



## **Department for Culture, Media and Sport**

### **Sustainable independent and impartial news; in the nations, locally and in the regions**

#### **Introduction**

#### **STV and delivery of public service content for Scotland**

At the Royal Television Society's biennial convention in Cambridge on 18 September 2009, STV Group Chief Executive Rob Woodward proposed a new shape to the provision of news in Scotland. Under STV's proposals, we will partner with ITN to provide a new, one hour integrated news bulletin at 6pm each weekday. This programme will be a mix of international, UK, Scottish and local material, including two additional micro regional areas for Highlands and Islands, based in Inverness, and the Scottish Borders broadcast from Edinburgh with additional newsgathering across these two regions.

This unique and innovative format represents a significant move forward in terms of consumer choice, further differentiating news output on Channel 3 in Scotland from other existing provision. It draws on the strengths of the existing offerings from STV and ITN and provides a new and different perspective from the BBC's *Six o'clock News* and *Reporting Scotland* and the other terrestrial bulletins on Channel 4 and five.

These plans are ambitious and aspirational, heralding a new era of news provision in Scotland with more relevant editorial which properly contextualises every story, be it international, UK, Scottish or local. This content would also be available online as access to and use of digital platforms increases. The reach and impact of the STV Channel 3 services in Scotland, and the size of the existing audiences for news, underline that this is a vital public service but it relies on intervention through public funding for its provision. With the demise of analogue spectrum, and with it the leverage to require PSB services to deliver specific obligations, a new intervention is required. STV believes that public funding to sustain Channel 3 news in Scotland is a proportionate response to deliver a highly desirable outcome.

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

As commercial psb for Scotland, STV believes that securing plural sources of impartial news for the Nations should be a priority. It is essential for fostering a well-informed and participative democracy within a devolved nation that there is access to a wide selection of high quality impartial news on television whatever the new and ever growing information sources of the internet.

That should be a key target for policy makers and regulators.

Scotland has a long history of high media consumption, be it in print, on television and radio and increasingly now online. Scots like to be properly informed not only about their own nation but about the wider world.

There is a developed media sector in Scotland: BBC Scotland radio and television services, commercial television from STV, Channel 4 and five, a rich variety of commercial radio licences and a strong and diverse local, regional and national print sector.

The print sector sustains a variety of newspapers at local level, and while many support campaigns on local issues, the majority of the publications do not promote any particular political point of view. At regional level, this also holds true. But at national level within Scotland, it is easier for many to discern where political affiliations lie, with newspaper editorials often supporting not only certain political policies but also political parties.

While many politically-sophisticated members of the public appreciate and accept these allegiances, many do not. Plurality of impartial news provision is a pre-requisite for democracy, and must be guaranteed.

Broadcasting specific to Scotland is provided by the BBC, STV and commercial radio. Licence frameworks impose standards of impartiality upon these services, ensuring diversity of views but balanced coverage. If market forces remove the ability of these commercial broadcasters to provide such a service, then the sole provider of such news will be the BBC.

The BBC has a strong journalistic tradition in Scotland but it has not been supported in audience numbers to quite the degree it has in other parts of the UK. Support for STV news programmes is strong, with STV's services consistently rated amongst the highest in the Channel 3 network, and to deny the audience access to STV news programmes would remove plurality of supply.

**STV News model and its key features**

**Style**

For many, STV News is more accessible in style and content than its BBC counterpart. To some, the BBC tends to feature officials and institutions more than real people, and has a more formal writing and delivery style. Research has captured how viewers see STV as more warm and down to earth. More people

watch STV News at 6pm than the BBC national news. For that audience, a choice has been made in favour of a locally-produced programme tailored specifically for them and delivered in a style they like.

### **Localness**

STV News is also much more local than the BBC. Each weekday, STV produces 70 minutes of unique news at 6pm, compared to the BBC's 30 minutes at 6.30pm. We produce four micro-regional news bulletins each weekday and have twice as many camera crews covering our two licence areas than the BBC has throughout Scotland.

