of bias. In this context, multiple substantial impartial broadcasters, reporting the same events from different angles has value to society.

Support for ITN

ITV's national news is produced by ITN, which is also the provider of news to Channel 4 and Channel 5. A very substantial portion of ITN's revenue (and hence coverage of its fixed costs) comes from ITV, its biggest client by some margin. Thus ITV News is critical to ITN's scale and (likely) its viability.

ITN has stated that it:

“plays a vital role as a third-party supplier that enables each broadcaster to contribute to a shared infrastructure and newsgathering resources in order to benefit from cost effective production of distinctive and different services. Without this scale, PSB broadcasters would have to spend more on infrastructure and less on original newsgathering and production.”⁴¹

ITN, backed by ITV, enables both a sharing of costs and economies of scale, and editorial plurality. However, absent ITV News, Channel 4 and Channel 5 news would also suffer. Since each plays a distinct and useful role in the news ecology, this would be to the disadvantage of citizens.

⁴¹ ITN, [ITN submission to Ofcom consultation on media plurality framework](#), 20 May 2015

5. Why does ITV provide news services and what are their economics?

5.1. Licence obligations

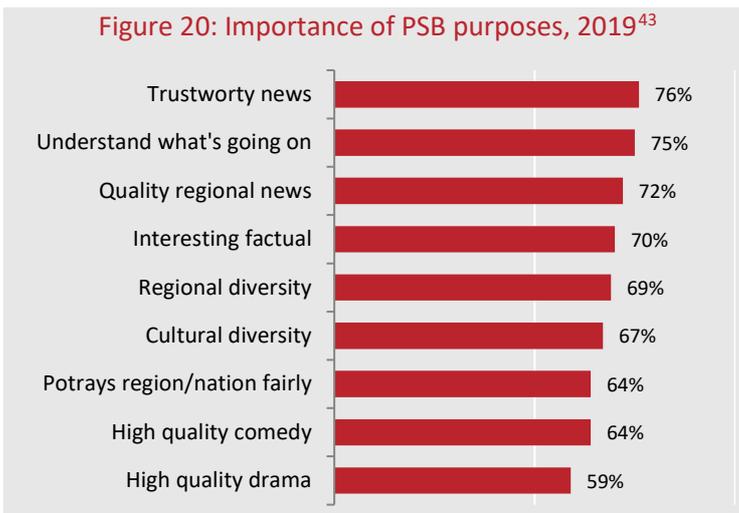
The ITV channel primarily operates under various regional 'Channel 3' licences. These licences (which ITV accepted most recently in 2014, for a ten year term) bring various benefits and obligations over simply operating as a typical multichannel.

In particular, they contain an obligation to broadcast "at least 365 hours per calendar year of high quality national and international news ... of which at least 125 hours must be shown in Peak Viewing Times." ITV Breakfast (which operates under a separate licence) must provide a further 1 hour per day of news.⁴²

The Channel 3 licences also generally require approximately 173 hours per year of regional news, rising to 208 hours in Wales and Northern Ireland.

News obligations have been incorporated in these licences since news is a fundamental aspect of the PSB regime. They give a long term guarantee of news provision, backed by sanctions, in a market where both the number of other news services and their quality are under threat.

Ofcom has found that consumers ranked trustworthy news and good quality regional news as #1 and #3 for importance amongst various PSB objectives.



⁴² Ofcom, [TV Broadcast Licences / Channel 3 \(ITV & STV\)](#)

⁴³ Ofcom, [PSB Tracker 2019 data tables](#), 16 January 2020. Percentage of respondents giving a 7-10 importance rating. Item descriptions shortened

(Ranked #2 was ‘helps me understand what’s going on in the world’, which arguably is also a statement about the importance of news).

