



**National Assembly for Wales  
Culture, Welsh Language and Communications Committee**

**Briefing note**

**10 October 2019**

ITV is a cornerstone of popular culture in homes across Wales. It is a significant employer with some four hundred staff operating from ten locations right across Wales, making around eight hundred hours of television a year. It retains substantial viewership for television content made in Wales for Wales while also growing audiences of scale for public service news and current affairs content online and across social media. It brings the nation together around important events - as we are currently seeing with the Rugby World Cup - broadcast free-to-air across ITV. As a UK-based commercial business ITV pays tax on its profits here and its employees spend their wages here. It grows brands in Wales, offering trusted and cost effective advertising platforms to government, public bodies and commercial enterprises. It works in partnership with the National Assembly, the Welsh Government and a wide range of commercial and third sector organisations to celebrate the best of Welsh life while providing plurality of coverage in both English and Welsh across news, current affairs, factual and children's programming. It is a strong supporter of apprenticeship programmes and many other initiatives which are designed to support and encourage diversity and inclusivity.

## KEY HIGHLIGHTS

- ITV broadcast three of the top five most popular tv programmes in Wales in 2018 (*I'm a Celebrity*, *World Cup: Croatia v England*, *Six Nations England v Wales*). A fourth of the top five (*Bodyguard*) was made by an ITV company for the BBC.
- ITV remains Wales' most popular peak time broadcaster during 2019. The lead over BBC 1 Wales has widened to 2.45 points to the end of August 2019 (1.79 point to end of Aug 2018)
- We have grown audiences for our nightly news programme in 9 of the last 10 years. In 2019, *Wales at Six* share of viewing stood at 22.6% across the first 35 weeks of the year - up 0.6% over the same period of 2018.
- More than 40 million social media video views of ITV Wales content to the end of August 2019 (16m to end of Sept 2018)
- Programmes made by ITV companies attracted more than twenty nominations in the Bafta Cymru Awards in October 2019.
- We have a growing list of network commissions. Two hour long films, *Code Blue: Murder* aired on the ITV network in April with work underway on five new network series.

## OVERVIEW

1.1 ITV Cymru Wales makes around 300 hours of television a year as part of its public service broadcasting obligations [all free and universally available to viewers in Wales]. These cover news, current affairs, factual and other strands. The majority of programmes are broadcast in peak - frequently between episodes of highly popular continuing dramas such as *Coronation Street* and *Emmerdale*. Here, they reach audiences who would often not see Welsh content from any other broadcaster.

1.2 But ITV is More than TV. ITV Cymru Wales is one of the top two most used sources of news for people in Wales coming behind only the BBC. We have a successful and growing plan to ensure that audiences can also enjoy that trusted and reliable PSB content on new platforms online and across social media. This online provision is achieved at no direct cost to the public and is not part of our licence requirements. In a highly contested media landscape, with multiple sources of information and deepening fears about 'fake news' it offers a way of maintaining the quality and visibility of public service content that serves the people of Wales as their media consumption moves online and across social media.

1.3 We are developing new platforms to allow advertisers including Welsh Government, Public Health Wales, Dwr Cymru, Visit Wales, Welsh Universities and many other organisations to share important information directly with consumers via the ITV Hub. This is done in a targeted way, a way that helps to maximise the cost effectiveness of marketing campaigns to public sector, third sector and commercial businesses.

1.4 Together with the public service programmes we make to meet our licence obligations, ITV also produces commercially successfully programming in Wales for the ITV Network, for S4C and for other UK broadcasters.

1.5 ITV Cymru Wales is growing the range and quality of programmes that we make in addition to our licence requirements. This has resulted in considerable success in gaining commissions to make shows about Wales for the ITV network. These commissions are secured on merit alone and in the face of strong commercial competition. This success is also being seen by ITV Studios companies, Boom Cymru and Boomerang who continue to win commissions from a wide variety of broadcasters across the UK

1.6 We are also growing and deepening our partnerships with other organisations across Welsh public life. These range from our media sponsorship of the Womenspire Awards run by the gender equality organisation Chwarae Teg to Pride Cymru - Wales' largest celebration of diversity and inclusivity.

1.7 In this briefing paper we will outline the positive impact of our work over the last year and also look at some of the challenges ahead. Our vision in Wales and across ITV plc is to be 'More than TV' building upon our unique and winning combination of creativity and commercial strength, driven by investment in data and technology. This can be seen in our innovative arrangement with the BBC, Channel 5 and Comedy Central to launch the Britbox catch up service and revamp the operation of the ITV Hub. We are also building substantial audiences online - bringing public service content to new generations of audiences. Our most recent innovation has, last month, seen us launch *The Rundown*, a new youth focussed news service for 14-17 years old on Instagram on other social media platforms.

