



ITN RESPONSE TO CONSULTATION

**SUSTAINABLE, INDEPENDENT AND
IMPARTIAL NEWS; IN THE NATIONS,
LOCALLY AND IN THE REGIONS**

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1 Summary and introduction

The Digital Britain White Paper proposes the introduction of independently funded news consortia (IFNCs) as a model to provide regional news, including through the Channel 3 licence schedule, which would be broadcast and syndicated more widely within the regional and local news environment.

This paper provides ITN's response to the DCMS consultation document on sustainable, independent and impartial news; in the Nations, locally and in the regions. We outline ITN's perspective on IFNCs and highlight important issues regarding their design and operation. We stress, in particular, the need for national IFNC licences which we believe is the only way to ensure that a high quality regional news service is offered consistently across the country and that public spending on IFNCs is not inefficient. We also specifically address the formal consultation questions relating to ensuring plurality in news provision and funding options.

ITN welcomes the Government's general engagement with the issue of regional news. We fully support the Government's exploration of the IFNC concept. If designed, operated and funded in the correct manner, putting viewers and their preferences at the forefront of the debate, we believe IFNCs offer a potential solution to the future delivery of plural regional news and welcome the opportunity to play a part in their planning, development and ultimate delivery.

In this summary, we wish to address four key points in relation to IFNCs.

1) Public funding is required for IFNCs

Public funding is required to support the ongoing provision of regional news services outside of the BBC. Impartial regional and local news has always been part of the public service broadcasting ecology in this country. Historically, public service broadcasters have been willing to take on commitments to public service obligations in return for the benefits they receive from access to scarce analogue spectrum. In this manner, there has always been a subsidy provided to ensure that public service content, such as regional news, is provided in addition to that provided by the BBC. This model is breaking down with the declining value of analogue spectrum and the increased economic pressures placed on broadcasters. Unless public funding is provided, regional news services are likely to be either withdrawn or commercial funding reduced to a level that does not permit the services to offer the quality required to compete against the BBC.

2) IFNCs should be allocated at a national level

IFNCs should be allocated at a national level, with separate licences for England, Scotland, Wales and Northern Ireland. There should not be regional licences within England. Only national IFNCs, operating as master contractors, will be able to consistently deliver the quality of programming required to compete with the BBC and leverage efficiencies and scale economies thus ensuring that public funding is used cost-effectively. ITN has observed the benefits of establishing a centrally co-ordinated regional news service. Originally ITV's services used separate systems and duplicated facilities and overhead functions.

Under a national model operated by ITN, there would be a small central team with clear areas of responsibility for finance, purchasing, training and staffing policy, with a national editorial director to review standards and content, and ensure that local newsrooms gain maximum advantage from a national and international network. The central team would not attempt to set local agendas and would fully support autonomous editorial decision-making at a local level. However, by providing support, guidance, co-

ordination and identifying economies of scale and areas for resource sharing it will significantly improve services in local areas and reduce overall costs.

Without a national licence the service is likely to vary in quality across regions and be reliant on providers in some areas who have limited experience in impartial audio-visual news production. It may also be the case that in some smaller and less economically attractive regions there is no demand to operate a regional licence, particularly given the high costs involved. Real plurality requires success with audiences, and success with audiences requires the efficiencies, low costs and inclusiveness of a national system.

3) ITN offers a model which will ensure industry collaboration

A national model need not and should not preclude involving a diverse range of regional news organisations. Collaboration between news providers should form an important element of the IFNC model. In each part of the country we would support an alliance of local newspapers, radio, internet and local communities each actively providing content and services to the IFNC and utilising the content which is ultimately developed. We believe this will work best under a central IFNC licence with contracts in place with a range of providers to generate content and deliver services.

In order to ensure that the national IFNC model delivers opportunities for local media companies and organisations, we propose introducing a Local Independent News Quota which will require the national IFNC to spend a set proportion of its budget outside of the IFNC - directly with local providers in each region. If one of the aims of the Government is to facilitate new providers to television news services, the quota concept under a national structure can meet these objectives whilst still ensuring that service quality levels are maintained and value for money delivered.

4) Trials of IFNCs should not preclude a national model or undermine existing network arrangements

In relation to IFNC trials, these need to be structured in a manner which does not preclude a national model for IFNCs being adopted and which can accurately test the level of public funding which is likely to be needed if an efficient national model is established. We recognise that funding availability is likely to preclude a full trial across England.

A trial in an English region should be designed to allow the evolution to a national model. Here, we request that the government should clarify that, after the trial, a transition from a regional trial to a national scheme is not precluded. Also, given the importance and value of the existing coordinated network structure of regional news, any trial should be incorporated within, and supportive of, this structure. If the current network structure is dismantled or weakened by the operation of the trial it will be very difficult and costly to subsequently get it back.

The trial should also be used to test the Local Independent News Quota model.

In the rest of this paper we expand on the issues highlighted above, and other relevant issues, in relation to IFNCs and respond to the specific questions raised by the consultation document.

2 Putting the viewer first in the design of IFNCs

ITN believes that the performance of a cross-platform publicly funded plural regional news service should sit at the core of the design and operation of IFNCs. Any model of IFNC which is adopted needs to be capable of providing a service which can attract viewers in the nations, locally and in the regions in significant numbers and provide them with meaningful choice relative to the services offered by the BBC. As we discuss throughout this paper, only by designing the IFNCs in an appropriate way can we ensure that the service performs both in terms of viewers and in an economically efficient manner.

When asked, people have been very clear that with respect to plurality they value the quality of programming and want real choice. With ITV1's existing regional news services being watched by 3.2m people per night, and receiving 19% of the viewing share within its slot, it will be important to ensure that any service delivered by IFNCs offers comparable, and ideally better, performance than existing services.

If public funds are used, viewers will expect the service to offer them real choice relative to the BBC. This will only be achieved if the model adopted ensures that the service is capable of providing news content of the highest quality across editorial, production and professional newsgathering standards. It would be detrimental to plurality if the IFNC model was to lead to services which are not considered competitive to the BBC, perhaps due to an inefficient regional structure being adopted, inexperienced providers or models of participation which do not put the quality of the product at the heart of the service. This applies particularly to television content which 63% of viewers still rely on as their main source of regional news.

In order to ensure that audience delivery is set as the key priority in the operation of IFNCs, we propose that any entity securing an IFNC licence should sign up to viewing, usage and audience satisfaction performance targets and should be incentivised to deliver on these commitments.