The PSBs were also seen as comparatively successful in these areas. For trustworthy news 60% of respondents scored the PSBs 7 out of 10 or more, and for regional news 62% did. (For ITV 69% and 69% did so respectively).⁴⁴

5.2. Commercial rationale today

National news bulletins carry advertising that generates revenue for ITV (By contrast, Nations and regions news carries very little). However, this alone would not be sufficient to ensure that ITV carried national news, either at all or at current quality, were it not a PSB with obligations to do so. A critical question is whether alternative programming in the same slot would result in higher revenues for the schedule as a whole, and/or come at a lower cost.⁴⁵ If so, broadcasting news would carry an opportunity cost, and it would be rational for a purely commercial ITV to drop news and switch to the alternative programming.

That said, high quality news does generate reputational value for channels and broadcasters, positions them as channels of a certain type, and brings in particular audiences – this may create spillover benefits for other programming, beyond the viewing of the news programmes themselves.

National news

Ofcom has previously (2012) taken the view that “ITV plc would be likely to continue to show national news, even if there was no obligation to do so”.⁴⁶ ITV does broadcast significantly more than the required amount of national news (417 hours in 2019 vs a quota of 365). However, news provision carries a relatively high fixed cost, but comparatively low marginal cost per hour broadcast. Thus if a channel broadcasts *any* news, it can make sense to broadcast many hours.

Further, Ofcom’s conclusion is highly dependent on context, in particular the scale and profitability of the ITV channel as a whole, and the state of viewership and the advertising market. ITV News is not a standalone service, but rather a component of a wider multi-genre channel. As the economics of that channel changes, so too will the case for news, as we discuss further in section 5.3.

⁴⁴ Ibid

⁴⁵ Note that the CRR regime (which governs the ITV channel’s advertising sales) and the trading model it requires mean that the linkage between any given programme’s audience and the associated revenue is complex and indirect. In practice it is difficult to determine the incremental revenue generated by a particular programme, rather than by the schedule as a whole

⁴⁶ Ofcom, [Licensing of Channel 3 and Channel 5](#), 23 May 2012

Nations and regions news

The picture for regional news is very different. Distinct bulletins (18 in the case of ITV) need to be produced for the different nations and regions, driving up costs, and minimal advertising in these programmes means minimal direct revenue. Thus while national news might well appear in some form in a purely commercial schedule today, Nations and regions news would not. Ofcom has consistently recognised that regional news carries a substantial opportunity cost,⁴⁷ one that is compensated for by the benefits incorporated in the Channel 3 licences.

Online news

ITV's online news has some commercial benefits: it is a way to reach certain demographics (particularly younger news consumers) and build a relationship with them; it is a beachhead for what could be a revenue generating opportunity in future; and it is seen as a necessity for any media brand to have at least some online presence.

However, ITV's online news is provided as an adjunct to the broadcast services. It does not generate revenue since it currently does not carry advertising. Given the importance of trust to ITV's news product, the company is wary of it carrying online advertising (particularly if intermediated by platforms), since inappropriate advertising could be damaging to the brand.

Even with advertising ITV News online would not be profitable standalone, and indeed would be unlikely to cover its marginal costs (that is, the cost of online editorial, production and distribution, setting aside any contribution to the central costs of news gathering). ITV's own estimate of the potential revenue from its online news (both video ads and display) is just over £800k, substantially less than the cost of ITV's online-only editorial alone.

