

Mission aborted: public service broadcasting in Wales without an IFNC

James Stewart, University of Glamorgan

Introduction

On 8 June 2010, the Culture Secretary Jeremy Hunt scrapped plans for ‘independently-funded news consortia’ to provide services in Wales, Scotland and the north-east of England on ITV’s channel 3. The process of selecting consortia in the three areas had produced innovative ideas for an alternative supply of public service journalism to compete with the BBC. The plans were widely welcomed in Wales, where there is perceived to be a ‘democratic deficit’ linked to the poor penetration of Welsh-based media.

Imagine a news service – rooted in Channel 3 - for a small country of 3 million people which went beyond a daily half-hour TV programme, morning and hourly bulletins and a limited web site. The newsgathering operation would be fed by staff in bureaux across Wales (which ITV no longer has) and a network of local newspapers and radio stations (the consortium). The service would include a fully-fledged web site with opportunities for citizens to contribute and participate (<http://www.youtube.com/watch?v=z5i5A3JpJw8>). The outputs would include a supply of news (like a Welsh PA service) available to all non-commercial outlets (as well as the members of the consortium) including local websites and blogs, community radio and local TV. The blogosphere – such as it is in Wales – could become a central feature of the networked service.

Whether this is the face of future media, we don’t know. Whether designing and supplying it from the top down is the best way, is open to question. But there’s no doubt that the investment of £6m of public money per year in a pilot project to see what could be done in Wales was an interesting possibility. Of course, it’s not going to happen. Instead, audiences in Wales will have to make do with whatever ITV Wales choose to give them under the terms of a licence which leaves that very much up to them. This brief review traces the development of the IFNC idea through Ofcom’s reviews of public service broadcasting and explores the opportunity lost in Wales as a result of the Government’s decision.

Devolution and the democratic deficit

Journalism in the public service is something we all recognise and certainly for many journalists of my generation, it’s been a clear ‘mission’ whether working in newspapers, news magazines, the BBC or commercial television. I’ve even travelled to eastern and central Europe - sharing the values of British-style public service journalism with colleagues in countries emerging from a state-controlled system. But I’ve spent most of my career in public service journalism in Wales – and I make no apologies for that!

At the UK level we are still well-served by comparison with many other countries, though there is speculation that even the BBC, the central pillar of our public service broadcasting tradition, is not considered sacred by Jeremy Hunt. The demand for public service journalism is there: audience research carried out by Ofcom, as part of its second review into the future of PSB in 2008, indicated that 78% of respondents *across the UK* said that ‘providing good quality news about my area was important’ (NAW Communities & Culture Committee Inquiry Report - *Public Service Broadcasting in Wales*, June 2009, Para 42). When it comes to the devolved nations – and in this case, specifically Wales – the availability of public service journalism has been an issue since 2003 at least. And there is every reason to suppose that – at the local or regional level – audiences in England are even less well served. At the Welsh level, there are important questions about public engagement with the democratic process which relate very directly to the weakness of the provision of public service journalism in the broadest sense. With pressure for further powers to be devolved to the National Assembly, these questions are not academic.

I was a young journalist at the time of the overwhelming ‘No’ vote in the first devolution referendum in 1979. The electorate in Wales was much better informed then by the printed press about what was going on in the country than it is today – when (thanks to devolution) there’s potentially much more to be informed about. Circulation figures for the Welsh daily papers were roughly three times what they are now: the Western Mail sold more than 90,000 a day compared to well under 30,000 today (*Press Gazette* 31 August 2011).

It’s not that people in Wales don’t buy daily newspapers, but – as the National Assembly’s report on PSB in 2009 put it, “early 90 per cent of daily newspaper readers in Wales are reading papers with no Welsh content (Welsh Assembly Government – *Communication and Content, The Media Challenge for Wales* – Report for the Minister of Heritage, November 2008 – BSC (3)-02-08, paper 2). While we’ve seen a steady decline in the Welsh press, this was compensated for – in the 1980s and 90s – by the flourishing of the broadcast media. In the early 1980s, both BBC Wales and HTV expanded substantially and coverage of news and current affairs in Wales reached a high point. Full radio services were established in English and Welsh; the Welsh fourth channel S4C was set up – incidentally making HTV very rich as a programme supplier and powerful as a force in broadcasting.