1.8 But the PSB system is facing greater challenges than ever before. Major changes in the UK's advertising and audiovisual markets are transforming the industry. National and local markets have become global, dominated by players like Google and Amazon. These changes have increased choice for viewers and offer ITV opportunities as a content producer. We are investing in that future: growing our international production business, our Video on Demand [VOD] offers, innovating in advertising and launching Britbox, our new Subscription Video on Demand [SVOD] offer. But ITV cannot meet this challenge on its own. To put it starkly, it is ITV's continued commercial success, and in particular the value we receive from PSB licences, that enables us to make the contribution we do in Wales. We need to see bold and ambitious reform from Government and Ofcom, to secure prominence for PSB, to guarantee inclusion on major

platforms on fair commercial terms, and a secure long-term future for DTT (Freeview). While broadcasting is not devolved, we know that your committee maintains a keen interest in the subject and we look forward to supporting you in your consideration of this matter.

## **STRENGTHENING BRANDS, GROWING AUDIENCES**

2.1 We are proud to be part of Wales' most popular peak time television service. Programmes made in Wales for Wales are routinely broadcast alongside some of the highest rating network shows - ensuring substantial and diverse audiences for our PSB content. Across the network, we spend around a billion £s on a wide range of UK originated content from soaps to dramas to impactful factual and big hitting current affairs. This scheduling maximises the audiences available for our Welsh content.

2.2 *Wales at Six* has once more enjoyed a growth in audiences. Its full year share of viewing rose from 21.1% in 2017 to 22.2% in 2018. This growth has continued during 2019. It stands at 22.6% to the end of August 2019 (up 0.6% over the same period 2018).

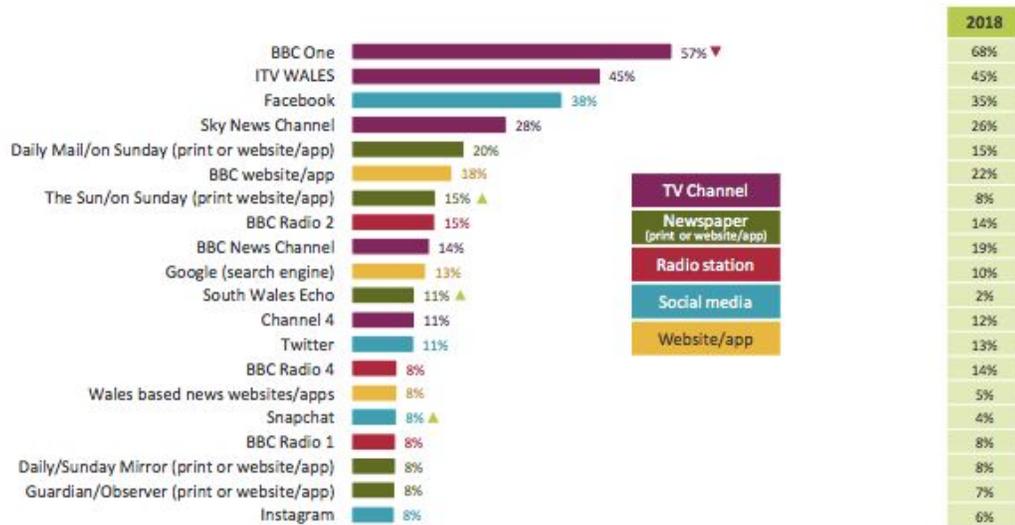
2.3 Key drivers for this audience are high quality journalism - often broadcast live - on stories that matter to viewers in communities right across Wales. We have invested in an all-Wales network of LiveU broadcasting systems. Each unit, the size of a paperback book, uses multiple mobile phone sim cards to send broadcast quality signals to our studios by 3G, wifi or direct broadband link.

2.4 We have also invested considerably in original and specialist journalism. This includes Adrian Masters and Owain Phillips on politics, Carole Green on Brexit, James Crichton-Smith on health, Rob Osborne, our national correspondent concentrating on big issues which affect our population and our latest signing, sports reporter Beth Fisher who earned 44 caps for Wales in hockey and is bringing a truly unique and distinctive approach to our sports coverage.