### **Reach, variety and enfranchisement**

The BBC service delivers fewer stories than STV and it is widely accepted that it is much less local in its focus. Inevitably, a single news programme for Scotland would tend to be Central Scotland focussed, given the distribution of the population. The current STV model maintains dedicated television news services for the less-populated north of Scotland, precisely that area most likely to see the BBC as focussed on central Scotland.

### **Conclusion**

As Scottish devolution enters its next phase of maturity, so does the need intensify for Scotland's population to be able to reach informed views on the major issues which affect their lives, and the key decisions to be taken by their devolved Parliament. In that context, preserving plurality on television - still the most widely consumed and trusted platform in the country - becomes even more essential than ever, and indeed is a democratic imperative.

## ***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?***

STV agrees that top-up public funding will be required for the provision of sustainable, impartial news in Scotland. As the value of regulatory assets to which Channel 3 licensees have access falls towards digital switchover, the considerable cost of providing a comprehensive, high quality news service is greater than the benefit accruing from holding a public service broadcasting licence.

We have contributed extensively to Ofcom's PSB review of 2008/9 and the Digital Britain consultation, providing financial data which details the cost of our current news provision. We believe the case for top up public funding has been comprehensively made elsewhere, most recently in Ofcom's Review Of Local Media, published on 22 September 2009. Using the data supplied by STV alongside other Channel 3 licensees, Ofcom has concluded that the Channel 3 network as a whole will go into deficit around 2012 with STV's services in Scotland amongst the first to reach a point where benefits are outweighed by cost.

STV's news output, with two main programmes produced in north and central Scotland and complemented by four micro regional bulletins based around Aberdeen, Dundee, Edinburgh and Glasgow, costs around £7m in direct

production costs, with an associated overhead of some £3m per annum. It is a model which draws on technological advances aimed at achieving reach, appeal and relevance, but it costs.

Ofcom's own analysis of the value of the remaining regulatory assets associated with Channel 3 post digital switchover is c£40m for the network as a whole, representing access to spectrum and prominence on electronic programme guides. This would represent approximately £2.5-£3.5m of value to the STV licensees, less than half the current cost of providing regional news.

There are few commercial levers within the system that could provide additional funding towards the cost of regional news. With a fixed amount of advertising time per day, optimising commercial impacts has meant that Channel 3 licences have placed the maximum amount of commercials into hours later on during peak time, at the expense of breaks around the 6-6.30pm slot. There is little latent demand for advertising around news, seen by many advertisers as a less desirable environment than drama or entertainment programming.

Consequently, without public funding, STV would be forced to reduce its investment into news within Scotland, leading to a diminution of service and increasing viewers' dependency on a single source – the BBC – for television news within Scotland. This is a scenario rejected comprehensively through Ofcom's PSB review of 2008/9 and STV believes it is vital that public funds are made available to sustain news into the future. Moreover, we also think it is important that the application of public funds is used as a catalyst to develop and enhance new types of content.

**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?**

ANSWER STV believes in public funding, and the debate should remain focused on the need for public funding and its application rather than its sources.

**4. Do you agree that any funding within a contained contestable element of the television 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?**

ANSWER As above

**5. Are there alternative funding mechanisms that you believe would deliver the above objectives more effectively?**

ANSWER It is for Government to determine sources of funding and continuance or variation of available funding mechanisms. For that purpose, there has already been wide ranging debate and consultation (through Ofcom's recently completed PSB review) as to what could apply in the UK.

**6. Do you agree with the proposal to set a maximum percentage of Television Licence Fee revenue which could be set aside as a contained contestable element?**

ANSWER Plurality of news supply is a democratic imperative. If funding is essential to maintaining plurality, then all avenues have to be explored.

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

ANSWER Impartiality, high standards and viewer trust is what counts. The BBC Agreement should provide transparency and clarity around BBC operations whatever its funding levels.

**8. Do you agree that the use of any contained contestable element within the Television Licence Fee should be restricted to the public purposes set out in the BBC Charter?**

ANSWER It is not new to require the BBC to keep its state funding separate from its commercial activities, and this should not change.