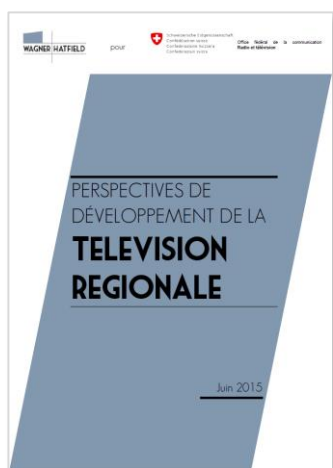


Prospects for REGIONAL TELEVISION



BRIEF SUMMARY

A Wagner-Hatfield study on behalf of
OFCOM

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1. INTRODUCTION

1.1. Background

The aim of this study is to propose measures that the legislator, the regulator and licensed regional television broadcasters can take to provide both a solid financial basis for, and a good public response to, regional television. It is a comparative study that compares the relevant framework conditions in Western Europe, highlights entrepreneurial successes and presents certain best practices and promising initiatives in relation to key strategic development parameters for regional television broadcasters.

An initial assessment of local and regional television broadcasters (hereinafter referred to as LRTVBs) in Europe yields a degree of pessimism. This was also often expressed by respondents in this study. The effects of the current economic and financial crisis are in fact clearly visible in the European audiovisual sector and LRTVBs are by far the most affected of the stakeholders. In the case of some television broadcasters, some countries, or even the entire media landscape, this is leading to some catastrophic situations.

The result of LRTVBs' financial difficulties is that LRTVB programme services are being cancelled or significantly reduced. In some cases, however, subsidies are also increasing. Given the financial constraints of the public authorities, these contributions are sometimes subject to fluctuations and uncertainty and lead some of the interviewees to use the expression "regional television on a drip". This refers to both publicly and privately subsidised LRTVBs.

These considerations give better understanding of the reasons behind the prevailing pessimism regarding the future of LRTVBs in Europe. It does not, however, seek to cause fatalism or question the *raison d'être* of local television broadcasters. It is not naive to suggest that there are grounds for optimism with regard to LRTVBs.

Reasons for optimism include the creative dynamism and entrepreneurial determination (two key elements for the success of an audiovisual project) demonstrated by some media professionals. Furthermore, LRTVBs also enjoy substantial political support in many countries. Although this support is not a decisive success factor, it allows exploration of new practices, models and initiatives in the programme service and management field, which in turn may then have a positive effect on the restructuring of LRTVBs. In Switzerland, for example, parliament passed a revision of the Federal Act on Radio and Television of 24 March 2006 (RTVA) in September 2014, which was then accepted by the Swiss electorate in a referendum on 14 June 2015. In accordance with this revision, the proportion of the fee-splitting revenue for licensed radio and television broadcasters will be increased so that they receive between 4% and 6% of reception fee revenue.

1.2. Initial comparison

The term LRTVB covers a number of sometimes very different realities. There is great diversity in terms of legal structure: in Europe, numerous LRTVBs operate on the basis of a licence, an agreement or a specific approval. In rarer cases, LRTVBs act in accordance with general rules that apply to all audiovisual media. In some countries there are LRTVBs that broadcast throughout the entire country (such as Switzerland, Belgium), whereas in other countries there are gaps (e.g. UK and France). In terms of the geographic area or density of the population covered, there is no uniformity, whether on the continent or within a single country. Switzerland has one of the densest LRTVB networks, i.e. it has a large number of LRTVBs in relation to its population. Although the number of Swiss LRTVBs is smaller than in countries such as Italy or Spain, it is significantly higher than in France or Germany, for example. In this respect, Switzerland is similar to Belgium and Denmark. The financial situation of Swiss LRTVBs can also be compared with those in Belgium. Even though licensed regional television broadcasters in Switzerland - as with the entire European audiovisual sector - are suffering from the effects of the economic and financial crisis, they belong to the LRTVB with the highest revenue in Europe.

2. CASE STUDIES

2.1. Germany - General

There has been a pronounced regional aspect to the German media landscape since the beginning of radio and television. This was consolidated with the emergence of private broadcasters in the 1980s: the two largest national broadcasters, RTL and ProSiebenSat.1, were practically forced to broadcast regional window programme services.

Regulation is also largely regional: 14 regional regulatory authorities are active in the 16 federal states.¹ The two case studies below examine the situations in Bavaria and Saxony. These federal states have the largest number of LRTVBs.

Ultimately the number of LRTVBs is on a downward trend: in 2012 there were 267, in 2013 the number had fallen to 261, and in 2014 it had fallen to 232.² This trend could accelerate in future. The reason for this is a change in the media landscape whereby private national television stations can access regional advertising, with a risk that LRTVBs might be the first victims.

2.2. Germany - Bavaria

As in most German federal states, local television broadcasters in Bavaria are developing at the same time as cable channels are expanding. Bavaria currently has the widest and most diverse range of LRTVBs in Germany. Bavarian LRTVBs broadcast only in their respective broadcast areas, which overlap only in extremely rare cases.

The performance mandates of the LRTVBs are formulated in very general terms and refer to the public interest considerations which the broadcasters must meet (reporting on daily political, economic, social and cultural affairs in the respective broadcasting area, safeguarding the diversity of opinion, maintaining professional journalistic ethics etc.). Only the production volume is regulated more specifically: every LRTVB is obliged to broadcast a news programme of at least 20 minutes duration (broadcast in the 6:00pm RTL window) every day from Monday to Friday and to offer programmes covering various aspects of local events for at least 100 minutes per week. The local focus is also strictly regulated: all programmes must have a connection to the local events. According to the regulator and media professionals, this restricts certain programme service initiatives from the outset and has a restrictive effect on cooperation between LRTVBs.³

The economic situation of the LRTVB sector is relatively stable. The average revenue has increased over the last few years, while the deficit has on average been kept within limits; in some years profits have even been recorded. The public authorities contribute to this stability: almost 40% of LRTVBs' income is derived from various indirect and direct support measures.