2.5 We work hard to ensure that viewers understand the differences that devolution makes to their lives - in the knowledge that we are often the only source they use for trusted, impartial news about Wales. We have increased the range and diversity of story choices to ensure that our content on-screen reflects the lives of our viewers. We broadcast *Wales at Six* before the UK network news in early evening - allowing us to offer a Wales-specific context and clarity to UK-wide issues. Highlights in 2019 have included special reports on young people and knife crime, systemic failings in maternity care at the Cwm Taf Morgannwg University Health Board, shining a light on living as a transgender parent and extensive coverage of Wales' hugely successful Grand Slam and Six Nations campaign.

2.6 Research by Ofcom in their *Media Nations: Wales 2019* report has identified the critical importance of ITV Wales as a leading source of news for the people of Wales. It also identifies that this position has been maintained over two years.

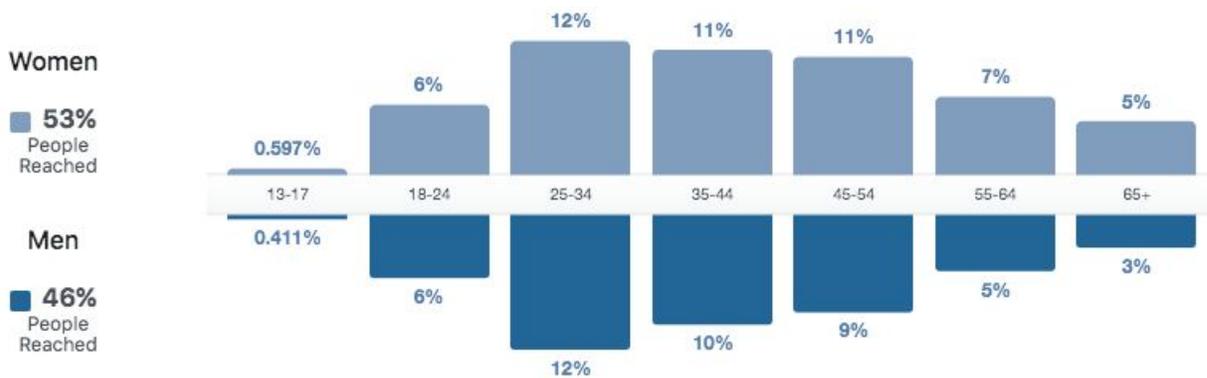
**Figure 8: Top 20 sources of news in general in Wales: 2019**



<sup>16</sup> Source: Ofcom News Consumption 2019

2.7 The Ofcom report also notes that ITV Cymru’s spend on local programming had increased to £6.3 million in 2018. It previously reported that “ITV Cymru Wales spent £6.1m on new UK content in 2017 and has maintained this level of investment in real terms since 2013.” The number of hours broadcast has remained stable since 2009 - marking a full decade of stability on air while we have also built substantial audiences online and across social media.

2.8 Various studies have noted the average age of viewers watching traditional linear television as being around 60 years old. But our social media platforms - such as Facebook have a much younger average audience (see below). This means our PSB content is reaching substantial groups who might not otherwise see it.



2.9 Brexit has, of course, been a constant element of our news coverage throughout the year. We have sought to offer clear and engaging reporting for news audiences on the likely impacts on communities across Wales while also offering more in depth discussion on our weekly political programme, *Sharp End*.

2.10 Our drive for high quality story-telling and journalistic excellence is echoed in both English Language Programmes that we make as part of our franchise commitments and Welsh language programmes that we make, on a commercial basis, for S4C. Two of the three nominations for Bafta Cymru's 2019 News and Current Affairs award were made by ITV Cymru Wales for S4C: *Ein Byd* and *Y Byd yn ei Le*. *Velindre: Hospital of Hope*, made for us by Green Bay Media was nominated for Best Factual series. Adeola Dewis was nominated in the Best Presenter category for her work on *Dock of the Bay*. This follows success at the Wales Media Awards with *Ein Byd* being named TV News and Current Affairs Programme of the Year with Owain Phillips being named Political Journalist of the Year.

2.11 We have launched a wide range of other popular and engaging factual series, broadcast in peak time and often winning substantial audiences. They have included *Fire Station 20*, a three-part series made in co-operation with the South Wales Fire and Rescue Service on the work of Barry Fire Station; *Missing*, a five part series working with Dyfed-Powys Police as they seek to locate missing people. We filmed this 'back to back' for both ITV Cymru Wales and, in Welsh for S4C (*Ar Goll*). *The Village* was a six part series about the characters who live and work in Portmeirion. *Return to the Mountain* celebrates the splendour of Snowdonia and we also have a wide range of special, live and often hour-long Wales highlights programmes following our team at the Rugby World Cup in Japan.