Equally, Government should put viewing and the competitiveness of the service at the centre of its design of IFNCs. Models, or aspects to the operation of IFNCs, which risk failing to deliver significant audiences should be rejected. If potential viewers of regional programming are under-served by the IFNC model and subsequently lost to other programming, it would be very difficult, if not impossible to get them back.

At ITN we understand quality and have the expertise in newsgathering and journalism and the operational experience to deliver high-quality news programming which can compete with the BBC. We do this already with our national and international television news and also at a regional level through the delivery of ITV London News. We currently produce hundreds of hours of news programming per year on television and provide a multitude of news service across online and new media platforms. If ITN has the opportunity to operate a national IFNC licence, working with local partners, we would be confident that we would be able to deliver a very high quality service that delivers both audiences and value for money.

3 The case for allocating IFNCs at a national level

ITN believes that, in addition to delivering high-quality and competitive service relative to the BBC, IFNCs should be designed to make efficient use of the available funds – high quality because this delivers audiences and therefore genuine plurality; efficient because public funds will be deployed. Where economies of scale, opportunities to leverage synergies and scope for sharing content exist, the IFNC should be designed in a way which enables these to be exploited.

Given these issues of quality and cost-efficiency, ITN believes that IFNCs should be national, with separate licences for England, Scotland, Wales and Northern Ireland. We do not believe that offering licences at the level of the English regions gives any meaningful benefits over a single licence for England; moreover, we feel that adopting a regional approach in England would produce a more costly and inefficient outcome and risk leaving some regions behind, offering a low quality service which will not secure large audiences.

Under our proposals for a national IFNC, there would be a national executive which would play a focused, streamlined oversight role over the local operations. Its aim would be to free local newsrooms across the country of time-consuming and bureaucratic obligations, but would not interfere with day-to-day editorial sovereignty, which would remain enshrined in each local newsroom. The small central team would have clear areas of responsibility for finance, purchasing, training and staffing policy. A national editorial director would review standards and content, and ensure that local newsrooms gain maximum advantage from a national and international network. The central team would not attempt to set local agendas and would fully support autonomous decision-making at a local level. However, in providing support, guidance, co-ordination and identifying economies of scale and areas for resource sharing, it will significantly improve services at the local level and reduce overall costs.

Below we outline the case for a national approach to IFNCs, operating through a master contractor. We address:

- Lessons to be learnt from the historical structure of regional news services on ITV;
- Efficiencies in programme making and impacts on the quality of the service;
- Economics of scale, avoiding duplication of resources and economic inefficiency;
- Administrative, licence bidding and accounting costs;
- State aid issues.

3.1 Lessons to be learnt from the historical structure of regional news services on ITV

The experience of ITV in the development of regional news offers valuable insights for the design of IFNCs.

When ITV started as a network of individual licences, each region had its own regional news service which ran independently from all other regions. This led to significant differences in quality, cost and technical systems between regions. It was common for regions to run on different news systems limiting the ability to share content and for staff to move between regions. Content and ideas were rarely shared across regions and, as a result, there was a very different on-screen performance to the different regional services. Some services performed well, while others, particularly in the less economically wealthy regions, lagged behind and failed to offer a service which their audiences wanted to watch.

It was only when the ITV network consolidated that the ITV News Group (ING) was established in 2004. This network permits sharing of information and resources and helps to ensure best practice is established. The ITV1 regions now operate using the same formats and technical systems. Historically this was not the case. The system now exploits economies of scale and ensures resources are shared where this makes economic sense.

Here, it is also important to recognise that historically regional news services operated in an environment which is very different to the competition and funding environment which exists today. There are those who

recall the original ITV regional structure as halcyon days, with each region supporting well resourced local news organisations. Prior to the arrival of digital multi-channel competition and the internet and Google's advertising model, ITV enjoyed a strong hold over a buoyant television advertising market. As such, it could tolerate inefficient operating structures within news and had access to funding which was be used to mask weaknesses in the model. Those days are long gong and will not return, and the inefficiencies they disguised cannot be tolerated in today's market environment.

A collaborative relationship with a central editorial ethos has other benefits. Coordinated coverage on a wider scale can demonstrate how local developments feed into the national picture. It can also allow regions to contrast and compare local events with other areas. For example, a recent pan-ITV News series on binge-drinking was co-ordinated centrally and provided a powerful national insight into the problem while also allowing each region to create its own report on how the issue was impacting locally.

National co-ordination also allows regions to cover stories way beyond their own budgetary limitations. When the Special Olympics took place in Birmingham in July, 2009, collaboration between the Regions meant each area was provided with first-rate content of competitors from their own area, without the cost of deploying their own news teams. Similar benefits (and far greater financial savings) were realised during the 2008 Olympics in Beijing, with distinctive, local stories being sent back in unedited form at regular intervals.

There are many other examples of coverage abroad being made available to regional programmes, bringing in costly and inaccessible material for widespread use across the country. This includes "embeds" with British forces in Afghanistan and Iraq, coverage of the D-Day anniversary in France, and frequent use of the ITN picture link from the United States.

Network resources can also be deployed for region-specific stories. The fund-raising activities of cancer-sufferer Jane Tomlinson in the United States was covered by ITN, and provided additional material for colleagues at Yorkshire.

No single region would be able to meet the cost of covering the World Cup in South Africa next year. But a Network presence at the Finals will ensure access to players (home and foreign) from their local teams and ensure efficient use of satellite capacity, SNG trucks and other facilities.

All this is a far cry from the fragmented and uncooperative system of the past. Self-contained regions working independently and protectively under their own banners meant petty territorial squabbles and regular duplication of effort were the order of the day. There was little sharing of resources, material and support to those operating in other regions.

So, under ITN's vision of a national master contractor IFNC, we see an opportunity for regional news programming to connect with national and international news services, bringing a national and international perspective on regional and local issues. This brings context and texture to sometimes impenetrable subjects. We do not believe that this would happen under a regional IFNC structure. Each region would lack the scale required to devote sufficient attention and resources to important stories. Regional news services would again become unambitious and constrained by what can be funded locally rather than what is of most interest and relevance to the viewer.

Given that it has taken many decades finally to achieve the economic and programming benefits of a national structure for regional news, it appears to us that it would be a retrograde step to go back to an inefficient separate regional structure under IFNCs. Experience shows that a fragmented and non cooperative regional

structure leads to unnecessary duplication, higher costs, and a wide range of editorial standards. A national structure will ensure consistency and provide confidence in news programming.