30% of direct funding is derived from public funds of the state of Bavaria. These are managed by the regulatory authority, the Bayerische Landeszentrale für neue Medien (BLM): approximately 25% are to cover the costs of cable and satellite broadcasting⁴, while approximately 3% are to finance public interest programme services. Until 2007, the broadcasting costs were jointly borne by the cable operators. However, the corresponding contribution was abolished at the end of 2007. Since then, the state of Bavaria has assumed full funding which is guaranteed until the end of 2016.

Approximately 10% of the funding goes towards financing the 30-minute window programme of the national broadcaster RTL. This window programme is available to the 16 LRTVBs every day from Monday to Friday between 6:00pm and 6:30pm. LRTVB news programmes are broadcast within their respective broadcast areas during this time slot. RTL supports the LRTVBs with a contribution of € 0.85 per subscriber in the broadcasting area. Furthermore, the LRTVBs are credited with the advertising revenue from this broadcasting period. This system has three advantages: It ensures the financing of the LRTVB programme services, raises awareness of them and allows them access to

¹ The two federal states of Berlin and Brandenburg now have a single regulatory authority, as do the federal states of Hamburg and Schleswig-Holstein.

² DLM Jahrbuch 2013-2014; DLM Jahrbuch 2012-2013; DLM Jahrbuch 2011-2012.

³ However, joint initiatives are realised within the prescribed framework. One example is the joint hour-long programme "TV Bayern live" every Saturday from 5:45pm - 6:45pm, which is available on the online platform "Bayern TV": <http://www.tvbayern.de/>.

⁴ Due to the high cost of satellite broadcasting, only the largest LRTVBs have their own round-the-clock channels. The rest either share a channel or broadcast only between 6:00pm and midnight.

additional advertising revenue. These windows enjoy consistently high viewing figures (17.5% average ratings in 2014).⁵

The BLM guarantees further funding measures: it funds 50% of the annual broadcasting analysis⁶ (the other 50% is met by the LRTVBs). The broadcasting analysis provides comprehensive data regarding the state of the Bavarian media landscape (broadcasting, measuring TV audience ratings, qualitative programme evaluations, etc.). Ad-hoc studies and LRTVB marketing initiatives are also financed. Furthermore, the BLM awards various television prizes and supports education programmes and training in the media sector as well as media-specific events and conferences e.g. Overall, the BLM estimates that more than half of its budget directly or indirectly benefits LRTVBs.⁷ The latter therefore benefit from a well organised and favourable regulatory environment.

Commercial income derives from advertising revenue (approximately 38%) and various other revenue (24%), e.g. from production activities, recording events for national broadcasters and especially from the production and broadcasting of advertorials.

Although LRTVBs are active on the new platforms, they are having serious problems monetising this presence: of the € 13.8 million in advertising revenue obtained in 2013, less than 2% was from online advertising.

The LRTVBs have remained fairly stable in terms of audience share. This is remarkable in view of the great difficulties which the media landscape has been confronted with throughout Europe. In recent years ratings have stabilised at approximately 800,000 people, corresponding to a daily reach of 7.5% to 8%.⁸

2.3. Germany - Saxony

Saxony is the tenth largest of Germany's federal states (at 18,400 km² almost half the size of Switzerland) and has 4 million residents (i.e. slightly over half the population of Switzerland), but it has the highest number of LRTVBs: between 1999 and 2000 there were more than 100; today there are still nearly 60. Relatively small community channels still constitute the majority of local broadcasters. There are also local broadcasters which are commercially orientated, with broadcast areas that have expanded either to a region or one of the major cities in Saxony thanks to the use of wireless terrestrial broadcasting in particular.

After several profitable years, the economic situation in Saxony became substantially worse as a result of the crisis of 2008. Since then average revenue has fallen significantly and losses have mounted. All LRTVBs in Saxony are private companies and have not received any public funding to date. Their income structure is therefore significantly different to that of LRTVBs in the other countries and regions studied. However, the difficult economic situation of the Saxon LRTVBs, the steady fall in the number of LRTVBs over the past few years, and the negative impact on the number of people in employment⁹ has recently provided the impetus for public decision-makers to redress this situation. As the strict independence rules applicable to private broadcasters mean that programme production cannot be supported by the state, there is still the possibility for public authorities to contribute to covering broadcasting costs.

Those LRTVBs that have been given a "public interest" mandate by the Sächsische Landesanstalt für privaten Rundfunk und neue Medien (SLM), according to which they must produce a news and information programme (min. 15 minutes) for each working day and a weekly cultural television programme (min. 30 minutes), can apply for a share of the annual total of € 600,000. The main focus of funding is technical transmission via terrestrial broadcasting (DVB-T and successor technologies), followed by broadcasting via satellite and other platforms (cable and IPTV).¹⁰ To date, only 12 LRTVBs meet these criteria: those that can be described as "proper" channels. This is because the others do

⁵ More detailed information on the ratings for this window programme can be found at the following address: http://funkanalyse.tns-infratest.com/2014/2_tv/1nutzung/1TVInternet_gesamt.pdf, S. 15 ff.

⁶ <http://funkanalyse.tns-infratest.com/>.

