

# ACQUISITION OF LOCAL CONTENT

Original 10th May 2012: revised 12<sup>th</sup> July 2012 / 14<sup>th</sup> February 2014 / 9<sup>th</sup> January 2017

---

## **SUBJECT TO CONTRACT : BBC OFFER TO ACQUIRE NEWS CONTENT FROM LICENSED LOCAL TV PROVIDERS**

### **I. Summary**

The BBC has agreed to play an active role in supporting new local television services in the UK by providing capital funding for the development of infrastructure, and a period of funding for the acquisition of content from companies holding the relevant licences ('L-DTPS licensees'). For the Royal Charter period that began in January 2017, the context comes from the Agreement between the DCMS and the BBC<sup>i</sup>. We believe plurality of news is important, and are pleased to support the launch of local TV by agreeing to acquire content in its first few years.

In devising a model for content acquisition, the BBC aimed to achieve the following objectives:

- Provide a level of funding certainty through guaranteed contracts
- Incentivise the creation of content and set a quality threshold
- Focus support in licensees' early years when need is likely to be greatest, and
- Ensure the BBC and licence-fee payers receive value for money

This note sets out the arrangements now in place to acquire content from L-DTPS licensees; it elaborates on the information provided in the Government's initial statement<sup>ii</sup> and the 2016 White Paper<sup>iii</sup>. It is designed to inform any winner of a L-DTPS licence of the terms on which the BBC offers to acquire content. In delivering this scheme the BBC has to comply with all relevant legal and regulatory requirements. The availability of licence-fee funding for this purpose is contingent upon compliance with state aid law. The key points are that:

- The BBC will acquire news content to a value of up to £300k over three years from each L-DTPS licensee that has begun providing its L-DTPS service on or before July 31<sup>st</sup> 2017, whilst ensuring that the content is 'suitable for inclusion in a UK public service (i.e. a BBC service) and the price represents value for money'<sup>iv</sup>.
- We pay a fixed fee for this content which helps licensees with their business planning.
- The BBC selects from the available material produced by licensees to meet its editorial needs. It requires third-party exclusivity over acquired content within the UK if the content is used on its public services.

This BBC is not involved in the selection or supervision of L-DTPS licensees as this is carried out by Ofcom.

## 2. Detail

### Numbers of stories expected and resulting payment from the BBC

We offer to pay for content through a fixed fee for 'diary' stories (see below). This provides participating local TV providers with a degree of revenue certainty whilst at the same time incentivising the production of high-quality output. The details of our approach are that:

- The BBC will guarantee a fixed fee for unpackaged content (i.e. the raw footage), based on local TV services providing an agreed volume of stories
- In its first year, each participating L-DTPS licensee will provide the BBC with 85 stories per month in return for a fee of £150,000 per annum. This will decrease to £110,000 in year 2 of operation (62 stories per month), and £40,000 in year 3 (23 stories per month). The fixed fee covers diary-based stories - events known about in advance
- Year 1 is therefore exceptional and is designed to provide the greatest support to local TV companies in their start-up phase while also ensuring value for money to licence-fee payers. Any licensees who do not wish to provide the full number of stories can by notice elect to move early to the numbers and fees of Year 2 or Year 3.
- Licensees that participate in the content-acquisition scheme also commit to granting the BBC 'first refusal' rights to acquire off-diary news content that the licensee wishes to sell, including breaking news, investigations and other items that lie outside the monthly quota of diary items. (There are some limited exceptions to this rule, allowing content sharing among L-DTPS services and within formal local-news sharing arrangements). With effect from April 2017, any purchasing of such content will be decided on and paid for by the relevant BBC unit, not the LTV-specific scheme.
- These contracts for the sale diary content are only available to licensees that begin providing their L-DTPS service on or before July 31 2017.
- Government set a limit of £15m for the overall cost of the content-acquisition scheme. This sum (which includes BBC administration and compliance costs of running the scheme<sup>v</sup>) is unchanged even though the scheme has been extended to July 2020; it is enough to allow the inclusion of every qualifying licensee.

### 3. Definition of a 'story' and required editorial standards

The basic unit of acquisition is the story. By a 'story' we mean:

Sufficient unpackaged video material to enable the timely telling on television of a local news story that is planned to run in local TV news output and that is suitable for use by the BBC in news output (regardless of whether the BBC chooses to use it). It will normally consist of three minutes or more of video footage, together with the relevant 'metadata' (names of contributors etc). It could take many forms: for example, a compilation of rushes to make a package, some shots and an interview suitable for a brief news item, a local news vox pop, or even a studio

interview. In all cases must have original journalism at its core (i.e.: it must not be aggregated from other sources).

The content in each story must comply with Ofcom's Broadcasting Code including requirements for due accuracy and impartiality. The BBC expects L-DTPS licensees to comply their stories themselves, warranting that they have done so. However, we would also perform our own compliance checks on material we use in our public services to ensure compliance with the BBC's Editorial Guidelines.

There is more detail on the operational aspects of the scheme available in the Guidelines agreed between the BBC and the Local TV Network trade association. They are published at: <http://www.bbc.co.uk/aboutthebbc/insidethebbc/howwework/reports/localtv.html>

#### **4. Other matters**

BBC usage of the content will also be governed by the BBC's Charter and Agreement and the framework of service licenses.

Mindful of L-DTPS licensees' likely funding constraints, the BBC offers to pay the L-DTPS licensees for diary stories against invoices raised at the start of each quarter, provided the previous quarter's commitments have been met.

---

<sup>i</sup> [http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/about/how\\_we\\_govern/2016/agreement.pdf](http://downloads.bbc.co.uk/bbctrust/assets/files/pdf/about/how_we_govern/2016/agreement.pdf)

<sup>ii</sup> [www.culture.gov.images/consultation\\_responses/local-tv\\_making-the-vision-happen.pdf](http://www.culture.gov.images/consultation_responses/local-tv_making-the-vision-happen.pdf)

<sup>iii</sup>

[https://www.gov.uk/government/uploads/system/uploads/attachment\\_data/file/579638/DCMS\\_A\\_BBC\\_for\\_the\\_future\\_linked\\_rev1\\_1.pdf](https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/579638/DCMS_A_BBC_for_the_future_linked_rev1_1.pdf)

<sup>iv</sup> BBC Agreement S43

<sup>v</sup> This sum was originally set at £200k per year over the planned three-year life of the scheme. The scheme will now run for almost seven years, at a lower average annual overhead cost.