3.2 Efficiencies in programme making and impacts on the quality of the service

A national IFNC model offers significant benefits over a regional structure in terms of the consistency of quality and ambition of the programming it can produce given the same level of resources. This is for a variety of reasons.

First, a regional structure would require each English region to develop skills - independently - across a range of areas, such as, editorial decision-making, reporting standards, newsroom processes and workflows, graphics, training of staff, technology selection and implementation.

Under this scenario, it is likely that some regions, perhaps, particularly those more prosperous with greater resources, will make good decisions and produce attractive television; others will not. A regional model is likely to see some regions being left behind, producing programming which their local residents will not choose to watch.

Modern television news operations produce high quality programming as a result of considerable work to ensure that programmes are accurate, impartial and meet a broad set of legal and compliance standards. This only happens by the adherence to costly and strict internal processes, supported by the experience and qualifications of the staff involved in the programmes. Only a national structure can ensure that news services will continue to meet high standards of accuracy and impartiality. Again, under a regional model, some regions may deliver the standard required, but many would not due to the costs involved. A national model would ensure that these requirements are co-ordinated and investments in the necessary skills and processes can be spread across all English regions.

Impartiality is a particularly important issue in relation to the proposed structure. ITN and other television news providers adhere to strict rules on impartiality and it is ingrained throughout our programme making and news delivery process. Newspaper providers do not have to adhere to the same standards of impartiality and, at present, lack the experience and processes required to ensure that impartiality is delivered. We see a key element of the national model ensuring that all local providers of content adhere to standards of impartiality.

Recent history has provided compelling evidence of the benefits of a co-ordinated approach to training and the use of high-end production skills. The use of TV graphics, for example, can be a complicated and costly addition for news programmes. Central provision of the best equipment and highly-trained operators can provide graphics staff in regional newsrooms with model templates that can be adapted and enhanced for local use. A central server can be easily used to share these templates and display the best work from other areas.

Legal training for journalists and other production staff is crucial, and requires specialist knowledge. Trained and experienced journalists still need regular refreshers on various aspects of UK Broadcasting law. This includes areas such as contempt, copyright, privacy, and compliance. Centralised legal advice, as well as a programme of visiting lecturers, can ensure a consistent and up-to-date approach to legal guidance and training.

Another major benefit of a national infrastructure can be found in the coverage of politics. While local politicians carrying out local work in their own constituencies is a crucial part of our political way of life,

their work at Westminster is also important. A combined facility at Millbank Tower – right at the heart of Westminster – gives MPs easy access to local broadcasters. Shared technical facilities and delivery systems means costs can be greatly limited, while a team of regional political correspondents ensures distinctive and individual coverage can be maintained.

3.3 Economics of scale, avoiding duplication of resources and economic inefficiency

A key argument in favour of a national approach to IFNCs is cost and ensuring that where there is scope for scale economies and avoiding unnecessary duplication of resources, this is achieved. We see no benefit from structuring IFNCs on a regional basis if it ultimately means that delivery costs across England are increased.

In operating news services for regional viewers there is scope for considerable economies of scale under a national model. These savings include:

- Procurement cost savings from buying equipment centrally and leveraging bargaining power and avoiding needless administrative costs (e.g. contracts, negotiations, tender processes);
- Avoiding unnecessary duplication of roles, facilities and assets. This includes central office costs and overheads, administration, HR, legal and finance costs. It also includes expertise across regions in terms of compliance, design, workflows and editorial advice and input. A central structure can ensure that the locally-based teams have all of the support necessary without each regional team having to invest on their own (e.g. regular workshops and more formal training sessions on a national scale are cheaper to run and offer the perfect opportunity for sharing best practice, and updating staff on more efficient ways of working);
- Avoiding wasteful and inefficient investment in technology and resources. This includes helping to ensure that each regional team makes appropriate technology choices which permit inter-operability between systems. Importantly, it also means that the optimal decisions can be taken at a national level on the overall level of equipment and journalistic resources which is needed. ITN's experience of news journalism shows that there will be occasions when major stories break within a region and additional, unforeseen resources will need to be devoted to ensure that stories are covered in the depth viewers expect. A national structure can ensure that this happens effectively. Resources will be planned to provide the ability to devote additional resources as regions require and transfer resources between regions when necessary. Under a regional model, each IFNC would either need to recreate its own form of sharing arrangements at considerable cost or risk not covering major events in the detail needed;
- The negotiating of some contracts – such as with news agencies, for SNG trucks and satellite capacity – may also benefit from a co-ordinated, national approach.

Commonality of technical systems and workflows also has significant advantages. There is a compelling argument for Newsrooms to use the same cameras, editing systems, graphics and transmission equipment. As well as the savings in capital purchasing outlined above, there is further benefit in training and maintenance costs.

Similar technical systems in a national structure can also allow easy-transfer of equipment – and even staff – across different regions. Recent experience in ITV shows that a director from one region can easily be re-deployed to a neighbouring Newsroom for short-term cover because the technical set-up and workflow is the same in every studio gallery.

Only a national model can ensure that costs will be minimised whilst still ensuring that the highest quality news service is provided in each region. We believe that these savings will run into many millions of pounds per annum. Those in favour of a regional structure may offer low cost operating models, but this would only

be achieved at the expense of the quality of the news output and editorial standards, rather than through the logical and structural scale efficiencies which are offered by a national model.

3.4 Administrative, licence bidding and accounting costs

To obtain and operate an IFNC licence will require considerable expenditure on administration, bidding and accounting costs. If public funding is provided, each IFNC operator will need to provide a detailed separate set of accounts distinct from other parts of its business. To ensure there is no cross-subsidy the process for collecting information and demonstrating clear separation will be considerable and expensive. Equally, with the IFNC allocation process run as a public tender there will be considerable costs involved for each bidder in collecting information and developing a detailed bid document setting out exactly how the service will be run. Other administration costs will also be considerable. If public funds are used we anticipate that each licence will need to demonstrate its performance and regularly interact with Government and with Ofcom as the industry regulator.

If a regional IFNC structure is pursued, we believe that these administrative and accounting costs will be burdensome for each individual IFNC licensee and very inefficient overall. Under a regional model, each licence is likely to command funds only of, say, £6-10m per annum. To win a licence, each bidder is likely to have to spend substantial sums given the legal and financial implications. When licences are awarded, each licensee will need to spend considerable sums each year on its management of the operation, including detailed accounting and interaction with regulatory bodies. This may account for a substantial proportion of the funding provided for the licence, with proportionately more in the case of smaller regions.