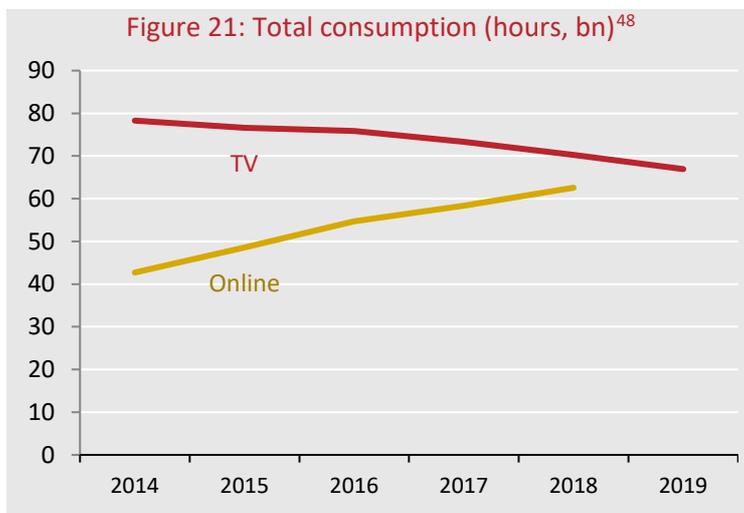
5.3. Looking ahead

Broadcast news

While historically national news has made commercial sense for ITV, and the cost of Nations and regions news has been covered by licence benefits, there is no guarantee that this continues. Both are dependent on the state of the broadcast market, and ITV's position in that market (supported in part by linear channel EPG prominence and DTT spectrum, though the value of both of these regulatory benefits are themselves tied to the health of broadcast TV).

⁴⁷ Ofcom, [Licensing of Channel 3 and Channel 5](#), 23 May 2012

A fundamental challenge for the future is that linear broadcast viewing is falling, and at an accelerating rate. In 2019 total hours of viewing dropped by 5%:



(Particularly for younger audiences, time spent watching TV has been shifting to time spent online.)

Linear PSB viewing has been dropping at a higher rate, though news (less vulnerable to VOD services) has been slightly more resilient. Since 2012 news from the PSBs has been increasing steadily as a share of total PSB viewing, although still falling in absolute terms (though ITV has seen growth). Of course from a commercial perspective this growing share is a problem, since news is not a particularly profitable genre.

Shifts in TV viewing have a triple effect on the costs and benefits of TV news provision.

Firstly, and most obviously, smaller audiences mean national news will bring in less revenue,⁴⁹ either directly through associated advertising, or through a 'halo effect' that uplifts viewing for the rest of the channel.

Secondly, the benefits associated with the Channel 3 licences – notably linear channel EPG prominence and DTT capacity – are both proportionate to the value of broadcast TV, and so will be affected by changes in viewing. For instance, if TV viewing is falling, TV channels will become less profitable, and by implication DTT slots will become less valuable. (The value of these slots has also been reduced by increasing supply – market prices have already fallen appreciably). Falling

⁴⁸ BARB; Ofcom, [Adults' Media Use and Attitudes Report 2019](#), 30 May 2019; ONS, estimates. Note that TV time is for those 4+ and online time is for those 16+

⁴⁹ Nations and regions news, which carries minimal advertising, will not see material revenue falls since it is already near zero

viewership therefore reduces the value of the licence benefits.

Thirdly, if the overall profitability of the channel continues to fall, there may simply not be funds available to cross-subsidise news. (Pressure on profitability will be further increased by the ban on HFSS food and drink advertising pre-9pm).

These factors have the potential to ‘tip the balance’ in ITV’s calculation of the costs and benefits of news provision, with either regional news, national news or both no longer seen as economically viable, even allowing for the benefits of PSB status.

Certainly TV news providers without PSB status are already seeing significant challenges. Sky News is reported to lose £40m per year,⁵⁰ though for the time being continued provision is underpinned by commitments made to secure Comcast’s acquisition of Sky. Until June 2029, these ensure funding of Sky News grows with inflation.⁵¹

Online news

The online market is still developing, and it is natural for ITV to broaden its offer online as audiences spend more time there. For example, ITV is investing in ITV Hub and other services to maintain its scale and reach. Making news (including Nations and regions) available online has and will continue to be part of this, and will drive some traffic to the broader ITV Hub offering. *The Rundown* is being used to reach younger audiences online. We discuss these and other steps ITV is taking to enhance its online offer in more detail in the next chapter.