2.12 Our youth current affairs series *Ein Byd* got international attention with their investigation into cosmetic surgery and their exclusive access filming a 'Brazilian butt lift' procedure in a clinic in Turkey. The series also followed a heroin addict who'd been a victim of a county lines drug dealer from Liverpool. *Y Byd ar Bedwar's* harrowing programme on male suicide rates and mental health provision in North Wales was another highlight as was our investigation into historical child abuse on Caldy Island and, following an undercover investigation into a care home for the elderly, the team highlighted concerns raised by Assembly Members regarding the work of Care Inspectorate Wales. Meanwhile, our series, *Y Byd yn ei Le* featured an exclusive interview on Brexit with former Irish prime minister Bertie Ahern, a live special debate programme for S4C from the Senedd to mark 20 years of devolution and a European Election special looking at the rise of the Brexit Party and Change UK.

## INNOVATION: MAKING IT EVEN BETTER

3.1 ITV Cymru Wales puts excellence and innovation at the heart of everything we do. These are just some of our recent successes.

- Network of seven LiveU mobile phone-based broadcast units. These allow us to make news programmes that are live from multiple locations across Wales and beyond on a nightly basis.
- Rugby World Cup: using the same LiveU technology to allow a three-strong team of journalists to follow the Welsh team on its campaign across Japan - and send the most up to date reports back to Wales.
- Live on-location Welsh language current affairs. *Y Byd yn ei Le* has broadcast live from Cardigan to Cardiff Bay to Westminster - allowing us to offer up to the minute coverage of the ever changing Brexit debate.
- Building a substantial audience of scale on social media for public service content. We had 36.7 million video views of Welsh content on Facebook in the eight months to the end of August 2019 and more than four million views on Twitter.
- Developing a vibrant range of short form current affairs content in the Welsh language with S4C as part of the Hansh brand.
- Launch of a range of innovative and engaging new series. *The Village* was an entertaining and informative six part series on the characters who live and work in Portmeirion. *Welsh Lives* celebrates the achievements of a diverse range of people across Wales. *Fire Station 20* used the latest in mini camera technology to tell the story of Barry Fire station.
- We made and broadcast a special hour-long programme on the annual St David Awards which celebrates the best of Welsh life.
- New podcasts launched around series including *Welsh Lives* and *Sharp End*.
- Deployment of the latest Sony F5 video cameras, offering producers 'cinema style' photography to further enhance the visual engagement of programmes
- Development of *Point of View* social media videos featuring first hand accounts of a diverse range of lives. Our series celebrating Pride Cymru had 200,000 views on social media alone.

- Growth of our apprenticeship programme. We have offered jobs to two of the four apprentices we took on during 2018. We have recruited a further three apprentices in September 2019. We have been nominated in the 2019 Apprenticeship Awards Cymru.
- Recognition for our work in championing diversity. ITV Cymru Wales has been shortlisted as Broadcaster of the Year in the Creative Diversity Network's UK Broadcasting Diversity Awards.
- Focussed training and skill development across the year from leadership and management to advanced filming and editing techniques, drone operations and the latest digital and social media techniques

## **ITV CYMRU WALES AND THE ITV NETWORK**

4.1 ITV Cymru Wales is developing the talent and skills to bring stories from Wales to audiences right across the UK. Our growing slate of network commissions have celebrated communities from the Menai Strait to St Davids - and also shown the dedication and skills of some of our leading detectives. All were commissioned on merit alone.

4.2 *Code Blue: Murder*, the result of a three year long partnership between ITV Cymru Wales and South Wales Police was broadcast across the UK in April 2019. The two one hour films on the work of the Major Crime Team won widespread praise from senior officers and many viewers. The hashtag #codeblue was one of the top three trending topics in the UK during the broadcast. We are currently discussing the possibility of further films.

4.3 *The Mountain*, made by Welsh boutique indie Slam Media, will celebrate the beauty of Snowdonia across the ITV network this autumn while *The Village* - about Portmeirion (also Slam Media) gets a network outing early next summer as does *St Davids, Britain's Smallest City* (Boom Cymru). Three other new network series have also been commissioned about the Wales coastal path and two other well-known Welsh tourist destinations.

4.4 Meanwhile the ITV network has commissioned a six part high end thriller television series, called *Tenacity* from Cardiff-based Bad Wolf in partnership with Entertainment One. Filming is due to begin in 2020. Further details have yet to be announced.