⁷ More details on the revenue and expenditure of the BLM can be obtained at the following address: http://www.blm.de/de/ueber_uns/finanzierung.cfm.

⁸ The precise viewing figures are available at the following address: http://funkanalyse.tns-infratest.com/2014/2_tv/1nutzung/1TVInternet_gesamt.pdf, p. 25 ff.

⁹ In 2010 there was a total of 340 jobs; in 2013 this had fallen to 250.

¹⁰ Details on this funding is available at the following address: <http://www.slm-online.de/wp-content/uploads/2015/02/slm-foerdersatzung-lokal-tv.pdf>.

not broadcast 24 hours a day and in some cases only produce a few minutes of programming per day or even per week.

There is cooperation between the LRTVBs, which generally works well.¹¹ There are also advertising associations, though these are not very widespread.

Although various available data confirms LRTVBs' ratings are in steady decline, the viewing time is still at a high level (approximately 37 minutes per day).¹²

The regulatory framework that Saxon LRTVBs are subject to has evolved in the years since German reunification and is decidedly liberal. The licensing is similar to a notification procedure insofar as the regulatory authorities generally do not reject licence applications even if issuing of the licence leads to a competitive relationship between the LRTVBs across the entire broadcast area or parts thereof. Content requirements are limited to the generally formulated principles that are required by law and no individual agreements exist. There are no restrictions on the scope or quality of programme services. The only exception is the criteria for every LRTVB applying for public subsidies to finance their broadcasting costs. There are no restrictions on advertising. This means that broadcasting advertorials is possible provided they can be distinguished from the editorial programme service in a suitable form. Advertising is therefore the main source of income for LRTVBs, followed mainly by income from production activities. The main restrictive regulations concern media concentration: print media owners may not operate any LRTVBs. Several respondents agree that although lifting this ban would strengthen the economic position of the LRTVB sector, the current political environment makes this impossible.¹³

In this context, in addition to the funding "life belt" it threw in spring 2015 (the effectiveness of which cannot yet be evaluated), the regulatory authority can only intervene as promoter or agent. It plays these roles very actively, in particular by commissioning viewing figure studies (the LRTVBs do not possess the financial means to do so), organising events or conferences, awarding television prizes for programme service quality or acting as a mediator between LRTVBs and broadcasters if there are inconsistencies in channel numbering.

2.4. Flemish Belgium

Local television's first partners were often the local cable network operators, who supported the projects and initiatives. After a rudimentary legal framework was created in 1987, Flemish decision-makers approached the subject with more vigour and ambition at the beginning of the 1990s and through the adoption of several decrees for the first time created a comprehensive framework for activities, which from this time was given the name "regional TV". This framework laid down some major principles:

- Eleven broadcast areas were defined;
- The programme service was limited to 200 hours of broadcasting per year;
- Recognised regional broadcasters were obliged to register as non-profit organisations (French abbreviation - ASBL), as this legal form permits and facilitates the distribution of public funding;
- Commercial advertising was approved as an additional source of income;
- Local cable operators were obliged to broadcast all regional television stations in their respective broadcast areas (must-carry).

In 1993 the first five broadcasters were recognised and another six were added in subsequent months. The resulting media landscape continues to this day.¹⁴

Although the attitude of the public and political decision-makers towards the regional broadcasters in the 1980s was hesitant, there followed a profound transformation. Support of LRTVBs was increasingly decisive and special measures were periodically decided in their favour to secure their

¹¹ Please refer to the platform of the Arbeitsgemeinschaft Regionalfernsehveranstalter in Sachsen (ARIS) at: <http://www.lokalfernsehen.de>.

¹² Details on the ratings contained in the SLM broadcasting analysis can be found at: <http://www.slm-online.de/fernsehen/funkanalyse>.

¹³ The state government is conservative, whereas the most important print media are generally associated with the Social Democratic Party camp.

¹⁴ Depending on the discussion approach, the literature alternately refers to ten or twelve regional television broadcasters. RTV broadcasts on two channels: in Kempen (RTV Kempen) and Mechelen (RTV Mechelen). Furthermore, the two LRTVBs from the province of West Flanders, Focus and WTV, have practically merged.

development (respectively their survival). The measures taken by the Flemish government in the 2000s is one example of this. In 2005, in addition to the existing individual subsidies from various provincial and municipal authorities, the first financial subsidies were approved. In 2008, the government announced the structuring of the following public subsidies, which were presented as support for general interest mandates provided by LRTVBs:

- An annual contribution of € 50,000 per LRTVB for the subtitling of news and information programmes;
- An annual contribution of € 166,000 per LRTVB for achieving three goals:
 - The fulfilment of the obligations in accordance with the decree, in particular the implementation of programme services that increase citizens' involvement in regional events;
 - The implementation of general education and training projects for young journalists;
 - The development of initiatives and projects for the development of digital and interactive platforms.

As contributions for the benefit of the public are not restricted to the audiovisual sector, they are funded by several administrative departments.

The general difficulties experienced by LRTVBs as a result of the change in the field of audiovisual media have led the government to also address some outstanding issues in the sector. In 2014, a decree was adopted that amended and completed the legislative framework:

Mandate

The decree of 2009 gave LRTVBs the mandate to broadcast regional information in order to promote communication among the population as well as between the population and the authorities and to contribute to the social and cultural development of the region. The following additions were made to the guidelines:

1. The largest possible audience figures in the respective broadcast area were to be achieved using regional information programme services concerning the broadcast area;
2. A high level of viewer involvement in programme services were to be guaranteed using interactive applications;
3. The design and range of programme services actively targeted diversity.¹⁵

Statutory requirements

The decree also includes regulations for operating companies. Restrictions on cross-shareholding and concerning media concentration have thus been effectively removed. Agreements concluded between the operating companies and one or more associated LRTVB contain clauses to ensure journalistic and financial independence. Income from broadcaster contributions and public funding are to be fully dedicated to fulfilment of the mandate granted by the decree.