Under a national IFNC model, all of these fixed costs are automatically spread over a larger base. Bidding costs will still be considerable, but more in line with the overall scale of the funding awarded and management, accounting, legal and regulatory costs can be kept to reasonable levels. This will be better for the viewer as greater resources can be devoted to journalism and enhancing the quality of the programming rather than wasting money on unnecessary duplicative management and administration.

3.5 State aid issues

Legal issues need to be addressed in relation to a national structure. We are not aware of any legal reasons why a national structure should not be adopted. Clearly if public funding is to be used for IFNCs, it will need to comply with state aid regulations. This involves both seeking to deliver contestability in the licence award and also ensuring that public funds are used in the most efficient manner possible.

On the issue of contestability, we recognise that this will be an important factor. Under any model, national or regional, the aim should be for there to be competition for the licence. This can be achieved by ensuring that there are no impediments to potential bidders being able to bid. We see no differences between the national and local level in this respect. At the national level there will be a wide variety of organisations which might potentially be in a position to bid for any licence, either on their own or working together. Also, there will certainly be no impediment to other bidders, for example new entrants into news from other areas of the media or internationally.

If a regional approach to IFNCs is adopted, we see no difference in the likelihood of competition in the licence award process and potentially it would be less than at a national level. Clearly in many regions you may have a strong local newspaper group which may seek to secure the licence. However, in some of the smaller and less economically valuable regions it may be that there is less interest in the IFNC licence. Given the points made above about the administrative costs involved in operating an IFNC and the inefficiencies which a

regional sub-scale licence model would entail, we are not clear that regional licences across the country will be attractive to many bidders. This could leave some regions unallocated and more limited competition than there would be under a national model.

On the issue of state aid, we understand that key criteria to determining the approach to allocation are ensuring value for money and the efficient use of state funds. As outlined above, a national structure is clearly more cost-efficient than a series of regional licences. Adopting a regional approach will require greater use of state funds to produce the same quality of news service. Under these circumstances, it is clearly not in keeping with the aims of state aid regulations to force an allocation structure which reduces the efficiency in which funds are spent whilst offering no tangible benefits in terms of contestability in licence award.

4 Industry collaboration under IFNCs

ITN understands that a potential concern with adopting a national IFNC structure is that this may be incompatible with ensuring that a wide variety of content providers, injecting fresh and varied ideas, become involved in the future delivery of regional news. IFNCs are also seen as a much needed economic lifeline by local newspaper groups, and a national model, on the face of it, might remove this lifeline.

We recognise these issues and feel that we have a solution for ensuring industry collaboration and distribution of funding whilst also leveraging the benefits of a national structure. Below we set out our proposals for strong local participation under a national licence structure.

ITN believes that the IFNC model should incorporate collaboration across the commercial news sector and also include non-commercial providers. If the ITN model is adopted, a national IFNC will be tasked with expanding the depth of journalism which is undertaken at the local level. To deliver news services cost-effectively, it will be important to draw on content services from a range of local players to ensure that services deliver value for money, and leverage the skills and expertise of different parties.

ITN would expect to work with a broad alliance of different content providers, many of whom will be based within each region of the country. This will include local newspaper groups, local radio, internet providers and local community groups and individuals capable of providing user generated content (UGC). We envisage that involvement will be facilitated through a series of open contracts at the local level which ensure that no organisation is blocked from participation.

The form of interaction and collaboration we envisage is extensive. This will include, but not be limited to, assignment of news gathering responsibilities across organisations, daily editorial meetings to discuss stories and allocate journalist resources, partnerships to connect newsrooms and create two-way traffic of news and picture gathering, web cams in newspaper newsrooms for updates, daily 'two-ways' with local, branded, regional news reporters, news presenters contributing blogs, video diaries and columns to local newspapers, consistent cross-promotion activities, joint campaigns with local press and radio to give communities a voice on air and ITN training (e.g. in multi-skilling) which is made available to local press reporters.

Some local content players may be sceptical as to how they ensure their involvement under a national IFNC model and policy makers may also require assurances in this respect. To address this, we recommend that if a national IFNC model is adopted, this should be combined with a Local Independent News Quota which will

require the IFNC operator to spend a set proportion of its budget outside of the IFNC on local providers of content.

We envisage the Local Independent News Quota will operate in a similar fashion to the independent production quota adopted for public service broadcasters. This has been effective in ensuring that independent producers gain a share of broadcaster's production budgets and that in-house production entities do not secure all production contracts. The quota has also facilitated healthy competition in the independent production sector and enabled those with the best programming ideas and the most attractive economic model to prosper. If developed correctly, we envisage that a Local Independent News Quota attached to a national IFNC licence should achieve a similar outcome.

The Local Independent News Quota will ensure that local content players receive a share of the funds allocated to IFNCs. They will be able to participate and secure funding to provide content and services, but will not be required to incur the onerous legal and administration costs involved with equity participation or direct operation of an IFNC.

Equally, from the perspective of public policy makers, we see attractions to this model. Assurance is provided that the IFNC licence holder will not retain all funding itself and that a broad range of local players can participate. It also facilitates a broad participation in delivery of content which is unlikely to be achieved under an equity partnership model, where only the parties within an equity grouping might benefit and those excluded would play no role in the IFNC.

5 Other aspects of IFNCs

IFNCs will represent a significant development within the UK media sector with the potential for transforming how local media operates. There are a number of other important elements relating to the operation of IFNCs which ITN wishes to comment on and provide our perspective.

First, an important issue is how the IFNC will seek to serve viewers across platforms. Whilst it is envisaged that the IFNC will utilise the television slot on the Channel 3 licence, they clearly will need to increasingly serve viewers and users across platforms and meet their needs on whichever device they seek to use to access news and information from their region.

We see IFNCs having a core objective to serve the public across platforms. Throughout our business, ITN is at the forefront of the development to provide video news on a multitude of platforms and to a range of providers.

The key question is how IFNCs should seek to achieve this objective and, crucially, how they should interact with existing local media players in serving audiences across platforms. Clearly, there is potential for the IFNC to disrupt or undermine current local providers on non-TV platforms if it seeks to distribute its content aggressively to the end user across all platforms.

ITN is open to discussions on the best model to achieve the objective of serving viewers and users across platforms. We envisage a model whereby the IFNC will ensure that the news content it produces is provided in a multitude of forms which can be used across platforms. This content will then be made available to organisations within a local area (e.g. all commercial media players, local community organisations, individuals operating websites) each of which will be able to incorporate the content directly into their

services. We envisage a network of hundreds of local players across platforms, each drawing on the content developed and commissioned by the IFNC to serve end users.