## **COMMERCIAL PRODUCTION: SUPPORTING WALES' CREATIVE ECONOMY**

5.1 ITV has a range of Welsh-based businesses and production labels, in addition to ITV Cymru Wales. Programmes such as *Code Blue: Murder* were made by Shiver Cymru (now re-branded as MultiStory Media Cymru). ITV also has two substantial independent production companies based in Wales. They are Boomerang and Boom Cymru which also takes in

important subsidiaries including Gorilla, Cloth Cat and Bait Studios. Between them, they occupy most of the Welsh Government commissioned Gloworks creative industries building in Cardiff Bay.

5.2 Boom is one of Wales' largest production groups. Established in 1994, they are a trusted, multi-genre company that produces over 400 hours of content annually for S4C, BBC, ITV and C5. Through their television and digital production divisions, Boom Cymru, Boom, Boom Social and Boom Kids, the group has an impressive track-record of producing award-winning factual, factual-entertainment, entertainment, drama and children's content.

5.3 Boom Cymru is dedicated to producing the finest quality for Welsh broadcasters, S4C, BBC Wales and ITV Wales, while the Boom division focuses on creating compelling content for the UK's network broadcasters and international markets. Through Boom Social, they are also proud producers of innovative and entertaining multi-platform social content.

5.4 As one of the largest producers of children's content in the UK, Boom Kids' expertise spans the production of content for children from pre-school upwards. The division produces pre-school and older children's programming for both S4C and Network and employs over 50 full time staff. The department, in the Gloworks houses fully operational HD studios, a live gallery and extensive post production facilities.

5.5 The group employs approximately 230 staff in Wales and in addition to its production divisions it includes leading Welsh post-production facility, Gorilla, Visual Effects and Motion Graphics company, BAIT Studio and international animation brand, Cloth Cat.

5.6 Boom Cymru's *Prosiect Z* won a Bafta Children's Award in November 2018 and an RTS Award for Best Children's Programme in March 2019. The innovative show, aimed at 10-13 year olds is part-structured reality, part game-show set in an imaginary apocalyptic world where Zombies roam the earth. An eight-part English language version was commissioned by CITV in January 2019.

5.7 *Mabinogi-ogj* a comedy sketch show based in the magical world of the Mabinogion won the Children's programme category at the Celtic Film Festival, 2019. The festival, which was hosted in Aviemore this year, promotes the language and cultures of Celtic countries in the media.

5.8 Welsh language music travelogue feature film *Anorac* leads the Bafta Cymru 2019 Awards with six nominations (out of 18 in total for Boom) including Huw Stephens for presenter with other nominations for Feature/Television Film; Editing; Director: Factual; Photography: Factual and Sound.

5.9 Boom Cymru have also sparked international broadcasting interest with *Y Siambr* - the world's first underground game-show set in the popular Zip World tourist attraction at Llechwedd slate caverns in Blaenau Ffestiniog. Competitors face a series of epic challenges as they work

their way through the caverns. The series aired on S4C in the spring and Boom are now working with ITV Global Entertainment to sell the format around the world.

5.10 *Priodas Pum Mil* (The £5k Wedding Challenge) which follows Welsh couples as they seek to tie the knot for less than £5,000 is another example of Welsh language programmes, developed in Wales which are now available to international markets via Boom's relationship with ITV Global Entertainment. The four series so far made have proved highly popular with Welsh language viewers and also resulted in a spin-off series *Prosiect Pum Mil* (The £5k Project) - featuring a series of DIY projects helping communities across Wales.

5.11 The BBC's *One Show* also benefits from Boom's talent for factual production. They have increased the number of films they commission from Boom to 28 films a year ensuring another UK wide peak time market for Welsh creative talent.

5.12 Boom also makes drama - most notably the crime series *35 Diwrnod (35 Days)* which has sold to broadcasters in the USA, Canada, New Zealand and Poland. An English language version of the series, commissioned by Channel 5 broadcast successfully in May 2019. It used virtually all the original Welsh language crew on the production.

5.13 2019 proved to be another successful year for Boomerang with the label already having 46 hours of commissioned programming delivering in 2019 with new commissions already confirmed for 2020.

5.14 The second series of *What Would Your Kid Do?* launched successfully in March after a Christmas Special in 2018 and the original format won two awards at the C21 awards in April in the "Best Studio Based Gameshow Format" and "Best Factual Entertainment Format" categories. Its international success continued with format sales being confirmed in a number of territories and versions of the series made locally in Hungary, Finland, Belgium and Turkey.

5.15 *Extreme Cake Makers* continued the company's international success with distribution sales to over 60 territories as well as winning last year's Best Daytime programme at the Broadcast Awards. 2019 also involved an expansion of the "Extreme" brand with a ten-part series of *Extreme Chocolate Makers* premiering on the Easter weekend on Channel 4.