Broadcaster contributions

Broadcaster contributions were changed and structured according to a relatively complex system, which now also includes the daily reach of LRTVBs. The regulatory authority receives, checks and validates the various data on the number of subscribers and also the daily reach.

Broadcasting and broadcast areas

Although LRTVBs have retained the exclusive right of distribution in their own broadcast area, news programmes may be broadcast throughout Flanders.

The adoption of these provisions resulted in particular in the inclusion of a restructuring of an LRTVB that was part of a publishing group. At the same time there was a general intensification of partnerships and synergies between LRTVBs.

¹⁵ Non-official translation of the decree text, which reads as follows in the original French: "1° atteindre le plus grand nombre de spectateurs possible au sein de la zone de desserte avec des programmes fournissant des informations régionales sur la zone de desserte ; 2° assurer un degré élevé de participation des spectateurs aux programmes en offrant des applications interactives ; 3° mener une politique de diversité active dans l'organisation et dans l'offre de programmes." (Comment by translator).

Flanders is an interesting example and demonstrates to observers of local television the positive effects that different innovations or new strategic directions can have (e.g. the inclusion of an audience success factor in the determination of financial contributions, determining the purpose of a certain public funds, or some consolidation of the LRTVB sector).

2.5. French-speaking Belgium

Almost all the first local TV broadcasters in French-speaking Belgium (who were at the time called “community channels”) emerged between the mid-1970s and mid-1980s. They often developed from local association initiatives. Even today, the local television landscape is diverse (in addition to apparent size differences, different approaches have been taken in relation to the programme services). LRTVBs have been able to rely on the support of the local authorities from the outset and support from policy-makers is still present today. Over the course of time, the regulatory framework was adapted to the changing conditions and developments of LRTVBs rather than attempting to influence or even determine their development. Although the legal requirements are sometimes more precise or stricter than in other countries or regions, overall they conform to current practice. In this respect, these requirements essentially correspond to the compulsory services.

The LRTVBs all have the same status: all LRTVBs are structured as non-profit associations; in terms of function they are regarded as public service television broadcasters and according to the audiovisual decree receive significant public funding and financial support from the broadcasters.

The French-speaking community in Belgium now has 12 LRTVBs with coverage areas which vary in size. The local television landscape is remarkably stable: all LRTVBs that were founded are still in existence today. However, up to the mid-2000s the television landscape underwent internal restructuring and stabilised due to special agreements. This happened even before any changes in the broadcasting sector in Belgium and the altered TV usage behaviour dramatically changed the situation for LRTVBs. The increasing age of the audience, the effects of the financial crisis on the advertising market and the necessary changes to adapt to new TV consumption habits are making profound structural reform more urgent.

The government’s political intentions were initially very ambitious and aimed at fundamental changes. However, this initial vigour was hampered by the concerted efforts of LRTVBs to preserve their full autonomy. The main result of the reform adopted in 2011 was a comprehensive refinancing of the sector. This included the amendment of the previous allocation of financial resources to the individual LRTVBs.

Furthermore, regional broadcasters also have more direct and indirect subsidies. The provinces, cities and municipalities supported LRTVBs on a significant scale (in the form of subsidies, advertising investment and programme sponsorship). LRTVBs also benefit from employment assistance in the non-commercial sector on the part of the French-speaking community, the regions and the federal government.

The financial structure of LRTVBs in French-speaking Belgium differs slightly from that of Swiss broadcasters. Their long-term financial stability has not yet been ensured: seven of the twelve LRTVBs completed the 2012 fiscal year with losses.

Cooperation between local broadcasters is common and is anchored firmly in the programme service structures. This is notably a peculiarity of the French-speaking Belgian LRTVB landscape. The type, intensity and quality of the cooperation between the radio and television programme services and the public service broadcaster (RTBF) varies strongly from broadcaster to broadcaster. The cooperation depends partly on logistic considerations and partly on personal considerations. However, cooperation seem to develop positively.

The development of the regulatory framework for French-speaking Belgium is characterised by both the pronounced individualism of LRTVBs and a very high level assistance from local mandating authorities. The unyielding autonomy aspirations of those responsible for LRTVBs has contributed to considerable dynamism in terms of content. Despite programme service repeats, even the smallest LRTVBs are offering more diverse content than ever. The intensive programme service exchange and co-productions are occasionally based on journalistic decisions rather than attempts to save money or improve efficiency.

A study on global TV usage by the research institute TNS from September 2013, which shows results for Wallonia, indicates that approximately 70% of the Walloon population watch their local television channel at least occasionally and almost 30% watch at least every other day.¹⁶

The media landscape of French-speaking Belgium is characterised by a financial balance which is fragile though stable (thanks to extensive political support), a dedicated desire for exchange and the co-production of certain programme services, significant autonomy (especially in relation to media conglomerates), and by significant size differences and diversity in journalistic guidelines. Longer-term consolidation of the LRTVB landscape is therefore unlikely.