If, in some areas, the IFNC feels that end users are not being served adequately across platforms, we envisage it will play a role in ensuring that the necessary services are provided and offered to the market. This may arise if in a certain location there is no other organisation serving the local market (e.g. a local newspaper group does not have an online video presence) or if the market has decided not to invest in a new form of delivery (e.g. a new platform has emerged but local players do not use it to deliver services). Here, the IFNC would form a view on whether there is sufficient viewer demand to justify investment in the new delivery method and will decide whether to step in to provide services either in place of the market or by providing additional support to players in the market.

Second, a related important issue is what the IFNC will seek to do with the content it generates. Given that the content provided will have been publicly funded, we envisage that this content will be made available to local parties for use within their own services, and that this is likely to be provided either for free or at low rates. In this way, the IFNC can be used to support local media players both through contracts to produce content and provide services, but also through providing content to the industry which can be used to reduce the costs of local players. With content being provided to any organisation (both commercial and voluntary), this distribution model should support a rich variety of local service providers.

As well as basic news content, a national IFNC could provide each region with bespoke versions of weather forecasts and travel information. This local information is a vital ingredient of any local TV service. A service that provides up-to-date, relevant, and accessible information to local viewers has its own high value.

Third, it is also possible that the national master contractor IFNC will be able to play a role in supporting the local industry in generating revenues derived from the use of the content. Given their limited scale, some users of the content may struggle to monetise its use. ITN has a valuable role to play in this area. We have invested in technology which permits advertising to be embedded in video content and, under the national IFNC model, this advertising might be aggregated and sold through the IFNC on a countrywide basis. If implemented, this would help the local content industry to generate greater value from the use of content than can be achieved on an individual basis.

6 Perspective on IFNC trials

We understand that the Government proposes to undertake a number of trials of IFNCs on a pilot basis in Scotland, Wales and an English region. During the pilot, the Government will seek to review the effectiveness of the IFNCs and test the use of public funding and scope for commercial revenue opportunities. Given both the costs involved and the fact that any pilot for IFNC regional news services will effectively become the future regional news service in situ in its area, careful consideration needs to be given to their design and allocation.

In this paper, ITN has set out its ideas for how best to structure and operate IFNCs. In addition, we have a clear view of how we would seek to enhance regional programme-making if we were to play a role in the future on IFNCs. We have strong ideas on the style and tone of the programming we would seek to offer and how we would make services compelling to viewers. ITN believes that any IFNC pilot, particularly one undertaken in England, should be used to test our proposals for both the IFNC model and programming ideas.

Given the importance we attach to a national master contractor model for IFNCs and the fact that this is the only model which can both deliver a consistent quality of programming and leverage scale economies, we are concerned with the proposals to test the IFNC concept in one English region only and that a regional trial will, in our view, reinforce the damaging assumption that the eventual model in England will be a patchwork of completely separate and unaffiliated IFNCs. ITN believes that the English trial needs to be structured in a manner which does not preclude a national model for IFNCs subsequently being adopted.

With the stated aim of the trial to test the use of public funding and determine the potential levels required, we envisage difficulties in identifying the level of public funding requirements if only a regional level trial in England is undertaken. As we have outlined in this paper, the costs of operation will increase significantly if a regional English model is adopted, and hence the level of public funding required. If the aim is to spend public money efficiently, we need to identify a way to accurately test how much public funding is likely to be required if a national master contractor model for IFNCs is adopted with strong local collaboration through a Local Independent News Quota.

A regional English trial would need to be designed in a way that there is a clear evolution path towards a national structure. This would need to include ensuring that the regional operation still co-ordinates with the rest of the ITV regional network – the ING - and that any administrative or co-ordination structures set up locally for the trial, but which would more effectively sit at a national level under the master contractor model, can be migrated as the service is applied across the country. Given the valuable role played by the current ING network structure, it will be important that this structure is not undermined or weakened by the operation of the trial. If the current network structure is either dismantled or weakened by the trial it will be very costly and difficult to subsequently get it back.

To give ITN the reassurance it needs that a national model will not be excluded as a possibility after the trial, we would request that the government makes clear at an appropriate time that a national tendering approach is still compatible with the regional trial.

Assuming ITN won the regional IFNC pilot tender, the trial could be used to test the Local Independent News Quota concept and the appropriate level for the quota. We would run a process to test which content and services can be carried out locally and the best method of allocating funds across local players to ensure fair access and full collaboration. This will inform the appropriate percentage to set for the quota, once services are fully rolled out.

We recommend that the trials should also test the ability of the IFNC to provide real competition to the BBC in serving viewers. This will include creative aspects (e.g. editorial and programming making ideas) and also production qualities and newsgathering. We would seek to use the pilot to test our ideas for enhancing the connection between regional and national/international news and utilising our global news teams to allow regional news stories to explore connections around the world.

The pilot should also test how the IFNC should manage issues around delivery across new media platforms and the role and impact of services delivered directly by the IFNC to the end user relative to those provided only to third parties to offer. Equally, the pilot should test the value of releasing content generated by the IFNC into the market for use within other provider's services and its potential impact on local media players and competitive dynamics in the market.

7 Response to specific consultation questions

7.1 Do you agree that securing plural sources of impartial news for the Nations, locally and in the regions should be the key priority?

Yes. Plurality in news for the Nations, locally and in the regions is extremely important. Viewers consistently state that they value plurality in news and regional news very highly and above other types of content. They feel that it provides different perspectives, ensures accountability and impartiality, and contributes to regional cultural identity, democratic debate and choice. The current scale of viewing of regional news services outside of the BBC, and the importance of these services to viewers in providing high quality news about their area, supports the case for making the security of plural sources of regional news, in particular via television, a key priority in the delivery of public service programming.

We believe that plurality in broadcasting is important and sits at the core of public service broadcasting. Plurality in public service broadcasting will only be maintained if a range of broadcasters and distributors of content provide services which meet the purposes and characteristics of public service content. This will ensure that viewers have choice and can gain access to services from different broadcasters catering to different tastes and providing different viewpoints. Surveys and research, for example carried out by Ofcom during its PSB review, consistently demonstrates that viewers value plurality highly and feel that it helps to ensure quality in programming, impartiality and accountability.

Plurality in news is particularly important. As noted in the consultation document, research demonstrates that news at all levels is the priority for audiences and the most important public service content for society. News is an integral part of democracy helping to hold public institutions to account, informing citizens and providing a voice to the Nations in the UK and to regions across the country.