However it is unlikely that online news will become a profitable business for ITV. Some providers, such as the *New York Times*, are seeing success with subscription models. Others, such as the *Guardian*, receive donations on a quasi-charitable basis. However, these avenues are not available to ITV. The value of ITV News is precisely that it is free and universal, precluding a subscription approach. The charitable route depends on a lavish benefactor, or on the organisation taking an ‘advocate’ role that is not possible for an impartial broadcaster.

The online advertising market is fiercely competitive, and ITV (like other news providers) must compete with the likes of Facebook and Google. These players generate page views at very low cost, and hence can profitably charge aggressive rates for advertising impacts that others may not be able to match.

⁵⁰ BBC, [Sky News faces uncertain future after Disney-Fox deal](#), 15 December 2017

⁵¹ See: Comcast/Sky, [Adoption of Post-Offer Undertakings and Comcast Commitments by way of Deed Poll](#), 8 May 2018; Comcast/Sky, [Deed Poll](#), 5 December 2018

While certain specialist publishers - such as the *FT* - are able to charge a premium for their impacts, this option is likely unavailable to ITV. (These specialists often operate paywalls, and so are not mass market news providers). Some advertisers are also wary of appearing alongside hard news, particularly breaking news.

As the Cairncross Review noted in the context of newspapers: “Publishers’ digital advertising revenue is much lower than they had hoped”.⁵²

Further, it is proving hard to find growth at scale. The MailOnline, one of the most successful mass market news providers online, reported that time on site *fell* by 4% in the year to September 2019.⁵³

One of the challenges is that content providers in part depend on the platforms for distribution – the same platforms with whom they compete for advertising spend.

For all the above reasons, online revenues are likely to be constrained. Costs – even setting aside newsgathering costs shared with broadcast – may be material. Content must be prepared and optimised for an increasing number of platforms – the web, mobile apps, Facebook, Twitter, Instagram, Snapchat and so on. These different platforms have different vernacular, audiences, technical requirements and so on. Further, investment periodically needs to be made in new formats which may or may not have long term value. (News providers’ investment in Facebook video is a case in point).

Thus building online audiences is a fragmented and costly effort, by contrast to the efficiency of broadcast distribution, honed over decades.

At minimum, this suggests that for the foreseeable future ITV News online will only make sense as an adjunct to – not a substitute for - ITV’s broadcast provision, which is in reasonable health with growing consumption. If broadcast news from ITV (national or Nations & regions) falls away for some reason, then the equivalent online news would fall away also, even within the context of ITV’s wider investment in online services.

⁵² Frances Cairncross, [A sustainable future for journalism](#), 12th February 2019

⁵³ DMGT, [Annual Report 2019](#), 5 December 2019

6. How will ITV News continue to deliver public value?

As we have seen, ITV News delivers real public value. If this public value is to be sustained, then ITV will need to continue to generate mass reach and consumption for its free, accurate and impartial news.

Broadcast news will remain pivotal for large parts of the audience. Many viewers will continue to value a curated and presented summary of key stories. By extension, broadcast news will continue to play an important role in ITV's PSB delivery since its inclusion in a well-funded, free-to-air, multi genre channel will support mass reach in a way unmatched by the commercial market.

ITV will also continue to have a relative emphasis on C2DE audiences. (Some of the key TV and online news providers skew significantly ABC1, notably the BBC, Channel 4, Sky, the *Guardian* and the Huffington Post).⁵⁴

Linear television news remains popular across all age groups – ITV News reaches over a quarter of 16-24s each week. However, delivering mass reach across all demographics will increasingly require a strong internet presence to complement television given that some audiences – notably the young – are shifting heavily online.

Internet reach in turn means presence on multiple platforms online, since the online audience is fragmented and takes many different paths to news stories.

To meet these challenges, ITV is exploring a number of possible ambitions for its online offering. These would be designed to provide the breadth and agility necessary to secure mass reach in a fragmented and dynamic environment, and sustain ITV's offer of high quality free news in market where paywalls and fake news are proliferating.