2.6. France

In contrast to Germany and other major European countries such as Spain, the history of French television has been characterised by pronounced centralisation. The creation of local television broadcasters in France is a relatively recent phenomenon because for a long time only analogue terrestrial television was available which hampered the development of LRTVBs. Since digital broadcasting (DVB-T) and the introduction of other digital platforms (cable, IPTV, satellite, internet) local television is now technically possible. However, local television is still a marginal phenomenon in the French media landscape: Until late 2014 the regulatory authority, the CSA (Conseil supérieur de l'audiovisuel), approved only 43 LRTVBs, which covered only 72% of the resident population of France (excluding overseas territories)¹⁷. The original intention had been to broadcast approximately one hundred LRTVBs throughout the entire national broadcast area. In recent years the number of LRTVBs has stagnated or even fallen, as new LRTVBs have not necessarily made up for the shortfall of those eliminated from the market.¹⁸

The French LRTVB landscape is very heterogeneous, which makes global analysis difficult. There are differences in size, legal form, ownership structure, the type of financing (the ratio between public and private funding includes the entire range from 90%/10% to the exact reverse) and difference with respect to the structure of competition and journalistic guidelines.

LRTVB resources are relatively limited: the 37 LRTVBs with a balance sheet for 2013 had a combined income of € 53.5 million (an average of a little under € 1.5 million per broadcaster). The total number of LRTVBs is in decline: the 34 LRTVBs with a balance sheet for 2012 made € 56 million. Furthermore, the majority are dependent on public authority funding (up to 55%). The remaining income derives from services for private or public companies (selling advertising space, corporate communication, audiovisual services, etc.), financing co-productions that are included in the income statement, income from teleshopping, commissions from local institutions (municipalities, town councils, departments, regions, etc. and comparable with the Swiss performance mandate) and from public funds of the aforementioned institutions. In contrast to Swiss regional television and France's other regional media (France 3 for television and France Bleu for radio and local newspapers), French LRTVBs do not receive any state subsidies.

This weak financial situation is reflected in their operating results: less than 40% of LRTVBs make a profit. In addition to these difficulties, French LRTVBs have to bear the high cost (between 10% and 20% of operating costs) of DVB-T. Their presence on this platform, however, is indispensable, as it represents the main form of reception for approximately 60% of households.

¹⁶ <http://www.media13.be/audiences/>

¹⁷ Conseil supérieur de l'audiovisuel, *Rapport annuel 2014*, p. 64. Furthermore, there are 16 overseas LRTVBs (three in Guadeloupe, three in Martinique, two in French Guyana, two on the island of Réunion, two on Mayotte, two in New Caledonia and two in French Polynesia). There are also numerous programme services provided by associations and civil society groups. These are not taken into account by the present study due to lack of available data and the lack of comparability with the Swiss situation. According to the European Audiovisual Observatory, there are 148 LRTVBs in France.

¹⁸ In 2011, 13 new LRTVBs were approved in Continental France; in 2012 the figure was nine; in 2013 it was four; and in 2014 it was two.

2.7. UK

The UK is a particularly interesting case in relation to the development of local television: paradoxically, although the country has the longest tradition of, and practical experience in, the decentralisation of private media, in relation to local television, it is the country with the most recent history.

The UK was the first European country to open its media sector up to private initiatives. The Television Act of 1954 initiated the decentralisation of production and decision-making with regard to programme services and gave rise to a series of private television broadcasters that were limited to certain geographical areas. In the decades that followed, however, the progressive integration of various stations changed the structure of the British media landscape and today, ITV is essentially a private national television broadcaster.

It is significant for this study that the licences (and the funding granted for provision of the public service) issued to the LRTVBs are tied to the production and broadcasting of regional information programmes in the broadcast areas concerned. ITV therefore broadcasts regional information due to tradition and duty. This is also the case with the BBC, which has regional windows for Scotland, Northern Ireland and Wales as well as window programmes and decentralised production centres in twelve regions of England, and in this sense operates as a network.

These elements also explain why no sustainable initiatives for independent local TV were able to develop in the UK. Competition, technology, regulation and industry failed to create a particularly favourable climate. In 2010, however, the media landscape witnessed a new development. The State Secretary for Media announced his intention to use the new opportunities created by DVB-T to stimulate both the *local* TV landscape and existing *regional* TV. The development of a regulatory framework for local broadcasters took place in two stages. Responsibility was taken by the government and the regulatory authority: two institutional decision-makers with different responsibilities.

Governmental priorities and regulations

The government stated its intentions clearly in the following main points:

- Part of the DVB-T spectrum was allocated to local television initiatives;
- Ad-hoc assignments and instructions were given to the regulator, Ofcom, to present technical solutions, define processes for issuing licences and to create a specific simplified and reduced regulatory framework that only minimally restricted LRTVBs (systematic deregulation) and guaranteed transparency in the issuing of licences;
- The BBC was included in the technical implementation and financing of local television: The BBC spent £ 25 million on the technical provision of Multiplex. The BBC also committed itself to purchasing £ 5 million of content per year for a minimum of three years in order to enrich its own programmes;
- A certain level of visibility was guaranteed for LRTVBs in the electronic programme guide (EPG) and channel numbering: the number 8 was made available on DVB-T. The government also supported cable, satellite and IPTV platform operators in order to show its goodwill and to give a certain priority to local LRTVBs because of their status as public service providers on the corresponding platforms.

Implementation of government priorities and legislation by Ofcom

The regulatory authority implemented the government guidelines rapidly and conscientiously, but in public it never showed the same enthusiasm and optimism as the State Secretary. It ensured that the regulatory framework was made as simple and open as possible.

No specific programme service requirements were made of the applicants; they were merely encouraged to submit programme service projects that contained content including at least some local elements. Although Ofcom stipulates a minimum of 7 hours of broadcasting per week for locally oriented productions, applicants are given great freedom in the organisation and planning of

programming.¹⁹ The regulatory framework for local television broadcasters in the UK is therefore relatively simple and lean. The basic elements can be summarised as follows:

- Local service providers must comply with their programme service obligations in accordance with the application; any change thereof is subject to prior approval by Ofcom.
- LRTVBs are obliged to comply with the Broadcasting Code, the Code on the Scheduling of Advertising and the UK Code of Broadcast Advertising, but are free from the restriction on advertising time.

