

Working out the Details on Local TV

Local TV plans are moving forward and the ball seems to be mostly in Ofcom's court for now. At a meeting for stakeholders on 3 February, Ofcom kicked off the consultation process on the licencing of local TV, which will last until March 2012. The ideas for licencing presented by Ofcom reflect the same move towards realistic expectations that was also a noticeable improvement in **DCMS's revised plan** following its consultation. Nevertheless, there remain a few details to work out, which could prove to be sticking points.

Reasonable Expectations and a Clear Boost

Ofcom's Peter Davies and his colleagues made it quite clear that they will be "looking for localness", and particularly local news production when evaluating applications for local TV licences. However, there will be no set minimums for hours of local content or news. This will allow stations to vary greatly depending on the size and capacity of each location. Still, stations will be obligated by what they propose as the figures they present in their application will become part of their licences, so Davies urged interested parties to "be realistic" about what they can produce when applying. This is a clear approach and more workable than the **original proposal** that local TV should provide a full range of content genres.

Another thing crystallising is the BBC's plan for the £15 million over 3 years that it is supposed to spend on content from local TV stations. The BBC plans to front load these funds so that stations get more in the first year when they need the most support and will be basically dividing it up equally. The idea at the moment is that the money will be spent on purchasing news items on a daily basis but exactly what will count as a news item and what the BBC will do with them are yet to be defined. One potential licence applicant pointed out that stations need to know what the BBC expects to get from them so they can plan how much it will cost to produce. However, although it may be as the BBC's William Garrod insisted that there is value for the BBC in adding detail to its local coverage, it seems clear that this is basically a subsidy to help get local TV going. Local TV stations can count on those funds to help them get started and the details of what they must provide and how the BBC will manage the process should simply be worked out so that there is the least administrative burden on the BBC and the least possible extra production burden on the stations. Local TV stations can then focus on serving their audience to the fullest their capacity can manage and if there also happens to be more local news or other content on the BBC as a by-product – great.

MUX and Audience Measurement still Sticking Points

The BBC funds will be a bit of a boost, but for their long term survival it will likely be more important to work out the details on some of the other issues that were raised by participants at the Ofcom meeting. One is the relationship between local TV stations and the MUX operator. Ofcom is open to any kind of operator – private, not-for profit, etc. and does not plan to get involved in how the operator does business with the local TV operators, unless it has to referee a price dispute as it does in other areas. The carriage price for local TV is not supposed to exceed costs, but companies can sometimes reflect costs in creative ways in order to inflate the figures. Not doing so might be fine if the MUX operator is a non-profit organisation, but if a private company does not make some profit it may not survive. The request by one potential applicant for regulation of the pricing and standardised contracts that cover what happens if the MUX operator bankrupts might need to be made more forcefully if local TVs are to be protected from unsustainable prices or conditions, or if the MUX goes bust.

DCMS's revised plan for local TV included a provision that licence holders must co-operate in the form of a network in some ways, one possibility would be getting usable audience measurement data for local audiences. Several potential applicants for local TV licences voiced concern that even networked they will not have the power to negotiate with **BARB** to get local TV included, particularly at the beginning. Ofcom representatives seemed resistant to getting involved, and the question of how local TVs will sell themselves to advertisers went unanswered. This will be something that local TV stations will have to work out for themselves. But, it is not likely that they will be bringing in Procter & Gamble or Coca-Cola anyway, so perhaps they can turn their focus away from BARB and think more about how to represent their audiences to local businesses.

Willing to Take the Risk

With cross-ownership rules removed at the local level, there is potential for existing local media to go for local TV licences. One such party present was **The Latest** from Brighton, which already operates a magazine and a web site with minimal on-demand television content. They are tied in with local sports venues, music venues and the local universities and already have a relationship with local advertisers through their other media. At this point they are willing to take what they recognise as a big risk and go for a licence to get on the MUX. There are now reasonable expectations for what they can produce, which may only be 4-5 hours per day, and some secure start-up funds. The next step seems to be to sort out the position of the MUX operator and provide some assurances to the local TVs as to what their relationship with it would be.

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