Perhaps the key challenge will be to offer the video rich news services currently broadcast in ways that draw a mass audience online.

However, at the same time, the financial case for news – both broadcast and online – is increasingly challenging. Thus the realisation of these ambitions is critically dependent on both the commercial and regulatory environment.

ITV's thinking about its possible future online news offer is a work in progress, precisely because the financial case is challenging. However, some of that thinking is described below.

⁵⁴ Ofcom, [News Consumption in the UK: 2020](#), 13 August 2020

6.1. Simulcasting nations and regions news live via the ITV Hub online

The ITV Hub is central to ITV's online offer, distributed via around 35 online platforms. Increasingly, particularly for homes without traditional TV platforms (so called IP only homes), internet streamed and on-demand TV is the only way of getting TV. ITV streams its channels via the ITV Hub at the moment but those streams do not include nations and regions news. It is a non-trivial and expensive task to include 18 different nations and regions news in those live online streams but this is an area where in future ITV might offer its nations and regions news services live online.

6.2. A virtual online news channel

Certain events merit live video coverage outside the normal pattern of scheduled news bulletins, and ITV is one of the few UK organisations that can provide this. The event may be breaking news (a terrorist attack) or something anticipated (a football club's victory parade). Online live video distribution would allow ITV News to reach audiences wherever they are at the time (without the need for an expensive 24-hour news channel, though not without material costs even online only). This live video may be delivered via ITV Hub and/or social media, and would be coupled with alerts, so that people were aware of its availability.

Deployment of 5G networks and the falling cost of mobile data will mean that streamed video on-the-go will be feasible and affordable for ever more consumers.

Again, such a virtual live online news channel feels like one of the opportunities of increasing online TV distribution that could in the future be part of ITV's news offer.

6.3. Improved integration of news into ITV Hub

National news bulletins are already available in ITV Hub for catch up, but Nations and regions bulletins could be added. However, there are serious questions about whether the cost and difficulty of adding all the long form nations and regions news programmes to the ITV Hub would represent good value for money based on likely very low demand.

In particular, whilst there is still healthy demand for live news which is broadcast and streamed, catching up on old long form news programmes in a world where the latest news is available on an updated basis 24/7 feels outdated.

A better approach might well be to improve the discoverability and granularity of the nations and regions video news content available by disaggregating the programmes and making individual stories available in the Hub (from both national and regional bulletins) with regional

targeting by default where users are signed in (but with access to all regions if required). This would help people find coverage of the topics of greatest interest to them and would be more consistent with the ways in which people access news content on demand at a time and in a place that is convenient for them.

The success of *The Rundown* gives some indication of what impact might be achieved with a service designed with audience needs in mind, rather than one based on ITV's existing linear obligations.

This approach online could be part of a broader enhancement of the presentation and emphasis of ITV news online. This could also involve bringing together other news and current affairs programming from ITV in the same place as well as including bespoke short form content. Clearly there could also be close integration with ITV's own news website too.

Inclusion of news systematically on ITV Hub (which is clearly a mainstream online TV destination) opens up possibilities for cross promotion and inheritance for news from other programming that we see in linear TV.

6.4. Original video and social media innovation

Ultimately ITV's ambition is to transition ITV News from being TV-led to video-led, and to own visual story telling for a digital age. This may require a range of formats, drawing on common news gathering capabilities but tailored for different distribution platforms and demographics.

The Rundown has been a prototype of this approach, and subsequent offers could address a range of audience segments underserved by broadcast news, though further expansion would be a costly and difficult exercise commercially and might be challenging to keep distinct in terms of branding and distribution.