Broadcasting local TV

Ofcom gradually awarded licences, each depending on the technology available, the existing interest and the completion of procedures. The first six LRTVBs began broadcasting between the end of 2013 and summer 2014. This was followed by the award of more licences and the start of new programme services. By 1 March 2015 there were 17 LRTVBs. As the first initiatives are relatively new, there are not yet any annual reports for these LRTVBs. There are therefore not yet any publicly available objective assessments with which to perform a detailed analysis of this young media landscape. In any case, the broadcasters each have very different profiles, programme service lines and legal forms.

Initial estimates of the performance of LRTVBs in the UK

The extensive media reports concerning the London Live case make this the most visible. This is also related to the recognition of this broadcaster and the fact that it belongs to a major media group. The broadcaster recently announced it was to make a third of its staff, in particular members of editorial staff, redundant²⁰ in order to devote its resources to the purchase of repeatable programme services. Ofcom agreed to reduce local programme services repeats from 10 to 6 hours of broadcasting per day and to abolish repeats during prime time (6:00pm - 10.30pm). However, the LRTVB is still obliged to broadcast eight hours of local programming per day, three hours of which must fall within prime time. The problems of London Live became known in the same period as Birmingham TV went bankrupt, which was also reported extensively in the media. This all happened before the programme service was ever effectively broadcast (the licence was first issued in November).

It should also be noted that although the BBC fulfils its obligation and actually buys stories and images from LRTVB productions, hardly any of this material has yet been made use of.

However, these criticisms and considerations are not intended to obscure the positive development of the LRTVBs: positive press coverage does not always have the same resonance as negative coverage. Late last summer three LRTVBs published initial viewing figures: all of them were very encouraging. Notts TV in Nottingham reported a weekly reach of 189,000. STV Glasgow reported a reach of 572,000 in its first fiscal month, while Mustard TV in Norwich reported a figure of 100,000.²¹

2.8. Key points

In the annex of the integral study²² is a table that outlines the six regulatory frameworks investigated. It provides an overview of similarities and differences in relation to the regulatory activities and sector practices.

The six regulatory frameworks investigated clearly demonstrate how different legislators and regulators perceive LRTVBs. It also shows that there is little point in simply wanting to transplant a model that has proved successful elsewhere, not only because the position of LRTVBs is deeply rooted in the history of the creation of the respective media landscapes, but also because no country can lay claim to having found the "magic bullet" for successful local and regional television.

The six cases reveal three key points: regulation, financing and reception.

From Saxony through France to Flemish Belgium, regulatory frameworks are very different in relation to density and scope. These differences suggest tacit political acceptance: in Saxony and in the UK it is assumed that LRTVBs are best served with a minimum of rules and regulations. In France and

¹⁹ "Licensing Local Television - How Ofcom will exercise its new powers and duties to license new local television services", Ofcom, May 2012.

²⁰ <http://www.televisionlocales.com/2015/02/london-live-licence-un-tiers-du-personnel/>

²¹ <http://www.bbc.co.uk/blogs/collegeofjournalism/entries/9f847ec0-f9e2-30c8-bafe-53badd3d904b> and <http://www.theguardian.com/media/greenslade/2014/nov/26/jury-still-out-as-local-tv-celebrates-its-first-anniversary>

²² cf. www.bakom.admin.ch

French-speaking Belgium, the same rigid regulatory framework prevails; this also applies to private (France) and public national broadcasters (French-speaking Belgium).

The business reality for LRTVBs is that no correlation between deregulation and economic success can be made: the two local television broadcasters exhibiting signs of considerable financial difficulties, for example, come from the media landscape with the most liberal regulatory framework (UK). The question of liberalisation or complete abolition of certain rules however is often a pseudo-problem: many LRTVBs complain about overly rigid regulatory frameworks with regard to broadcast advertising, even though very few of them ever reach the authorised limits. Some LRTVBs, particularly in Bavaria, emphasise that it is an enormous advantage to have a regulatory framework that provides LRTVBs with an environment for their activities that is characterised by certain guarantees of stability, predictability and exclusivity.

The second key point concerns the scope of subsidies granted to LRTVBs, which also vary from region to region: while in French-speaking Belgium up to 75% of funding for active LRTVBs derives from various sources or public initiatives, LRTVBs in Saxony finance themselves with practically no help from public authorities. Here too, it is difficult to judge the effectiveness of different models for the optimum use of public funds. Aside from issues concerning the diversity of media service offerings, the policy decision to leave a sector to itself without any form of public support can entail accepting company closures and the direct or indirect loss of jobs. On the other hand it can also provide the impetus for positive momentum that may benefit the other audiovisual professions.

In addition to the issue of public subsidies there is, at the other end of the same spectrum, the issue of advertising revenue. During our research, we were unable to identify any case in which "national" advertising (whether as a simultaneous broadcast on several LRTVBs at a national level or the existence of major national advertisers on local television) has been successfully developed and applied. The increasing uncertainty of local advertising markets in terms of volume and prices raises fundamental questions: Internet and local programme service windows for large media (in the case of radio and television) represent increasing competition for LRTVBs. The Swiss LRTVB sector must pay attention to these issues in order to strengthen its appeal to national advertisers through specific, appropriate initiatives.

