



Bethan Sayed AM,  
Cadeirydd,  
Culture, Welsh Language and Communications Committee,  
National Assembly for Wales,  
Cardiff Bay,  
CF991NA.

5th December 2019

I am writing to respond to the committee's invitation for submissions as part of your inquiry into whether broadcasting should be devolved to Wales.

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 saw with the Rugby World Cup - broadcast free-to-air across ITV. As a UK-based commercial business ITV pays substantial 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.

Cynulliad Cenedlaethol Cymru / National Assembly for Wales  
Pwyllgor Diwylliant, y Gymraeg a Chyfathrebu / Culture, Welsh Language and Communications  
Committee  
Datganoli Darlledu / Devolution of Broadcasting  
CWLC DoB04  
Ymateb gan ITV Cymru Wales / Response from ITV Cymru Wales

For more than 60 years, ITV has offered a wide range of popular news, current affairs and factual programmes made in Wales for Welsh audiences - often broadcast in peak time within the ITV network schedule. This is Wales' most popular peak time broadcasting channel - and therefore helps to maximise audiences in Wales for specifically Welsh content. 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]. Programmes made by ITV companies attracted more than twenty nominations in the Bafta Cymru Awards in October 2019.

We offer one of Wales' top two sources for news - supplying plurality to the BBC and reaching viewers who might not regularly encounter Welsh content from any other source. 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.

We are also growing substantial online and social media audiences for Welsh public service content. This is trusted news, current affairs and factual content made to the same standards as our broadcast services. There were more than 40 million social media video views of ITV Wales content to the end of August 2019 (16m to end of Sept 2018).

We work in partnership with a large number of Welsh public and third sector organisations to promote a wide range of public purposes. These cover everything from the increased knowledge of devolved decision making via our news and political programmes such as *Sharp End* to healthy eating among children in our *Eat Them To Defeat Them* campaign; increased childhood exercise with our support for *The Daily Mile*; our celebrations of the Welsh countryside in *Coast & Country*, our challenging questioning in *Wales This Week* and our broadcasting of the *St David Awards* which celebrate the achievements of individuals and communities across Wales.

We have long supported efforts to increase the inclusivity and diversity of Wales' many different communities within the programmes we make and the people we employ to make them. We are Media Partners of the *Womenspire Awards* run by the gender equality organisation Chwarae Teg. We are also a Media Partner and a prominent on-screen supporter of *Pride Cymru* - Wales' largest celebration of inclusivity and diversity. Our Diversity Panel allows us to maintain strong two-way relations with many other diverse groups and communities across Wales. We have an ongoing relationship with dozens of other Welsh organisations.

Our work in Wales is the result of an intricate balance of the benefits that come to ITV (privileged access to DTT spectrum and prominence within linear EPGs) and the costs of our public service commitments as set out in the Wales Channel 3 licence. ITV's UK-wide structure - and the plurality of PSB institutions and funding models more broadly - delivers economies of scale that maximise efficiencies; boost audiences and drive innovative practice to help maintain a sustainable future for commercially funded public service content.

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, increasingly dominated by players like Google and Amazon.

These changes have of course 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 (with the recent launch of Planet V, an exciting development in our ability to offer addressable advertising) and launching Britbox, our new Subscription Video on Demand [SVOD] offer.

But this scale of change also poses a significant challenge to the advertising-funded model of public service content. Google (market capitalisation \$900bn) and Facebook (market capitalisation \$575bn) are competing for advertising revenue at a different scale to PSB, and 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. Content discovery is also increasingly a global market. Soon, a very small number of global organisations (inc. Google, Amazon, Samsung, Comcast/NBC/Sky) will control TV interfaces in many living rooms in the UK. Rather than ensuring PSB content is easy for audiences to find, these global organisations are already more inclined to agree easier and more lucrative global commercial deals with other global content players (Netflix, Amazon Prime, YouTube etc) for preferential positioning on remote controls, User Interfaces, search results etc.

ITV cannot meet this global challenge on its own: the economics of global versus national markets are asymmetrical. To put it starkly, it is ITV's continued commercial success, and 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).

The challenge for policymakers across the whole of the UK is to ensure that our framework of legislation and regulation, whatever form that takes, guarantees space within major global platforms for the national conversations that PSB excels in delivering, and supports the ability of PSBs to compete and thrive against colossal global competitors. We look forward to engaging with you and your colleagues on these matters in due course.

Yours sincerely,

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