5.16 *Who Should Stay in the UK?* brought a thoughtful and perceptive three part series to BBC 2 in the summer. Boomerang followed the stories of immigrants desperate to stay in the UK and the lawyers tasked with helping them. Some bring investment and jobs, others come for asylum and sanctuary.

5.17 The onset of autumn sees a new slate of Boomerang productions being broadcast, with *Britain's Naughtiest Nursery* being the first to air on 5STAR. This 2 x 60 series involved creating a specialist nursery to help parents cope with their pre-school children, all of whom have behavioural issues.

5.18 *Drag Kids* follows soon after on 5STAR in October. The two hour long documentaries sensitively follow three families as they navigate the world of drag and its associated hurdles. A final two-part series follows towards the end of the year with *Big Birthers* looking at specialist maternity care for those patients with very high BMI and the ensuing problems that can be caused in pregnancy and birth.

5.19 The company also has a range of single documentaries in production including *Council House Millionaires* and *Filthy Family Swap* for Channel 5 as well as *Last Minute Holiday Secrets*, *The Truth About Your Gut* and the first film in the continuing *Historic House Rescue* series, commissioned for four episodes across three years, for Channel 4.

## **ADVERTISING: GROWING WELSH BRANDS**

6.1 ITV offers one of Wales' most prominent, cost effective and trusted advertising platforms. It is regularly used by Welsh Government, Public Health Wales, Welsh universities, Dŵr Cymru Welsh Water and a wide variety of other public bodies - and commercial entities - to inform the public. It has proved especially important in explaining policies such as organ donation laws, anti smoking campaigns, parenting skills and domestic abuse.

6.2 ITV also supports smaller businesses who are seeking to grow their commercial success. Our *Business For All* campaign offers to fund half the cost of an advertising campaign for businesses that are new to television.

6.3 We have used our advertising platforms to support campaigns for healthy lifestyles. ITV developed the *Eat Them to Defeat Them* campaign with partners Veg Power to encourage children to eat vegetables, donating £2 million of commercial airtime to the campaign. This saw a bespoke sixty second advert playing in episodes of some of Wales' most watched programmes including *Coronation Street*, *The Voice*, *Dancing on Ice* and *Britain's Got Talent*, alongside hours of editorial coverage. A YouGov survey showed the equivalent of 650,000 children across the UK said they had eaten more vegetables as a result of seeing the campaign. Econometric analysis showed the campaign led to 18 million more units of veg being sold - the same as an extra portion of vegetables for every household with children in the country.

6.4 We have also supported *The Daily Mile* a simple and effective campaign to get school children to exercise for fifteen minutes a day. There are now more than six and a half thousand schools and 1.5 million children signed up to this campaign across the UK. The numbers trebled after ITV began promoting the campaign.

6.5 During the autumn, ITV will launch a new multi-year initiative, the *ITV Campaign for Mental Wellness*, as part of our drive to encourage ten million people to take action to support their mental or physical health by 2023. We are focusing on the importance of all of us actively

looking after mental health. The first campaign, *Britain Get Talking*, focuses on building resilience in children. One of ITV's biggest campaigns of the year, it is backed by the support of mental health charities Mind and Young Minds.

6.6 We are also driving technological change. Our ITV Hub platform allows us to fine tune advertising to small areas such as an individual postcode, town or county. It can also focus on distinct demographics such as younger people, ensuring relevance and greater cost effectiveness.

## **SKILLS AND TRAINING: MAKING US FIT FOR THE FUTURE**

7.1 We were awarded Employer of the Year in the Quality Skills Alliance Awards 2018. The judges said: "The focus is clearly on the personal development of their apprentices as individuals and each one is given guidance and mentoring from staff with decades' worth of experience. ITV's ongoing commitment to apprenticeships makes it a worthy winner of this award."

7.2 We have also been awarded a Gold Award in the Careers Wales Valued Partner Awards in recognition of our work to inform, inspire and motivate young people in Wales about their career opportunities. This has involved a three year partnership with Eastern High School in Cardiff. In that time we have been involved in numerous projects, including helping staff and pupils with oracy projects, studio visits, talks and presentations, and cv and interview skills workshops.

7.3 We have been named as a finalist in the Apprenticeship Awards Cymru 2019. The Awards organisers have noted: 'Over the four years ITV Cymru Wales' programme has been running, 100% of apprentices have gone on to full-time employment within the creative industries and close to 90% of those enrolled have been from disabled, Black, Asian and Minority Ethnic or socially disadvantaged groups.' Jointly organised by the Welsh Government and the National Training Federation for Wales, the awards are due to take place on October 24th.