The third key point resulting from the comparative analysis of the regulatory framework concerns the associated theme of TV consumption. "Ideal" regulatory requirements and an "ideal" funding structure do not automatically mean major success in terms of viewing figures for LRTVBs. In the television sector, which is characterised by a huge number of channels and especially by the large number of available platforms, "findability"²³ is a fundamental problem for the weakest players in the media landscape. This was confirmed by all surveyed participants. This raises questions regarding the must-carry obligation and broadcasting costs, but also puts the issue of channel numbering of the LRTVBs (on all platforms) in the foreground.

²³ "Must-find"

3. SUCCESS FACTORS

The report points to some fifty particularly interesting and relevant initiatives and actions by European LRTVBs. They concern the following areas:

Channel numbering

Regulation, contracts and initiatives by regulatory authorities

Must-carry obligations, assumption of broadcasting costs, programme windows on national channels, studies on services provided, assistance with regard to programme quality, considerations relating to the future of local television broadcasters.

Cooperation between LRTVBs

Joint programme purchasing, joint production, programme design and reflection.

Cooperation between LRTVBs and public media

Recording of sporadic events, LRTVB contribution to public service programmes

Cooperation between LRTVBs and private media

Programme service innovation (format and design)

Harmonization of programme service schemes, upgrading of repeats, sport

Participation by the public and public inclusion

Inclusion of young people, presence of viewers in the studio, audience participation, audiovisual contributions by the public

Presence on social networks, the internet and new platforms

Creation of a VOD platform, common portal for citizens' information

Dynamisation and diversification of income

Creation of a new brand, sales and marketing, crowdfunding, tourism brochures, production activities, cost savings through synergies

4. RECOMMENDATIONS AND POSSIBLE APPROACHES

4.1. Regulation

An important regulatory provision is guaranteeing simple access to regional television for viewers. The following two regulatory measures appear indispensable for the survival of the sector: channel numbering for linear services and the findability ("must-find" nature) of programme services for the non-linear services.

Although the must-carry obligation is no longer sufficient in a digital environment with high convergence, it remains an indispensable tool. This broadcasting obligation, which is applicable to Swiss LRTVBs, should therefore be maintained in the future, used on as many platforms as possible and widely implemented for free.

With regard to programme service production, the study reveals that, where they exist, content-related obligations do not pose a significant issue for broadcasters, since they already report on the political, economic, social and cultural affairs of the region concerned. More difficulties arise from requirements regarding the production volume and requirements to fund a range of programme services that is as comprehensive and diverse as possible. There are two ways to address these problems:

Regulations on the broadcasting of advertising

Although deregulation in this area is often demanded by local and regional television broadcasters, its effectiveness should be put into perspective: regardless of programme service quality or the strength of advertising services, it is more difficult for LRTVBs to benefit commercially from their audiences than for any other stakeholder in the audiovisual sector. Furthermore, the public is not used to being confronted with endless advertising breaks, advertorials or teleshopping programmes.

There are, however, some ways and means of encouraging dynamism in commercial income. As in Bavaria, so-called business TV programmes could receive a special status. Such programs are funded by a company within the broadcast area, but are produced by the broadcaster (and in accordance with its journalistic responsibilities). Special status could also be granted to advertising for cultural activities, tourism and social projects, as is the case in French-speaking Belgium. These could be charged separately from the planned number of hours; the required separation between regular programme services and advertisements would be complied with.

In general, it is necessary for LRTVBs to continue in their attempts to broadcast national advertising. The acquisition of national advertising tends to succeed when it takes place within an association.

Media concentration regulations

Although quantitative media concentration regulations can in certain cases lead to pluralism, they can also be counterproductive (e.g. the 2+2 regulation applied in Switzerland i. e. the same enterprise or person may acquire only a maximum of two radio and two television licenses). Media concentration in terms of approving owner concentration is not necessarily in contradiction to the requirement to ensure diversity of content. Journalistic diversity is achieved by applying specific requirements in the performance mandate or, as in the present Swiss case, by application of Article 74 of the Federal Act on Radio and Television (RTVA). This would stimulate diversity better than the mechanical application of the article on media concentration (2+2 regulation), which does not address actual diversity.

4.2. Financial support

Swiss LRTVBs have considerably more financial support from fees than other European broadcasters. However, other targeted direct and indirect funding is of importance:

- the subsidisation of broadcasting costs on certain platforms;
- the financing of studies relating to the audience and the performance of LRTVBs;
- the financing of a common platform for all LRTVBs, which facilitates the exchange of experiences and best practice, and allows certain costs to be bundled (measurement of TV usage, studies, acquisition of advertising, sharing infrastructure or programme services, etc.).

It is in any case more favourable to rely primarily on funding that is not dependent on a particular type of programming in order to ensure full independence of LRTVB programme service planning. Regardless of this, the subsidies could be coupled to the fulfilment of certain general interest objectives that go beyond the scope of media policy. The public institutions of the Swiss Confederation could, for example, together consider distributing conditional and specific funding to those LRTVBs that:

- produce programmes which support job-seekers;
- produce videos that promote the integration of persons with disabilities;
- subtitle and/or translate into sign language a selection of their own programme services;
- offer media training for local stakeholders (young entrepreneurs, non-governmental organisations, artists, civil society associations, etc.);
- develop education initiatives in the media sector for different target groups (schools, senior groups, public libraries, etc.).