Surveys demonstrate the importance of plurality in news for the nations, locally and in the regions. 87% of adults believe news is the most important area where plurality matters most and 76% believe that it is important that more than one of the main channels provides news about their nation and region (Ofcom). When asked, respondents report that plurality in regional news is important as it provides different perspectives, ensures accountability, ensures impartiality, and contributes to regional cultural identity, democratic debate and choice.

The importance of maintaining alternative regional news services to those provided by the BBC is further supported by the viewing levels of the current regional news services provided on ITV1. ITV's regional news service currently receives 19% share of viewing through its evening slot with an average of 3.2m individuals tuning in to watch per evening. 67% of viewers believe that ITV's programming helps them understand what is going on in the world today and 62% of viewers in England feel that regional news programming provides a wide range of good quality news about their area (Ofcom).

News on the television is considered extremely important for viewers. 63% of UK adults view the television as their main source of news about their region or nation. This compares to 17% for the press and 2% for the Internet. Clearly, regional and local news provides vital information to people and in particular news which they can access via their televisions.

Securing plurality in regional and local news should also be the priority as its ongoing provision is under threat. Whereas at the national and international level plurality is not threatened given the services provided, for example, by ITV, Sky, Fox and Al-Jazeera, at the local level, there is a risk that ITV will

withdraw from the provision of regional news services leaving the BBC as the only provider on television. This will not only limit choice to the viewer but also ultimately harm the BBC's services as they are only improved by having credible opposition.

Given the importance which citizens place on plurality in news for the Nations, locally and in the regions, we believe that securing plurality should be the key priority for the Government when evaluating the future delivery public service content. Furthermore, it will be vital that plurality is provided by maintaining provision through the television set as this remains the method of choice for gaining access to regional news.

7.2 Do you agree that sustainable, impartial news in the Nations, locally and in the regions is likely to require some top-up public funding?

Yes. Commercial provision of regional and local news is under threat. Without intervention, we believe regional and local news services are likely to be either withdrawn or reduced to a level where they do not provide an effective or credible alternative to the BBC. This situation is likely to be avoided only by providing some form of public funding to fully support the service.

However, funding requirements should be minimised by adopting the most efficient model possible for the future delivery of impartial news in the Nations, locally and in the regions.

Commercial media companies are operating in a harsh economic environment. Total advertising expenditure fell by 4.2% in 2008 (a 7.5% drop in real terms). It is expected to fall by 17% in 2009 with further falls in 2010. This has led to a situation where commercial broadcasters have to deal with a sharp decline in advertising revenues. For example, ITV, the main provider of regional television news outside of the BBC, has faced a 14.9% decline in television advertising revenue as revenues fell from £723m in 2008 to £615m in 2009.

At the same time as companies are facing unprecedented economic pressures, the media sector is also undergoing fundamental structural changes which alter the ability of commercial channels to sustain revenues. With the advent of digital platforms we have seen the number of television channels competing for advertising revenues increase from just four channels in the 1980s to over 300 channels today. Equally, we have seen the introduction and rapid growth of internet players successfully attracting advertising revenue which traditionally fed into other parts of the media sector. Google in the UK has seen its revenues grow over time and reportedly exceeded ITV1 revenue in 2007.

Such steep falls in revenue for the commercial channels and the ongoing competitive challenges they face from news channels and online media companies undoubtedly puts pressure on their ability to deliver public service programming in the future in the same manner in which companies such as ITV have historically.

It is important to recognise that impartial news in the Nations, locally and in the regions has always been part of the public service broadcasting ecology in this country. Historically, public service broadcasters have been willing to take on commitments to public service obligations in return for the benefits they receive from access to scarce analogue spectrum. In this manner, there has always been a subsidy provided to broadcasters to ensure that public service content such as regional news is provided outside of the BBC alone.

As recognised across the industry and by Ofcom in its review of Public Service Broadcasting and by the Digital Britain reports, this historic mechanism of trading access to spectrum in return for the delivery of public service obligations is breaking down. The growth in uptake and viewing on digital platforms – cable,

satellite and DTT – means that the value of the analogue spectrum is declining year on year and by the time of digital switchover when all households migrate to digital platforms, it will have no value to television broadcasting. Whilst public service broadcasters may continue to receive some benefits, for example, access on favourable terms, to DTT spectrum, the balance between the benefit and cost of public service broadcasting will have fundamentally changed. This does mean that new methods to support the ongoing provision of important public service content, such as the plural provision of regional news, need to be found.

This view is backed up by the detailed work of Ofcom and the Digital Britain initiative. As concluded by Ofcom in Phase 2 of its Review of Public Service Broadcasting, ‘advertising funded broadcasters will face growing pressures to cut back on programming with low or uncertain profitability. Regional news and children’s programming from the UK are both already under severe pressure.’ Ofcom estimates that ‘if audiences are to continue to enjoy the same mix of high quality content they have today, replacement funding of between £145-235m per year is likely to be required by 2012.’ It concludes ‘unless these pressures are addressed, audiences will come to rely exclusively on the BBC for many areas of public service content. But our research demonstrates clearly that they value highly a choice of provision in these key areas.’ This view is supported fully by the Digital Britain White Paper.

We support the conclusions of this work. Without public intervention to support plural news in the regions, we believe that over time these services will disappear from our screens. We do not believe that ITV will be able to continue to justify spending at its current levels on an annual basis on regional news services which are not supported economically. Without public subsidy these services are likely to either be dropped or scaled back to a level where the quality and coverage provided no longer provides a real alternative choice to the BBC’s regional news services.

To avert this situation, we believe that some form of public funding will be required to ensure the ongoing provision of a high-quality alternative choice to the BBC.

The Digital Britain White Paper proposes the introduction of independently funded news consortia (IFNCs) as a model to provide regional news which would be broadcast and syndicated more widely within the regional and local news environment. We note that the Government intends to trial the IFNC proposals and will use this trial period to test the effectiveness of IFNCs and the potential level of “top-up” public funding which might be required to support the service.

ITN fully supports the Government’s exploration of the IFNC concept. We believe that it offers a potential solution to the future delivery of plural regional news and welcome the opportunity to play a part in their planning, development and ultimate delivery. In the main body of this paper we outline our perspective on the design and operation of IFNCs with the aim of ensuring they are capable of delivering a high quality news service to rival that provided by the BBC and that they are cost-effective in their operation.