7.4 In addition, we have worked with S4C to recruit two young journalists to make current affairs reports specifically for S4C's digital service, *Hansh: Dan Sylw*. It ensures that we help train the next generation of Welsh language journalists to create content for current and future platforms. We take part in the *Breaking into News* initiative with the Media Trust. Previous finalists have gone on to gain jobs in our newsroom.

## PARTNERSHIPS, DIVERSITY AND INCLUSIVITY

8.1 In keeping with our vision of being *More Than TV*, we have partnered with or supported a wide variety of public and charitable organisations across Wales over many decades. We are also building new partnerships and alliances as part of our work as a key contributor to Welsh cultural life.

8.2 In January we helped the Welsh gender equality group Chwarae Teg to lunch their Womenspire 2019 Awards. In February we supported the Institute of Welsh Affairs in the organisation of the Wales Media Summit. In March we filmed the St David Awards, working in association with the Welsh Government to produce an hour-long highlights programme celebrating the best of Welsh life. April saw the return of *People's Projects*, an ITV wide initiative with the National Lottery Community Fund to help community groups improve people's lives. Our audiences helped to decide where up to £150,000 of lottery funding is spent in Wales. ITV companies in Wales also sponsored the opening night reception of the Creative Cities Convention in Cardiff. May saw us support an S4C initiative in sharing best practice in online and social media skills with the independent production sector while also sponsoring and hosting the IoD Wales' Director of the Year Awards. In June, we hosted a media training day for dozens of finalists in the Womenspire 2019 Awards - before broadcasting a special series of reports on their work.

8.3 July brought our extensive coverage of the Royal Welsh Show where we also hosted a 'healthy eating' event with a wide range of food organisations, held a reception for communities that have benefited from being featured in our programmes and offered a venue for a meeting of the National Assembly's Climate Change, Environment and Rural Affairs committee. August brought bespoke programmes around the National Eisteddfod where we also hosted a debate about the future of Welsh language journalism in partnership with S4C and Cardiff University. We also supported the *Llais y Maes* scheme offering aspiring Welsh language journalists the chance to report from the Maes. August also saw us entering into a media partnership with Pride Cymru. Bespoke social media videos on *Why Pride is important to me* had some 200,000 views. In September we hosted a visit by members of the Welsh Youth Parliament and also featured their work on *Sharp End*. We also ran a day supporting pupils from Cardiff's Eastern High School in improving their speaking skills. This was one of a wide range of events that we support at the school during the year as part of a long term partnership.

8.4 We are especially proud - and appreciative - of our ITV Wales Diversity Panels which meet across the year in both Cardiff and North Wales. They offer our programme makers and our leadership team important insights from the many diverse communities that make up modern Wales. They are both a source of stories in ensuring that our content engages as wide an audience as possible, and a valued touchstone when we are seeking advice on the most appropriate way of reporting sometimes complicated or contested issues.

8.5 Throughout the year we also work closely with a wide range of Welsh public, third sector and broadcasting bodies, including Bafta Cymru, The Royal Television Society, The Institute of Welsh Affairs, Institute of Directors Wales, Cardiff University, Sgil Cymru and Clwstwr Creadigol. We contribute to a number of careers initiatives that seek to widen the diversity of the broadcasting sector including the Creative Pathways Open Day which showcases ITV and a media career to hundreds of Welsh school children.

## **WALES, WESTMINSTER AND A GLOBALISED WORLD**

9.1 ITV is rightly proud of the role it plays in Wales – and in the broader PSB system. At the same time, it is important to recognise the significant challenges facing PSB – and to bring forward reforms to ensure that PSB continues to thrive in the future.

9.2 The UK is at the forefront of major changes in advertising and audiovisual content markets. National markets have become global markets, increasingly dominated by global players such as Google (market capitalisation \$860bn) and Amazon (market capitalisation \$917bn) across the value chain – in distribution, content creation, and advertising – operating at a scale and with a depth of access to capital that is unprecedented in the history of TV or of other advertising platforms.

9.3 A small set of global players are emerging with the ambition of controlling and directing the choices made in living rooms across the world, dominating content production, and retaining the bulk of associated revenues (for instance, Google and Facebook (market capitalisation \$510bn) are expected to increase their share of all digital advertising in the UK this year to 63.3%. By 2021 this is predicted to be 65%, around £14.7bn).