4.3. Accompanying initiatives by the regulatory authority

OFCOM could act as a coordinating body for an action plan to benefit the development of Swiss LRTVBs. A Swiss plan could include various activities for the regional television, similar to the projects introduced by the CAS²⁴ in Belgium for the benefit of independent TV productions:

- Information events, training and events for the exchange of experiences and best practice on specific topics: Management, technological developments, development of broadcast formats, customer acquisition, partnerships and synergies, etc.;
- Distribution of a newsletter for LRTVBs summarising information and relevant press articles on developments in the fields of technology, creativity and innovation, growth potential, interesting international practices, initiatives, etc.;

²⁴ <http://plantv.be/>

- Organisation of an annual meeting for LRTVBs modelled on similar initiatives by broadcasters (e.g. in France) or regulatory authorities (e.g. in various German federal states, such as Bavaria or Saxony);
- Stimulus to publish joint invitations to tender directed at independent producers with the aim of producing interregional programmes: game shows, cooking shows, folk culture.

It would be simpler if the regulatory authority also contributed to the promotion of the sector by proactively communicating LRTVBs' projects and initiatives to a wider audience. An annual report on the development of the sector with a brief explanation and analysis of the various data collected by the regulatory authorities or other institutions could be presented at a press conference. Another option would be for an independent jury to award one or more television prizes for the best LRTVB initiatives in different areas.

As mentioned above, the Swiss authorities could commission studies on TV audience research and the performance of the sector and fully or partially fund these in order to better take LRTVBs into account in traditional research studies. This research requires considerable financial resources to be able to provide statistically significant data on small and medium-sized LRTVBs. These are performed only occasionally (if at all) and the data and figures used is not very comprehensive (they refer primarily to various aspects of reach). It would be useful to evaluate whether alternative TV-use studies could be financed by the Swiss authorities in order to collect more accurate data, perform more detailed analysis and better understand viewer habits, in particular in relation to programmes that are viewed immediately before or after a specific broadcast. Such data would be particularly useful for LRTVBs, which could use them to plan their development, not only from a commercial point of view, but with regard to the relationship between the audience and broadcasters.

4.4. Cooperation and synergies

Although Swiss LRTVBs are private companies, their licensing, the corresponding performance mandate, the granted fee splitting and their status as must-carry programme services make them providers of services of public interest. Inevitably, this special status raises the question of the relationship between LRTVBs and public broadcasters. There are two ways in which light can be shed upon this issue.

The first concerns cooperation between LRTVBs and the Swiss Broadcasting Corporation (SBC). In some countries, cooperation between local and public broadcasters is regulated and promoted using accompanying measures. Provided that all parties receive public funding and fulfil public mandates, it also seems logical in terms of administration to optimise this funding and support the fulfilment of mandates through the use of existing synergies while preserving programme service autonomy and the specific characteristics of each stakeholder. Cooperation would be beneficial not only in the programming, but also in other areas (launching new services, sharing infrastructure and material, recording certain events, etc.). However, experience has shown that these synergies are difficult to engineer without a clear, tangible impetus by public decision-makers.

The second aspect concerns the scope of LRTVBs and the SBC. With seven television and 17 radio stations, the SBC has a huge scope, which of course is due to the lack of strong private broadcasters at a national level and the presence of different language groups. It is not the aim of the present study to qualify this amount as too large or too small. It should be noted that it is essential for LRTVBs that any reform of the media landscape maintains the balance throughout the sector and supports the ability of individual stakeholders to develop without stifling others. It is necessary to promote open, direct and constructive discussion between the responsible LRTVBs and the SBC, which should be carefully prepared, structured and gradually introduced under the auspices of the Swiss authorities.

Furthermore, LRTVBs should be encouraged to initiate new partnerships or expand existing partnerships with universities and institutes in the fields of journalism and communication sciences. The organisation of practical training and the availability of assembly and studio materials in times where they are not needed are initiatives from which everyone could benefit. Here too, the Swiss authorities could provide an impetus and guidance for collegial discussion.

4.5. Gradual creation of Swiss private television

All best practices and recommendations described here are to be understood in terms of promoting the Swiss LRTVB sector and aim to strengthen its dynamism and creativity.

It is therefore important to indicate what the structural development perspectives for the Swiss media landscape are. This landscape is characterised by a strong public service, a high level of accessibility for foreign commercial television broadcasters and the absence of private stakeholders either on a national level or covering an entire language region. Future-oriented approaches could be oriented towards the developments observed in Flanders and the UK (as well as Media Group CityTV, Canada).

The dynamism of private companies in the television sector is essential for every small country or territory surrounded by culturally and economically strong neighbouring countries. The lack of private stakeholders in Switzerland should thus continue to be a cause for concern and to stimulate thought - especially in times in which a new global balance has emerged in the field of media, media groups are having to reposition themselves in order to continue to survive, and cultural diversity and cultural characteristics occupy a very important place with regard to media consumption.

Due to its many similarities with Switzerland, the Flanders case study indicates that fatalism is misplaced. The historical emergence of the British media landscape is also of particular interest to us. As stated earlier, the private broadcaster ITV is the product of ever stronger cooperation and consolidation of the originally independent regional television broadcasters.

It therefore seems obvious that a modicum of cooperation and consolidation between Swiss regional television broadcasters (within the various language regions) could represent one of the best possible guarantees of their survival.²⁵ However, this is not of course the only option.

After our reflections as part of this study, which were initially pessimistic, this points towards an optimistic conclusion and prospects in the future. The fundamental objective of the study was to make a contribution to the continued existence of regional television to show how this could be achieved in Switzerland so that the largest possible audience can be informed and entertained.

Jean-François Furnémont and Marc Janssen, Wagner-Hatfield, June 2015

²⁵ The British report on the viability of the sector made these facts one of their requirements (an approach that was however not pursued further by the government) and justified it mainly with reference to the national advertising activities.