Almost thirty years on, a very different picture was painted in the report of the Commons Welsh Select committee on English language broadcasting in Wales in 2009. By now the talk was of a ‘democratic deficit’ - represented by the weak printed media, poor coverage of Wales and Welsh issues in the British media and – above all - the anticipated decline in the ITV Wales service, which had been threatened for at least five years (as we will see). The concern was not just about news. In Wales (unlike the English regions) ITV was (and still is) broadcasting one-and-a-half hours of current affairs and ‘other programmes’ a week – maintaining some semblance of a PSB service (Occam, *The Communications Market in Wales*, 2011, p.17).

But the very clear threat from ITV in 2009 to withdraw from supplying regional news and other regional programming throughout the UK alarmed the MPs. They could have drawn no comfort from Ofcom’s director for Wales, Rhodri Williams, who warned, “these are challenging circumstances the like of which we have not seen in Welsh broadcasting since television first came to Wales” (House of Commons, Welsh Affairs Committee: *English Language Television Broadcasting in Wales*. 14 July 2009. Para 31).

Independently funded news consortia (IFNCs) were the great hope for a way forward until the General Election in May 2010 – a new model for public service broadcasting, providing effective and healthy competition for the BBC. The genesis of the idea can be traced back to 2003 and the growing role of the regulator Ofcom – under the influence of its now-chief executive Ed Richards – in formulating broadcasting policy. The new government’s decision to kill off the IFNC experiment has coincided with its determination to clip the wings of Ofcom and Mr Richards.

PSB, PSP, IFNC & Ofcom

I was working in current affairs at ITV Wales when Ofcom launched its first review of PSB in 2003. At that time, the regulator was clearly warning that ITV might just walk away from its PSB obligations as the switch to digital transmission devalued its analogue licences. The broadcaster wanted deep cuts in the hours of PSB it was required to provide. In Wales we organised an effective lobbying action to minimise the concessions made to ITV Wales under the terms of its licence. We were unable to get much support from our colleagues in the English regions who soon faced deep cuts and mergers. Even our own victory on hours proved somewhat hollow as there was no way of obliging ITV to maintain the level of investment in programming. (It’s interesting to note that what has actually happened is that Ofcom has substantially reduced the annual cost of these residual licenses to reflect the decline in the return they provide to ITV.)

With the benefit of hindsight, it’s clear that ITV’s threat to hand back its licences was an idle one, but it lent weight to a new approach to the supply of public service broadcasting, invented largely by Ed Richards, then a senior partner at Ofcom. Ed Richards was Controller of Corporate Strategy at the BBC until 1999. Before that he was an adviser to Gordon Brown. He left the BBC in 1999 to become Tony Blair’s senior policy adviser on media, telecoms, internet and e-government. He helped draft the act which established Ofcom (*Observer*, 5 February 2006). It’s fair to say that we on the staff of ITV and within the NUJ were suspicious of Mr Richards – and the agenda he was developing at Ofcom at that time. He remains open to the criticism that he was too soft on ITV, but standing where we are now, it’s possible to see him as a defender of the notion of Public Service Broadcasting.

The first PSB review in 2004 aimed to take a fresh look at public service broadcasting at the dawn of the digital age. Ofcom proposed that ITV should be allowed to withdraw from its non-news regional programming and public money should be provided to fund a ‘Public Service Publisher’ (PSP) on digital and

broadband networks. By 2012, the PSP would receive £300m a year either from an increased licence fee, a Government grant (like that to S4C) or a tax on broadcasters. It could be run by existing broadcasters or a consortium (note that word) – excluding the BBC ([Guardian.co.uk](http://www.guardian.co.uk), 12 March 2008). In the end, Ofcom dropped the idea, but the son of PSP turned up in the second PSB review which began in 2008 by which time Richards was chief executive of what had become much more than a regulator. By now, ITV wanted to make savings of £40m a year and Ofcom proposed that the network should be allowed to drop some regional news bulletins, reduce regional programming by 50 per cent and cut back on some current affairs programmes. Ofcom forecast that up to £235m per year would be needed by 2012 to maintain public service content on commercial TV (*Guardian*, 25 Sept 2008).

In Wales, some welcomed the second PSB review. A 2008, a report prepared for the Welsh Assembly Government Minister for Heritage, described this as:

a once in a generation opportunity to define what should be the appropriate scale and range of English language television provision for Wales, as well as to ensure continued plural provision of well-resourced journalism (*Communication and Content: the Media Challenge for Wales*, Report for the Minister of Heritage, Welsh Assembly Broadcast Advisory Group, November 2008).

By 2009, Ed Richards was warning the National Assembly's broadcasting committee about the looming threat from ITV:

We agree that it is a serious concern and that the question of plurality in general is crucial, especially in news and current affairs in Wales. This is also the case in Scotland and Northern Ireland, but there is an even more acute argument in Wales (quoted in NAW Communities and Culture Committee Inquiry Report: *Public Service Broadcasting in Wales*. June 2009).