9.4 The implications of these unprecedented developments are mixed: they are creating more choice for viewers and for advertisers, which is welcome, and significant opportunities for many TV producers, including ITV Studios, who have become major suppliers to Netflix and Amazon amongst others. But at the same time they are putting at risk the plurality of TV services in the UK market, particularly PSB services which speak to UK citizens in particular, supporting our culture, democracy and economy.

9.5 Clearly the starting point for any business facing changing technology, consumer behaviour and intensifying competition is to innovate and invest. That is exactly ITV's strategy:

- Growing our global content production business: since 2010 we have invested significantly in building a content production business of scale in the UK and overseas, now making original content for local customers in 12 territories. In 2018, 56% of ITV Studios revenue was generated outside the UK.
- Growing our Video on Demand [VOD] offer: we have built ITV Hub into a major online content platform with 28 million subscribers and over 79% of all 16-34 year olds in the

UK registered on the service with a 32% increase in viewing in the past year (over 446 million hours of online viewing last year).

- Innovating in advertising: the combination of mass reach and targeted advertising in a brand safe environment gives us a powerful competitive proposition to advertisers. Our recent licensing agreement with Amobee, a global digital advertising technology company, will accelerate the development of our VOD advertising capabilities including an industry standard for VOD (matching the established linear system).
- Entering the Subscription Video on Demand [SVOD] market: we are soon to launch Britbox in partnership with the BBC – an exciting new UK focused SVOD offering combining the best of ITV and BBC content together with new original UK commissions.

9.6 The purpose of these initiatives to modernize our business is to continue to deliver an attractive return to our investors but in the process also sustain a business model that revolves around the investment in original UK television content.

9.7 But ITV cannot meet this challenge on its own. To put it starkly, it is ITV's continued commercial success, and in particular the value we receive from PSB licences, which enables us to make the contribution we do in Wales, a contribution global players such as Amazon and Google are most unlikely to ever make. The case for immediate and fundamental reform was made powerfully by Mark Thompson recently. As the ex-Director General of the BBC and current Chief Executive of the New York Times he has perhaps unparalleled insight into both public service broadcasting and the commercial world on both sides of the Atlantic. He observed that:

“No doubt the relevant government departments and regulators do plenty of good work too across this difficult and rapidly evolving terrain. I want to say to them: policing the beach for litter is a virtuous activity, but it's time to glance out to sea. That grey band on the horizon is a tsunami.”

9.8 We agree and have been encouraged by the Secretary of State's recent call for Ofcom to “think big” in its forthcoming PSB Review. There are a number of areas where we believe sensible reforms can be made that will maintain and strengthen the PSB system, helping PSB status remain viable and attractive. Reform to the system will need to be radical and far reaching but below we set out just a few examples.

9.9 Firstly, following Ofcom's conclusion that “New legislation is needed to keep PSB prominent and support the sustainability of the public service broadcasters,” we are calling on Government to honour its commitment to reform the prominence rules and bring forward legislation as soon as possible to ensure that PSB prominence is extended to new global online platforms and to on demand delivery of PSB content.

9.10 But prominence alone will not be sufficient to support PSB if the terms on which content is provided to platforms prevents commercial PSBs from fairly monetising viewing or from building

a direct relationship with their viewers. Secondly, we therefore believe a new inclusion regime is needed to guarantee PSB universality whilst also enabling PSBs to negotiate fair commercial terms with platforms for inclusion, for retention of our ad revenues, for access to data, and for functionality such as cloud-based PVRs and ad-skipping, securing the funding necessary to ensure PSB content investment for the long term.

9.11 In addition, we are asking for the UK Government and Ofcom to safeguard the future of Digital Terrestrial Television [DTT]. Freeview is universally available in the UK to 98.5% of households, and used in 18m UK homes and on 10m primary TV sets. It offers access to a critical mass of PSB and non-PSB channels for free wherever you live in the UK, enabling everyone, regardless of means, to participate in the life of the UK – through access to the best TV content without charge. It is vitally important that the DTT platform has long term access to significant spectrum to enable it to continue to flourish with a broad channel offering, above all without being penalised or disrupted by policy interventions which would weaken or undermine it.

9.12 Comprehensive reform, including the measures set out above, are vital if ITV is to continue to play a key role in the cultural and economic life of Wales and across the rest of the UK's nations and regions. It would be easy for distinct Welsh voices to be lost in the discussion about these seismic changes. We look forward to engaging with the committee, other members of the National Assembly and the wider public in how that can be avoided - and how trusted public service content can be supported for many years to come.