7.3 Do you agree that the Television licence fee should be used to support impartial news in the nations, locally and in the regions in addition to BBC services?

In order to ensure ongoing plurality in regional news provision, there is a clear case for providing public funding to support an alternative regional news service to that provided by the BBC. The licence fee is one potential option to fund plural regional news and ITN supports consideration of its use for this purpose. Given that plural regional news will deliver considerable public value in the nations, locally and in the regions, it is legitimate that the licence fee is considered as a potential funding source.

As noted in the consultation paper, the Licence fee is an existing, transparent, large scale funding mechanism designed to support the provision of public service content. Licence fee systems are common throughout the world where they are typically used to fund public service programming and broadcast infrastructure.

We support the position in the consultation paper that the Television Licence Fee is not the “BBC” licence fee. Licence fee income feeds into the Consolidated Fund in line with other taxes and it is for the Government to determine how this income is allocated. This principle is reflected in the Agreement between the Government and the BBC published alongside each BBC Charter and some element of the licence fee is already used outside of the BBC. Specifically, 3.5% is being used in the current licence fee settlement to meet the cost of the Digital Switchover Help Scheme and Digital UK’s marketing and communication costs.

Given this, it seems only sensible to us that there should be a debate around the whether licence fee income might be used to support plural regional news services which will provide considerable public value.

Here, it is important to recap and define what we mean by public value in this area. During the latest round of licence fee negotiations, the BBC presented a clear case in support of the licence fee on the basis of the delivery of public value. In “Building Public Value: Renewing the BBC for a digital world” (2004), the BBC set out in depth a workable definition of public value, capturing individual, citizen and economic value. It identifies public value across five elements:

- Democratic Value: support of civic life and national debate by providing trusted and impartial news and information to help citizens to make sense of the world and encourage them to engage with it;
- Cultural and creative value: enriching the UK’s cultural life by bringing talent and audiences together;
- Educational value: offering audiences a world of formal and informal education opportunities across media and helping to build a society strong in knowledge and skills;
- Social and community value: enabling the UK’s many communities to see what they have in common and how they differ, and building social cohesion and tolerance through greater understanding;
- Global value: showcasing the best of British Culture, news and information to overseas audiences.

We support this definition of public value. During the licence fee negotiations, which took place as part of the BBC Charter, debate centred on how the BBC can best deliver public value. If the same criteria were applied to plural regional news, we believe that it can be demonstrated that the service delivers considerable public value.

As captured by the BBC’s definition of public value, an alternative regional news service to the BBC provides an important contribution to the delivery of public value. 76% of adults believe that it is important that more than one channel provides news about their nation and region. Regional news outside of the BBC provides trusted and impartial news and information to help citizens to make sense of the world and encourage them to engage with it in a manner which the BBC’s services on their own cannot achieve. Equally, it offers cultural and creative, educational and social and community value, providing an alternative to the BBC and ensuring viewers have choice in how they consume news and learn about the their region. If the regional news services carried by ITV were to end, this would significantly damage public value.

As long as the necessary public funding is found for regional news, we are open to its source. However, we believe that it is legitimate that consideration is given to the use of the licence fee to fund plural regional news.

7.4 Do you agree that any funding within a contained contestable element of the TV licence fee not required for impartial news should potentially be available to fund other forms of essential public service content, or should such funding be limited to news?

We believe that it is legitimate to consider using the licence fee to fund regional news services which provide an alternative to the BBC and that significant public value will be generated by doing so. Providing there is sufficient funding allocated to regional news, we believe that it is acceptable that consideration might be given to also using the licence fee to deliver other forms of essential content which deliver clear public value.

Our view of the priority for spending on regional news relative to other public service content is that there is a strong case for regional news to be the top priority. ITN regional news services receives a high share of viewing (19%) and non-BBC regional news consistently scores highly in surveys of audience attitudes (e.g. Ofcom research has found that 62% of people believe 'regional news services provide a wide range of good quality news about my area'). 76% of adults also believe that it is important that more than one of the main channels provides news about their nation and region. If alternative regional news services to the BBC were to end this would have a significant impact on viewers and the access they have to choice in news supply and information on their local area.

There may be a number of content areas where the market is not capable of delivering the desired level of public service content. We agree with the consultation paper that this clearly applies in the case of regional news, but it may also apply to other content areas such as original content for children as an alternative to BBC services. In these instances, Government has a choice of whether to allow certain forms of content to disappear from the market and to rely solely on the BBC, and perhaps Channel 4, to deliver services.

In each of these areas, we believe that consideration should be given to how public funding can be found to support such service. If the content delivers public value, then it is legitimate that the licence fee should be considered as an option to fund the provision of services.

7.5 Are there any alternative funding mechanisms that you believe would deliver the above objectives more effectively?

The primary issue is to ensure that public funding is found to permit the ongoing delivery of a regional news service which provides an alternative to the BBC. We do not believe that commercial models are capable of delivering these services. ITN is open to the exploration of all potential public funding options, including use of the licence fee, application of a tax on broadcast spectrum or any other method of public funding which might be available. Given the public value generated, we believe that it would be legitimate to use licence fee income to support regional news. It collects considerable funds and is an established collection mechanism and hence would avoid unnecessary administration and collection costs. That said, we would equally support the exploration of any other public funding options not involving the licence fee, for example a tax on broadcast spectrum, if these were perceived as realistic funding options.

Funding options to ensure the ongoing provision of a plural source of news in the nations, locally and in the regions include the licence fee, establishing some other form of revenue collection or relying on a commercial sector solution.

On the licence fee, we believe that it would be legitimate to use some element of it to fund plural regional news. It is a firmly established and transparent funding vehicle. It has been in operation since 1946. It is designed specifically to support the provision of public service content. As such, it would be entirely appropriate to use the licence fee to achieve the objectives set out in the consultation document, namely the ongoing provision of a plural source of regional and local news which delivers public value. Given that the licence fee is already established it would also represent an efficient funding vehicle avoiding the need for new administrative and collection costs involved in any new public funding vehicle.

We are not against exploration of alternative public funding mechanisms to the licence fee. This may include a potential tax on broadcasters for the use of spectrum or other methods of raising public funds. If for some reason it is not possible to use some element of the licence fee, then clearly an alternative funding source will need to be found. If an alternative source of public funding emerges as realistic option which can be used to generate the necessary level of funds, ITN is not against the potential use of these mechanisms to fund plural regional news.