It was during this review that Ofcom floated the idea of a new sort of consortium – at that stage specifically targeted at Wales, Scotland and Northern Ireland:

We believe government needs in parallel to plan for an alternative model of news for the devolved nations... this could be based on the establishment of independently funded consortia to provide an alternative source of news to the BBC (Ofcom's Second Public Service Broadcasting Review: *Putting Viewers First*. 2009).

The Government took on the idea and set up a panel to run the competition for pilot projects in Wales, Scotland and the north-east of England. The Department for Culture, Media and Sport said the IFNCs would receive Government funding totalling £47 million over two years to provide local news content across the web, mobile, and other new platforms, along with the television slot currently occupied by ITV and STV regional news. The funding would come from a £130m under-spend in the licence fee which had been set aside for the digital switchover. There would be around £6m a year for Wales (which compared to £100m a year for the Welsh fourth channel S4C).

Richard Hooper, who chaired the panel, set out a vision of a new style of public service broadcasting:

Let me be clear about what we are looking for: quality news reporting with a mix of local, regional and national (in the case of Wales and Scotland) audiences firmly in mind; genuine innovation, not just business as usual; strong multiplatform applications working together across the web, local newspapers, local radio and television where appropriate, utilising each different medium's special characteristics; and finally, a revenue generation model that aspires to longer term sustainability (DCMS press release, 13 January 2010).

The idea was for something which was much more than just a substitute for ITV's regional programmes. In January 2010, DCMS announced the successful applicants on the shortlist – there were three in Wales, each of which took a different approach to the idea of a 'consortium' and in each of which there were ideas worth studying in the context of exploring future options for public service journalism, with or without IFNCs (and it's going to be without). They made their pitches to a public meeting in Cardiff in February that year, packed by the Cardiff media crew.

As I reported at the time, all three bidders promised a new start for journalism in Wales (<http://journalism.blogs.glam.ac.uk/> 3 Feb 2010). All three talked about 'citizen journalism' and offered people the chance to tell their own stories in one way or another. When pushed, they appeared to concede that this had more to do with a two-way relationship between the production company and the public than with turning citizens into journalists. People would be encouraged to contribute their stories, videos and pictures and, in return, the news provider would make its publicly-funded output freely available to local websites, bloggers and other non-commercial outlets.

The web featured large in all three bids. While the main evening TV news would be the 'showcase' (in the words of one of the bidders), the website would be central in all three plans. The biggest beast was Taliesin,

which had ITN, the current ITV Wales news staff and what it called ‘a Grand Alliance’ of media companies from across Wales (in TV, radio and many local newspapers) along with no fewer than four universities. It offered ‘the first comprehensive alternative to the BBC across every platform’ with ‘100 platforms’ to tell stories. Taliesin was the only bid to promise investigative journalism. It sounded as though it would be bigger than BBC Wales, raising the fear that it would limit the range of journalism on offer rather than promoting diversity. (At an earlier session, hosted by Ofcom, one of Taliesin’s potential partners had spoken of the benefit of more ‘consistency’ in the news – which would save people the trouble of having to choose between different versions of a story!)

The idea that a company from Ulster would be qualified to run the news service in Wales raised eyebrows. But UTV’s news service has a good reputation and beats the BBC hands-down. They own Welsh radio stations Swansea Sound and The Wave and they’d teamed up with North Wales Newspapers to make a tight and strong bid. They said they were keen to work with university journalism departments.

Llanelli-based Tinopolis presented a very confident pitch, based on the wide experience of a Welsh-based company which described itself as ‘the biggest independent supplier of public service programming’ in Britain. Of the three, this was the bid which seemed to have its finger most on the pulse of the changing world of communications and the blogosphere. Rather than a heavyweight consortium, they were selling this as a network of bloggers, local websites and professional journalists passing information in both directions. They involved students from Cardiff University in their bid.

Cutting in from the sidelines was Gordon Main who had ploughed a lot of money and time into a web-based TV service for Pembrokeshire and wanted to see the IFNC money used to fund a network of local TV stations sharing a central resource in Cardiff. Ironically, his idea – which was ruled out of the bidding process – looks close to the new Government’s vision, as we’ll see.