These offers would be primarily designed for social platforms. While social media is ever more important for news distribution online, it is especially important for ITV News, given its particular strength with C2DE audiences. While 45% of this group use social media for news, just 31% use other online news, and overall they are lower consumers of news. (The figures for ABC1s are 46% and 46% respectively).⁵⁵

6.5. Cooperation with local newspaper groups

In a manner similar to the BBC News Hub, ITV could offer its branded video from general local news coverage to other local and regional news providers, for their use in their own online offers. This could be a springboard to bigger

⁵⁵ Ofcom, [News consumption in the UK: 2020 data tables](#), 13 August 2020

collaborative projects with local press over time. Again, however, the commercial rationale for ITV to do this is not clear given that it would not be cost free.

6.6. Supporting business capabilities

Distribution of ITV channels and Hub as a whole via TV distribution platforms (broadcast and online) is a fundamentally important part of the future policy debate around PSB as we discuss in the next chapter.

Distribution of other niche ITV news offerings such as *The Rundown* via social media also raises significant distribution and economic issues. ITV would need to secure distribution deals that, as far as possible, provide revenue and prominence. As the newspapers have discovered, achieving this in the increasingly complex world of video distribution is not easy.

Branding would be important too, to ensure that, regardless of platform, credit and attribution accrues to ITV.

Some or all of these new initiatives described above could ensure that ITV News continues to deliver significant public value, and sustain plurality of impartial news as consumers shift online. Plurality also inherently means different approaches, and given diverse audience tastes, this helps ensure impartial news has the highest possible reach online.

However, the critical challenge is funding, given the likely limited revenue from these initiatives. To date, ITV's funding for online news has been found from within the broadcast budget, but this approach will not support more substantial investment while still sustaining broadcast news as-is. Indeed, the changing commercial and regulatory environment is likely to put substantial pressure on funds even for broadcast news before any potential carve-out for greater investment online.

7. Implications for policy makers

7.1. Challenges to newspaper journalism and limited public tools to support

The threats to journalism and news provision are widely accepted, as is the threat to society that this represents. However, what remains less clear is how to address this problem.

While certain newspapers are transitioning successfully to a subscription model, this is a very particular solution to the challenge. It is a commercial approach only open to certain providers, and only a subset of consumers will pay to get their news this way. The Reuters Institute found that the portion of consumers paying for online news across 9 countries had been stalled at 11% since 2013.⁵⁶ Thus the challenge of ensuring plural, quality news provision to a mass audience remains.

In a normal market, the response to such a market failure would be government subsidy. However, since part of the value of news is that it can help hold governments to account, any form of subsidy that might be subject to political interference would be problematic. (Moreover, even with a subsidy, mass reach for relevant and attractive content is not guaranteed).

The Cairncross Review emphasised the importance of encouraging the provision and consumption of public-interest news, but noted that:

“This will require new sources of funding, removed from direct government control. It will need institutional and financial structures that combine a guarantee of independence with adequate support. That will be a difficult combination to secure, but the future of a healthy democracy depends upon it.”⁵⁷

7.2. PSB news as source of journalism with existing mechanisms for public support

However, just such structures already exist for PSB news, and particularly in the case of ITV. Further, broadcast news will continue to be the most important source for consumers for some years to come.

The interventions that support ITV’s news provision are EPG prominence and DTT spectrum. Since these benefits are non-cash, long term and not specific to news, they are inherently

⁵⁶ Reuters Institute, [Digital News Report 2019](#), 12 June 2019

⁵⁷ Frances Cairncross, [A sustainable future for journalism](#), 12th February 2019

less vulnerable to a hypothetical government seeking to exchange 'cash for coverage'.

These benefits, whilst ultimately provided for in legislation, are overseen by Ofcom, putting them at arms length from the government of the day.

Further, the accuracy and impartiality obligations combine with the history of the PSB (including deeply embedded culture and journalistic practices) to provide additional protection from news coverage becoming influenced by any particular interest.

Given the above, PSB news (and in particular live news programmes) has the potential to be an important component of the solution to the wider challenge of healthy news provision.