On the issue of commercial sector solutions to the funding issue, it is for commercial broadcasters to respond specifically on this point. However, as Ofcom's second public service broadcasting review and the Digital Britain reports have made clear, the commercial sector faces real economic challenges and is unlikely to be in a position to fund public service content in the manner it has historically. With television advertising expected to fall by 17% in 2009 with further falls in 2010, overall revenues flowing into the sector are declining. Equally, with an increasing number of commercial channels in the market, competition is increasing for a share of available advertising revenues. As such, we are not clear that a commercial sector solution exists that might fund the ongoing delivery of important public content such as regional news outside of the BBC.

7.6 Do you agree with the proposal to set a maximum percentage of TV licence fee revenue which could be set aside as a contained contestable element?

The most important issue for ITN is that sufficient public funds are found to support the provision regional news on an ongoing basis and potentially other forms of content with public value. If it is necessary to set a maximum percentage of the licence fee which can be set aside as a contained contestable element in order to ensure that sufficient funding is secured, then we would accept this proposal. Here, it is vital that any percentage which might be set provides a sufficient level of funding for non-BBC public service activities over time.

Within the consultation paper it is envisaged that the level of any "contained contestable element" of the licence fee will be broadly equivalent to the 3.5% currently ring-fenced for digital TV switchover, but would be independent of the overall level at which the licence fee is set.

ITN believes that the key issue in setting the percentage of the licence fee which is reserved for a contestable fund is ensuring that sufficient funding is made available, at launch and over time, to support a high quality alternative regional and local news service to the BBC. If the Government also believes there are other content types which may require public funding (e.g. plural original content for children), then it will need to ensure that these can also be adequately supported through the proportion of licence fee income which it plans to allocate to a contestable fund.

On the specific proposals to set a maximum level for the contestable element, there are clearly benefits and disadvantages to this approach. The primary disadvantage is that, if the aim of the licence fee is to fund

content which has public value, then it might be argued that no maximum should be set for a contestable element and that over time, consideration should be given to which public service activities generate the greatest public value – BBC or non-BBC – and ensure that the proportion allocated is varied to optimise the level of public value generated. This would help to ensure that all recipients of public funding strive to maximise their delivery of public value. However, it also has to be recognised that the BBC as the primary recipient of the licence fee requires some certainty over its future funding and will be particularly nervous that any plans to create a contestable element to the licence fee are not the start of a process that might lead to the unravelling of the BBC as the primary recipient of the licence fee. Setting a maximum for any contestable element is clearly a method of reassuring and providing certainty to the BBC over its future position with respect to the licence fee.

If it is necessary to set a maximum percentage of the licence fee which would be allocated to a contestable element, in order to ensure that the necessary public funds are secured to fund plural regional news on an ongoing basis, then ITN would accept this as a solution.

7.7 Do you agree that amending the BBC Agreement could provide the necessary protection to the BBC's future funding and independence?

We are not clear that the independence of the BBC is under threat from proposals to set aside some element of the licence fee to fund non-BBC content which delivers public value. The BBC's independence is protected by the existence and clear role of the BBC Trust and the established and formalised interaction that takes place between the BBC Executive and the Trust and between the Trust and Ofcom and the Government, including during the licence review process.

However, if it is necessary to amend the BBC Agreement, and to set a maximum for the contestable element of the licence fee, in order to ensure that sufficient funding is secured, then we would accept this proposal.

The Digital Britain White Paper proposes that in order to protect the BBC's security and independence, the BBC Agreement should be amended to set out an agreed maximum percentage of the Television Licence Fee income that could be set aside as a contestable element. The consultation paper asks specifically whether this provides the necessary protection to the BBC's future funding and independence.

On the issue of independence of the BBC we are not clear that concerns about independence are warranted by the proposals to use some small element of the licence fee for non-BBC purposes. The independence of the BBC is an important issue and has been debated and addressed extensively over many years, most recently in relation to the BBC Royal Charter. The independence of the BBC has been protected historically by the Board of Governors and since 2007 by the BBC Trust. As the BBC Trust website states 'we guard the independence of the BBC from undue political or commercial pressure'. There is a clear process for interaction between the BBC Executive and BBC Trust and between the Trust and Government and Ofcom which provide protection to the BBC over its independence.

It is worth reflecting on this point that the sums of money under consideration for use for non-BBC purposes are relatively low in comparison to the overall level of the licence fee. As stated in the consultation paper, a sum of between £65-100m might be required to fund a regional news service and that this might be funded through use of the monies collected as part of the digital switchover fee. With licence fee income of £3.5bn in 2009, this represents less than 3% of licence fee income. We do not believe that at such levels of expenditure a contestable element provides any threat to the BBC's independence but would have the potential to provide significant public value when spent on non-BBC activities, particularly regional news services.

However, as stated above, if it is necessary to amend the BBC Agreement, in order to ensure that the necessary public funds are secured to fund plural regional news on an ongoing basis, then ITN would accept this as a solution.

7.8 Do you agree that the use of any contained contestable element within the licence fee should be restricted to the public purposes set out in the BBC charter?

Yes. In our view, the public purposes outlined in the BBC's Royal Charter would be sufficient to cover all forms of content which deliver public value and we would accept the use of any contestable element within the licence fee being restricted to the public purposes set out in the BBC charter.

The BBC's Royal Charter contains a set of Public Purposes which govern the BBC's use of the Television licence fee. The Public Purposes are: sustaining citizenship and civil society; promoting education and learning; stimulating creativity and cultural excellence; representing the UK, its nations, regions and communities; bringing the UK to the world and the world to the UK; and in promoting its other purposes, helping to deliver to the public the benefit of emerging communications technologies and services and, in addition, taking a leading role in the switchover of digital television.

The public purposes are not specific to activities undertaken by the BBC. They are drawn broadly and permit for a wide range of activities that deliver value to the public. As such, we agree that the use of contestable element within the licence fee might be restricted to the public purposes as originally set out to apply to the BBC in the BBC charter.

In the case of regional news provision, we believe that public intervention to support alternative regional news provision to that provided by the BBC can be justified through application of the public purposes. Providing choice in regional news coverage and ensuring sufficient coverage and dissemination of news and information at the local level sits at the heart of a number of the public purposes. In particular, through covering important news stories at the regional and local level the service will actively contribute to bringing the UK to the world and the world to the UK and representing the UK, its nations, regions and communities. Regional and local news is a vital mechanism that is used to inform and educate viewers and showcase the talents and activities of the population. In doing so it actively contributes to sustaining citizenship and civil society, promoting education and learning and stimulating creativity and cultural excellence.