By the time the final selection was made on 25 March 2010, the prize was looking rather hollow as the Conservatives had made it clear that they would scrap the whole process if they formed the next government. It may not have been a coincidence that around this time Archie Norman, the new chairman of ITV, was reported to be considering a U-turn on the plan to ditch regional news (Guardian 16 March 2010). However, the choice of the Wales Live bid from UTV did show what might have been. Richard Hooper said they were attracted to UTV’s “very strong philosophy” of hard news and also liked the consortium’s emphasis on community websites and the importance placed on newspapers, so that the north of Wales was “not forgotten” (BBC Wales 25 March 2010). Radio stations were also a key element of their consortium.

I think it’s clear from this review of the bids that were in the running that Wales has lost the opportunity of an exciting experiment in public service journalism – though it has to be said that ITV was under no obligation to carry the TV service and that long-term funding was not guaranteed.

Mission Aborted

As he had promised, on 8 June 2010, the new culture secretary, Jeremy Hunt killed off the planned IFNCs, proposing to put the money into expanding broadband coverage.

Fundamentally, they [IFNC] were about subsidising the existing regional news system in a way that would have blocked the emergence of new and vibrant local media models fit for the digital age,(he said). They risked turning a whole generation of media companies into subsidy junkies, focusing all their efforts not on attracting viewers but on persuading ministers and regulators to give them more cash (*Press Gazette*, 8 June 2010).

Hunt announced a review of the rules on cross-media ownership (for example newspapers owning radio stations in their area) and set up a review of the prospects for local TV to be carried out by Sir Nicholas Shott of Lazards investment bank. The Shott report – *Commercially Viable Local Television in the UK* – was published in December 2010. It concluded that 10-12 local TV stations might be viable ‘around major conurbations’ (http://www.culture.gov.uk/images/publications/Local-TV-Report-Dec10_FullReport.pdf). A year later, Swansea and Cardiff were included on a list of 15 cities where Hunt proposed that local TV stations should be established within two years (BBC News, 13 December 2011).

In relation to local TV, Hunt has repeatedly pointed to the contrast between Birmingham Alabama with eight local TV stations and Birmingham England with none. Sceptics immediately pointed to the failure of local TV in Britain – including the examples which Hunt cited in his announcement. Sly Bailey of Trinity Mirror said they did not see ‘City TV’ as a viable proposition. Their research suggests that the costs are too high and the revenues too low to support a sustainable business model (*Press Gazette*, 9 June 2010).

The views of the Welsh Assembly Government (and the majority in the Assembly) apparently carried

no weight with Hunt. There was a feeling that the IFNC in Wales should have been enabled to go ahead, leaving STV to make its own plans and the DCMS to experiment with local TV in the large English cities which are – at least potentially – more suited to the idea than most of sparsely-populated Wales. Hunt also announced that he was clipping the wings of Ofcom. He wants it to concentrate on regulation – not making broadcasting policy, as it had done throughout Ed Richards’s time as a leading player (Department for Culture, Media and Sport: *Structural Reform Plan*, 15 July 2010).

Pressure is mounting for control over broadcasting in Wales to be devolved, which – if it happened - might allow something like the IFNC model to be revived. There is talk of a Welsh Media Commission which would, in effect, be a Welsh Public Service Publisher (NAW Communities & Culture Committee Inquiry Report: *Public Service Broadcasting in Wales*, June 2009. Para 51ff).

As things stand, Ofcom’s communications market report (Aug 2011) showed that expenditure on English-language TV programmes for viewers in Wales (by the BBC and ITV) fell by 13 per cent over the previous year – the largest year-on-year reduction across the four nations. Over the previous five years, spending in Wales fell by 33 per cent, compared with 31 per cent for the UK as a whole. However, spending on news by BBC and ITV in Wales was up by 22 per cent - a reversal of the previous year, which had registered an 18 per cent drop (Ofcom, *Communications Market in Wales*, August 2011, p16).

It’s not all bad news. Real Radio (owned by Guardian Media Group and with a limited PSB brief from the Scott Trust) launched the first all-Wales commercial radio service in January 2011. And most interesting of all – in view of all the threats over recent years and the plans to respond to them – ITV has apparently changed its mind about the value of regional programming. The head of news and programmes at ITV Wales said the company wanted ‘to continue to be a PSB’ (Western Mail 19 October 2011). In March 2012, ITV’s Chief Executive, Adam Crozier, told Cardiff Business Club that if the company’s licenses were renewed in 2014, all current programming commitments to Wales would remain in place – in news, current affairs and political programming (<http://www.clickonwales.org/2012/03/itv-boss-says-news-for-wales-is-safe/>).

Watch this space!

Contact James Stewart at: jstewart@glam.ac.uk