Of course, it is not enough that quality news is provided – it must also be consumed. Here too PSB news makes a critical contribution, reaching large and diverse audiences, underpinned by their inclusion at the heart of the schedules of mass-reach, free to air multi-genre channels. For instance, the reach of ITV News is greater than that of all print newspapers (national and regional) *combined*.⁵⁸

7.3. Challenges facing the commercial PSB regime

However, the commercial PSB regime (and the commercial PSBs themselves) face some significant and increasingly urgent challenges.

- **The value of the PSB assets is falling.** Spectrum and linear channel prominence, which help pay for and guarantee the contribution offered by commercial PSBs (particularly in news), are becoming less valuable as viewing moves online.
- More generally, **online distribution of PSB content of all types will increasingly depend on huge global platform intermediaries.** Non-news content must make a return, both to justify its own creation and to fund news. Fading prominence and/or demands for a substantial share of income by these intermediaries threatens those returns and risks PSB content fading from view jeopardising all forms of PSB content well beyond news.
- This move to online distribution matters enormously since:
 - **Linear TV advertising looks increasingly fragile in the medium to long term.** It has already experienced a sharp contraction as a

⁵⁸ Ofcom, [News Consumption in the UK: 2020](#), 13 August 2020

result of COVID, and its level and pace of recovery are uncertain. A permanent and material loss to digital (as happened to print newspapers) looks plausible absent intervention; and

- **Young audiences continue to consume less linear TV**, and commercial PSBs will need to reach this demographic online both to deliver public value and to secure their commercial future. Otherwise, it will be impossible to sustain mass reach.
- Furthermore, **specific regulatory changes are further weakening commercial broadcasters, including PSB**. The HFSS ban pre-9pm will have material impact, as might restrictions on advertising other categories of products.
- At the same time, **the expectations of delivery from the PSBs is, if anything, increasing** since in a number of areas the market will offer limited provision as global players come to dominate beyond the PSBs. Increased requirements in relation to production outside London and children's content are two recent examples.
- In common with other providers, the **PSBs face the challenge of how best to engage with the platforms to deliver news on a stand alone basis**. To achieve large scale distribution, particularly to younger audiences, the PSBs will also depend on the reach of Facebook, Instagram, YouTube and so on. As the government has said:

“search, social media and news aggregation platforms and companies have a societal responsibility to engage fully with government and publishers as we work collaboratively to create a sustainable environment for news in the digital age.”⁵⁹

That said, the prior question will be how such niche online news services will be sustainable commercially without some form of subsidy, perhaps via a revised PSB regime.

7.4. Conclusion

The unique contribution of PSB news points to the importance of sustaining it at scale as part of a broader PSB system through the period of transition that is now upon us.

⁵⁹ DCMS, [Government response to the Cairncross Review: a sustainable future for journalism](#), 27 January 2020

This is doubly true of the BBC and ITV, with their deep roots in the regions, developed over decades and unmatched by any other news organisation and almost certainly irreproducible at anything like the current scale and impact.

In PSB news the UK has a valuable model for arms-length support of socially important, trusted news at scale. This is likely to be increasingly precious given the challenges facing other forms of news provision. Building on and modernising this model may represent the most effective way forward.

Preserving PSB news – and avoiding undue disruption – is essential to securing the future of news that is widely consumed, plural, and of high quality.

The challenge in this will be to find ways to enable commercial PSB providers such as ITV to continue to fund high quality, trusted, mass reach news programme as part of broader broadcast and online offerings. This problem is particularly acute given the increasing reliance that national providers such as ITV will have on global online distribution platforms to reach increasing parts of the audience at scale.

There are important lessons to learn from the experience of the newspapers, particularly in terms of the visibility and prominence of their content and, above all, the loss of a substantial share of value to the platforms that they have experienced as a result of online distribution.

The difficulties that the newspaper industry has experienced in online distribution should be salutary. That would suggest that a revised policy approach to safeguard the public value contribution of the PSBs, particularly in news, will be necessary if as a society we believe that there is no obvious substitute for the public value they deliver.